



2026

Annual Report

Bank Windhoek
a member of Capricorn Group



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Statement of Responsibility by the Board of Directors

for the year ended 30 June 2026





The directors are responsible for the preparation, integrity and objectivity of the financial statements that fairly present the state of affairs of the Bank Windhoek group and company at the end of the financial year, the profit and cash flow for the year and other information contained in this report.

To enable the directors to meet these responsibilities:

- the board and management set standards and management implement systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded, and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- the group and company's internal audit function operates unimpeded and independently from operational management. It has unrestricted access to the board audit and board risk and compliance committees. The function appraises and evaluates the systems of internal control and accounting practices and, when necessary, recommends improvements. Its work is based on audit plans that consider the relative degrees of risk of each function or aspect of the business; and
- and the board audit and board risk and compliance committees of the group and company, together with the external and internal auditors, play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the financial year under review.

The group and company consistently adopt appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. Comprehensive insurance cover is in place as required by the Bank of Namibia BID 14 – 'Determinations on minimum insurance for banking institutions'.

The group and company have complied, in all material respects, with the requirements of Bank of Namibia Determination BID-2 relating to asset classification, suspension of interest and provisioning. Paragraph 11.4 of BID-2 prescribes the write-off of facilities classified as "Loss" after specified periods. This requirement differs from IFRS 9, which requires financial assets to be written off only when there is no reasonable expectation of recovery.

The directors of the group and company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to stakeholders.

The financial statements presented on pages 23 to 128 have been prepared in accordance with the provisions of the Namibian Companies Act and comply with IFRS Accounting Standards® ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The directors have no reason to believe that the group and company will not be going concerns for the foreseeable future, based on forecasts and available cash resources. These financial statements have accordingly been prepared on a going concern basis.

The financial statements have been audited by the independent auditing firm, Deloitte & Touche, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The independent auditor's report is presented on pages 17 to 22.

The financial statements, set out on pages 23 to 128, were authorised and approved for issue by the board of directors on 31 August 2026 and are signed on their behalf:

J J Swanepoel
Chairperson

J W Chapman
Managing Director

Corporate Governance Statement

for the year ended 30 June 2026



Bank Windhoek Ltd ("the company") and its subsidiaries (together referred to as "the group") are committed to the principles of sound corporate governance, which are characterised by discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. By subscribing to these principles, the group and company believe that all stakeholders' interests are promoted, and long-term value is created.

The board and its committees are responsible for establishing effective leadership and ethical practices, and for ensuring the application of appropriate governance practices to deliver the desired outcomes. Following a decision by the Namibia Securities Exchange (NSX) in 2018 to allow listed entities to select compliance either with the NamCode or the King IV™, Capricorn Group and Bank Windhoek have adopted King IV™.

The board accepts that the leadership tone is set from the top. The work done in embedding 'The Capricorn Way' signals the emphasis on creating an ethical culture with behaviours based on a common set of values.

Creating an ethical culture is our most pertinent material matter. The board sets the tone for an ethical culture through the group risk appetite statement, which includes ethics risk-related elements.

Operational risk priorities include building an effective risk culture to support dynamic risk management.

Board members and employees adhere to an updated Code of Ethics and Conduct Policy. The Procurement Policy was augmented with a Suppliers' Code of Conduct. Since its inception, the Group board social and ethics committee (BSEC) has been mandated to recommend policies and guidelines for addressing ethics issues to the board and escalate any ethics risks to the board risk and compliance committee (BRCC).

Key board practices and activities focus on:

- open and rigorous discussion;
- active participation;
- consensus in decision-making;
- independent thinking and alternate views; and
- reliable and timely information.

The board provides oversight and ensures sustainability by approving a clear strategy linked to performance objectives and targets. The operational risk management infrastructure was enhanced to support the group and company's strategy, which directs the evolution of the internal risk and control frameworks based on anticipated future operating dynamics. To achieve good performance as an outcome, the board evaluates its own performance, which includes the board committees' performance.

Effective control is embedded in the company's governance. The board follows a structured approach to meetings, supported by a timely flow of documents to ensure that the oversight responsibilities of the boards of subsidiaries, as well as the company board and its committees, are carried out effectively.

The board believes that the group and company earn legitimacy through consistent performance over time, a reputation for compliance, customer service, stakeholder- inclusivity and by acting as a connector of positive change.

Governance milestones for 2026

- Ongoing reviews and improvements in line with the King IV™ principles and related recommended practices.
- The Company Secretariat commenced with the analysis of the King V™ Report on Corporate Governance to guide a decision on its adoption.
- The ethics strategy was implemented, and a three- year action plan as approved by the board, is progressing well.
- Nomco approved an external independent board and board committee effectiveness evaluation, conducted by The Board Practice. Online questionnaires were circulated to directors to evaluate the performance of the boards, committees, chairpersons, the company secretary and their peers. These formed the basis for fruitful discussions at board and committee meetings.
- There was early involvement of the non-executive directors in planning and setting the strategy for the next strategy cycle.

Our King IV™ journey

King IV™ focuses on outcomes as opposed to inputs in respect of good governance. It defines corporate governance as the exercise of ethical and effective leadership by the board towards the achievement of four corporate governance outcomes, namely:

- Ethical culture.
- Good performance (sustainable value creation).
- Effective controls; and
- Trust, a good reputation and the legitimacy of the company (its social license to operate).

The company's King IV principles disclosure map is accessible at <https://www.bankwindhoek.com.na/Pages/ Reports.aspx>

Appointment of debt officer

The company's debt officer, as contemplated in paragraphs 6.42(a) and 7.3(g) of the JSE Debt and Specialist Securities Listings Requirements, is Mr. J D Kruger. The board of directors duly considered and satisfied itself with the competence, qualifications, and experience of Mr. J D Kruger before he was appointed as the debt officer of the company. The contact details of the debt officer are +264 61 299 1641.



Board of Directors

The board plays a pivotal role in the group and company's corporate governance system. Intellectual honesty is an overriding commitment in the board's deliberations and approach to corporate governance. We are also entrenching a risk culture that supports dynamic risk management.

The board is governed by the board charter, which regulates how the board conducts its business. The charter sets out the specific responsibilities to be discharged by the board members collectively and the managing director and chairperson in their respective capacities. The board is satisfied that it has fulfilled its responsibilities in terms of the board charter for 2026.

Role of the board

An important role of the board is to define the vision and purpose of the group and company (including its strategic intent and choices) and its values (manifested by 'The Capricorn Way'), which constitute its organisational culture, associated behaviours and norms to achieve its purpose. These are considered to be clear, concise and achievable. The group and company's strategies are considered, evaluated and agreed upon every year before the annual budget is approved. Implementation is monitored quarterly at the board and executive meetings.

The board also ensures that procedures and practices are in place that mitigate risk and protect the group and company's assets and reputation.

A schedule of matters reserved for the board's decisions is in place. It details key aspects of the group and company's affairs that the board does not delegate, including the approval of business plans and budgets, material expenditure and alterations to share capital. This schedule of matters clarifies roles and ensures the effective exercise of authority and responsibilities.

Board leadership and composition

The company has a unitary board, consisting of an appropriate mix of executive, non-executive and independent directors. The size of the board is dictated by the company's articles of association which requires a minimum of five directors. Currently, nine members constitute the board, with one executive director and eight non-executive directors, of which seven are independent non-executive directors. The board of directors assessed the independence of the non-executive directors classified as independent and confirmed their continued classification as independent.

All four members of the board audit committee are independent non-executive directors and are qualified chartered accountants.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

As contemplated in paragraph 7.3 (c)(iii) of the JSE Debt and Specialist Securities Listings Requirements, the independence of directors are determined holistically, in accordance with the indicators provided in King IV™.

The company's conflict of interest and director's nominations policies ("the policies") are accessible at <https://www.bankwindhoek.com.na/Pages/Reports.aspx>. The policies deals, inter alia, with i) the conflicts of interest of the directors and the executive management of Bank Windhoek Ltd and how such conflicting interests can be identified and managed or avoided; and ii) the process for the nomination and appointment of directors of the company. Since publication of the policies, there have been no amendments to the policies.

Bank Windhoek Ltd confirms that, as at 31 August 2026, there are no recorded conflicts of interest and / or personal financial interests of the directors and / or the executive management of the company, as contemplated in the policies and paragraphs 7.5 and 7.6 of the JSE Debt and Specialist Securities Listings Requirements. Accordingly, as at 31 August 2026, there is no "register of any conflicts of interest and / or personal financial interests", as contemplated in paragraph 7.6 of the JSE Debt and Specialist Securities Listings Requirements.

The directors on 30 June 2026 are:

J N Alders-Sheya	
BCom, MSc, CIA, CA (The Netherlands)	
INDEPENDENT NON-EXECUTIVE DIRECTOR	• Board audit committee • Group board social and ethics committee
Appointed to the board in 2024	
Justina Alders-Sheya is a Namibian with over 20 years of international experience in the financial services sector, focusing on Banking, Corporate Finance and investments (impact/sustainable investing). She is an expert on impact /sustainable investing and ESG integration. Her directorship positions include the following boards: • Ninety-One Fund Managers Namibia, and • Ninety-One Asset Management Namibia.	

J W Chapman	
BAcc , PGDip (Accounting Sciences) , CA (Nam) , CA (SA) ; Advanced Management Programme (AMP) - INSEAD 2025	
EXECUTIVE DIRECTOR AND MANAGING DIRECTOR	• Board credit committee • Board lending committee • Board HR committee • Board IT committee
Appointed to the board in 2025	
James Chapman, a Chartered Accountant by profession has held various executive roles at Capricorn Group and Bank Windhoek over the past 12 years, including the positions of Chief Financial Officer and Executive Officer for Retail Banking Services and Specialist Finance at Bank Windhoek. Prior to joining Capricorn Group, James was employed in the Assurance and Corporate Finance businesses of one of the Big Four accounting firms where he gained experience in various sectors across the Southern Africa region. He assumed the role of Bank Windhoek's Managing Director on 1 July 2025. His directorship positions include the following boards: • Namib Bou, • BW Finance (Pty) Ltd, and • Capricorn Foundation.	

J J Esterhuyse	
BCompt (Hons); CA(SA); INSEAD (2019)	
INDEPENDENT NON-EXECUTIVE DIRECTOR	• Board audit committee • Board credit committee • Board lending committee • Board loan review committee
Appointed to the board in 2025	
Jaco Esterhuyse is a seasoned Executive and Non-Executive Director in the Financial Services Industry. With 20 years international, regional and local experience in the Sector, of which 10 years was at an Executive management, including holding the position of CFO at Capricorn Group between January 2012 and February 2022. His directorship positions include the following boards: • Metje & Ziegler, • Spitz Capital, and • Paratus Group.	

D G Fourie	
BCom (Hons), CA(SA), CA(Nam)	
INDEPENDENT NON-EXECUTIVE DIRECTOR	• Board audit committee • Board risk and compliance committee • Board credit committee • Board remuneration committee • Board loan review committee • Group board investment committee • Group board nominations committee
Appointed to the board in 2015	
Gerhard Fourie has 35 years' experience as a chartered accountant. He was a partner with EY (formerly Ernst & Young) for 28 years until his retirement as managing partner of EY Namibia in June 2015. Gerhard completed a post-graduate management development programme at the University of Cape Town Business School and an advanced leadership programme at the Gordon Institute of Business Science ("GIBS") and was a member of the ICAN (Institute of Chartered Accountants of Namibia) Council until 2015. Gerhard is a director of several companies in the Capricorn Group. He is also appointed as a chairperson at Capricorn Group, Namib Bou and Capricorn Foundation.	

D T Kali

International Relations (Business), Master of Philosophy (MPhil)

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Board remuneration committee
- Group board nominations committee
- Group board social & ethics committee

Appointed to the board in 2025

Daniel Kali is a seasoned director with extensive experience in the mining and financial services sectors. He currently serves as the Namibian Resident Director of the De Beers Group. He also is an independent non-executive director on the board of Capricorn Group since September 2021 to date.

His directorship positions include the following boards:

- Metje & Ziegler, and
- Namdeb Diamond Corporation.

V J Mungunda

BCom, HDipAcc, CA(Nam), CA(SA), AMP (Harvard)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

- Board audit committee
- Board risk and compliance committee
- Board loan review committee

Appointed to the board in 2023

Vetumbuavi Mungunda qualified as a chartered accountant (Nam) in 1998 and became a partner at Deloitte in 2001. He was the Managing Partner of Deloitte Namibia from 2007 to 2013 before joining Standard Bank Namibia as Chief Executive from 2014 to 2021. In May 2021, he founded Ombu Capital, a private equity firm.

He is a Non-Executive Director at Entrepo, Namibia Breweries, Oryx Properties, NIPDB, and Schoemans Investments.

D Nuyoma

BA(Hons), MA

NON-EXECUTIVE DIRECTOR

- Board risk and compliance committee
- Board HR committee
- Board IT committee
- Group board investment committee
- Group board social and ethics committee

Appointed to the board in 2024

David Nuyoma joined Capricorn Group in 2024 as Group CEO.

David held various senior roles in the public sector before being appointed as the founding CEO of the Development Bank of Namibia and most recently the CEO of the Government Institutions Pensions Fund.

He is a director on various boards in the Capricorn Group and the chairman of the Pupkewitz Holdings board.

E Solomon

BSc (Ed), BSc Hons Computer Science, MSc Computer Science, Global Executive Development Programme

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Board risk & compliance committee
- Board IT committee

Appointed to the board in 2024

Erna Solomon is an experienced Financial Services and Payments expert who has held positions including CIO, COO, Chief Architect, Executive Director at Financial Services institutions and Global Partner at Deloitte Consulting. She is the founder of Cyan EA, a niche Financial Services Strategy, Payments and Transformation Consulting company in South Africa.

She has been an independent non-executive director on the board of Capricorn Group since November 2019 to date.

J J Swanepoel	
BCom (Hons) (Accounting), CA(SA), CA(Nam)	
INDEPENDENT NON-EXECUTIVE CHAIRPERSON	• Board credit committee • Board remuneration committee • Board loan review committee • Group board nominations committee • Group board investment committee
Appointed to the board in 1999	
After joining Coopers & Lybrand (now PricewaterhouseCoopers ("PwC")) in 1980, Johan Swanepoel qualified as a chartered accountant in 1982. He was elected managing partner of the firm in Namibia in 1989. He was appointed as managing director of Bank Windhoek and a director of Capricorn Group on 1 July 1999. In 2005 he took up the position of Group managing director of Capricorn Investment Holdings. Upon his retirement from this position in 2017, he accepted the role of chairperson of the board of Capricorn Group, from which he retired on 31 December 2021, as well as the role of chairperson of Bank Windhoek, which he continues to hold. Johan is a director of several companies in the Capricorn Group. He is also a director of: • Namibia Strategic Investments, • Kuiseb Investments and • Infocare Investment Holdings.	

Chairperson, lead director and managing director

The board chairperson, J J Swanepoel, is an independent non-executive director, whose independence has been assessed and confirmed by the board. The board has appointed Mr V J Mungunda as lead independent director. His role and responsibilities are set out in the board charter. They include serving as a nexus between executive and non- executive directors, where a more stringent observation of independence is required. This relates to situations where the independence of the chairperson may be questionable or impaired, including discussions about the succession and performance appraisal of the chairperson.

The managing director is appointed by the board, and the group board nominations committee (on advice from the board remuneration committee) attends to their succession.

The board is of the opinion that the governance structures and processes in place provide adequate scope and means to challenge, review, balance, and mitigate against undue influence by any particular director. Board decisions are robustly deliberated and consensus-driven. The board is satisfied that the Delegation of Authority Framework contributes to role clarity and the effective exercise of authority and responsibilities.

Meeting attendance

Each board committee has an executive lead to coordinate meetings and prepare documentation. The board meets a minimum of four times a year, with board committee meetings normally held two weeks prior to board meetings.

Feedback reports from the committees to the board include feedback on key matters discussed, key decisions taken, and matters referred to the board.

Board and committee members as at 30 June 2026 and their attendance at these committees' meetings during the year are as follows:

Director	Category	Board of directors	Board audit committee	Board risk and compliance committee	Board credit committee **	Board lending committee **	Board loan review committee	Board HR committee	Board remuneration committee	Board IT committee	Group board nominations committee	Group board investment committee	Group board sustainability and ethics committee
Meetings held:		6	5	4	47	16	10	5	7	4	6	7	5
J N Alders-Sheya	Independent non-executive	6	5										5
J W Chapman	Managing director	6			37	12		4		4			
J J Esterhuyse	Independent non-executive	6	5		45	16	9						
D G Fourie	Independent non-executive	6	5	4*	47	16	10	5	7		6*	7	
D T Kali ¹	Independent non-executive	5							7*		4		
V J Mungunda	Independent non-executive	6	5*	4		15	9						
D Nuyoma	Non-executive	6		4				5*		4		7	5
E Solomon	Independent non-executive	6		4						4*			
J J Swanepoel	Independent non-executive	6*			38*	12*	6*		7		6	7	

* Chairperson

** Loans are approved by the board credit committee up to N\$530 million and thereafter by the board lending committee.

¹ Mr Kali was appointed to the board on 25 July 2025.

Refer to the directors' report for full disclosure on the changes in directors for the financial year ended 30 June 2026.

Board appointments, induction and training

Procedures for appointment to the board are formal and transparent. Nominations for appointment as members of the board are recommended by the group board nominations committee (Nomco), which is chaired by the board chairperson.

All Nomco members are non-executive directors. Background and reference checks are performed before the nomination and appointment of new directors.

New board members hold office until the next annual general meeting, when they become available for re-election. Executive directors are engaged on employment contracts, subject to short-term notice periods unless longer periods are approved by the board.

On appointment, all directors attend an induction programme to deepen their understanding of the group and company, business environment and markets in which the group and company operates. This includes background material, meetings with senior management and visits to the group and company facilities. All board members are expected to keep abreast of changes and trends in the economic, political, social, and legal landscape in which the group and company operates. Where appropriate, significant developments that impact the group and company and of which the board needs to be aware, are highlighted via the governance structures and process.

Board evaluation

During the financial year 2026, an external independent board and board committee effectiveness evaluation was conducted by The Board Practice. Online questionnaires were circulated to directors to evaluate the performance of the boards, committees, chairpersons, the Group's company secretary and their peers. These formed the basis for fruitful discussions at board and committee meetings. The summary reports were presented to Nomco and indicated a satisfactory appraisal outcome. Recommendations were converted into an action list for each board committee.

The board is satisfied that the evaluation process is improving the board's performance and effectiveness.

In accordance with paragraph 7.3(f) of the JSE Debt and Specialist Securities Listings Requirements, the company has a current policy on the evaluation of the performance of its board of directors and that of its committees, its chairperson, and its individual directors. The company considers and applies the aforementioned policy when appointments to its board and committees are made.

Access to independent advice

The company secretary is available to provide assistance and information on governance and corporate administration to the directors, as appropriate. The directors may also directly seek advice on these or other business-related matters from independent professional advisers should they so wish. This is in addition to the advice provided by independent advisers to the board's committees. No requests for external professional advice were received during the year.

The board has unrestricted access to the executive management team of the group and company to discuss and ask for advice on any matters on which they require additional information or clarification.

The board believes that these arrangements are effective for the optimal functioning of the board.

Board committees

Board committees

The board as a whole remains responsible for the strategic direction of the group and company. To effectively discharge its responsibilities, it delegates certain functions to committees established by the board.

All committees are properly constituted, chaired by a non-executive director and act within agreed, written terms of reference that meet best practice standards and have been authorised by the board

The key committees are:

- Board audit committee
- Board risk and compliance committee
- Board credit / lending committee
- Board loan review committee
- Board human resources committee
- Board remuneration committee
- Board IT committee
- Group board nominations committee
- Group board investment committee
- Group board social and ethics committee.

Board audit committee (BAC):

Members of the committee

Chairperson: V J Mungunda
D G Fourie
J N Alders-Sheya
J J Esterhuysen

Committee role, responsibilities and functions

The committee is responsible for the following key matters:

1. financial control, accounting systems and reporting, including management accounts, external reporting (interim and annual financial results);
2. review of the finance function;
3. ensure a combined assurance model is applied;
4. oversee the internal audit function;
5. engage with the external auditor;
6. oversee the assets and liability committee (ALCO);
7. review and recommend operational and capital budgets, including the capital plan for board approval;
8. review and recommend interim and final dividends for board approval.

The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Further disclosures

The board audit committee (BAC) is satisfied that the external auditor is independent of the organisation.

The committee has approved a non-audit services policy that is strictly adhered to. Every quarter, management reports all payments made to the external auditor for all audit and non-audit fees to the BAC. Prior BAC approval is required for assignments exceeding the policy threshold.

Deloitte was appointed as external auditor at the 2024 annual general meeting with effect from the financial year ending 30 June 2025 as approved by the regulator. Deloitte was re-appointed for the 2026 financial year. The BAC's views on the quality of the external audit are that the audit was executed in compliance with generally accepted audit standards.

The BAC's views on the effectiveness of the design and the implementation of internal financial controls are reflected in the statement of responsibility by the board of directors on pages 3 to 4. During the year under review, there was no serious incident that would indicate a breakdown of controls. This, and the results of the internal audit report and the external audit report, confirm that material internal financial controls were effective.

Having assessed the effectiveness of the finance functions in the group and company as well as the chief financial officer, the audit committee considered the overall finance function in the group and company to be competent, well capacitated and in compliance with benchmark standards and norms.

The committee satisfied itself in terms of paragraph 7.3(e)(i) of the JSE Debt and Specialist Securities Listings Requirements that the company's chief financial officer, Mr. Z. Kamberipa, as well as the group finance function, have the appropriate expertise and experience.

The committee ensured that the company has established appropriate financial reporting procedures, as contemplated in paragraph 7.3(e)(ii) of the JSE Debt and Specialist Securities Listings Requirements, and that those procedures are operating.

The committee has, in terms of paragraph 7.3(e)(iii) of the JSE Debt and Specialist Securities Listings Requirements, satisfied itself that the external auditor is independent of the group and company and suitable for reappointment for the year under review.

The committee has executed the responsibilities set out in paragraph 7.3(e) of the JSE Debt and Specialist Securities Listings Requirements.

A combined assurance framework, based on the principles outlined in the King IV™, is in place. The committee believes that the framework is adequate to achieve the objective of an effective, coordinated approach for all assurance providers. The outcome from assurance activities of compliance monitoring, management assurance services and internal audit are reported to the BAC in a combined assurance report. The external auditors' annual audit activities are considered and coordinated with internal assurance providers. A process is underway to extend the combined assurance framework to identify and integrate other assurance role players and their envisaged contribution to combined assurance reporting.

Board risk and compliance committee (BRCC):

Members of the committee	Committee role, responsibilities and functions
Chairperson: D G Fourie V J Mungunda D Nuyoma E Solomon	The committee is responsible for the following key matters: 1. risk management, including IT risk, as referred by the IT committee; 2. compliance function; 3. non-trading losses; 4. determining risk appetite; and 5. review and recommend the internal capital adequacy and assessment process (ICAAP) in terms of Pillar II of Basel II for board approval. The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Board credit/ lending/ loan review committee:

Members of the committee	Committee role, responsibilities and functions
Chairperson: J J Swanepoel D G Fourie J W Chapman J J Esterhuysen	The committee is responsible for the following key matters: 1. implementation of the board's credit responsibility; 2. to ensure that credit management, the extension, controls and maintenance of credit, 3. as well as the process of provision and writing-off of bad debts is executed in a proper 4. way and in accordance with laid-down policy; 5. to assess and approve credit applications in excess of the credit mandate of the Executive Officer: Credit; 6. delegation of a credit mandate to the Executive Officer: Credit; 7. delegation of mandates in respect of legal accounts; 8. delegation of authority to the Managing Director and Executive Officer: Credit to 9. approve credit mandates for branch managers and credit managers; and 10. review and approval of the Credit Risk Framework.
Board lending committee (BLC): BCC members V J Mungunda	
Board loan review committee Chairperson: J J Swanepoel D G Fourie J J Esterhuysen V J Mungunda During the year under review, Mr Chapman replaced Ms Hans as member of the committee.	The BCC and BLC both fulfil the same role, but in terms of different mandates.

Board human resource committee:

Members of the committee	Committee role, responsibilities and functions
Chairperson: D Nuyoma D G Fourie J W Chapman* During the year under review, Mr Chapman was appointed as member of the committee.	The committee is responsible for the following key matters: 1. consider and approve personnel policies; 2. consider and challenge the appointment, benefits and remuneration of management below executive level; 3. consider and approve remuneration and benefits of non-management; 4. consider and act on recommendation by the Capricorn Group Retirement Fund; 5. consider and act on recommendations regarding medical aid and group life benefits; 6. determine and approve criteria for performance management and incentives; 7. oversee implementation of the Group's employment equity policy; and 8. approve and monitor the framework policies and guidelines for environmental health and safety management. The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Board remuneration committee:

Members of the committee	Committee role, responsibilities and functions
Chairperson: D T Kali D G Fourie J J Swanepoel	The committee is responsible for the following key matters: 1. review and approve the group's remuneration philosophy, principles and the broad framework of remuneration; 2. oversee the establishment of the group's remuneration policy; 3. review and recommend remuneration and fees for services as directors; 4. oversee talent management at executive level; 5. consider and approve the remuneration of executive positions; 6. consider and approve incentive schemes; and 7. appointment and promotion of executive management. The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Board IT committee (BITC):

Members of the committee	Committee role, responsibilities and functions
Chairperson: E Solomon J W Chapman Z Kamberipa R van Wamelen J van Zyl D Nuyoma During the year under review, Mr Chapman replaced Ms Hans and Mr van Wamelen replaced Dr Slabbert as members of the committee.	The committee is responsible for the following key matters: 1. review and recommend the group and company IT strategy (a group board material matter); 2. consider and approve the group and company IT reference architecture; 3. consider and approve the group and company application portfolio; 4. assess and approve the group and company IT organisational and governance structures; 5. overseeing IT risk management, IT compliance and information and cybersecurity; 6. consider and approve strategic projects; 7. consider and recommend significant outsourcing; 8. ensure the adequacy of IT resources; and 9. oversee IT systems and infrastructure stability (a group board material matter). The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Further disclosures

Technology, information and cybersecurity are governed in a way that supports the bank in setting and achieving its strategic objectives. BITC is well established to fulfil the required oversight of banking and other financial services technology and meets quarterly. IT oversight is part of every BITC agenda, and IT policies are reviewed and approved by BITC. BITC actively monitors the delivery against the business priorities. Progress updates are provided at every BITC meeting, and specific actions were noted and tracked to completion. All other focus areas are reviewed and actioned.

The bank policies, frameworks and standards including cybersecurity, IT risk management, architecture, service delivery, change management, information security, disaster recovery and acceptable use. The approved digital transformation programme, #gobeyond, to transform the bank has been completed successfully. Various large business cases were reviewed and approved for implementation.

Planned areas of future focus are:

- Implementing portfolio management and roadmap planning in alignment to business strategy
- Ethically embedding Artificial Intelligence into the bank's processes
- Further enhancing Agile, DevOps and platforms execution

- Continue investing in various platforms to support the bank's strategy with particular focus on data, digital and AI
- Enhancing the bank's fraud, credit and lending capabilities
- Continuing focus on systems and infrastructure stability and resilience
- Continual review and improvement of information and cybersecurity, which includes the utilisation of AI to detect vulnerabilities, and supporting the cyber resilience programme.

Group board nominations committee (Nomco):

Members of the committee	Committee role, responsibilities and functions
Chairperson: D G Fourie J J Swanepoel J C Brandt No changes in members during the year under review.	The committee is responsible for the following key matters: 1. consider and recommend director nominations and related matters; 2. evaluate director performance; and 3. consider director succession plans. The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Group board investment committee (GIC):

Members of the committee	Committee role, responsibilities and functions
Chairperson: J W Brandt J C Brandt D G Fourie J Maass J J Swanepoel D Nuyoma L van der Riet M J Prinsloo During the year under review, Mr van der Riet was appointed as member of the committee.	The committee is responsible for the following key matters: 1. consider and recommend all prospective investments and disinvestments above a certain value; 2. evaluate and monitor the performance of investments; 3. measurement and oversight of equity investment portfolio; and 4. review and approve investment strategies. The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.

Group board social and ethics committee (BSEC):

Members of the committee	Committee role, responsibilities and functions
Chairperson: D T Kali R Gomachas N J van der Merwe J N Alders-Sheya D Nuyoma	The committee is responsible for the following key matters: 1. consider and approved the group and company sustainability strategy and philosophy, good corporate citizenship and ethics; 2. promotion of equality, prevention of unfair discrimination and reduction of corruption; 3. monitoring social and economic development activities; 4. monitoring environment, health and public safety activities; 5. monitoring consumer relationships and public relations; and 6. monitoring compliance with human rights conventions and ethical breaches internally and externally. The committee is satisfied that it has fulfilled its responsibilities with its terms of reference for the year.



Audit and Compliance

Systems of internal control

The group and company maintain control systems over financial reporting and the safeguarding of assets against unauthorised acquisition, use or disposition. These systems are designed to provide reasonable assurance to the group and each subsidiary's management and board of directors about the reliable preparation of financial statements and safeguarding of the group and company's assets.

The systems include a documented organisational structure and division of responsibility, established policies and procedures, communicated throughout the group and company, and employees' proper training and development.

There are inherent limitations in the effectiveness of any internal control system, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal control systems can provide only reasonable, and not absolute, assurance concerning the preparation of the financial statements and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

The group and company continuously assess its internal control systems, through reports from management, internal assurance providers and external audit, concerning effective internal control and risk management as the basis of the preparation of reliable financial reporting. No material breakdown in controls was identified during the year. Based on its assessment, and the results of the internal and external audit reports, the group and company believe that, as at 30 June 2026 its systems of internal control over financial reporting and safeguarding of assets against unauthorised acquisitions, use or disposition, were adequate.

Internal Audit

The group internal audit services (GIAS) are an independent and objective assurance and consulting function created to improve the internal control systems across the group and company. GIAS helps the group and company achieve its objectives by systematically reviewing current processes by using a risk-based approach to establish whether the risk management process, the management control process and the governance process are adequate, effective and appropriate. The internal audit function has sufficient knowledge and experience to execute on the BAC approved internal audit charter. The charter is aligned with King IV™ and adheres to the requirements of the Institute of Internal Auditors.

GIAS reports to the BAC and has unrestricted access to the BAC chairperson. A risk-based internal audit plan is approved annually by the BAC. It is reassessed bi-annually for the internal audit function to remain focused on the relevant risks and the material matters for the board. The BAC satisfied itself that the internal audit function was appropriately independent and approved the internal audit plan for the financial year.

EY Namibia acts as co-source partner to GIAS, supporting the Head: GIAS by providing technical support, training, resource capability, and reporting to the BAC.

External auditor

Deloitte & Touche was the appointed auditor for the 2026 financial year end in accordance with the Companies Act of Namibia. The audit committee assessed and confirmed the auditor's independence and eligibility, and the appointment complies with paragraphs 6.11 and 6.12 of the JSE Debt and Specialist Securities Listings Requirements.

The BAC approved the external auditor's terms of engagement, scope of work and the 2026 annual audit strategy and agreed on the applicable levels of materiality. Based on written reports submitted, the committee reviewed the findings of the external auditor's work with the firm and confirmed that all significant matters had been satisfactorily resolved. The BAC's view on the quality of the external audit is that the audit was executed in compliance with international standards on auditing.

The committee assessed the external auditor's independence and concluded that the external auditor's independence was not impaired during the reporting period and up to the date of signing of the consolidated annual financial statements. The BAC has approved a non-audit services policy that is strictly adhered to. Every quarter, management reports all payments made to the external auditors for audit and non-audit fees to the BAC. Prior BAC approval is required for assignments exceeding the policy threshold. Non-audit services received, and fees paid by the group during the financial year amounted to N\$ 1.6 million (2025: N\$ 0.2 million).

The appointment of the external auditors is considered on an annual basis. The appointment is tabled at the annual general meeting and approved by the shareholder.

The external auditor is responsible for reporting on whether the financial statements are fairly presented in all material respects in accordance with the applicable frameworks as adopted by the group and company. The audit opinion is included in the consolidated annual financial statements on pages 17 to 22.

A photograph of a bird, possibly a species of honeyeater, perched on a tree trunk. The bird has a white head and neck, a brown back, and a long tail. It is looking to the right. A white speech bubble shape is overlaid on the top left of the image, containing the text 'Independent Auditor's Report for the year ended 30 June 2026'.

Independent Auditor's Report

for the year ended 30 June 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Bank Windhoek Limited

Opinion

We have audited the consolidated and separate annual financial statements of Bank Windhoek Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 24 to 128, which comprise the consolidated and separate statements of financial position as at 30 June 2026, and the consolidated and separate statements of profit and loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including material accounting policy information and the directors' report.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and the Group as at 30 June 2026, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia.

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 Annual Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of public interest entities in Namibia.

We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Directors: M Harrison G Brand
Partners: J Cronjé H De Bruin P Parry
Signing Associate Director: R Buckenham

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT

To the Member of Bank Windhoek Limited (continued)

Key Audit Matter

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

Key Audit Matter	How the matter was addressed in the audit
Impairment of advances – group and company	
The impairment of advances is accounted for under International Financial Reporting Standards (IFRS) 9 Financial Instruments and is an area of significant management judgement and estimation. Local and international economic volatility continue to translate to uncertainty, particularly around the incorporation of forward-looking information, to predict default rates and the realisation of collateral. As a result, the group and company continued to enhance models, processes and judgements over the course of the year as part of their ongoing annual improvements. We identified the impairment of advances, and specifically the ECL approach adopted, to be a matter of significant importance to our current year audit due to the following: • The materiality of Advances to the annual financial statements; • The level of judgement applied in determining the ECL on advances; and • The uncertainty related to continued global and local economic volatility. The inputs into the modelling process require significant management judgement, including: • The input assumptions and methodologies applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL calculations;	Our audit of the impairment of advances included, inter alia, the following audit procedures performed with the assistance of our credit and actuarial specialists: • Across all significant portfolios we assessed the advances impairment practices applied by management against the requirements of IFRS 9; • In addition, we tested the design and implementation of relevant controls over the processes used to calculate impairments; and • We assessed the Group and Company's probability-weighted macroeconomic scenario reports and analysed the outlined methodology, scenario views and associated probabilities in terms of the principles of IFRS 9, including the review of the approval of the macroeconomic outlook. We performed the following procedures on the ECL for all material advances portfolios with the assistance of our credit and actuarial experts: • Obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9 and best practice; • Assessed the reasonableness of the SICR criteria adopted by management and tested whether this was correctly and consistently applied in the models; • Evaluated a sample of advances against management's definition of default to assess completeness of stage 3 advances; In respect of non-performing advances, inspected a sample of legal agreements and underlying supporting documentation to assess the existence of a legal right to collateral and assessed the expected realisable value and timing of future cash flows; • Assessed the application of forward-looking information in the ECL calculation, including a selection of relevant macro-economic variables such as gross domestic product (GDP) and the central bank rates, and assessing whether these variables were appropriate indicators of future losses;

INDEPENDENT AUDITOR'S REPORT

To the Member of Bank Windhoek Limited (continued)

Key Audit Matter (continued)

Key Audit Matter	How the matter was addressed in the audit
Impairment of advances - Group and Company	
• The assessment of whether there has been a significant increase in credit risk (SICR) event since origination date of the exposure to the reporting date. IFRS 9 requires that accounts reflecting signs of SICR should be reported as Stage 2 and attract a lifetime ECL provision, relative to Stage 1 accounts which attract a 12-month ECL; • Assumptions used to estimate the recoverable amounts and timing of future cash flows of individual exposures, which have been classified as non-performing. • The determination of the lifetime of a financial instrument subject to ECL assessment; and • The incorporation of unbiased probability weighted forward-looking information. Related disclosures in the consolidated and separate Annual Financial Statements: • Note 2.3 - Accounting policy for financial instruments; • Note 3.2 - Credit Risk • Note 4 - Critical accounting estimates, assumptions and judgements; and • Note 15 - Loans and Advances to customers.	• Confirmed that the latest available and relevant probability weighted forward looking information has been appropriately incorporated within the impairment models by comparing these to widely available market data; • Assessed the accuracy of the Group and Company's ECL model comparing by comparing the model against the requirements of IFRS 9; • Recalculating the results of the Group and Company's ECL model based on independently obtained inputs at a parameter level and in total and investigated any material variances; and • We evaluated the adequacy of the disclosures made in terms of the requirements of IFRS 9. Based on the procedures performed over the Impairment of advances as well as the related disclosures thereof, we did not identify material misstatements in the consolidated and separate annual financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Bank Windhoek Limited Annual Report 2026" including note 3.4.2 Regulatory developments (unaudited) on page 88, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate annual financial statements, the director's report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT

To the Member of Bank Windhoek Limited (continued)

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with IFRS Accounting Standards as issued by the IASB 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the Company and Group'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 company and/or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 annual financial statements.

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

Identify and assess the risks of material misstatement of the consolidated and separate annual 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 Company and Group'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 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 and 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 annual 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 company and group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and review of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Member of Bank Windhoek Limited (continued)

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 directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual 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.



Deloitte & Touche

Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Johann Cronjé
Partner
Windhoek
14 September 2026

Directors' Report

for the year ended 30 June 2026



The directors herewith submit their report with the annual financial statements of Bank Windhoek Ltd (group and company) for the year ended 30 June 2026.

1. General review

Bank Windhoek Ltd conducts business as a registered bank and provides comprehensive banking services to its customers in Namibia. Although Bank Windhoek Ltd is an autonomous Namibian company, the bank also provides international banking services through direct liaison with financial centers and institutions worldwide.

The following business activities are conducted through the company's subsidiaries:

- Bank Windhoek EasyWallet Accounts Trust (Trusteeship)
- Bank Windhoek Nominees (Pty) Ltd (Dormant)
- Bank Windhoek Properties (Pty) Ltd (Property holding)
- BW Finance (Pty) Ltd (Term lending)
- Capricorn Capital (Pty) Ltd (Corporate finance)
- BW Corporate Services (previously Grape Orchard Farming (Pty) Ltd) (Dormant)

Registered address of Bank Windhoek Ltd:

6th floor
Capricorn Group Building
Kasino Street
Windhoek
Namibia

Company registration number: 79/081

Country of incorporation: Republic of Namibia

2. Financial results and dividends

The directors' report that the group's profit for the year from the above business activities for the year ended 30 June 2026 amounted to:

	2026	2025
	N\$' million	N\$' million
Profit for the year	1,396	1,396

During the year under review, ordinary dividends of 14,890.2 cents per share (2025: 12,603.7 cents per share) amounting to a total of N\$ 733 million (2025: N\$ 620 million) were declared by the company. Refer to events subsequent to year-end for final dividends declared after year-end.

Full details of the financial results of the group and company are set out on pages 26-128.

3. Share capital

3.1 Ordinary shares

There were no changes to the ordinary share capital during the current and previous year.

All the unissued shares are under the control of the directors in terms of a general authority to allot and issue them on such terms and conditions and at such time as they deem fit. This authority expires at the forthcoming annual general meeting on 30 September 2026, when the authority can be renewed.

3.2 Preference shares

There were no changes to the authorised preference share capital during the current and previous year.

4. Holding company

Bank Windhoek Ltd is a wholly-owned subsidiary of Capricorn Group Ltd. Capricorn Group Ltd is listed on the Namibian Securities Exchange and is 41.6% (2025: 41.6%) owned by Capricorn Investment Holdings Ltd and 26.9% (2025: 26.9%) owned by the Government Institutions Pension Fund, its non-listed major shareholders.

5. Subsidiaries

For details relating to the subsidiaries of Bank Windhoek Ltd refer to note 17 of the annual financial statements.

6. Directors and company secretary

The Bank Windhoek Ltd board composition during the year was as follows:

Non-executive		Nationality	Date appointed	Date of resignation
J N Alders Sheya		Namibian	9 February 2024	
J J Esterhuysen		South African	30 April 2025	
D G Fourie		Namibian	29 October 2015	
DT Kali		Namibian	25 July 2025	
V J Mungunda	Lead independent director	Namibian	7 February 2023	
D Nuyoma		Namibian	13 March 2024	
E Solomon		South African	14 November 2024	
J J Swanepoel	Chairperson	Namibian	1 July 1999	
Executive		Nationality	Date appointed	Date of resignation
J W Chapman		Namibian	1 February 2025	
B R Hans		Namibian	24 February 2016	30 September 2025

All directors appointed since the last annual general meeting have to be reappointed at the next annual general meeting.

Mr. H G von Ludwiger was the company secretary during the year under review (appointed 1 February 2004). The business and postal addresses of the company secretary are:

6th Floor
Capricorn Group Building
Kasino Street
Windhoek
Namibia

P.O. Box 15
Windhoek
Namibia

7. Debt officer

Mr. J D Kruger who holds a BCom and Derivatives & Risk Management qualification as well as an ACI Dealing Certificate, was the debt officer during the year under review. He joined the group in 1998 and is currently the Head of Funding and Liquidity Management in the treasury department. He was appointed as the debt officer on 27 October 2020. The contact details for the debt officer is +264 61 299 1641.

8. Directors' fees

The directors' fees are reflected in note 9.1 of the consolidated and separate annual financial statements.

9. Auditor

Deloitte & Touche was the appointed auditor for the 2026 financial year end in accordance with the Companies Act of Namibia. The audit committee assessed and confirmed the auditor's independence and eligibility, and the appointment complies with paragraphs 6.11 and 6.12 of the JSE Debt and Specialist Securities Listings Requirements.

10. Management by third party

No business of the group and company or any part thereof or of a subsidiary has been managed by a third party or a company in which a director has an interest, other than services provided by the holding company.

11. Events subsequent to year-end

- In August 2026, final dividends of N\$281 million (or 5,711.38 cents per share) were declared for the year ended 30 June 2026, payable before the end of September 2026.
- Dr. R N Uaandja was appointed as a non-executive director on 2 July 2026.
- No other matters which are material to the financial affairs of the group and company has occurred between year-end and the date of approval of the consolidated and separate annual financial statements.

12. Going concern

The board performed a rigorous assessment of whether the group and company are a going concern in the light of the prevailing economic conditions and other available information about future risks and uncertainties.

The projections of the group and company has been prepared, covering its future performance, capital and liquidity for a period of 12 months from the date of approval of these consolidated and separate annual financial statements, including performing sensitivity analyses.

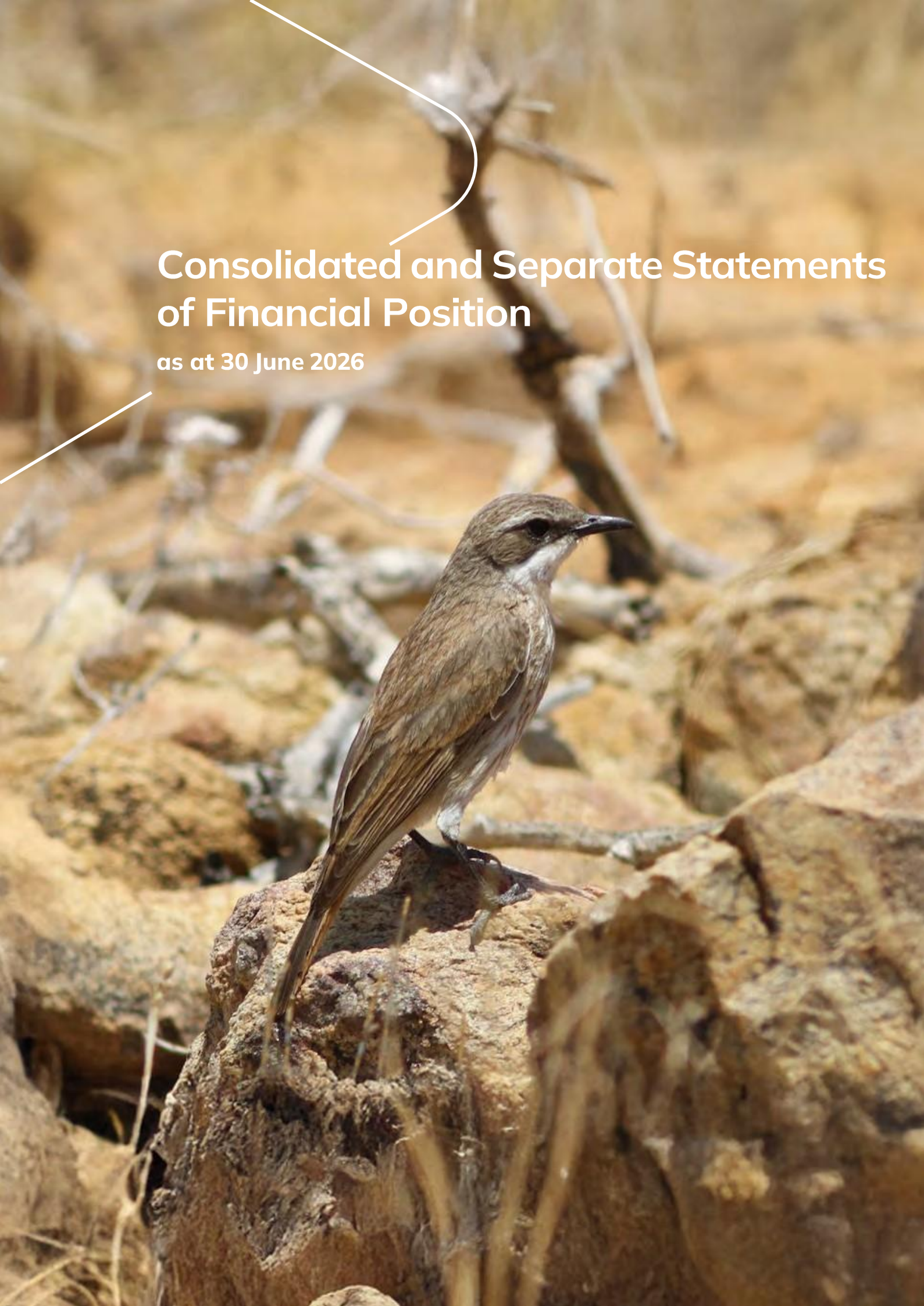
Consolidated and Separate Statements of Comprehensive Income

for the year ended 30 June 2026



Consolidated and separate statements of comprehensive income
for the year ended 30 June 2026

	Notes	Group		Company	
		2026	2025	2026	2025
		N\$ million	N\$ million	N\$ million	N\$ million
Interest and similar income		5,054	5,171	4,990	5,086
Interest and similar expenses		(2,327)	(2,578)	(2,327)	(2,578)
Net interest income	5	2,727	2,593	2,663	2,508
Credit impairment losses	6	(182)	(141)	(171)	(131)
Net interest income after credit impairment losses		2,545	2,452	2,492	2,377
Non-interest income	7	1,863	1,798	1,846	2,006
Fee and commission income	7.1	1,497	1,412	1,485	1,403
Net trading income	7.2	273	280	273	280
Other operating income	7.3	93	106	88	323
Operating income		4,408	4,250	4,338	4,383
Operating expenses	9	(2,488)	(2,298)	(2,464)	(2,272)
Profit before income tax		1,920	1,952	1,874	2,111
Income tax expense	10	(524)	(556)	(512)	(537)
Profit for the year		1,396	1,396	1,362	1,574
Other comprehensive income					
Items that may be reclassified to profit or loss					
Changes in the fair value of debt instruments at fair value through other comprehensive income	14	(1)	2	(1)	2
Income tax effect	10	-	(1)	-	(1)
Items that will not be reclassified to profit or loss					
Changes in fair value of equity instruments at fair value through other comprehensive income	14	3	2	3	2
Income tax effect	10	(1)	(1)	(1)	(1)
Total comprehensive income for the year		1,397	1,398	1,363	1,576

A small brown bird with a white underbelly is perched on a large, textured rock. The background is a dry, rocky landscape with scattered twigs and sparse vegetation. The overall color palette is warm and earthy, dominated by browns and tans. Two thin white lines are overlaid on the image: one starts from the top left and curves towards the text, and another starts from the left edge and points towards the bottom left.

Consolidated and Separate Statements of Financial Position

as at 30 June 2026

Consolidated and separate statements of financial position
as of 30 June 2026

	Notes	Group		Company	
		2026	2025	2026	2025
		N\$ million	N\$ million	N\$ million	N\$ million
ASSETS					
Cash and cash equivalents	11	5,048	5,439	5,048	5,439
Derivative financial instruments	12	74	43	74	43
Financial assets at fair value through profit or loss	13	2,499	2,296	2,459	2,259
Financial assets at amortised cost	13	968	988	968	988
Financial assets at fair value through other comprehensive income	14	8,438	6,148	8,438	6,148
Loans and advances to customers	15	40,054	38,403	39,529	37,912
Other assets	16	535	416	535	415
Investment in subsidiaries	17	-	-	383	383
Loans to subsidiaries	17	-	-	99	92
Intangible assets	18	571	501	571	501
Property and equipment	19	627	492	618	483
Deferred tax asset	25	-	61	-	56
Total assets		58,814	54,787	58,722	54,719
LIABILITIES					
Derivative financial instruments	12	37	6	37	6
Due to other banks	20	177	311	177	311
Other borrowings	21	131	207	131	207
Debt securities in issue	22	2,033	2,234	2,033	2,234
Deposits	23	46,496	42,598	46,443	42,540
Other liabilities	24	907	1,054	901	1,051
Loans from subsidiaries	17	-	-	49	47
Post-employment benefits	26	20	19	20	19
Current tax liability	25	10	25	11	27
Deferred tax liability	25	4	-	11	-
Total liabilities		49,815	46,454	49,813	46,442
EQUITY					
Share capital and premium	27	485	485	485	485
Non-distributable reserves	29	91	87	77	75
Distributable reserves	30	8,423	7,761	8,347	7,717
Total shareholders' equity		8,999	8,333	8,909	8,277
Total equity and liabilities		58,814	54,787	58,722	54,719

Consolidated and Separate Statements of Changes in Equity

for the year ended 30 June 2026



Consolidated and separate statements of changes in equity
for the year ended 30 June 2026

		Share capital and premium	Non-distributable reserves				Distributable reserves			Total equity
			Insurance fund reserve	Margin entitlement reserve	EasyWallet reserve	Credit risk reserve	Fair value reserve	General banking reserve	Retained earnings	
	Notes	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
GROUP										
Balance at 1 July 2024		485	66	5	3	-	2	6,764	222	7,547
Total comprehensive income for the year		-	-	-	-	-	2	-	1,396	1,398
Profit for the year		-	-	-	-	-	-	-	1,396	1,396
Other comprehensive income		-	-	-	-	-	2	-	-	2
Transfer between reserves		-	3	1	9	-	-	949	(954)	9
Dividends paid for 2025	31	-	-	-	-	-	-	-	(620)	(620)
Balance at 30 June 2025		485	69	6	12	-	4	7,713	44	8,333
Balance at 1 July 2025		485	69	6	12	-	4	7,713	44	8,333
Total comprehensive income for the year		-	-	-	-	-	1	-	1,396	1,397
Profit for the year		-	-	-	-	-	-	-	1,396	1,396
Other comprehensive income		-	-	-	-	-	1	-	-	1
Transfer between reserves		-	-	2	2	-	2	627	(631)	2
Dividends paid for 2026	31	-	-	-	-	-	-	-	(733)	(733)
Balance at 30 June 2026		485	69	8	14	-	7	8,340	76	8,999

		Share capital and premium	Non-distributable reserves				Distributable reserves			Total equity
			Insurance fund reserve	Margin entitlement reserve	EasyWallet reserve	Credit risk reserve	Fair value reserve	General banking reserve	Retained earnings	
	Notes	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
COMPANY										
Balance at 1 July 2024		485	66	5	-	-	2	6,764	-	7,322
Total comprehensive income for the year		-	-	-	-	-	2	-	1,574	1,576
Profit for the year		-	-	-	-	-	-	-	1,574	1,574
Other comprehensive income		-	-	-	-	-	2	-	-	2
Transfer between reserves		-	3	1	-	-	-	949	(954)	-
Dividends paid for 2025	31	-	-	-	-	-	-	-	(620)	(620)
Balance at 30 June 2025		485	69	6	-	-	4	7,713	-	8,277
Balance at 1 July 2025		485	69	6	-	-	4	7,713	-	8,277
Total comprehensive income for the year		-	-	-	-	-	1	-	1,362	1,363
Profit for the year		-	-	-	-	-	-	-	1,362	1,362
Other comprehensive income		-	-	-	-	-	1	-	-	1
Transfer between reserves		-	-	2	-	-	2	627	(629)	2
Dividends paid for 2026	31	-	-	-	-	-	-	-	(733)	(733)
Balance at 30 June 2026		485	69	8	-	-	7	8,340	-	8,909

A small black bird with white wing patches is perched on a branch. The bird is facing right, and its wings are slightly spread, showing the white patches. The background is a blurred natural setting with brown and green tones. There are two white decorative lines: one is a curved line starting from the top left and ending near the bird's head, and the other is a straight line starting from the left edge and ending near the bottom left.

Consolidated and Separate Statements of Cash Flows

for the year ended 30 June 2026

Consolidated and separate statements of cash flows
for the year ended 30 June 2026

	Notes	Group		Company	
		2026	2025	2026	2025
		N\$ million	N\$ million	N\$ million	N\$ million
Cash flows from operating activities					
Receipts from customers *	32.1	6,410	6,288	6,335	6,196
Payments to customers, suppliers and employees *	32.2	(4,572)	(4,624)	(4,549)	(4,599)
Cash generated from operations	32.3	1,838	1,664	1,786	1,597
(Increase) / decrease in operating assets					
Financial assets at fair value through profit and loss and amortised cost (excluding unit trust investments)		12	(231)	12	(232)
Proceeds from financial assets at fair value through other comprehensive income		13,577	13,842	13,577	13,842
Purchases of financial assets at fair value through other comprehensive income		(15,392)	(12,670)	(15,392)	(12,670)
Loans and advances to customers and banks		(1,857)	(1,070)	(1,811)	(1,110)
Net increase in derivatives		1	(4)	1	(4)
Other assets		(125)	53	(123)	67
Increase / (decrease) in operating liabilities					
Deposits, due from other banks and loans from subsidiaries		3,763	1,615	3,770	1,562
Other liabilities		(210)	293	(215)	293
Net cash generated from operations		1,607	3,492	1,605	3,345
Dividends received		56	57	53	276
Income taxes paid	32.4	(474)	(500)	(461)	(480)
Income tax refunds	32.4	-	87	-	87
Net cash generated from operations		1,189	3,136	1,197	3,228
Cash flows from investing activities					
Additions to property and equipment	19	(202)	(147)	(203)	(147)
Disposal of property and equipment		4	-	4	-
Additions to intangible assets	18	(112)	(117)	(112)	(117)
Additions to unit trust investments		(138)	(91)	(138)	(91)
Increase in loans to subsidiaries		-	-	(7)	(92)
Net cash utilised in investing activities		(448)	(355)	(456)	(447)
Cash flows from financing activities					
Other borrowing additions	21	6	14	6	14
Other borrowings capital repaid	21	(83)	(87)	(83)	(87)
Redemption of debt securities in issue	22	(775)	(583)	(775)	(583)
Proceeds from the issue of debt securities	22	574	3	574	3
Principal payments on lease liability	24	(65)	(63)	(65)	(63)
Dividends paid	31	(733)	(620)	(733)	(620)
Net cash utilised in financing activities		(1,076)	(1,336)	(1,076)	(1,336)
Net (decrease) / increase in cash and cash equivalents		(335)	1,445	(335)	1,445
Cash and cash equivalents at the beginning of the year		5,439	3,979	5,439	3,979
Effects of exchange rate changes on cash and cash equivalents		(56)	15	(56)	15
Cash and cash equivalents at the end of the year	11	5,048	5,439	5,048	5,439

* Interest and similar income received of N\$4.458 million (2025: N\$4.593 million) is included in receipts from customers line item and interest and similar expenses paid of N\$2.325million (2025: N\$2.551 million) are included in payments to customers, suppliers and employees line item.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 30 June 2026



01 Basis of Presentation

The consolidated and separate annual financial statements of Bank Windhoek Ltd for the year ended 30 June 2026 are presented in accordance with, and comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS) and interpretations of those standards as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements and in the manner required by the Namibian Companies Act. The consolidated and separate annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income and financial liabilities held at fair value through profit or loss and all derivative contracts.

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the group and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements, are disclosed in note 4.

The level of rounding used for the amounts presented in the annual financial statements is N\$ million, unless indicated otherwise.

1.1. Going concern

The group and company's forecasts and projections, taking account of the prevailing economic conditions, other available information about future risks and uncertainties and reasonably possible changes in trading performance, show that the group and company should be able to operate within the level of its current financing. The group and company continues to adopt the going concern basis in preparing its consolidated and separate annual financial statements.

1.2. Functional and presentation currency

Items included in the annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate annual financial statements are presented in Namibia dollar (N\$), which is the functional and presentation currency of the group and company.

1.3. Standards and interpretations issued

1.3.1 Standards and interpretations issued affecting amounts reported and disclosures in the current year

Title of standard	Nature of change	Impact	Mandatory application date / Date of adoption by group and company
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Assessed to have no impact on the group and company as the group and company does not have transactions with a lack of exchangeability.	Annual periods beginning on or after 1 January 2025 Adoption date by the group and company: 1 July 2025

1.3.1(a) Change in accounting estimate

During June 2026, the estimated total useful lives of certain items of equipment and intangible assets used were revised. The net effect of the changes in the current financial year was a decrease in depreciation of N\$42 million (2025: N\$18 million).

Following the effect on profit or loss:

Group and company	2026	2025
	N\$ million	N\$ million
Depreciation and amortisation	42	18
Income tax	(13)	(6)
Net effect on profit or loss	29	12

1.3.2 Standards and interpretations issued but not yet effective

Title of standard	Nature of change	Impact	Mandatory application date / Date of adoption by group and company
IFRS 18 Presentation and Disclosures in Financial Statements	In response to investors' concerns about the comparability and transparency of entities' performance reporting, the Board introduced new requirements in IFRS 18. These will help to achieve comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosures required for some management-defined performance measures will also enhance transparency. Key Takeaways: Main Business Activities Impact on Presentation: IFRS 18 affects entities providing financing or investing in specific assets, requiring certain income and expenses to be categorised as operating, altering the presentation of operating profit. Required Subtotals: Mandates the inclusion of 'Operating profit or loss' alongside 'Profit or loss' and 'Profit or loss before financing and income taxes', with exceptions for entities with financing as their main activity. Disclosures Related to the Statement of Profit or Loss: Introduces disclosure requirements for management-defined performance measures and expenses, offering guidance on presentation by nature or function. Aggregation and Disaggregation: Offers enhanced guidance on grouping items based on shared characteristics, influencing both primary financial statements and notes. Other Limited Changes: Includes amendments to IAS 7, specifying 'operating profit or loss' as the starting point for reconciling cash flows and removing options for presenting interest and dividends paid and received.	Assessed to have a material impact on the group and company. The group and company will be required to reclassify income and expenses into the prescribed operating, investing and financing categories, present the specified mandatory totals and subtotals in the statement of profit or loss and provide additional disclosures relating to management-defined performance measures (MPMs). Where MPMs are used in public communications, the group and company will need to provide detailed disclosures, including explanations of the measures, how they are calculated, and reconciliations to the most directly comparable IFRS-defined measures. IFRS 18 also introduces enhanced aggregation and disaggregation principles that will affect both the primary financial statements and related notes. In addition, amendments to IAS 7 will affect the presentation of the statement of cash flows by requiring operating profit or loss as the starting point for the indirect method reconciliation and removing certain presentation options for interest and dividends received and paid. As a result, changes may be required to the classification and presentation of cash flow information to comply with the new requirements.	Annual periods beginning on or after 1 January 2027 Expected date of adoption: 1 July 2027

There are no other standards that are not yet effective, and that would be expected to have a material impact on the group and company in the current or future reporting periods and on foreseeable future transactions. The group and company has chosen not to early adopt the standards and interpretations issued but not yet effective.

02 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated and separate annual financial statements, which comply with IFRS Accounting Standards and the Companies Act of Namibia, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Consolidation

2.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed (including contingent liabilities meeting the recognition criteria) in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss. There is no goodwill in the group.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

In the company's separate annual financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment. The cost of an investment in subsidiary is the aggregate of the fair value of assets given, liabilities incurred, and equity instruments issued plus any costs directly attributable to the purchase of the subsidiary.

2.1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported in the consolidated statement of comprehensive income as profit or loss attributable to non-controlling interests.

2.1.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2. Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate annual financial statements are presented in Namibia dollar (N\$), which is the group and company's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under trading income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

2.3. Financial instruments

2.3.1 Measurement methods

(i) Amortised cost and effective interest

The amortised cost is the amount at which the financial assets or financial liabilities are measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider the expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the group and company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

The carrying value of loans and advances to customers is based on the calculation of the effective interest rate. This EIR is used in the IFRS 9 expected credit loss model for calculating provisions and to amortise any unearned loan origination fees over the behavioural life of loans and advances.

The loan repayment calculation is based on the contractual rate, term and capital amount, including the loan origination fee. This adjusted instalment, including the loan origination fee, is used to determine the effective interest rate of the loan. The carrying value of loans and advances to customers is calculated using this effective interest rate.

(ii) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets. Interest on financial assets classified as stage 3 under IFRS 9 is calculated using the effective interest rate on the net carrying amount of the financial assets (i.e. net of the ECL provision).

(iii) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group and company commits to purchase or sell the asset.

At initial recognition, the group and company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and fair value through other comprehensive income, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference immediately when the fair value is based on quoted prices in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets. In the event that fair value is not based on level 1 inputs, the fair value adjustment is deferred. The deferral is then amortised over the life of the instrument or realised when settled.

2.3.2 Financial assets

(i) Classification and subsequent measurement

The group and company applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds as well as exchange traded funds.

Classification and subsequent measurement of debt instruments depend on:

- i. The group and company's business model for managing the asset; and
- ii. The cash flow characteristics of the asset.

Based on these factors, the group and company classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance at recognition date and subsequently. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented within 'Non-operating income' in the period in which it arises. The group and company may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest that are not designated at FVTPL are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Non-operating income'. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Business model: The business model reflects how the group and company manages the assets in order to generate cash flows. That is, whether the group and company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows arising from the sale of assets. If neither is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the group and company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the group and company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the group and company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The group and company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The group and company's management has elected, at initial recognition, to irrevocably designate equity investments at fair value through other comprehensive income, refer to Note 14. These investments are held for purposes other than to generate investment returns. Fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the group and company's right to receive payments is established.

All other equity instruments are recognised at fair value through profit or loss.

(ii) Impairment

The group and company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and with the exposure arising from loan commitments and financial guarantee contracts. The group and company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by using the transition matrix methodology;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Note 3.2.2 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The group and company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. A substantial modification of the contractual cash flows results in the group and company derecognising the original financial asset and recognising a new asset at fair value and recalculating a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the group and company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

When this happens, the group and company assesses whether the new terms are substantially different to the original terms. The group and company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as profit share / equity-based returns that substantially affect the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the group and company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and whether (i) the group and company transfers substantially all the risks and rewards of ownership, or (ii) the group and company neither transfers nor retains substantially all the risks and rewards of ownership and the group and company has not retained control.

Collateral furnished by the group and company under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the group and company retains substantially all the risks and rewards on the basis of the predetermined repurchase price and the criteria for derecognition are therefore not met.

2.3.3 Financial liabilities

(i) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial guarantee contracts and loan commitments.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the group and company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2.3.4 Determination of fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

2.3.5 Derecognition

The group and company derecognises a financial asset when:

- the contractual rights to the asset expire; or where there is a transfer of the contractual rights to receive the cash flows of the financial asset and substantially all of the risks and rewards related to the ownership of the financial asset are transferred; or
- the group and company retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and rewards associated with the asset.

Where the group and company retains substantially all the risks and rewards of ownership of the financial asset, the group and company continues to recognise the financial asset in its entirety and recognises a financial liability for the consideration received. These financial assets and the related financial liabilities may not be offset.

Where the group and company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the group and company determines whether it has retained control of the financial asset. In this case:

- if the group and company has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer; or
- if the group and company has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

The group and company derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. A substantial modification of the terms and conditions of an existing financial liability or part of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new one. A substantial modification to the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

2.3.6 Offsetting financial instruments

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 offset the recognised amounts and there is an intention to settle on a net basis or 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 company or the counterparty.

2.3.7 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, which include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when its fair value is positive and as liabilities when its fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the group and company recognises profits on day one.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The group and company's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and the derivatives are disclosed separately in the statement of financial position.

2.3.8 Interest capitalised on stage 3 impaired loans and advances

IFRS 9 requires that interest income for loans and advances classified as stage 3 be calculated on the net carrying amount, which will result in a portion of contractual interest being suspended. Interest suspended on stage 3 loans and advances, therefore, does not impact the net carrying amount of the financial asset as presented on the statement of financial position.

2.4. Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or deposits due to customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreement(s) using the effective interest method.

Securities borrowed are not recognised in the consolidated and separate annual financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

2.5. Intangible assets

2.5.1 Computer software and development costs

Intangible assets are initially recognised at cost. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets in development are carried at cost, less any accumulated impairment losses.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group and company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use. Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives as follows:

Application software	7 years
Operating software	3 years

2.6. Property and equipment

Land and buildings mainly comprise branches and offices. All property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	47 years
Computer and other equipment	5 – 12.7 years
Furniture, fittings and other office equipment	7 - 17 years
Motor vehicles	5 – 15 years

The residual values for motor vehicles and furniture and fittings is 40% and 10% respectively.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' or 'other expenses' in profit or loss.

Investment properties held by group companies and which are occupied by other group companies are recognised as property and equipment in the consolidated annual financial statements.

2.7. Repossessed property

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed property is included under other assets as inventory as it is held for sale in the ordinary course of business, at the lower of cost or net realisable value, and are derecognised when the assets are sold to third parties. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2.9. Leases

At inception of a contract, the group and company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group and company assesses whether:

- the contract involves the use of an identified asset;
- the group and company has the right to obtain substantially all the economic benefits associated with the use of the asset throughout the period of use; and
- the group and company has the right to direct or use the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Contracts may contain both lease and non-lease components. The group and company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group and company is a lessee, it has elected not to separate lease and non-lease components and instead account for these as a single lease component.

After conducting a review of the lease agreements, the group and company has determined that there are no explicit clauses or provisions that disclose the existence and amounts of restrictions on title, property and equipment pledged as security for liabilities.

2.9.1 Lessee accounting

The group and company leases various offices, branches and houses. Rental contracts are typically made for fixed periods of 3 to 10 years (useful life) but may have extension options.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group and company as required by IFRS 16.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets are presented as part of 'property and equipment', while lease liabilities are presented as part of 'other liabilities' on the statement of financial position.

(i) Initial recognition

At the commencement date, a lessee recognises a right-of-use asset and a lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the group and company under residual value guarantees;
- the exercise price of a purchase option if the group and company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group and company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

(ii) Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group and company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Depreciation starts at the commencement date of the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group and company's estimates of the amount expected to be repayable under a residual value guarantee, or if the group and company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in any way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group and company, the lessee's incremental borrowing rate is used, being the rate that the group and company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Generally, the group and company uses the lessee's incremental borrowing rate as the discount rate.

(iv) Short-term and leases of low-value assets

Payments associated with short-term leases of equipment and vehicles, and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise computer equipment and small items of office furniture.

(v) Extension and termination options

Extension and termination options are included in a number of property leases across the group and company. These are used to maximise operational flexibility in terms of managing the assets used in the group and company's operations. The majority of extension and termination options held are exercisable only by the group and company and not by the respective lessor.

2.9.2 Lessor accounting

Operating lease income is recognised as an income on a straight-line basis over the lease term.

2.10. Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost which approximates fair value due to the short-term nature of these instruments.

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, cash and balances with the central bank and placements with other banks.

2.11. Provisions

Provisions are recognised when the group and company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions for restructuring costs and legal claims are recognised when the group and company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as an interest expense.

2.12. Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 3.2.2); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15 Revenue from contracts with customers.

Loan commitments provided by the group and company are measured as the amount of the loss allowance. The group and company has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the group and company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.13. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

2.13.1 Pension obligations

The group and company operates a defined contribution plan. The plan is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the group and company pays fixed contributions into a separate entity.

The group and company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The group and company provides no other post-retirement benefits to their retirees.

2.13.2 Severance pay provision

In terms of the Labour Act of Namibia 2007, the group and company is required to make payments (or provide other benefits) to employees equal to at least 1 week's pay for each continuous year of service when terminating their employment. This severance pay must be provided to all employees when they:

- are dismissed (except in cases of misconduct or poor performance);
- die while employed; or
- retire upon reaching the age of 65

There are no minimum funding requirements or asset ceilings associated with this plan, making it an unfunded liability that the group and company must account for directly. The group and company, therefore, have an obligation, more specifically a defined benefit, in terms of IAS 19 Employee benefits. The benefit is valued using the projected unit credit method as prescribed by IAS 19. Refer to Note 26.1 for assumptions made in the determination of the group and company's liability with respect to severance pay.

Responsibilities for the governance of the plan

The governance of the severance pay plan is managed internally by the group and company's human resources department. This department is responsible for ensuring compliance with statutory requirements and accounting standards, and for the accurate calculation and timely payment of severance benefits as mandated by the Labour Act.

2.13.3 Leave pay

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to the reporting date.

2.13.4 Performance bonuses

The group and company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit before tax after certain adjustments. The group and company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14. Share-based payments

The group and company operates two share-based compensation plans:

- i. a share appreciation rights plan; and
- ii. a conditional share plan.

The share appreciation and conditional share plan are accounted for as cash-settled share-based payments.

Liabilities for the group and company's share appreciation rights and conditional share plan are recognised as employee benefit expenses over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the statement of financial position. Refer to note 28 for more details on the respective plans.

2.15. Current and deferred tax

The income tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.15.1 Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and separate annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The principal temporary differences arise from depreciation of property and equipment, revaluation of certain financial assets and liabilities including derivative contracts and tax losses carried forward and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and company, and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group and company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group and company the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Deferred tax related to fair value remeasurement of investments and cash flow hedges, which are recognised in other comprehensive income, is also recognised in other comprehensive income and is subsequently recognised in profit or loss together with the deferred gain or loss.

2.15.2 Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2.16. Revenue from contracts with customers

This policy outlines the principles and guidelines for recognising revenue in accordance with IFRS 15: Revenue from contracts with customers, and relevant Namibian legislation. The objective of this policy is to establish a comprehensive framework for recognising revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the group and company expects to be entitled in exchange for those services.

(i) Scope

This policy applies to all revenue-generating activities of the group and company, including but not limited to:

- Transactional fees and service charges;
- Knowledge based fees; and
- Trading income

Revenue is recognised only when the group and company can identify the contract and performance obligations (i.e. the different services) and determine the transaction price, which is then allocated to the identifiable performance obligations. This recognised revenue excludes amounts collected on behalf of third parties.

(ii) Revenue Recognition

Step 1: Identify the contract with a customer

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The group and company will recognise a contract with a customer when the following criteria are met:

- The parties have approved the contract and are committed to performing their respective obligations;
- The group and company can identify each party's rights regarding the services to be transferred;
- The group and company can identify the payment terms for the services to be transferred;
- The contract has commercial substance; and
- It is probable that the group and company will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer.

Step 2: Identify the performance obligations in the contract

Performance obligations are promises in a contract to transfer to a customer services that are distinct. A service is distinct if:

- The customer can benefit from the service on its own or together with other readily available resources.
- The group and company's promise to transfer the service to the customer is separately identifiable from other promises in the contract.

Transactional fees and service charges

Transactional & Service charges are recognised when the services are rendered, in accordance with the stipulations of the Banking Institutions Act, 2024 (Act No. 13 of 2024).

Knowledge based fees

Fees and commissions are recognised as the related services are performed. If the fees are for services provided over a period of time, they are recognised on a straight-line basis over the service period, in compliance with the pre-agreed terms.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which the group and company expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties, e.g. VAT. The transaction price is determined based on the terms of the contract and the group and company's fees & charges guidelines.

Step 4: Allocate the transaction price to the performance obligations in the contract

The group and company allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the group and company would sell a promised service separately to a customer.

Step 5: Recognise revenue when the group and company satisfies a performance obligation

Revenue is recognised when the group and company satisfies a performance obligation by transferring a promised service to a customer. A performance obligation is satisfied when the customer obtains control of the service. Control can be transferred over time or at a point in time.

2.17. Share capital

Share issue

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options, or to the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds.

2.18. Dividend distribution

Dividend distribution to the group and company's shareholders are recognised as a liability in the consolidated and separate annual financial statements in the period in which the dividends are declared by the board of directors.

Dividends for the year that are declared after the reporting date are dealt with in the events subsequent to year-end note under the directors' report.

2.19. Fiduciary activities

The group and company commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the group and company.

2.20. Operating segments

The group considers its banking operations as one operating segment; the group has no significant components other than banking. Other components include micro-lending; however, this component contributes less than 5% to the group revenue, assets and profit for the year, therefore, the group has no significant components other than banking. This is in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the managing director of the group. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

In assessing the performance of the banking operation, the managing director reviews the various aggregated revenue streams, the total costs and the assets and liabilities related to the banking activity, which have been disclosed in the various notes to the consolidated and separate annual financial statements.

2.21. Statement of compliance with Bank of Namibia determination (BID 2)

The group and company have complied, in all material respects, with the requirements of Bank of Namibia Determination BID-2 relating to asset classification, suspension of interest and provisioning. Paragraph 11.4 of BID-2 requires loans and advances classified as "Loss" to be written off within prescribed timeframes. This requirement differs from IFRS 9, under which financial assets are written off only when there is no reasonable expectation of recovery.

03 Financial risk management

Any business that requires a return on capital investment is exposed to financial risks. Managing these risks continues to play a pivotal role within the group and company to ensure an appropriate balance between risk and return is maintained. The board of directors is ultimately responsible for managing risks that may have a negative impact on its financial performance, and which may ultimately have an adverse effect on the continued operations of the group and company. However, it is the responsibility of management to identify risks, whether real or anticipated, within their business units, and take appropriate actions.

Management's approach to risk management is to ensure all significant risks are identified and managed, and the returns are appropriately balanced against risks taken. Compliance with a set of comprehensive risk management policies is an integral part of the group and company's day-to-day activities and systems of internal controls have been implemented to prevent and detect risks.

The key principles forming the foundation of the group and company's risk management process include:

- adoption of a risk management framework which applies to all business units and risk types;
- risk assessment, measurement, monitoring and reporting;
- independent reviews and assessment; and
- risk governance processes.

The following subcommittees have been formed to assist the board audit committee and board risk and compliance committee (BAC and BRCC) to manage risks:

Board credit committee (BCC), board lending committee (BLC) and board loan review committee (BLRC)

One of the group and company's primary activities are lending to retail and commercial borrowers. The group and company accepts deposits from customers at both fixed and floating rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The BCC, BLC and BLRC are tasked with ensuring this objective is achieved through the sanctioning of credit and thereby ensuring credit exposures remain within an acceptable range of credit standing. Such exposures involve not just loans and advances reflected on the statement of financial position, but also guarantees and other commitments such as letters of credit.

Asset and liability committee (ALCO)

The primary responsibility of the ALCO is the management of market and liquidity risks within set risk capacity, appetite and tolerance thresholds whilst at the same time optimising the group and company's profitability and capital position. The ALCO reviews the macro-economic environment, as well as historical financial and strategic performance as inputs in a strategy development process, which is supported by simulations and forecasting. The group and company trades in financial instruments where it takes positions in traded instruments, including derivatives, to take advantage of, and hedge against short-term adverse market movements in bonds and in foreign currency, interest rates and commodity prices. Among other responsibilities, the ALCO is tasked to monitor the risks associated with these activities.

Risk management includes the setting of trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. In addition, with the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

The ALCO also carries the primary responsibility of monitoring the group and company's liquidity position, as well as formulating the funding strategy. The interest rate subcommittee reviews the economic environment and recommends interest rate views to the ALCO. The ALCO activities are reported to the BAC.

Risk committee

In addition to the committees mentioned, the risk committee, comprising members of the executive management team and reporting to the BAC and BRCC, was established. Its primary responsibilities are to:

- evaluate the risk management model employed by the group and company in terms of effectiveness and efficient deployment of resources (i.e. cost versus benefit);
- discuss and identify gaps and weaknesses in the management information system (MIS) to enable management to make the correct decisions;
- discuss the findings and recommendations of the group and company's risk functions and evaluate whether appropriate action has been taken when necessary;
- enhance general risk awareness within the group and company;
- monitor the management of risks to ensure that the group and company complies with the Bank of Namibia's guidelines for effective risk management; and
- discuss in detail any identified, unidentified and potential risks that are material to the group and company.

Credit risk forum (CRF)

The purpose of the CRF is to have an oversight of credit risk management in accordance with the board approved credit risk management policy, credit policies and credit risk and control framework, in order to achieve and maintain an acceptable credit risk profile and an adequate risk and control framework.

At a portfolio credit risk level, the scope of the CRF includes:

- portfolio analysis and performance;
- key risk indicators and trends;
- risk-adjusted pricing performance at a portfolio level;
- discuss and review credit portfolio risk and recommend risk enhancements to the business units;
- product and pricing strategies;
- discuss and review annual risk appetites and stress testing of the credit portfolio before submission to the risk committee; and
- discuss and review collateral and recommend necessary improvements.

The CRF facilitates compliance with:

- Basel and other best practices for credit risk management;
- applicable legislative acts;
- Bank of Namibia determinations; and
- group credit policies.

IFRS 9 committee

The IFRS 9 committee is the main forum where specific matters that can cause deterioration in credit risk are discussed. At this meeting, decisions are also made on the risk associated with the prevailing and forecast macroeconomic conditions and the impact on specific sectors in the applicable economies.

The IFRS 9 committee is established to make the following decisions at each reporting period in terms of the impairment allowance model utilised by the group and company:

- Assumptions;
- Inputs, including macro-economic variables;
- Results;
- Movements in, for example, sectors/regions; and
- Sign-off on total impairments for the reporting period.

Significant risks to which the group and company is exposed are discussed below.

Note 3 deals only with the group figures, since the company constitutes the majority of the group. Where the group and company differ in respect of financial assets, this relates to the unit trust investment of a subsidiary (financial assets at fair value through profit or loss) (N\$40 million (2025: N\$37 million)) and the micro-lending loans of BW Finance (Pty) Ltd (loans and advances) (N\$524 million (2025: N\$491 million)). Risk management is the same for the group and company.

3.1 Analysis of assets and liabilities

Financial assets and financial liabilities are measured at either fair value or at amortised cost. The principal accounting policies on pages 37 to 46 describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

The following tables analyse the financial assets and liabilities in the statement of consolidated financial position per category of financial instrument to which they are assigned and consequently measured. The tables include non-financial assets and liabilities to facilitate reconciliation to the consolidated statement of financial position:

Group	2026				
	Financial assets / liabilities at FVTPL	Financial assets at fair value through OCI	Financial assets / liabilities at amortised cost	Non-financial assets / liabilities	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
ASSETS					
Cash and cash equivalents	-	-	5,048	-	5,048
Derivative financial instruments	74	-	-	-	74
Financial assets at fair value through profit or loss ¹	2,499	-	-	-	2,499
Financial assets at amortised cost	-	-	968	-	968
Financial assets at fair value through other comprehensive income	-	8,438	-	-	8,438
Loans and advances to customers	-	-	40,054	-	40,054
Other assets	-	-	257	278	535
Intangible assets	-	-	-	571	571
Property and equipment	-	-	-	627	627
Total assets	2,573	8,438	46,327	1,476	58,814
LIABILITIES					
Derivative financial instruments	37	-	-	-	37
Due to other banks	-	-	177	-	177
Other borrowings	-	-	131	-	131
Debt securities in issue	-	-	2,033	-	2,033
Deposits	-	-	46,496	-	46,496
Other liabilities	-	-	610	297	907
Post-employment benefits	-	-	-	20	20
Current tax liability	-	-	-	10	10
Deferred tax liability	-	-	-	4	4
Total liabilities	37	-	49,447	331	49,815

¹Financial assets at fair value through profit and loss are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

Group	2025				
	Financial assets / liabilities at FVTPL	Financial assets at fair value through OCI	Financial assets / liabilities at amortised cost	Non-financial assets / liabilities	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
ASSETS					
Cash and cash equivalents	-	-	5,439	-	5,439
Derivative financial instruments	43	-	-	-	43
Financial assets at fair value through profit or loss ¹	2,296	-	-	-	2,296
Financial assets at amortised cost	-	-	988	-	988
Financial assets at fair value through other comprehensive income	-	6,148	-	-	6,148
Loans and advances to customers	-	-	38,403	-	38,403
Other assets	-	-	137	279	416
Intangible assets	-	-	-	501	501
Property and equipment	-	-	-	492	492
Deferred tax asset	-	-	-	61	61
Total assets	2,339	6,148	44,967	1,333	54,787
LIABILITIES					
Derivative financial instruments	6	-	-	-	6
Due to other banks	-	-	311	-	311
Other borrowings	-	-	207	-	207
Debt securities in issue	-	-	2,234	-	2,234
Deposits	-	-	42,598	-	42,598
Other liabilities	-	-	715	339	1,054
Post-employment benefits	-	-	-	19	19
Current tax liability	-	-	-	25	25
Total liabilities	6	-	46,065	383	46,454

¹Financial assets at fair value through profit or loss are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

Company	2026				
	Financial assets / liabilities at FVTPL	Financial assets at fair value through OCI	Financial assets / liabilities at amortised cost	Non-financial assets / liabilities	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
ASSETS					
Cash and cash equivalents	-	-	5,048	-	5,048
Derivative financial instruments	74	-	-	-	74
Financial assets at fair value through profit or loss ¹	2,459	-	-	-	2,459
Financial assets at amortised cost	-	-	968	-	968
Financial assets at fair value through other comprehensive income	-	8,438	-	-	8,438
Loans and advances to customers	-	-	39,529	-	39,529
Other assets	-	-	258	277	535
Investment in subsidiaries	-	-	-	383	383
Loans to subsidiaries	-	-	99	-	99
Intangible assets	-	-	-	571	571
Property and equipment	-	-	-	618	618
Total assets	2,533	8,438	45,902	1,849	58,722
LIABILITIES					
Derivative financial instruments	37	-	-	-	37
Due to other banks	-	-	177	-	177
Other borrowings	-	-	131	-	131
Debt securities in issue	-	-	2,033	-	2,033
Deposits	-	-	46,443	-	46,443
Other liabilities	-	-	605	296	901
Loans from subsidiaries	-	-	49	-	49
Post-employment benefits	-	-	-	20	20
Current tax liability	-	-	-	11	11
Deferred tax liability	-	-	-	11	11
Total liabilities	37	-	49,438	338	49,813

¹Financial assets at fair value through profit or loss are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

Company	2025				
	Financial assets / liabilities at FVTPL	Financial assets at fair value through OCI	Financial assets / liabilities at amortised cost	Non-financial assets / liabilities	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
ASSETS					
Cash and cash equivalents	-	-	5,439	-	5,439
Derivative financial instruments	43	-	-	-	43
Financial assets at fair value through profit or loss ¹	2,259	-	-	-	2,259
Financial assets at amortised cost	-	-	988	-	988
Financial assets at fair value through other comprehensive income	-	6,148	-	-	6,148
Loans and advances to customers	-	-	37,912	-	37,912
Other assets	-	-	137	278	415
Investment in subsidiaries	-	-	-	383	383
Loans to subsidiaries	-	-	92	-	92
Intangible assets	-	-	-	501	501
Property and equipment	-	-	-	483	483
Deferred tax asset	-	-	-	56	56
Total assets	2,302	6,148	44,568	1,701	54,719
LIABILITIES					
Derivative financial instruments	6	-	-	-	6
Due to other banks	-	-	311	-	311
Other borrowings	-	-	207	-	207
Debt securities in issue	-	-	2,234	-	2,234
Deposits	-	-	42,540	-	42,540
Other liabilities	-	-	713	338	1,051
Loans from subsidiaries	-	-	47	-	47
Post-employment benefits	-	-	-	19	19
Current tax liability	-	-	-	27	27
Total liabilities	6	-	46,052	384	46,442

¹Financial assets at fair value through profit or loss are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

3.2. Credit risk

Credit risk is the risk of suffering financial loss, should any of the group and company's customers, or market counterparties fail to fulfil their contractual obligations to the group and company. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as letters of credit, endorsements and acceptances.

The group and company are also exposed to additional credit risks arising from trading activities (trading exposures) including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements. Credit risk is the single largest risk for the group and company's business; management therefore carefully manages its exposure to credit risk, which, together with large exposures, is monitored by the BCC, BAC and BRCC.

3.2.1. Credit risk measurement

a) Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a financial instrument varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The group and company has developed statistical models to support the quantification of credit risk. These quantitative models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring the credit risk of loans and advances at a counterparty level, the group and company considers three components, namely: (i) the 'probability of default' (PD) by the customer or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the group and company derives the 'exposure at default' (EAD); and (iii) the expected loss on the defaulted obligations (the 'loss given default') (LGD). This is similar to the approach used for the purposes of measuring expected credit loss (ECL) under IFRS 9 (note 3.2.2).

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel committee on Banking Supervision (the Basel committee) and are embedded in the group and company's daily operational management.

Probability of default (PD)

The probability of default is an indication of the probability that a given loan will default. Under Basel III and IFRS 9, the elements that make up a loss are defined as economic loss and will include direct and indirect costs associated with collecting on the exposure such as allocations of internal overheads and other non-cash costs. The PD in Basel III and IFRS 9 is calculated using historical data of defaults as well as applying forward looking adjustments to the historical PD to align the PD to the expected future economic conditions.

Exposure at default (EAD)

The exposure at default under Basel III and IFRS 9 will take into account an expectation of future drawdowns until the default event has occurred by utilising loan run down for amortising products and a credit conversion factor for non-amortising products. For example, for a loan, this is the face value at the default date. For a commitment, the group and company includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

Loss given default (LGD)

Loss given default or loss severity represents the group and company's expectation of the extent of loss on a claim should default occur (1 - recovery rate). It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel III and IFRS 9. The LGD is calculated using historical data.

b) Financial assets measured at amortised cost

Assets in this category mainly relate to investments in financial instruments that have an external credit rating. Implied probability of defaults has been benchmarked against published estimates by external credit rating agencies. LGD's were benchmarked against Basel best practice. The implied PD's and LGD's are used to calculate expected credit losses for these assets.

c) Trade receivables and other assets

The group and company measures ECL on trade receivables in accordance with IFRS 9. The ECL is based on a lifetime expected loss allowance using the simplified approach, which is applicable to all trade receivables and other assets. Under the simplified approach, the ECL is calculated using a provision matrix that considers historical credit loss experience and forward-looking information. There is no ECL on trade receivables and other assets for the year under review.

Credit risk grading

The group and company uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The group and company uses internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time the application is fed into the rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers.

The credit grades are calibrated such that the risk of default increases exponentially at each risk grade.

The following are additional considerations for each type of portfolio held by the group and company:

Retail

After the date of initial recognition, for retail business, the payment behaviour and transactional account conduct are monitored monthly to develop a behavioural score. Additionally, an external credit bureau score is taken into account to determine the retail customer's score. The credit bureau score reflects the customer's financial market behaviour, including conduct at other banks and retailer accounts. Any other known information about the borrower that impacts their creditworthiness, such as turnover and overdraft utilisation is factored into the behavioural score. Once the behavioural score is determined, a rating is assigned using the group rating method, which consists of 9 rating levels for loans not in default (CG1 to CG9). CG1 represents the best rating, while CG9 has the worst rating. At the time of reporting, a significant increase in credit risk (SICR) since the asset's initial recognition is assessed. This determines whether the performing account falls into stage 1 or stage 2, regardless of whether the account is in arrears, and the ECL is calculated accordingly.

Corporate

After initial recognition, the borrower's payment behaviour and transactional conduct are monitored on a monthly basis to develop a behavioural score at the borrower level. Once the behavioural score is determined, a rating is assigned using the group rating method, which consists of 9 rating levels for loans not in default (CG1 to CG9). CG1 represents the best rating, while CG9 has the worst rating. These rating methods undergo an annual validation and recalibration process to ensure they reflect the most current projections in light of all observed defaults. At the time of reporting, a SICR since the asset's initial recognition is assessed. This determines whether the performing account falls into stage 1 or stage 2. If the account experienced a SICR since origination, it is placed in stage 2, regardless of whether the account is in arrears, and the ECL is calculated accordingly.

Treasury

For debt securities in the treasury portfolio, the group and company relies on credit ratings provided by external rating agencies. These publicly available ratings are then matched with an internal risk grade, which undergoes continuous monitoring and updating. The probability of default associated with each grade is determined based on the average default rates published by the rating agency. Stage 1 debt securities use the 12-month average default rate/PD, while stage 2 debt securities rely on the lifetime average default rate/PD. The stage of the debt security is determined using the internal SICR rating scale, which helps assess and classify credit risk changes.

The group and company's internal rating scale for retail and corporate is set below:

Rating	Score band	Meaning	Implied PD	Rating	Score band	Meaning	Implied PD
CG1	900-1,000	Virtually no risk	1.90%	CG6	400-499	ICU	3.62%
CG2	800-899	Low risk	3.63%	CG7	300-399	Substandard	16.18%
CG3	700-799	Moderate risk	3.31%	CG8	200-299	Doubtful	31.27%
CG4	600-699	Acceptable risk	4.59%	CG9	100-199	Loss	98.15%
CG5	500-599	Borderline	7.03%				

3.2.2. Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in stage 1 and has its credit risk continuously monitored by the group and company.
- If a SICR since initial recognition is identified, the financial instrument is moved to stage 2 but is not yet deemed to be credit impaired. Please refer to note 3.2.2.1 for a description of how the group and company determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to stage 3. Refer to note 3.2.2.2 for a description of how the group and company defines credit-impaired and default.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer to note 3.2.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be calculated using forward-looking information. Note 3.2.2.4 includes an explanation of how the group and company has incorporated this in its ECL models.

Further explanation is also provided of how the group and company determines appropriate groupings when ECL is measured on a collective basis (refer to note 3.2.2.5).

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the group and company addressing the requirements of the standard are discussed below:

3.2.2.1. Significant increase in credit risk

The group and company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

The credit rating at the reporting date has deteriorated significantly (moved down two rating levels e.g. CG1 to CG3), compared to the credit rating at initial recognition of the account. The thresholds for the significant increase in credit risk are determined by mapping the SICR roll rates to the actual historical arrears roll rates. An account can move back to stage 1 if its credit score improves again.

Qualitative criteria

Accounts are classified on a watch list when there is qualitative information available on the customer's credit risk increasing. These accounts are moved over to stage 2.

The qualitative criteria used to determine whether accounts have increased in credit risk include, but are not limited to:

- Repayment ability of customers
- Collateral valuations
- Sector in which the customer operates
- Natural events (i.e. drought)
- Debtors not paying across industries
- Where loan forbearance is granted

The criteria used to identify SICR are monitored and reviewed periodically for the appropriateness by the independent Credit Risk team. Once the above matters have improved sufficiently, an account can be moved back to stage 1.

Backstop

A backstop is applied and financial instruments are considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments. An account can move back to stage 1 if it is less than 30 days past due.

The group and company has not used the low credit risk exemption for any financial instruments in the year ended 30 June 2026 or 30 June 2025.

3.2.2.2. Definition of default and credit-impaired assets

The group and company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance;
- The borrower is insolvent;
- The borrower is in breach of financial covenants; or
- It is becoming probable that the borrower will enter bankruptcy.

The criteria above have been applied to all financial instruments held by the group and company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the group and company's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria and it is fully paid up for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions. This is in line with regulatory requirements. When an account has been fully paid up for six months it is moved back to stage 1 or stage 2.

3.2.2.3. Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.
- EAD is based on the amount the group and company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (lifetime EAD). For a revolving commitment, the group and company includes the current drawn balance plus any further amount that is to be expected to be drawn up to the current contractual limit by the time of default, should it occur.
- LGD represents the group and company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of observation throughout the remainder of the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio segment. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortisation products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a 'credit conversion factor' which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the group and company's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. This is supported by historical analysis of recoveries per portfolio segment, including the discounting of the recoveries to the default date as well as the recovery costs accounted for.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

3.2.2.4. Forward-looking information incorporated in the ECL models

The measurement of the ECL allowance for financial assets requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring ECL, including:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in stage 1 and has its credit risk continuously monitored by the bank.
- If a SICR since initial recognition is identified, the financial instrument is moved to stage 2 but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to stage 3.

Refer to note 3.2.2.2 for the definition used by the group and company to classify a financial instrument as in default.

The group and company estimates provision for impairments for stage 3 (non-performing loans) on an individual basis. Each loan's impairment is calculated as exposure less a discounted value of collateral held.

Stage 1 and 2

The assessment and calculation of ECL incorporates forward-looking information (FLI). The forecast of economic variables, regression analysis and expert judgement is applied and confirmed through internal governance structures to apply a forward-looking view for the ECL calculation. The group and company has performed historical analysis and identified key macro-economic inputs impacting the default rates of the group and company's assets and in determining key credit risk ratios and overlays. Historical relationships between macro-economic data and default rates have been identified as inputs into the FLI model. These relationships are used to project future default rates based on current macro-economic forecasts. The group and company mainly applied forecasted domestic macro-economic conditions as FLI. Regression modelling techniques were used for these purposes.

The group and company applied GDP changes as the main macro-economic indicator in the FLI modelling process. Changes in monetary interest rates were excluded from the modelling process.

The group and company applies a 'sensitivity factor' (the rate of change of default rates relative to the average default rate during the PD calibration period) to forecasted GDP growth. The calibration spans from May 2018 to April 2026. PD's were calibrated to historical GDP growth rates on an annual basis using regression modelling. Negative GDP growth is mostly associated with an increase in default rates, while positive GDP growth is associated with a reduction in default rates. The sensitivity factor is used to compute a scalar to the current default rates of each type of loan product that the group and company has. The scalar was applied to the current PD's per product type for all stage 1 and stage 2 exposures.

The following table shows the GDP growth assumptions used in calculating the scalar in the forward-looking model:

	Namibia	
	2026	2025
Growth in next 12 months	2.7%	3.0%
Growth in following 12 months	5.0%	5.0%

Qualitative factors influencing FLI

Expert judgement was applied to determine factors other than GDP that could influence future default rates. The group and company has offered financial relief to customers in the form of restructured exposures as well as deferral of payments for up to 3 months at a time. All customers to whom relief was offered were assessed on an individual basis. Where the financial relief was deemed sufficient to assist the customer in servicing debt again in future, its staging and probability of default remained unchanged. Should the financial relief be considered not to be of a temporary nature, the customer is treated as distressed, and a higher probability of default is assigned as per the base and FLI ECL models.

Sensitivity Analysis

Expected credit losses calculated for stage 1, 2 and 3, after applying the sensitivity factor above were as follows:

Sensitivity Analysis	Allowances for credit losses	
	2026	2025
	N\$ million	N\$ million
Base ECL for stage 1 and 2	267	270
Base ECL for stage 3	642	677
Had the GDP forecast been 10% better or 10% worse, the ECL for stage 1 and 2 would be reflected as follows:		
GDP 10% improvement	240	243
GDP 10% deterioration	294	297
Had the GDP forecast been 10% better or 10% worse, the ECL for stage 3 would be reflected as follows:		
GDP 10% improvement	577	609
GDP 10% deterioration	706	744

3.2.2.5. Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the group and company are homogeneous.

In performing this grouping, there must be sufficient information for the group and company to be statistically credible. Where sufficient information is not available internally, the group and company has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

- Product type
- Repayment type
- Collateral type

The groupings above only apply to stage 1 and stage 2 credit impairments.

All stage 3 exposures are assessed individually.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the IFRS 9 committee.

3.2.3. Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between stage 1 and stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to insignificant changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see note 3.2.8).

Post model adjustments

Post model adjustments are short-term adjustments to the ECL balances as part of the year-end reporting process to reflect late updates to market data and expert credit judgement.

Specifically, the group and company consider idiosyncratic risk associated with individual customers, where post model adjustments are necessary to ensure adequate provisions are held for risk not adequately captured by the general models.

The post model adjustment is quantified by comparing the exposure on the identified customers versus the present value of the security available and the provisions recognised by the current models. Any exposure above this value is then recognised as an additional post model adjustment, outside of the model.

The group and company had post model adjustments in the current and prior year, which are included in stage 2.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Group	Stage 1	Stage 2	Stage 3	Total
	N\$ million	N\$ million	N\$ million	N\$ million
Instalment finance				
Opening balance: 1 July 2025	12	11	38	61
Transfer from Stage 1 to Stage 2	-	3	-	3
Transfer from Stage 1 to Stage 3	(1)	-	17	16
Transfer from Stage 2 to Stage 1	-	(4)	-	(4)
Transfer from Stage 2 to Stage 3	-	(2)	7	5
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	6	-	-	6
Changes in PDs and LGDs and overlays	(4)	(2)	(2)	(8)
Financial assets derecognised during the period	(2)	(1)	-	(3)
Write-offs	-	-	(13)	(13)
Closing balance: 30 June 2026	11	5	47	63
Overdrafts				
Opening balance: 1 July 2025	40	38	390	468
Transfer from Stage 1 to Stage 2	(1)	7	-	6
Transfer from Stage 1 to Stage 3	(43)	-	43	-
Transfer from Stage 2 to Stage 1	1	(19)	-	(18)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	50	-	-	50
Changes in PDs and LGDs and overlays	2	(1)	(10)	(9)
Financial assets derecognised during the period	(1)	(6)	(19)	(26)
Write-offs	-	-	(153)	(153)
Closing balance: 30 June 2026	48	19	251	318
Term loans				
Opening balance: 1 July 2025	40	78	283	401
Transfer from Stage 1 to Stage 2	(1)	20	-	19
Transfer from Stage 1 to Stage 3	(23)	-	51	28
Transfer from Stage 2 to Stage 1	1	(13)	-	(12)
Transfer from Stage 2 to Stage 3	-	(19)	106	87
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	45	15	-	60
Changes in PDs and LGDs and overlays	(3)	(4)	-	(7)
Financial assets derecognised during the period	(9)	(10)	(8)	(27)
Write-offs	-	-	(110)	(110)
Closing balance: 30 June 2026	50	67	322	439

	Stage 1	Stage 2	Stage 3	Total
	N\$ million	N\$ million	N\$ million	N\$ million
Mortgages				
Opening balance: 1 July 2025	47	35	228	310
Transfer from Stage 1 to Stage 2	(1)	17	-	16
Transfer from Stage 1 to Stage 3	-	-	20	20
Transfer from Stage 2 to Stage 1	-	(11)	-	(11)
Transfer from Stage 2 to Stage 3	-	(5)	21	16
Transfer from Stage 3 to Stage 1	-	-	(2)	(2)
Transfer from Stage 3 to Stage 2	-	-	(1)	(1)
New financial assets originated	7	3	-	10
Changes in PDs and LGDs and overlays	1	(7)	18	12
Financial assets derecognised during the period	(4)	(3)	(25)	(32)
Write-offs	-	-	(75)	(75)
Closing balance: 30 June 2026	50	29	184	263
Pref shares and guarantees				
Opening balance: 1 July 2025	7	-	-	7
New financial assets originated	7	-	-	7
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(6)	-	-	(6)
Closing balance: 30 June 2026	8	-	-	8
Other financial assets				
Opening balance: 1 July 2025	2	-	-	2
New financial assets originated	-	-	-	-
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(1)	-	-	(1)
Closing balance: 30 June 2026	1	-	-	1

Group	Stage 1	Stage 2	Stage 3	Total
	N\$ million	N\$ million	N\$ million	N\$ million
Instalment finance				
Opening balance: 1 July 2024	12	45	40	97
Transfer from Stage 1 to Stage 2	-	6	-	6
Transfer from Stage 1 to Stage 3	(1)	-	10	9
Transfer from Stage 2 to Stage 1	-	(4)	-	(4)
Transfer from Stage 2 to Stage 3	-	(2)	5	3
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	6	4	-	10
Changes in PDs and LGDs and overlays	(4)	(36)	18	(22)
Financial assets derecognised during the period	(1)	(2)	(1)	(4)
Write-offs	-	-	(34)	(34)
Closing balance: 30 June 2025	12	11	38	61
Overdrafts				
Opening balance: 1 July 2024	30	59	325	414
Transfer from Stage 1 to Stage 2	(1)	10	-	9
Transfer from Stage 1 to Stage 3	(77)	-	77	-
Transfer from Stage 2 to Stage 1	-	(12)	-	(12)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	82	-	-	82
Changes in PDs and LGDs and overlays	7	(8)	21	20
Financial assets derecognised during the period	(1)	(11)	(5)	(17)
Write-offs	-	-	(28)	(28)
Closing balance: 30 June 2025	40	38	390	468
Term loans				
Opening balance: 1 July 2024	58	102	319	479
Transfer from Stage 1 to Stage 2	(1)	11	-	10
Transfer from Stage 1 to Stage 3	(1)	-	16	15
Transfer from Stage 2 to Stage 1	1	(24)	-	(23)
Transfer from Stage 2 to Stage 3	-	(18)	58	40
Transfer from Stage 3 to Stage 1	-	-	(1)	(1)
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	12	14	-	26
Changes in PDs and LGDs and overlays	(23)	14	101	92
Financial assets derecognised during the period	(6)	(21)	(51)	(78)
Write-offs	-	-	(159)	(159)
Closing balance: 30 June 2025	40	78	283	401

	Stage 1	Stage 2	Stage 3	Total
	N\$ million	N\$ million	N\$ million	N\$ million
Mortgages				
Opening balance: 1 July 2024	40	47	324	411
Transfer from Stage 1 to Stage 2	-	10	-	10
Transfer from Stage 1 to Stage 3	-	-	21	21
Transfer from Stage 2 to Stage 1	1	(18)	-	(17)
Transfer from Stage 2 to Stage 3	-	(7)	21	14
Transfer from Stage 3 to Stage 1	-	-	(4)	(4)
Transfer from Stage 3 to Stage 2	-	-	(1)	(1)
New financial assets originated	7	3	-	10
Changes in PDs and LGDs and overlays	3	8	(28)	(17)
Financial assets derecognised during the period	(4)	(8)	(11)	(23)
Write-offs	-	-	(94)	(94)
Closing balance: 30 June 2025	47	35	228	310
Pref shares and guarantees				
Opening balance: 1 July 2024	7	-	-	7
New financial assets originated	4	-	-	4
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(4)	-	-	(4)
Closing balance: 30 June 2025	7	-	-	7
Other financial assets				
Opening balance: 1 July 2024	2	-	-	2
New financial assets originated	1	-	-	1
Changes in PDs and LGDs	-	-	-	-
Financial assets derecognised during the period	(1)	-	-	(1)
Closing balance: 30 June 2025	2	-	-	2

Movements in the gross carrying amounts and ECL allowance are aligned and no unexplained variances exist.

Significant movements in the gross carrying amount of financial assets that contributed to changes in the loss allowance are outlined below:

Overdrafts - cheques and credit cards

Gross overdraft and credit card exposures increased by N\$263 million (5.5%), from N\$4.8 billion at 30 June 2025 to N\$5.1 billion at 30 June 2026. The increase was driven by new facilities originated of N\$814 million and additional utilisation on existing facilities of N\$1.1 billion, partially offset by repayments of N\$1.5 billion, derecognitions of N\$175 million and write-offs of N\$71 million.

Non-performing exposures decreased by N\$166 million, from N\$534 million to N\$368 million, reflecting an improvement in the credit quality of the portfolio.

These exposures remain adequately collateralised, supported by collateral with a fair value of N\$152 million.

No loan modifications during the reporting period that resulted in the recognition of gains or losses.

Term Loans

Gross term loan exposures increased by N\$206 million (1.8%), from N\$11.3 billion at 30 June 2025 to N\$11.5 billion at 30 June 2026. During the year, new term loans of N\$4.1 billion were originated, while N\$2.7 billion of facilities were derecognised.

Non-performing term loan exposures increased by N\$170 million, from N\$489 million to N\$659 million, reflecting elevated stress within selected customer segments.

The portfolio remains well secured, supported by collateral with a fair value of N\$392 million.

Term loan write-offs amounted to N\$88 million during the financial year.

No loan modifications during the reporting period that resulted in the recognition of gains or losses.

Mortgages

Gross mortgage advances increased by N\$441 million (2.4%), from N\$18.5 billion at 30 June 2025 to N\$18.9 billion at 30 June 2026. Growth was supported by new mortgage advances of N\$2.9 billion and additional disbursements of N\$674 million, partially offset by repayments of N\$1.1 billion and derecognitions of N\$1.9 billion.

Non-performing mortgage exposures decreased by N\$188 million, from N\$516 million to N\$328 million, reflecting improved recoveries and arrears management.

The mortgage portfolio remains well secured, with collateral carrying a fair value of N\$258 million.

Mortgage write-offs amounted to N\$204 million during the financial year.

No loan modifications during the reporting period that resulted in the recognition of gains or losses.

Instalment finance

Gross instalment finance exposures increased by N\$706 million (13.7%), from N\$5.1 billion at 30 June 2025 to N\$5.8 billion at 30 June 2026. The increase was driven by strong new business volumes of N\$2.7 billion, partly offset by derecognitions of N\$934 million and repayments of approximately N\$991 million.

Non-performing instalment finance exposures increased by N\$22 million, from N\$64 million to N\$86 million, although the overall level of non-performing exposures remains low relative to the size of the portfolio.

The portfolio remains adequately collateralised with collateral having a fair value of N\$53 million.

Write-offs recognised during the financial year amounted to N\$20 million.

No loan modifications during the reporting period that resulted in the recognition of gains or losses.

Preference shares and guarantees

Exposure to preference shares and guarantees decreased by N\$28 million (51.9%), from N\$54 million at 30 June 2025 to N\$26 million at 30 June 2026.

There were no non-performing exposures within this portfolio as at 30 June 2026 (2025: nil).

No write-offs were recorded during the financial year.

No loan modifications during the reporting period that resulted in the recognition of gains or losses.

3.2.4. Maximum exposure to credit risk before collateral held or other credit enhancements

	Notes	2026		2025	
		N\$ million		N\$ million	
		Year-end	Daily average balances	Year-end	Daily average balances
Credit risk exposures relating to on-statement-of-financial-position assets are as follows:					
Cash and cash equivalents	11	5,048	4,095	5,439	3,196
Derivative financial instruments	12	74	76	43	42
Financial assets at fair value through profit or loss	13	2,405	2,229	2,204	2,124
- Unit Trust investments		2,311	2,229	2,115	2,037
- Exchange traded funds		94	93	89	87
Gross financial assets at amortised cost	13	970	976	990	877
- Treasury bills		90	166	203	136
- Government stock		880	810	787	741
Financial assets at fair value through other comprehensive income	14	8,400	6,639	6,113	6,489
- Treasury bills		8,222	166	5,811	6,196
- Government stock		153	810	277	279
- Corporate bonds		25	25	25	14
Gross loans and advances to customers ¹	15	41,334	40,987	39,810	40,328
- Overdrafts		4,882	5,007	4,700	5,677
- Term loans		11,550	11,890	11,343	11,330
- Mortgages		18,899	18,481	18,458	18,215
- Credit cards		131	125	115	111
- Instalment finance		5,846	5,440	5,140	4,814
- Preference shares		26	44	54	181
Other assets ²	16	257	41	137	53
Total on-statement-of-financial-position exposure		58,488	55,043	54,736	53,109
Credit risk exposure relating to off-statement-of-financial-position items are as follows:					
Liabilities under guarantee	33	3,211		3,024	
Letters of credit	33	273		108	
Loan commitments	33	5,753		4,698	
Total off-statement-of-financial position exposure		9,237		7,830	
Total credit risk exposure		67,725		62,566	

¹Excludes the impact of effective interest rate.

²Other assets exposed to credit risk include insurance fund assets, accounts receivables and clearing and settlement accounts.

The table represents a worst-case scenario of credit risk exposure to the group and company as at 30 June 2026 and 2025, without taking account of any collateral held or other credit enhancements attached. For all assets listed on the consolidated statement of financial position, the exposures set out above are based on carrying amounts as reported.

The most significant exposures are derived from loans and advances to banks and customers.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the group and company resulting from both its loans and advances portfolio and other securities based on the following:

- The group and company employs a range of policies and practices to mitigate credit risk. Refer to note 3.2.3.
- Mortgage loans, which represent the biggest group in the loans and advances to customers portfolio, are backed by collateral.
- All financial assets, other than special mention and non-performing loans and advances, are not past due.

3.2.4.1. Maximum exposure to credit risk – Financial instruments subject to impairment

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets.

	2026			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N\$ million	N\$ million	N\$ million	N\$ million
Credit grade - Loans and advances²				
Low risk (CG1 - CG2)	(115)	(3)	-	(118)
Medium risk (CG3 - CG5)	(38)	(7)	-	(45)
Special monitoring (CG6 - CG7)	(13)	(89)	-	(102)
Doubtful (CG8 - CG9)	(1)	(21)	(804)	(826)
Loss allowance	(167)	(120)	(804)	(1,091)
Low risk (CG1 - CG2)	25,302	37	-	25,339
Medium risk (CG3 - CG5)	9,562	43	-	9,605
Special monitoring (CG6 - CG7)	3,735	817	-	4,552
Doubtful (CG8 - CG9)	48	196	1,594	1,838
Gross carrying amount¹	38,647	1,093	1,594	41,334
Carrying amount	38,480	973	790	40,243
Credit grade - Other financial instruments (financial assets at amortised cost)				
Low risk (CG1)	(2)	-	-	(2)
Loss allowance	(2)	-	-	(2)
Gross carrying amount (CG1)	970	-	-	970
Carrying amount	968	-	-	968
	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N\$ million	N\$ million	N\$ million	N\$ million
Credit grade - Loans and advances²				
Low risk (CG1 - CG2)	(106)	(65)	-	(171)
Medium risk (CG3 - CG5)	(32)	(64)	-	(96)
Special monitoring (CG6 - CG7)	(8)	(30)	-	(38)
Doubtful (CG8 - CG9)	-	(3)	(939)	(942)
Loss allowance	(146)	(162)	(939)	(1,247)
Low risk (CG1 - CG2)	25,107	670	-	25,777
Medium risk (CG3 - CG5)	8,534	672	-	9,206
Special monitoring (CG6 - CG7)	2,941	234	-	3,175
Doubtful (CG8 - CG9)	27	22	1,603	1,653
Gross carrying amount¹	36,609	1,598	1,603	39,810
Carrying amount	36,463	1,436	664	38,563
Credit grade - Other financial instruments (financial assets at amortised cost)				
Low risk (CG1)	(2)	-	-	(2)
Loss allowance	(2)	-	-	(2)
Gross carrying amount (CG1)	990	-	-	990
Carrying amount	988	-	-	988

¹Excludes the impact of the IFRS 9 effective interest rate adjustment.

²Loans and advances include instalment finance, overdrafts-cheques and credit cards, term loans, mortgages and preference shares and guarantees.

There are no purchased credit-impaired financial assets included in the above tables. Information on how the ECL is measured and how the three stages above are determined is included in note 3.2.2 'Expected credit loss measurement.'

The expected recoveries from collateral or other credit enhancements is N\$ 480 million (2025: N\$621 million).

Other receivables, which primarily consist of operational items, are not included in the disclosure above as they are not subject to internal credit risk grading due to their nature and low credit risk exposure.

3.2.5. Risk limit control and mitigation policies

The group and company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a monthly basis and are subject to regular review. Limits on the level of credit risk by country are approved by the board of directors. The exposure to any one borrower including banks and brokers, is further restricted by sub-limits covering on- and off-statement-of-financial-position exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Exposure to credit risk is managed upfront when an application for credit is received. The credit risk management model is utilised by the group and company and assesses the three components of safety, desirability and profitability. Throughout the lifespan of the credit facility, regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations is performed and lending limits are changed where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. The amount the group and company is willing to lend unsecured is capped and approved by the board.

Placements with banks, including loans and advances to banks, are subject to the normal credit process. The credit limits to these banks take into consideration ratings performed by external rating agencies.

Other specific control and mitigation measures are outlined below:

a) Collateral

The group and company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common market practice. Within the credit risk area, mandates are predefined to ensure that the appropriate level of authority provides guidance and approval for advances. Risk exposure to advances is reduced by obtaining approved security as defined by the board credit committee and listed in the advance instruction manual.

The group and company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation and the collateral types for loans and advances are:

- cash deposited with and ceded to the group and company;
- deposits with any registered financial institution and ceded to the group and company;
- title deeds ceded to the group and company;
- life assurance policies with a confirmed surrender value; and
- any other form of tangible collateral security subject to approval by the board credit committee.

Collateral per class of loans and advances:

Mortgages:

- First, second and third covering bonds; and
- Cession of fire policy.

Instalment finance:

- The instalment finance contract binds the asset as security.

The following forms of security can be given for any loan class depending on the circumstances and purpose of the loan:

- Suretyships;
- Mortgage bonds over property;
- Registered cession of life insurance policy;
- Any other form of tangible collateral security subject to approval by the board credit committee and board lending committee; and
- Cession of fixed deposits, notice deposits, bills, bonds, shares, investments or debtors.

Valuation methodologies (which includes applying a haircut to the fair value of collateral based on a number of factors) and the period of validity on collateral are outlined in established policies, which are approved by the board.

The group and company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the group and company since the prior period.

The group and company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the group and company will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	N\$ million	N\$ million	N\$ million	N\$ million
2026				
Credit-impaired assets				
Instalment finance	93	(47)	46	53
Overdrafts	386	(251)	135	152
Term loans	722	(322)	400	392
Mortgage Loans	393	(184)	209	204
Total credit-impaired assets	1,594	(804)	790	801
2025				
Credit-impaired assets				
Instalment finance	64	(38)	26	37
Overdrafts	534	(390)	144	187
Term loans	489	(283)	206	220
Mortgage Loans	516	(228)	288	258
Total credit-impaired assets	1,603	(939)	664	702

Property valuation

In the case where a property is offered as security in the form of a covering mortgage bond, the valuation of the property is valid for two years in the banking book (excluding residential properties offered for home loans). A revaluation of the property needs to be done when there is an indication that the value of the property has declined. An approved revaluation of the property is required when a further advance or additional mortgage is applied for, when repayments are in arrears, when an application is received for the release of collateral or additional security or for properties in possession. Homeowners' comprehensive insurance is compulsory for all the mortgage loans. All articles financed by the group and company must be comprehensively insured.

Life insurance valuation

Life insurance that is used as security for loans granted by the bank is ceded to the bank and the cession is registered by the insurance company. The values of the life insurance policies ceded to the bank must be updated at least annually to determine the security value and to establish whether premiums are up to date.

Credit life insurance

In the case of micro-loans, the customer signs a formal loan agreement and cedes sufficient credit life insurance to the bank. A formal payroll agreement between the applicant's employer and the bank is also signed. Non-government applicants must sign an acknowledgement of debt and cede their surplus benefits (e.g. unpaid leave) payable on termination of service to the group and company.

Long-term finance and lending to corporate entities are generally secured. In addition, in order to minimise credit losses, the group and company will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Although revolving individual credit facilities are generally unsecured, these are only granted to customers after stringent credit reviews.

b) Derivatives

The group and company maintains strict control limits on net open derivative positions (i.e. the difference between purchase and sale positions), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the group and company (i.e. assets where the fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional value used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the group and company requires margin deposits from counterparties.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the group and company assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, for financial liabilities, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the group and company chooses to designate the hybrid contracts at fair value through profit or loss.

c) Financial instruments subject to master netting arrangements (MNA) and similar agreements

The group and company offsets financial assets and financial liabilities and presents the net amount in the statement of financial position only if there is both a legally enforceable right to offset and an intention to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously. The group and company is subject to a MNA in the form of ISDA agreements with counterparties.

ISDA agreements, under which swaps and derivatives are traded, may not be legally enforceable as one transaction to enforce post insolvency set-off and netting within Namibia, thus the set off requirements are not met. Consequently, no financial assets and financial liabilities, subject to MNA's, have been presented on a net amount in the statement of financial position.

d) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurance that the group and company will make payments in the event that a customer cannot meet its obligations to third parties, carry the same level of credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the group and company on behalf of a customer authorising a third party to draw drafts on the group and company up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

3.2.6. Credit quality of loans and advances and other financial instruments

i. Credit quality and management of loans and advances

Initial applications

The group and company applies a standardised approach when assessing applications for credit. All applications are completed according to the group and company's risk model, which covers all information required to make an informed decision when granting advances. The risk model has the main components of safety, desirability and profitability which is further broken down as:

- background;
- needs;
- financial position;
- security;
- desirability;
- profitability; and
- recommendation – positive / negative aspects.

No internal scoring models are used except for the micro loans book, where the Fico6 scores form part of the assessment. Assessments on all other loan classes are performed on a judgemental basis.

Subsequent credit assessments

Management information system reports have been developed over time in order to effectively monitor and manage the quality of the loan portfolio and proactively identify problem accounts and negative trends. The following reports are generated:

- Excesses are reported on a daily basis and reviewed annually;
- The branches submit a monthly report on specific issues in order to take remedial actions on dormant accounts, suspended accounts, irregular accounts (outstanding 30 days and longer), outstanding security, special mention accounts, guarantees, letters of credit and foreign exchange contracts, floor plans, savings accounts in overdraft and bad debts written off within branch mandates;
- The credit department submits a monthly report to the executive management team and a more detailed report to the board of directors on a quarterly basis regarding the status of the credit portfolio of the group and company;
- Monthly product-level statistics are used to monitor the quality and management of the loan portfolio per branch;
- All customers with exposures approved above branch level are interviewed by credit before non-performing accounts are transferred to legal collections branch; and
- All transfers to the legal collections branch with an impairment provision higher than N\$10,000 are scrutinised by the credit department and categorised under:
 - poor assessment;
 - poor management;
 - poor collateral management;
 - economic reasons; and
 - other.

The group and company has a process to proactively manage potential problem accounts to prevent possible losses. These advances are identified with the assistance of the branches and form part of monthly credit reporting processes. Impairment provisions on these active accounts are raised in accordance with BID 2 'Determination on asset classification, suspension of interest and provisioning' requirements under the special mention category (Bank of Namibia regulatory requirement).

The table below shows the loans and advances age analysis as required by the Banking Institutions Act:

Group		Special mention			Non-performing	
	Neither past due nor impaired	1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026						
Overdrafts	4,217	252	18	9	386	4,882
Term loans	9,815	942	49	22	722	11,550
Mortgages	17,619	610	174	103	393	18,899
Credit cards	120	10	1	-	-	131
Instalment finance	5,555	152	32	14	93	5,846
Preference shares	26	-	-	-	-	26
Total gross loans and advances¹	37,352	1,966	274	148	1,594	41,334
Specific impairment raised against unsecured amount	-	-	-	-	(804)	(804)
Total loans and advances after specific impairments¹	37,352	1,966	274	148	790	40,530
As at 30 June 2025						
Overdrafts	3,955	187	18	6	534	4,700
Term loans	10,634	144	57	19	489	11,343
Mortgages	17,256	477	125	84	516	18,458
Credit cards	105	9	1	-	-	115
Instalment finance	4,880	124	56	16	64	5,140
Preference shares	54	-	-	-	-	54
Total gross loans and advances¹	36,884	941	257	125	1,603	39,810
Specific impairment raised against unsecured amount	-	-	-	-	(939)	(939)
Total loans and advances after specific impairments¹	36,884	941	257	125	664	38,871

¹Excludes the impact of the IFRS 9 effective interest rate adjustment.

Further information of the impairment allowance for loans and advances to customers is provided in note 15.

ii. Non-performing loans and advances

Loans and advances are managed with reference to the days in arrears. Days in arrears are taken as the number of days past due. Loans and advances outstanding for more than 90 days and more are considered non-performing and are included in stage 3 for the loss allowance calculation. As determined by the regulatory requirements, any asset which is overdue 30 days or more but less than 89 days shall be classified as special mention, at a minimum and are subject to impairment in accordance with the stage 2 calculations. The group and company follows a more conservative approach than the regulators and already classifies loans within the 0 - 30 days bucket on a watchlist, where, on a case-by-case basis, indicators of a possible future loss event exist.

Additionally, loans that are made to a specific industry or individuals that are not past due, but are deemed to be risky are assessed and in certain instances subject to impairment in accordance with the stage 2 calculations. Loans categorised on the watchlist are performing but are subject to impairment in accordance with IFRS 9 calculations.

Non-performing loans and advances to customers before taking into account the cash flows from collateral held is N\$ 1,441 million (2025: N\$ 1,603 million). The breakdown of the gross amounts of non-performing loans and advances by class, along with the value of related tangible collateral held by the group and company as security, is as follows:

Group	Overdrafts	Term loans	Mortgages	Instalment finance	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026					
Non-performing loans	386	722	393	93	1,594
Value of tangible collateral before discounting	152	392	204	53	801
Impairment raised against unsecured amount	251	322	184	47	804
Net exposure	-	-	-	-	-
As at 30 June 2025					
Non-performing loans	534	489	516	64	1,603
Value of tangible collateral before discounting	187	220	258	37	702
Impairment raised against unsecured amount	390	283	228	38	939
Net exposure	-	-	-	-	-

The value of tangible collateral disclosed above is limited to the outstanding loan balance, therefore any over-collateralised portion of a loan is excluded from the value of tangible collateral. Impairments are raised for under-collateralised non-performing loans, resulting in a net exposure of nil.

Refer to note 3.2.5 (a) for the range of collateral policies and practices in place.

iii. Non-performing loans and advances by geographical area

All non-performing loans are within the geographical area of Namibia.

iv. Credit quality of financial assets other than loans and advances and government stock

Balances with the central bank, treasury bills and government stock (financial assets at fair value through other comprehensive income) are subject to counterparty limits. Balances due from other banks are also subject to counterparty limits and, together with credit ratings, are factors in determining the investment decision.

The group and company applies credit ratings in line with regulatory requirements to reflect the credit risk of financial instruments. External credit ratings from reputable international ratings agencies are utilised for cross border exposures, which are augmented by thorough internal credit and financial analyses in the determination and setting of exposure limits. A distinction between two broad credit quality classes is made, i.e. investment grade (AAA to BBB) and speculative / high yield (BB and below). Fitch ratings are utilised as far as possible. If no ratings are available, i.e. certain African countries, these exposures are classified as unrated and are subject to more stringent lending criteria.

The following section summarises the credit quality of financial assets, derivatives, and exposures to corresponding and counterparty banks for 30 June.

Group	Investment grade AAA	Investment grade AA	Investment grade A	Investment grade BBB	Speculative grade BB	Unrated	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026							
Cash and cash equivalents	-	81	63	12	4,892	-	5,048
Derivative financial instruments	-	-	-	-	74	-	74
Financial assets at fair value through profit or loss	-	-	-	-	2,405	-	2,405
- Unit trust investments	-	-	-	-	2,311	-	2,311
- Exchange traded funds	-	-	-	-	94	-	94
Gross financial assets at amortised cost	-	-	-	-	970	-	970
- Treasury bills	-	-	-	-	90	-	90
- Government stock	-	-	-	-	880	-	880
Financial assets at fair value through other comprehensive income	-	-	-	-	8,400	-	8,400
- Treasury bills	-	-	-	-	8,222	-	8,222
- Government stock	-	-	-	-	153	-	153
- Corporate bonds	-	-	-	-	25	-	25
Other assets	-	-	-	-	-	257	257
Total assets (excluding loans and advances and investment securities)	-	81	63	12	16,741	257	17,154
As at 30 June 2025							
Cash and cash equivalents	-	17	135	6	5,281	-	5,439
Derivative financial instruments	-	-	-	-	43	-	43
Financial assets at fair value through profit or loss	-	-	-	-	2,204	-	2,204
- Unit trust investments	-	-	-	-	2,115	-	2,115
- Exchange traded funds	-	-	-	-	89	-	89
Gross financial assets at amortised cost	-	-	-	-	990	-	990
- Treasury bills	-	-	-	-	203	-	203
- Government stock	-	-	-	-	787	-	787
Financial assets at fair value through other comprehensive income	-	-	-	-	6,113	-	6,113
- Treasury bills	-	-	-	-	5,811	-	5,811
- Government stock	-	-	-	-	277	-	277
- Corporate bonds	-	-	-	-	25	-	25
Other assets	-	-	-	-	-	137	137
Total assets (excluding loans and advances and investment securities)	-	17	135	6	14,631	137	14,926

Unrated exposures:

Unrated exposures consist mainly of other assets which are short term and highly liquid in nature. Other assets consist of accounts receivable and clearing and settlement accounts.

The following risk weightings are applied for due from other banks when calculating the risk-based capital ratios (in terms of Bank of Namibia BID 5A regulation):

(a) Long-term claims	
Exposures to banks assigned a credit risk assessment rating of AAA to AA-	20%
Exposures to banks assigned a credit assessment rating of A+ to BBB- or unrated	50%
Exposures to banks assigned a credit assessment rating of BB+ to B-	100%
Exposures to banks assigned a credit assessment rating of below B-	150%
(b) Short-term claims	
Claims denominated and funded in domestic currency with an original maturity of three months or less, assigned a credit assessment rating of AAA to BBB- or unrated	20%
Exposures to banks assigned a credit risk assessment rating of AAA to AA-	20%
Exposures to banks assigned a credit assessment rating of A+ to BBB- or unrated	20%
Claims to banks assigned a credit assessment rating of BB+ to B- or unrated	50%
Claims to banks assigned a credit assessment rating of below B-	150%

3.2.7. Repossessed collateral

The group and company obtains assets by taking possession of collateral held as security. The value of the assets recognised on the statement of financial position as at 30 June 2026 was N\$ 186 million (2025: N\$ 209 million). Repossessed property is classified in the statement of financial position as other assets. Repossessed properties are derecognised when the assets are sold to third parties.

3.2.8. Write-off policy

The group and company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators revealing no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) the economic cost to recover the outstanding debt exceeds the economic value to be gained.

The group and company categorises a receivable for write-off when there is no collateral or security to cover the debt and not necessarily based on the period for which the debtor has been unable to settle the debt. Below is the detailed policy for secured and unsecured financial assets:

- Secured financial assets: Ensure that all collateral security is realised and perform investigations to identify and trace any additional assets that may be utilised.
- Unsecured financial assets: The collection of financial assets is managed by either internal or external debt collectors, depending on the prescribed monetary threshold, and if no recovery is made within 1 year, the unrecoverable portion will be written off.

Where financial assets have been written off, the group and company continues to engage in enforcement activities, which accounts are handed over to debt collectors for a further collection effort, attempting to recover the outstanding receivable. The total contractual amount outstanding on financial assets that were written off during the year under review, but are still subject to enforcement activities is N\$ 240 million (2025: N\$ 250 million).

3.2.9. Credit risk-weighted amounts

The following risk-weighted amounts, including related impairments and write-offs, have been assigned to the components of credit risk for the group, as defined in BID 5A 'Determination on capital adequacy' (Bank of Namibia regulatory requirement). The figures below will not reconcile to the statement of financial position as it represents regulatory risk-weighted amounts.

	Exposure	Impairment	Risk-weighted amounts	Credit Risk Mitigation
	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026				
Counterparties				
Sovereign and central bank	11,236	-	-	-
Public sector entities	539	-	256	-
Banks	2,930	-	1,676	-
Corporate	12,011	415	10,476	1,135
Retail	9,137	220	6,832	130
Residential mortgage properties	13,127	114	6,237	554
Commercial real estate	5,770	55	5,703	-
Other assets	5,192	-	4,190	-
Included in other assets:				
- Investment securities	38	-	38	-
	59,942	804	35,370	1,819
Commitments	3,211	-	3,026	-
	Exposure	Impairment	Risk-weighted amounts	Credit Risk Mitigation
	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2025				
Counterparties				
Sovereign and central bank	7,346	-	-	-
Public sector entities	420	-	195	-
Banks	4,253	-	2,133	-
Corporate	12,446	528	11,175	760
Retail	8,511	149	5,869	618
Residential mortgage properties	12,320	122	5,842	560
Commercial real estate	6,138	140	6,017	-
Other assets	4,991	-	4,163	-
Included in other assets:				
- Investment securities	35	-	35	-
	56,425	939	35,394	1,938
Commitments	3,024	-	2,814	-

Only claims on banks are risk-weighted based on external credit assessments for capital adequacy calculations. The group and company utilises ratings from available external rating agencies on both short-term and long-term exposures. The Bank of Namibia does not have an external credit rating. The sovereign and central bank credit risk weightings are 0% for local currency exposures issued and controlled by the central bank. The long-term country credit ratings for Namibia, as assigned by external credit rating agencies, were as follows:

	2026	2025
Namibia long-term local currency issuer default rating	BB-	BB-
Namibia long-term issuer default rating	BB-	BB-

3.2.10. Credit concentration risk

The group and company manages credit concentration risk by imposing credit risk concentration limits on exposures across different loans and advance classifications, such as product classes, regions and industries. The credit risk concentration limits are directly linked to the board-approved risk capacity, appetite and tolerance thresholds, and are managed as part of the risk management process. The credit concentration risk is further assessed using stress testing and quantitative scenario analysis models.

3.2.10.1 Credit risk concentration by industry

The following table breaks down the group's main credit exposure at its gross amounts, as categorised by industry sector of counterparties:

Group	Cash and cash equivalents	Derivative financial instruments	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Loans and advances to customers	Other assets	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026								
Agriculture, Hunting & Forestry	-	-	-	-	-	3,924	-	3,924
Construction	-	-	-	-	-	2,943	-	2,943
Electricity & Water	-	-	-	-	-	859	-	859
Finance & Insurance	3,425	74	2,405	-	25	4,381	-	10,310
Fishing	-	-	-	-	-	1,318	-	1,318
Government	1,623	-	-	970	8,375	3,119	-	14,087
Hotels, restaurants & accommodation	-	-	-	-	-	2,838	-	2,838
Manufacturing	-	-	-	-	-	1,287	-	1,287
Mining & Quarrying	-	-	-	-	-	1,336	-	1,336
Oil & Gas	-	-	-	-	-	826	-	826
Professional Services	-	-	-	-	-	6,006	-	6,006
Real Estate	-	-	-	-	-	3,601	-	3,601
Transport, Storage & Communication	-	-	-	-	-	1,969	-	1,969
Wholesale & retail trade	-	-	-	-	-	3,293	-	3,293
Other ²	-	-	-	-	-	3,445	257	3,702
Impairment	-	-	-	(2)	-	(1,091)	-	(1,093)
	5,048	74	2,405	968	8,400	40,054	257	57,206
As at 30 June 2025								
Agriculture and forestry	-	-	-	-	-	4,061	-	4,061
Fishing	-	-	-	-	-	1,483	-	1,483
Mining	-	-	-	-	-	1,299	-	1,299
Manufacturing	-	-	-	-	-	1,476	-	1,476
Building and construction	-	-	-	-	-	2,796	-	2,796
Electricity, gas and water	-	-	-	-	-	1,630	-	1,630
Trade and accommodation	-	-	-	-	-	5,872	-	5,872
Transport and communication	-	-	-	-	-	1,945	-	1,945
Finance and insurance	4,732	43	2,204	-	25	3,477	-	10,481
Real estate and business services	-	-	-	-	-	9,846	-	9,846
Government	707	-	-	990	6,088	2,773	-	10,558
Individuals	-	-	-	-	-	2,893	-	2,893
Other	-	-	-	-	-	99	137	236
Impairment	-	-	-	(2)	-	(1,247)	-	(1,249)
	5,439	43	2,204	988	6,113	38,403	137	53,327

During the current financial year, the Bank of Namibia revised the industry classification mapping through the updated circular for completion of supervisory returns effective 1 October 2025.

¹ Trade and accommodation include all loans and advances granted to individuals that acquire property for residential purposes through closed corporation entities, e.g. residential mortgage loans and advances granted to hotels, lodges, restaurants and the related entities.

² Other assets include accounts receivable, as well as clearing and settlement accounts.

3.2.10.2. Credit risk concentration by geographical area

Group	Cash and cash equivalents	Derivative financial instruments	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Loans and advances to customers	Other assets	Total exposure
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026								
Namibia	2,143	-	1,943	968	8,400	40,054	257	53,765
Botswana	6	-	-	-	-	-	-	6
South Africa	2,258	74	-	-	-	-	-	2,332
United States of America	51	-	-	-	-	-	-	51
Mauritius	169	-	556	-	-	-	-	725
Germany	80	-	-	-	-	-	-	80
Egypt	327	-	-	-	-	-	-	327
Other countries	14	-	-	-	-	-	-	14
	5,048	74	2,499	968	8,400	40,054	257	57,300
As at 30 June 2025								
Namibia	1,365	-	1,770	988	6,113	38,403	137	48,776
Botswana	40	-	-	-	-	-	-	40
South Africa	3,610	43	89	-	-	-	-	3,742
United States of America	37	-	-	-	-	-	-	37
Mauritius	6	-	437	-	-	-	-	443
Germany	95	-	-	-	-	-	-	95
Egypt	267	-	-	-	-	-	-	267
Other countries	19	-	-	-	-	-	-	19
	5,439	43	2,296	988	6,113	38,403	137	53,419

There are no exposures to foreign countries which are not recorded on the statement of financial position.

	Group	
	2026	2025
	N\$ million	N\$ million
Single borrower and concentration risk		
Total capital funds	8,619	8,052
25 % of capital funds	2,155	2,013
800 % of capital funds	68,952	64,416
The below table summarises the maximum exposure of the bank to a group of related persons as well as the aggregate of all large exposures to the bank.		
Single person maximum exposure		
Total highest exposure	1,290	1,006
Total exposure as a percentage of capital funds	15%	12%
None of the single person, or a group of related persons exposure exceed thirty percent (25 %) of the bank's capital funds.		
Aggregate of large exposures		
Total large exposures that exceed 10 % of capital funds	3,383	3,690
Total large exposures as a percentage of capital funds	39%	46%
None of the top aggregate large exposures exceed eight hundred percent (800 %) of the bank's capital funds.		

3.3. Market risk

The group and company is exposed to market risks. Market risks arise from open positions in interest rate, foreign currency and price risk, all of which are subject to general and specific market movements. It is the group and company's policy not to enter into long-term, unhedged fixed interest rate contracts for loans and advances. Interest rate structures of deposits reflect the interest rate view and strategy of the ALCO and maturity structures of term deposits are in line with the ALCO policy. Interest rate structures are addressed on a monthly basis by the ALCO. External market resources are used to inform the determination of interest rate views by the interest rate committee.

3.3.1. Market risk measurement techniques

The group and company employs several measurement techniques to assess potential exposure to market changes. Sensitivity analysis is applied to measure the impact of changes in interest rates. This measure is important in assessing the exposure of the group and company's trading portfolio and the effect of such changes on the interest margin.

Other measurement techniques include comprehensive analysis of maturities, both from lending and funding perspectives.

3.3.2. Foreign currency risk

The group and company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign currency risk is managed through the market risk framework as well as the treasury dealing policy, both of which are approved by the board.

Market risk is managed by closely monitoring the limits set out in the market risk framework. The group and company follows a conservative approach to the products it deals with, and the approved products and their associated limits are detailed in the dealing limits policy. The board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored continuously.

The traders' limits are a function of responsibility, experience and qualifications. Foreign currency risk management is achieved through an automated risk management system, and the limit management is independently administered by the middle office function within the risk department. All traders are required to sign off on the applicable policies, must be knowledgeable about its contents, and have them on hand when trading. All excesses on limits are immediately flagged, investigated, mitigated, and escalated if required.

Models and stress tests are used to gain a better understanding of the market risk environment. In addition, foreign exchange positions are managed via stop-loss orders and closing out or hedging unwanted exposure via derivatives or in the spot market. Additionally, it is the group and company's policy to close out all forward and option foreign currency transactions via back-to-back forward and option transactions with counterparty banks, which is also diligently monitored by the independent middle office risk function.

The following financial assets and liabilities are exposed to foreign currency risk (except for ZAR):

Assets

- Cash and cash equivalents: the group and company may hold cash in currencies other than the Namibia dollar which may be subject to fluctuations in exchange rates.
- Financial assets at fair value through profit or loss: the fair value of financial assets, such as equity securities, may be impacted by foreign currency movements.
- Loans and advances to customers: loans denominated in foreign currencies may be subject to exchange rate fluctuations.

Liabilities

- Due to other banks: liabilities denominated in foreign currencies may be subject to exchange rate fluctuations.
- Deposits: deposits from customers denominated in foreign currencies may be subject to exchange rate fluctuations.

The table below summarises the group's exposure to foreign currency exchange rate risk at year-end. Included in the table are the group's financial instruments at the carrying amounts, categorised by currency:

Group	Concentration of foreign currency denominated financial instruments							
	NAD ¹	US\$	€	BWP	ZAR ¹	GBP	Other ²	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026								
ASSETS								
Cash and cash equivalents	2,143	1,972	407	6	495	17	8	5,048
Derivative financial instruments	-	33	-	-	41	-	-	74
Financial assets at fair value through profit or loss	1,849	556	-	-	94	-	-	2,499
Financial assets at amortised cost	968	-	-	-	-	-	-	968
Financial assets at fair value through other comprehensive income	8,431	-	-	-	-	-	7	8,438
Loans and advances to customers	39,491	563	-	-	-	-	-	40,054
Other assets	257	-	-	-	-	-	-	257
Total financial assets	53,139	3,124	407	6	630	17	15	57,338
Non-financial assets	1,476	-	-	-	-	-	-	1,476
Total assets	54,615	3,124	407	6	630	17	15	58,814
LIABILITIES								
Derivative financial instruments	-	32	-	-	5	-	-	37
Due to other banks	-	24	-	-	142	11	-	177
Other borrowings	101	-	-	-	30	-	-	131
Debt securities in issue	1,471	-	-	-	562	-	-	2,033
Deposits	43,240	2,276	498	-	-	481	-	46,496
Other liabilities	610	-	-	-	-	-	-	610
Total financial liabilities	45,422	2,332	499	-	739	492	-	49,484
Non-financial liabilities	331	-	-	-	-	-	-	331
Total liabilities	45,753	2,332	499	-	739	492	-	49,815
Total equity	8,999							8,999
Total equity and liabilities	54,752	2,332	499	-	739	492	-	58,814
Net financial position of financial instruments	7,717	792	(92)	6	(109)	(475)	15	7,854
Credit commitments	-	243	4	-	26	-	-	273

Group	Concentration of foreign currency denominated financial instruments							
	NAD ¹	US\$	€	BWP	ZAR ¹	GBP	Other ²	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2025								
ASSETS								
Cash and cash equivalents	1,336	2,216	301	-	1,564	17	5	5,439
Derivative financial instruments	-	4	-	-	39	-	-	43
Financial assets at fair value through profit or loss	1,770	437	-	-	89	-	-	2,296
Financial assets at amortised cost	988	-	-	-	-	-	-	988
Financial assets at fair value through other comprehensive income	6,144	-	-	-	-	-	4	6,148
Loans and advances to customers	38,163	62	178	-	-	-	-	38,403
Other assets	137	-	-	-	-	-	-	137
Total financial assets	48,538	2,719	479	-	1,692	17	9	53,454
Non-financial assets	1,333	-	-	-	-	-	-	1,333
Total assets	49,871	2,719	479	-	1,692	17	9	54,787
LIABILITIES								
Derivative financial instruments	-	3	-	-	3	-	-	6
Due to other banks	-	-	2	133	176	-	-	311
Other borrowings	145	-	-	-	62	-	-	207
Debt securities in issue	1,672	-	-	-	562	-	-	2,234
Deposits	39,349	2,946	278	-	-	25	-	42,598
Other liabilities	715	-	-	-	-	-	-	715
Total financial liabilities	41,881	2,949	280	133	803	25	-	46,071
Non-financial liabilities	383	-	-	-	-	-	-	383
Total liabilities	42,264	2,949	280	133	803	25	-	46,454
Total equity	8,333							8,333
Total equity and liabilities	50,597	2,949	280	133	803	25	-	54,787
Net financial position of financial instruments	6,657	(230)	199	(133)	889	(8)	9	7,383
Credit commitments	-	105	-	-	4	-	-	108

¹The Namibia dollar (NAD) is fixed to the South African rand (ZAR) and is therefore not subject to currency risk. The inclusion of NAD in the table is solely for the purpose of aligning the figures with the face of the statement of financial position.

²Other foreign currency exposures relate mainly to exposures to the Swiss franc and Danish Krone.

The following exchange rates (number of units of Namibia dollar per unit of foreign currency) were used on conversion of foreign currency monetary items at the reporting date:

	2026	2025
USD	16.37	17.79
GBP	21.68	24.36
EUR	18.68	20.87
ZAR	1.00	1.00
ZMW	0.91	0.74
BWP	1.21	1.33

The following sensitivity analysis has been prepared based on the major currencies of non-equity instruments to assess the potential impact of a 5% change in exchange rates. The sensitivity analysis is prepared on the basis of a hypothetical 5% strengthening or weakening in the exchange rates of the respective currencies. The exchange rates used are based on the prevailing exchange rates at the reporting date. The methods and assumptions used in preparing the sensitivity analysis have not changed from the previous year.

	Effect on profit for the year	
	2026	2025
	N\$ million	N\$ million
US dollar / Namibia dollar	39	(11)
- Foreign currency financial assets	156	136
- Foreign currency financial liabilities	(117)	(147)
Euro / Namibia dollar	(5)	10
- Foreign currency financial assets	20	24
- Foreign currency financial liabilities	(25)	(14)

There is no foreign currency sensitivity recognised in other comprehensive income.

3.3.3. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The group and company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly.

Assets and liabilities are classified as interest-sensitive if the interest rate is floating (classified in the 'up to 1 month' bucket) or if the interest rate applied to the outstanding principal balance fluctuates contractually during its lifespan (classified at the earliest of reprice or maturity). The key assumption made is that when an asset or liability matures within a certain bucket, the principal amount will be repriced. If an asset matures, the proceeds are reinvested and when any liability matures, the liability is replaced with new funding. Balances classified as 'non-interest sensitive' are not affected by changes in interest rates, e.g., statutory cash balances with the Bank of Namibia, which carries no interest. The balances included in the buckets are therefore exposed to both cash flow risk (to the extent that interest rates are floating) and fair value risk (to the extent that interest rates are fixed until repriced). This is consistent with the manner in which information is communicated to key management.

In line with the South African Reserve Bank (SARB) and the Market Practitioners Group's (MPG) benchmark reform agenda, the Johannesburg Interbank Average Rate (JIBAR) is being phased out and replaced by the South African Rand Overnight Index Average (ZARONIA) as the preferred reference rate. ZARONIA is a nearly risk-free, transaction-based, overnight benchmark rate that reflects the interest rate at which unsecured overnight funds are traded in South Africa's money markets. Unlike JIBAR, which is a forward-looking term rate incorporating credit and liquidity risk, ZARONIA is backward-looking and based on actual overnight transactions, enhancing transparency and robustness in financial benchmarks.

The SARB published the ZARONIA as the official successor rate to JIBAR, and announced on 3 December 2025 that the JIBAR will be permanently discontinued after its final publication on 31 December 2026.

The SARB progressed the reform through the ZARONIA First Initiative for linear derivatives and related markets, an approach intended to encourage adoption of ZARONIA as the primary reference rate and to reduce market reliance on JIBAR. To support an orderly transition, the MPG has endorsed a fallback methodology and related approach to determining a credit adjustment spread (CAS) to be applied where legacy JIBAR references move to a term-adjusted ZARONIA fallback. The ISDA 2021 Fallbacks Protocol (April 2025 Benchmark Module) incorporates JIBAR-to-ZARONIA fallback mechanics for ISDA-governed derivatives and contemplates a term-adjusted ZARONIA plus a fixed CAS for relevant tenors. The group and company intends to adopt the ISDA protocol for applicable ISDA-governed instruments.

Developments and actions taken by the group and company

The group and company's ALCO and JIBAR Transition Steering Committee, with representation from all the relevant business units, continue to oversee implementation of the transition plan. The JIBAR Transition Steering Committee has prioritised the following actions:

- Systems and operational readiness for ZARONIA-based trading, valuation and reporting;
- Systematically incorporate fallback language in all newly originated contracts that reference benchmark interest rates, ensuring alignment with evolving market standards;
- Initiated the remediation of legacy contracts referencing JIBAR, embedding appropriate fallback provisions for ZARONIA. This includes the contractual specification of fallback mechanisms and, where applicable, the adoption of a fixed Credit Adjustment Spread (CAS) methodology once finalised; and
- Commenced with a comprehensive review of existing agreements to assess the potential impact of benchmark interest rate reform and to identify legacy contracts that require amendment. This process ensures that relevant exposures are addressed in a timely and consistent manner.

The group and company has commenced engagement with affected clients, and counterparties to communicate the transition plan, operational impacts and steps required for contractual remediation.

Accounting implications

Phase 1 in terms of IFRS 9 provides relief to hedge accounting in the period before the reform. These amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. Phase 1 is not applicable to the group and company as no hedge accounting is applied. The group and company intends to apply the Phase 2 amendments prospectively from an effective replacement date and will not restate comparative information. The group and company will continue to monitor developments and will disclose the impact on earnings, measurement of financial instruments and expected transition exposures once contractual terms, cessation dates and CAS values have been finalised by market authorities and counterparties.

The table below summarises the financial instruments that had not transitioned to ZARONIA as at the reporting date:

	30 June 2026
	Carrying value of financial instruments impacted by benchmark reform and yet to transition
	N\$'million
Non-derivative assets	0
Non-derivative liabilities	2,312
Derivative Notionals	447

The table below summarise the group's exposure to interest rate risks. It includes the group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

Interest rate risk analysis

Group	Up to 1 month	1 - 3 months	3 - 12 months	More than 1 year	Non-interest sensitive	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026						
ASSETS						
Cash and cash equivalents	4,046	-	-	-	1,002	5,048
Derivative financial instruments	74	-	-	-	-	74
Financial assets at fair value through profit or loss	2,312	-	-	-	187	2,499
Financial assets at amortised cost	90	-	227	651	-	968
Financial assets at fair value through other comprehensive income	548	1,499	6,259	93	38	8,438
Loans and advances to customers	38,688	-	-	743	623	40,054
Other assets	-	-	-	-	257	257
Total financial assets	45,758	1,499	6,486	1,487	2,107	57,338
Non-financial assets	-	-	-	-	1,476	1,476
Total assets	45,758	1,499	6,486	1,487	3,583	58,814
LIABILITIES						
Derivative financial instruments	37	-	-	-	-	37
Due to other banks	177	-	-	-	-	177
Other borrowings	5	9	70	47	-	131
Debt securities in issue	310	1,312	411	-	-	2,033
Deposits	30,880	3,989	9,506	2,121	-	46,496
Other liabilities	-	-	-	-	610	610
Total financial liabilities	31,409	5,310	9,987	2,168	610	49,484
Total non-financial liabilities	-	-	-	-	331	331
Total liabilities	31,409	5,310	9,987	2,168	941	49,815
Total equity	-	-	-	-	8,999	8,999
Total equity and liabilities	31,409	5,310	9,987	2,168	9,940	58,814
Interest sensitivity gap (financial instruments)	14,349	(3,811)	(3,500)	(681)	1,497	7,854
Cumulative interest sensitivity gap (financial instruments)	14,349	10,538	7,037	6,357	7,854	-

Group	Up to 1 month	1 - 3 months	3 - 12 months	More than 1 year	Non-interest sensitive	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2025						
ASSETS						
Cash and cash equivalents	4,521	-	-	-	918	5,439
Derivative financial instruments	43	-	-	-	-	43
Financial assets at fair value through profit or loss	2,204	-	-	-	92	2,296
Financial assets at amortised cost	-	-	322	666	-	988
Financial assets at fair value through other comprehensive income	343	1,743	3,850	177	35	6,148
Loans and advances to customers	37,880	-	-	-	523	38,403
Other assets	-	-	-	-	137	137
Total financial assets	44,991	1,743	4,172	843	1,705	53,454
Non-financial assets	-	-	-	-	1,333	1,333
Total assets	44,991	1,743	4,172	843	3,038	54,787
LIABILITIES						
Derivative financial instruments	6	-	-	-	-	6
Due to other banks	311	-	-	-	-	311
Other borrowings	4	9	71	123	-	207
Debt securities in issue	-	1,061	1,072	101	-	2,234
Deposits	29,424	2,724	7,678	2,772	-	42,598
Other liabilities	-	-	-	-	715	715
Total financial liabilities	29,745	3,794	8,821	2,996	715	46,071
Total non-financial liabilities	-	-	-	-	383	383
Total liabilities	29,745	3,794	8,821	2,996	1,098	46,454
Total equity	-	-	-	-	8,333	8,333
Total equity and liabilities	29,745	3,794	8,821	2,996	9,431	54,787
Interest sensitivity gap (financial instruments)	15,246	(2,051)	(4,649)	(2,153)	990	7,383
Cumulative interest sensitivity gap (financial instruments)	15,246	13,195	8,546	6,393	7,383	-

The interest rate sensitivity gap is determined based on methodology applied when reviewing interest rate risk.

The interest rate sensitivity gap is measured and monitored at the ALCO monthly.

Interest rate sensitivity analysis

An interest sensitivity analysis shows how net interest income will perform under various scenarios. The sensitivities below measure the effect of changes in interest rates on profit or loss (net interest income) as defined by the group and company's interest rate modelling tool. The extent of the shock (50, 100 or 200 basis points) is applied uniformly to all interest rates in the system and the effects of these shocks are detailed below.

Group - Effect on equity and profit for the year	2026	2025
	N\$ million	N\$ million
The following interest-rate sensitivity is based on the effect of changes to the interest rate over a twelve-month period on net interest income		
50 basis points increase	86	68
- Increase in interest income	255	240
- Increase in interest expense	(169)	(172)
50 basis points decrease	(86)	(67)
- Decrease in interest income	(256)	(240)
- Decrease in interest expense	170	173
100 basis points increase	173	135
- Increase in interest income	510	479
- Increase in interest expense	(337)	(344)
100 basis points decrease	(171)	(136)
- Decrease in interest income	(513)	(481)
- Decrease in interest expense	342	345
200 basis points increase	346	268
- Increase in interest income	1,017	955
- Increase in interest expense	(671)	(687)
200 basis points decrease	(342)	(273)
- Decrease in interest income	(1,029)	(965)
- Decrease in interest expense	688	692

Average balances and effective interest rate analysis

Group	2026			2025		
	YTD average balance	Average interest rate	Interest income / expense	YTD average balance	Average interest rate	Interest income / expense
	N\$ million	%	N\$ million	N\$ million	%	N\$ million
ASSETS						
Interest-earning assets						
Cash, due from other banks and derivatives	3,346	3.91%	131	2,285	5.37%	123
Financial assets at amortised cost	976	7.79%	76	876	8.33%	73
Financial assets at fair value through other comprehensive income	6,639	7.71%	512	6,489	8.34%	541
Gross loans and advances to customers	40,987	10.57%	4,332	40,379	10.97%	4,431
Other assets	-	0.00%	3	48	6.71%	3
Interest-earning assets / interest income	51,948		5,054	50,077		5,171
Non-interest-earning assets						
Cash, due from other banks and derivatives	940		-	907		-
Financial assets at fair value through profit or loss	2,305		-	2,120		-
Financial assets at fair value through other comprehensive income	38		-	121		-
Other assets	372		-	338		-
Non-interest-earning assets	3,655		-	3,486		-
LIABILITIES						
Interest-earning liabilities						
Deposits, due to banks and derivatives	43,065	4.92%	2,118	40,525	5.75%	2,329
Other borrowings	173	6.36%	11	245	3.15%	8
Debt securities in issue	2,276	8.22%	187	2,512	9.23%	232
Other liabilities	171	6.43%	11	157	5.73%	9
Interest-earning liabilities / interest expense	45,684		2,327	43,440		2,578

3.3.4. Price risk

The following fair value financial instruments expose the group and company to price risk: derivative financial instruments and unit trust investments at fair value through profit or loss, treasury bills, government stock, corporate bonds and exchange traded funds as well equity investment securities classified at fair value through other comprehensive income. The equity securities are listed on the NSX, FTSE and NYSE and are included in 'Financial assets at fair value through other comprehensive income' on the statement of financial position. The group and company generally does not take on equity exposure. The exposure arises due to specific circumstances and are managed individually.

Sensitivity analysis	Group	
	2026	2025
	N\$ million	N\$ million
i) Equity instruments - listed securities		
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of equity instruments - listed securities had the following changes arisen on the significant inputs:		
10% increase in share price (effect on other comprehensive income)	13	13
10% decrease in share price (effect on other comprehensive income)	(13)	(13)
ii) Derivative financial instruments		
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of derivative instruments had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate (effect on profit or loss)	(23)	(9)
100 basis points decrease in discount rate (effect on profit or loss)	23	9
iii) Financial assets at fair value through other comprehensive income		
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of treasury bills had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate (effect on other comprehensive income)	(36)	(25)
100 basis points decrease in discount rate (effect on other comprehensive income)	36	23
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of government stock had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate (effect on other comprehensive income)	(4)	(6)
100 basis points decrease in discount rate (effect on other comprehensive income)	4	6

3.3.5. Market risk capital charge

The following capital charges have been assigned to the components of market risk for the banking group, as defined in BID 5 'Determination on capital adequacy':

	Capital charges	
	2026	2025
	N\$ million	N\$ million
Interest rate risk	60	49
Foreign exchange risk	(13)	6

3.4. Liquidity risk

Liquidity risk is the risk that the group and company is unable to meet its payment obligations associated with their financial liabilities when it falls due and replace funds when they are withdrawn.

Liquidity risk is inherent in the group and company's business endeavours and represents the ability of the group and company to fund increases in assets and meet its financial obligations in a timely manner as they come due without incurring excessive costs, while complying with all statutory and regulatory requirements. The bank is the largest contributor to the group's liquidity risk. The liquidity risk framework and Contingency Funding Plan (CFP) set out the minimum liquidity risk management requirements for the group and company and outlines the detailed internal control processes. Under the policy, the group and company are required to manage current and future liquidity positions in a prudent manner. This framework formalises the liquidity risk management process of the group and company, the goal of which is to:

- maintain liquidity risk at a manageable level through assessment and monitoring;
- assess and advise on any permanent or temporary adverse changes to the liquidity position of the group and company;
- set and monitor limits for funding mix, investment products and customer exposures;
- monitor all applicable financial and statutory ratios; and
- identify those liquidity triggers that may entail the activation of the CFP.

The framework sets out rules to effectively control liquidity risk within the risk-return parameters dictated by the board of directors' risk appetite. The group and company also conducts an externally assisted CFP test to evaluate the effectiveness thereof, whilst also continuously enhancing the risk management process.

The framework aims to protect depositors, creditors, shareholders and other stakeholders of the group and company by establishing rules and directions for identifying and managing the resolution of possible serious liquidity problems.

Asset liquidity risk represents the availability of sufficient assets in liquid form to meet pressing obligations. In situations where liquid assets on hand could be utilised to earn a higher return instead of being used to meet current obligations, the opportunity cost also plays a role (i.e. potential higher return less the cost of obtaining replacement liquidity). Liquidity management must attempt to match the most appropriate available liquidity to the most appropriate maturing liabilities.

Funding liquidity risk relates to an enterprise's capability to generate funding at short notice at reasonable expense to meet pressing liquidity requirements.

The group and company's liquidity management process is outlined in the liquidity risk framework which includes, inter alia, the group and company's funding strategy. Procedures, as set out in this policy, include the:

- daily monitoring of liquid assets;
- proactive identification of liquidity requirements and maturing assets;
- maintenance of minimum liquid asset limits;
- proactive identification of short-term, medium-term and long-term liquidity requirements; and
- relationship management with other financial institutions.

In general, the group and company do not engage in complex activities or structures and therefore it is considered unnecessary to employ sophisticated and expensive models when determining liquidity needs under various scenarios. A basic but thorough forward-looking analysis is conducted on a day-to-day basis, as well as monthly analysis of liquidity positions, needs and risks. Limits and rules stipulated in the liquidity risk management policy and the ALCO form the basis for daily pricing of deposits to ensure that an optimal mix and concentrations are maintained. Resilience to liquidity pressures is evaluated using scenario analyses and stress tests, as outlined by the Financial Risk Stress Testing Policy. These assessments, conducted at least monthly due to the volatile nature of liquidity risk, help quantify the risk profile. Identified deficiencies in liquidity risk management are reported to the Chief Treasurer, LMRF, and ALCO. If needed, ALCO can escalate issues to higher governance levels. The tests focus on how simulated stressed macro-economic conditions affect liquidity, including impacts on liquidity buffers, covenants, and statutory compliance.

As part of the group and company's strategy, it continuously focuses on diversifying its funding sources and reducing its reliance on large depositors, which is a common occurrence in the southern African financial markets. Furthermore, the group and company utilises a broad range of deposit and funding products to attract all spheres of customers and has strong market share across all categories.

Government Institutions Pension Fund ("GIPF") became a substantial shareholder in the Capricorn Group. GIPF, as a substantial shareholder, reduces both the capital and liquidity risk of the Capricorn Group. CIH and GIPF will both fulfil the role of reference shareholders to the group, providing funding support to the group in general and more specifically to its banking operations. The group and company also created ring-fenced investment portfolios consisting of high-quality liquid assets to create additional liquidity buffers. This significantly reduces the liquidity risk of the group and company.

Refer to note 21 for other borrowing repayments during the year and note 22 for the redemption and additions to debt securities. The group and company must always hold an adequate liquid asset surplus which:

- includes a buffer portion;
- is additional to credit lines;
- is adequate to cater for unexpected outflows; and
- limiting the impact of this surplus on interest margins.

3.4.1. Liquidity risk analysis

The table below presents the cash flows payable by the group by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows, hence it does not reconcile to the values reflected on the statement of financial position:

Group	Contractual undiscounted cash flows					
	Call to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026						
DERIVATIVES						
Derivative financial instruments - asset	9	10	87	347	4	457
Derivative financial instruments - liability	(8)	(6)	(95)	(302)	(4)	(415)
Total net derivatives	1	4	(8)	45	-	42
FINANCIAL LIABILITIES						
Other borrowings	5	9	73	82	-	169
Due to other banks	177	-	-	-	-	177
Debt securities in issue	-	-	1,591	836	-	2,426
Deposits	29,315	3,519	10,627	3,114	2,009	48,583
Other liabilities	492	6	12	117	1	628
Total liabilities (contractual maturity dates)	29,988	3,534	12,302	4,149	2,010	51,983
Commitments	9,237	-	-	-	-	9,237
Loan commitments	5,753	-	-	-	-	5,753
Liabilities under guarantees	3,211	-	-	-	-	3,211
Letters of credit	273	-	-	-	-	273
As at 30 June 2025						
DERIVATIVES						
Derivative financial instruments - asset	13	15	62	155	8	253
Derivative financial instruments - liability	(13)	(11)	(69)	(108)	(7)	(208)
Total net derivatives	-	4	(7)	47	1	45
FINANCIAL LIABILITIES						
Other borrowings	4	9	73	160	-	246
Due to other banks	311	-	-	-	-	311
Debt securities in issue	-	-	817	2,299	-	3,116
Deposits	28,652	1,694	8,085	4,350	2,305	45,086
Other liabilities	563	11	41	115	2	732
Total liabilities (contractual maturity dates)	29,530	1,714	9,016	6,924	2,307	49,491
Commitments	7,830	-	-	-	-	7,830
Loan commitments	4,698	-	-	-	-	4,698
Liabilities under guarantees	3,024	-	-	-	-	3,024
Letters of credit	108	-	-	-	-	108

The asset and liability contractual undiscounted cash flows for derivative financial instruments are shown in the liquidity note, as the derivatives are gross settled.

In terms of BID 18 'Public disclosures for banking institutions' (Bank of Namibia regulatory requirement) the maturity breakdown of a banking institution's whole credit portfolio should be disclosed. This disclosure, for Bank Windhoek Ltd, is detailed below:

Contractual discounted cash flows Group								
	Carrying value	Call to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	5 - 10 years	Over 10 years	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026								
ASSETS								
Cash and cash equivalents	-	5,048	-	-	-	-	-	5,048
Derivative financial instruments	-	33	1	1	39	-	-	74
Financial assets at fair value through profit or loss	-	2,499	-	-	-	-	-	2,499
Gross financial assets at amortised cost	-	90	-	227	478	147	28	970
Financial assets at fair value through other comprehensive income	-	548	1,499	6,259	58	73	-	8,438
Gross loans and advances to customers	-	5,830	1,318	6,086	19,833	7,015	1,063	41,145
Other assets	-	257	-	-	-	-	-	257
Non-financial instruments	1,476	-	-	-	-	-	-	1,476
Impairment provisions	(1,093)	-	-	-	-	-	-	(1,093)
Total assets	383	14,305	2,818	12,573	20,408	7,235	1,091	58,814
LIABILITIES								
Derivative financial instruments	-	32	-	1	3	1	-	37
Due to other banks	-	177	-	-	-	-	-	177
Other borrowings	-	5	9	70	47	-	-	131
Debt securities in issue	-	-	-	1,470	563	-	-	2,033
Deposits	-	29,198	3,477	10,129	2,450	1,243	-	46,496
Other liabilities	-	484	5	10	110	1	-	610
Non-financial instruments	331	-	-	-	-	-	-	331
Total liabilities	331	29,895	3,490	11,680	3,173	1,244	-	49,815
Net liquidity gap	52	(15,591)	(672)	893	17,235	5,991	1,091	8,999
Cumulative liquidity gap	52	(15,539)	(16,211)	(15,318)	1,917	7,908	8,999	-

Contractual discounted cash flows Group								
	Carrying value	Call to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	5 - 10 years	Over 10 years	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2025								
ASSETS								
Cash and cash equivalents	-	5,439	-	-	-	-	-	5,439
Derivative financial instruments	-	4	-	-	39	-	-	43
Financial assets at fair value through profit or loss	-	2,296	-	-	-	-	-	2,296
Gross financial assets at amortised cost	-	-	-	322	630	36	-	988
Financial assets at fair value through other comprehensive income	-	378	1,743	3,850	142	35	-	6,148
Gross loans and advances to customers	-	6,175	1,573	5,918	19,213	5,920	851	39,650
Other assets	-	137	-	-	-	-	-	137
Non-financial instruments	1,333	-	-	-	-	-	-	1,333
Impairment provisions	(1,248)	-	-	-	-	-	-	(1,248)
Total assets	85	14,429	3,316	10,090	20,024	5,991	851	54,787
LIABILITIES								
Derivative financial instruments	-	3	-	-	3	-	-	6
Due to other banks	-	311	-	-	-	-	-	311
Other borrowings	-	3	9	71	124	-	-	207
Debt securities in issue	-	-	-	763	1,471	-	-	2,234
Deposits	-	28,520	1,671	7,788	3,296	1,323	-	42,598
Other liabilities	-	563	9	35	106	2	-	715
Non-financial instruments	383	-	-	-	-	-	-	383
Total liabilities	383	29,400	1,689	8,657	5,000	1,325	-	46,454
Net liquidity gap	(298)	(14,971)	1,627	1,433	15,024	4,666	851	8,333
Cumulative liquidity gap	(298)	(15,269)	(13,642)	(12,209)	2,815	7,481	8,333	-

The table above represents the group's maturity mismatch between assets and liabilities based on contractual maturities, which represents a worst-case scenario and is therefore not representative of business as usual. Policies and procedures are in place to mitigate liquidity risk, which is detailed in the narrative above, as well as the risk and compliance report. Due to the composition of the liquidity market in Namibia, a negative maturity mismatch between assets and liabilities is an industry norm.

3.4.2. Regulatory developments (unaudited)

The Bank of Namibia implemented the BID 6A 'Determination on Liquidity Risk Management for Domestic Systemically Important Banks' effective 31 March 2024. This determination introduces the Basel III liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) as mandatory liquidity risk measures for all qualifying banks, as outlined by the Basel Committee on Banking Supervision (BCBS). The objective is to ensure short-term and long-term liquidity resilience, reduce systemic risk, and promote overall financial sector stability.

BID-6A introduced a phased-in compliance approach, as shown below:

Ratio	Mar-24	Mar-25	Mar-26	Mar-27
LCR	75%	85%	95%	100%
NSFR	75%	85%	95%	100%

Liquidity Coverage Ratio

The Basel III LCR enhances the group and company's short-term resilience by ensuring that it holds sufficient high-quality liquid assets to cover potential net cash outflows over a 30-day stress period. In accordance with BID-6A, the LCR requirement became effective from 31 March 2024, and the group and company calculates the LCR based on the simple average of monthly observations.

Description	2026	2025
	Unaudited	Unaudited
	N\$ million	N\$ million
Total High-Quality Liquid Assets (HQLA)	9,944	7,834
Net cash outflows	4,138	2,880
LCR	240.3%	272.0%

Net Stable Funding Ratio

The NSFR aims to promote long-term funding stability by requiring banks to maintain a stable funding profile relative to the composition and maturity of their assets and off-balance sheet exposures. In line with BID-6A, the NSFR requirement became effective from 31 March 2024. The bank calculates the NSFR based on the simple average of quarterly observations.

Description	2026	2025
	Unaudited	Unaudited
	N\$ million	N\$ million
Available stable funding	37,936	36,684
Required stable funding	30,732	30,027
NSFR	123.4%	122.2%

The group and company's NSFR exceed the regulatory minimum of 95% as at March 2026, highlighting a sound funding structure and an appropriate balance between asset and liability maturities.

The implementation of BID-6A and the LCR/NSFR framework may increase concentration risk in sovereign exposures as banks prioritise high-quality liquid assets. The group and company continues to focus on diversifying the funding base and maintain adequate buffers in line with market volatility and regulatory expectations.

3.5. Fair values of financial assets and liabilities

a) Fair value estimation

The group and company are assumed to be a going concern, and the fair value methodology is therefore considered appropriate. Fair value is the current price to purchase an asset or transfer a liability. Such a transaction is characterised by an arm's-length and orderly transaction in a free market (neither party is compelled to act), between hypothetical willing, able and well-informed market participants. In addition, the fair value methodology is utilised to accurately reflect the current market conditions and the appropriate market price of such a transaction on the reporting date.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the reporting date. The active market should be characterised by sufficient supply and demand by market participants, supported by adequate frequency and volumes to accurately approximate the true market price of such a transaction on an ongoing basis. The quoted market price used for financial assets held by the group and company is the price within the current bid-ask spread that is the most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques to determine fair value. The group and company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These valuation techniques include quoted market prices or dealer quotes for similar instruments in active and inactive markets, and discounted cash flow valuation techniques.

Cash and balances with the central bank

Due to its short-term nature, the carrying amount approximates the fair value of these financial assets.

Derivative financial instruments

Derivative financial instruments are classified as fair value through profit or loss using valuation techniques supported by observable market prices or rates (exchange-traded). Over-the-counter transactions are also measured at fair value based on the following valuation techniques:

- Forward contracts are valued based on the daily mark-to-market value of the contract. The market rates are obtained from the LSEG Data & Analytics foreign currency rate platform. Spot foreign currency transactions not yet matured are mark-to-market based on end of trading day quoted LSEG Data & Analytics market rates.
- Interest rate swaps are valued by discounting the expected future fixed and floating interest rate cash flow streams with the applicable South African money market yield curves. The future fixed rate cash flows are based on the terms of the contractual agreements, while the floating rate cash flows are approximated using the estimated forward rate yield curve in line with contractual agreements.
- Option contract values are determined using the Black-Scholes pricing model, utilising real-time market data on the required inputs.
- Commodity swaps are valued by discounting the expected future cash flow streams based on commodity price differentials. The future cash flows are calculated with reference to forward commodity prices obtained from Bloomberg as at valuation date, discounted at relevant discount rates and multiplied by the applicable foreign exchange rate where relevant. These forward prices and exchange rates are in line with the contractual terms of each swap agreement.

Financial assets at fair value through profit or loss

Investment in Capricorn Group

Bank Windhoek Ltd has acquired shares in Capricorn Group. For more details on the cash-settled share-based compensation plans, refer to note 28. The fair value of the investment is determined with reference to the stock market price of the underlying share.

Unit trust investments

Unit trust investments are classified and measured as financial assets at fair value through profit or loss. The fair value is determined based on the statements received from the respective unit trust fund managers, which reflect the published repurchase price at the reporting date. As these prices are based on observable market information and are not quoted prices for identical instruments in an active exchange market, the investments are classified within Level 2 of the fair value hierarchy. This, in turn, is based on the net asset value of the underlying asset.

Exchange traded funds

Exchange traded funds are measured at fair value determined with reference to the JSE price of the underlying exchange traded funds unit price.

Financial assets at amortised cost

Treasury bills

Treasury bills are held within a business model whose objective is to hold assets to collect contractual cash flows. These instruments are therefore measured at amortised cost. The fair value is determined for disclosure purposes based on the discounted valuation technique using quoted market prices and rates.

Government stock

Government stock and other bonds guaranteed by either the Namibian or South African governments are held within a business model whose objective is to collect contractual cash flows and are accordingly measured at amortised cost. The fair value is determined for disclosure purposes based on the discounted valuation technique using quoted market prices. The Bond Exchange of South Africa bond pricing model is utilised to determine the fair value.

Financial assets at fair value through other comprehensive income

Treasury bills

Treasury bills are measured at fair value based on the discounted valuation technique using quoted market prices and rates.

Government stock

Government stock and other bonds guaranteed by either the Namibian or South African governments are measured at fair value based on the discounted valuation technique using quoted market prices. The Bond Exchange of South Africa pricing model is utilised to determine the fair value.

Corporate bonds

Corporate bonds guaranteed by the respective issuers are measured at fair value based on the discounted valuation technique using quoted market prices.

Equity instruments – securities

For listed equity investments, the fair value is derived by using stock market prices, adjusted for any restrictions on its tradability.

Due to and from other banks

Amounts due to and from other banks include interbank placements. The carrying amount of overnight deposits represents its fair value, as it is short term and callable on demand.

Loans and advances to customers

The loans and advances to customers are recognised at amortised cost. The fair value is determined for disclosure purposes by discounting the future expected cash flows using observable market inputs, such as the prime rate, as appropriate. For short maturity loans and advances, the carrying value approximates the fair value. Unobservable market inputs are developed using the best information available that market participants would use when pricing the loan. The credit risk will be approximated by the carrying values of defaulted and provisioned accounts. Refer to the fair value hierarchy table disclosure of loans and advances.

Other assets and liabilities

The nominal values less impairment of other assets and liabilities are assumed to approximate their fair value, due to the short-term nature of these assets and liabilities.

Deposits

The carrying amount approximates the fair value of these financial liabilities, except for deposits with maturities exceeding 12 months. The fair value of deposits and promissory notes for disclosure purposes is estimated by discounting the future contractual cash flows at the available market interest rate. Quoted prices for similar instruments are utilised in the event that active prices are not available.

Other borrowings

Other borrowings are recognised at amortised cost. The fair value for disclosure purposes is determined by discounting the future expected cash flows using observable market inputs, such as the JIBAR money market rate, as appropriate. Where fair values are determined using observable market interest rates and yield curves the instruments are classified as Level 2. Where significant adjustments or entity-specific assumptions are required due to the absence of observable market inputs, the instruments are classified as Level 3.

Debt securities in issue

Financial instruments included in this category include senior debt issued. The fair value of debt securities in issue is determined using a discounted cash flow valuation model. The valuation incorporates market-based inputs where available; however, significant judgement is required in determining inputs such as liquidity adjustments, instrument-specific credit spreads and funding premiums due to the absence of sufficiently observable market data for comparable instruments. As significant unobservable inputs are used in determining fair value, these instruments are classified within Level 3 of the fair value hierarchy.

Financial instruments not recorded on the statement of financial position

The estimated fair values of the financial instruments not recorded on the statement of financial position are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

b) Fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the group and company's market assumptions. These two types of inputs give rise to the following fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the over-the-counter derivative contracts, traded loans and issued structured debt. The sources of input parameters like JIBAR yield curve or counterparty credit risk are Bloomberg and Reuters.
- Level 3 – inputs used for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The group and company considers relevant and observable market prices in its valuations where possible.

This table indicates the fair value hierarchy of the financial assets and liabilities:

Group	Level 1	Level 2	Level 3	Total
	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2026				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	188	2,311	-	2,499
Investment in Capricorn Group	94	-	-	94
Exchange Traded Funds	94	-	-	94
Unit trust investments	-	2,311	-	2,311
Financial assets at fair value through profit or loss				
Derivative financial instruments	-	74	-	74
Financial assets at fair value through other comprehensive income	6	8,400	32	8,438
Treasury bills	-	8,222	-	8,222
Government stock	-	153	-	153
Corporate Bonds	-	25	-	25
Equity instruments	6	-	32	38
	194	10,785	32	11,011
Financial assets for which the fair value is disclosed				
Loans and advances to customers	-	-	35,436	35,436
Financial assets at amortised cost	-	1,001	-	1,001
Treasury bills	-	90	-	90
Government stock	-	911	-	911
Financial liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	-	37	-	37
Financial liabilities for which the fair value is disclosed				
Other borrowings	-	30	101	131
Debt securities in issue	-	-	2,016	2,016
Senior debt - unsecured	-	-	2,016	2,016
Deposits	-	-	46,496	46,496
Current, Savings, Demand, Term and notice, NCDs, Foreign	-	-	46,496	46,496
	-	30	48,790	48,820

Group	Level 1	Level 2	Level 3	Total
	N\$ million	N\$ million	N\$ million	N\$ million
As at 30 June 2025				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	181	2,115	-	2,296
Investment in Capricorn Group	92	-	-	92
Exchange Traded Funds	89	-	-	89
Unit trust investments	-	2,115	-	2,115
Financial assets at fair value through profit or loss				
Derivative financial instruments	-	43	-	43
Financial assets at fair value through other comprehensive income	3	6,113	32	6,148
Treasury bills	-	5,811	-	5,811
Government stock	-	277	-	277
Corporate Bonds	-	25	-	25
Equity instruments	3	-	32	35
	184	8,271	32	8,487
Financial assets for which the fair value is disclosed				
Loans and advances to customers	-	-	34,089	34,089
Financial assets at amortised cost	-	1,003	-	1,003
Treasury bills	-	203	-	203
Government stock	-	800	-	800
Financial liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	-	6	-	6
Financial liabilities for which the fair value is disclosed				
Due to other banks	-	-	311	311
Other borrowings	-	-	268	268
Debt securities in issue	-	-	2,218	2,218
Senior debt - unsecured	-	-	2,218	2,218
Deposits	-	-	42,598	42,598
Current, Savings, Demand, Term and notice, NCDs, Foreign	-	-	42,598	42,598
	-	-	45,395	45,395

No transfers between level 1, level 2 or level 3 fair value measurements occurred during the year under review.

All financial assets and liabilities not disclosed above have been excluded due to their carrying amounts approximating their fair values.

Changes in level 3 instruments with recurring fair value measurements are as follows:

	2026	2025
	N\$ million	N\$ million
Opening balance - 1 July	32	32
Gains and losses in Other Comprehensive Income	-	-
Transfers into/out of Level 3	-	-
Closing balance - 30 June	32	32

c) Sensitivity analysis

The sensitivity analyses performed below are for financial instruments for which the fair value is disclosed. Sensitivity analysis performed on financial instruments recognised at fair value are included in note 3.3.4.

	Group	
	2026	2025
	N\$ million	N\$ million
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of loans and advances had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(1,204)	(1,114)
100 basis points decrease in discount rate	1,302	1,204
100 basis points increase in interest rate	216	214
100 basis points decrease in interest rate	(210)	(209)
1 month increase in term to maturity	(228)	(259)
1 month decrease in term to maturity	246	272
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of government stock at amortised cost had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(23)	(21)
100 basis points decrease in discount rate	25	22
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of treasury bills at amortised cost had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	-	(1)
100 basis points decrease in discount rate	1	1
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of debt securities had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	(25)	(28)
100 basis points decrease in discount rate	26	29
100 basis points increase in coupon rate	29	30
100 basis points decrease in coupon rate	(29)	(30)
The following is a sensitivity analysis showing the increase / (decrease) in the fair value of other borrowings had the following changes arisen on the significant inputs:		
100 basis points increase in discount rate	-	(1)
100 basis points decrease in discount rate	-	-
100 basis points increase in JIBAR rate	-	(1)
100 basis points decrease in JIBAR rate	-	1

d) Details of level 2 and level 3 fair value instruments

			Valuation inputs (ranges)	
	Valuation technique	Types of valuation inputs	2026	2025
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
Unit trust investments	Market approach	Note 1	-	4.95% - 8.60%
Exchange traded funds	Market approach	Note 4	ZAR25.09	ZAR23.84
Financial assets at fair value through profit or loss				
Derivative financial instruments – Interest rate swaps	Income approach*	Note 2	5.88% - 11.24%	7.32% - 8.36%
Derivative financial instruments - OTC currency options	Income approach*	Note 3	N\$17.00	N/A
Derivative financial instruments - Commodity swaps	Income approach*	Note 2	16.37 - 17.61	17.73 - 17.76
Financial assets at fair value through other comprehensive income				
Treasury bills	Income approach*	Note 2	6.08% - 7.52%	6.54% - 7.70%
Government stock	Income approach*	Note 2	9.15% - 10.51%	7.78% - 9.52%
Corporate bonds	Income approach*	Note 2	9.86% - 10.15%	N/A
Financial assets for which the fair value is disclosed				
Loans and advances to customers	Income approach*			
Discount rate		Note 2	10.25%	10.50%
Earnings rate		Note 5	4.00% - 18.22%	3.50% - 18.70%
Term to maturity		Note 6	3 – 360 mnts	3 – 360 mnts
Financial assets at amortised cost				
Treasury bills	Income approach*	Note 2	6.25% - 7.32%	7.55% - 7.70%
Government stock	Income approach*	Note 2	7.00% - 10.69%	7.78% - 11.19%
Financial liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments – Interest rate swaps	Income approach*	Note 2	5.88% - 11.24%	7.32% - 8.36%
Derivative financial instruments – OTC currency options	Income approach*	Note 3	N\$17.00	N/A
Derivative financial instruments - Commodity swaps	Income approach*	Note 2	16.37 - 17.61	17.73 - 17.76
Financial liabilities for which the fair value is disclosed				
Other borrowings	Income approach*			
Discount rate		Note 2	7.16% - 8.77%	8.04% - 9.24%
Earnings rate		Note 2	8.46% - 8.62%	7.89% - 9.36%
Debt securities in issue				
Senior debt - unsecured	Income approach*	Note 2	4.32% - 8.95%	7.17% - 9.46%

For the relationship of observable inputs to fair value refer to note 3.3.4 for items measured at fair value and note 3.5.c for items disclosed at fair value.

* Present value of expected future cash flows.

Note 1: Valuations are performed per fund based on the daily published price.

Note 2: Observable interest rates and yield curves observable at commonly quoted intervals.

Note 3: These represent the strike prices on currency options and are per US\$1.00.

Note 4: Valuations are performed on the market price per day.

Note 5: Contractual interest rates per transaction observable on the banking system.

Note 6: Contractual maturities per transaction observable on the banking system.

3.6. Capital management

The group and company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the consolidated statement of financial position, are to:

- comply with the capital requirements set by the regulators of the banking markets where the entities within the group operate;
- safeguard the group and company's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain a strong capital base to support the development of its business.

Capital management for the banking group

The Basel III capital determination was implemented in Namibia with effect from 1 September 2018. Bank Windhoek Ltd remains well capitalised after the implementation of the Basel III capital determination in Namibia and the BID 5A determination on the measurement and calculation of capital charges for credit risk, operational risk and market risk for domestic systemically domestic banks.

The Bank of Namibia, under the determination of BID 5A, requires each bank or banking group to maintain the following capital adequacy ratios at all times from 1 September 2018:

- Common equity tier 1 (CET1) ratio must be at least 6.0% of risk weighted assets;
- Tier 1 capital adequacy ratio must be at least 10.0% of risk weighted assets;
- Tier 2 capital adequacy ratio must amount to up to 2.5% of risk-weighted assets, but must not exceed 25% of total capital;
- Total capital adequacy ratio to risk-weighted assets must be a minimum of 12.5%; and
- Leverage ratio defined as the capital measure divided by the exposure measure with a minimum ratio of 6% to be maintained at all times.

The group's regulatory capital is divided into two tiers:

- Tier 1 capital (going-concern capital): ordinary shares, share premium, retained earnings and regulating adjustments applied in the calculation of CET 1; and
- Tier 2 capital (gone-concern capital): instruments issued by the banking institution that meet the criteria for inclusion in tier 2 capital and certain loan loss provisions.

The Bank of Namibia has adopted a standardised approach to Basel III, with risk-weighted assets being measured at three different levels: operational risk, market risk and credit risk.

To meet the objectives of capital management, the group and company uses a range of methods to manage capital, including monitoring and stress testing capital adequacy ratios, optimising the allocation of capital across the group, and considering the potential impact of any changes in the external capital requirements on its capital position. The group and company actively manages its capital to maintain a strong capital base and regularly reviews capital management policies and processes to ensure they remain effective and efficient in meeting its objectives.

The ALCO is responsible for oversight of the capital management of Bank Windhoek Ltd and to report this quarterly to the BAC and the Board.

The table below summarises the composition of regulatory capital and the capital adequacy ratios of the group for the years ended 30 June. During both years, the group complied with all externally imposed capital requirements to which it was subject.

	Group	
	2026	2025
	N\$ million	N\$ million
Tier 1 capital		
Share capital and premium	485	485
General banking reserves	8,340	7,713
Retained earnings	76	44
Total CET 1 capital	8,901	8,242
Regulatory adjustments		
Deduct: Intangible assets	570	500
Total regulatory adjustments	570	500
Net total CET 1 capital	8,331	7,742
Tier 2 capital instruments		
Portfolio impairment for regulatory reporting	288	310
Net total Tier 2 capital	288	310
Total regulatory capital	8,619	8,052
Risk-weighted assets:		
Operational risk	5,847	5,358
Credit risk	38,451	38,231
Market risk	507	546
Total risk-weighted assets	44,805	44,135
The increase in risk-weighted assets during the year is mainly attributable to the increase in credit risk, which relates to the growth in guarantees issued. Operational risk increased in line with growth in gross income.		
Capital adequacy ratios:		
Leverage capital ratio	12.0%	12.1%
Tier 1 capital adequacy ratio	18.6%	17.5%
Total capital adequacy ratio	19.2%	18.2%

In addition to the above minimum capital requirements, the Bank of Namibia requires the bank to perform an internal capital adequacy assessment process (ICAAP) in terms of Pillar II of Basel III. The annual ICAAP report has been compiled and was approved by the board. The Basel III capital regulations continue to be based on three mutually reinforcing pillars, namely, minimum capital requirements, supervisory review via the ICAAP process, and market discipline via the relevant disclosures in the annual financial statements.

The process results in:

- the identification of all significant risk exposures to the banking group;
- the determination of the capital required to mitigate all the identified risks;
- the quantification of risk appetites for the major risks identified; and
- the implementation of control measures to mitigate the major risks.

Based on the ICAAP assessment submitted in 2025, which includes a five-year capital projection, it is envisaged that the bank will be able to maintain its capital adequacy ratios and will not require additional capital.

04 Critical accounting estimates and judgements in applying accounting policies

The group and company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). An explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.2, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the group and company in the above areas is set out in note 3.2.1.

Refer to note 15 for a detailed analysis of the impairment of loans and advances. Refer to notes 2.3 and 3.2.5 for more information on the assumptions and judgements applied when determining the impairment of loans and advances.

Fair value of financial instruments

The fair value of financial instruments requires the use of estimates and judgements. Refer to note 3.5 for the methodologies and assumptions applied.

5. Net interest income

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Interest and similar income				
Amortised cost				
Loans and advances	4,332	4,431	4,247	4,336
Cash and short-term funds	134	126	135	126
Government stock and other investments	76	73	76	73
Loan to subsidiary	-	-	20	10
Fair value				
Financial assets at fair value through other comprehensive income	512	541	512	541
Treasury bills	489	517	489	517
Government stock and other investments	23	24	23	24
Total interest and similar income	5,054	5,171	4,990	5,086
Interest and similar expenses				
Amortised cost				
Cheque deposits	369	424	369	424
Debt securities in issue	187	232	187	232
Demand deposits	482	489	482	489
Deposits from banks and financial institutions	85	83	85	83
Fixed and notice deposits	549	527	549	527
Leases	11	9	11	9
Negotiable certificates of deposits	585	717	585	717
Other borrowings	11	19	11	19
Promissory notes	-	23	-	23
Savings deposits	48	55	48	55
Total interest and similar expenses	2,327	2,578	2,327	2,578
Net interest income	2,727	2,593	2,663	2,508

6. Credit impairment losses

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Decrease in specific impairment	(135)	(69)	(132)	(69)
Decrease in specific impairment	(101)	(32)	(98)	(32)
Decrease in impairment of interest in suspense	(34)	(37)	(34)	(37)
Amounts written off as uncollectable	351	316	339	305
Initial specific impairment	317	286	305	269
Written off as uncollectable	34	30	34	36
Decrease in portfolio impairment	(21)	(93)	(24)	(93)
Increase / (decrease) in portfolio impairment for OCI instruments	3	(6)	3	(6)
Amounts recovered during the year	(16)	(7)	(15)	(6)
	182	141	171	131

Impairment charges reflect the movement in provisions as per the IFRS 9 models. Subsequent recoveries of amounts previously written off are credited to the credit impairment losses line item. Financial assets are only written off if there is no reasonable expectation at that time to recover the debt, however, recoveries are recorded when money is received back from customers when their circumstances change, as the written off amount was debited in full to the statement of comprehensive income.

7. Non-interest income

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
7.1. Fee and commission income				
Transaction and related fees	1,449	1,370	1,442	1,364
Income from deposits	740	743	740	743
Income from loans and advances	22	19	16	14
Income from electronic banking	687	608	686	607
Commissions	34	31	29	28
Trust and other fiduciary fees	14	11	14	11
	1,497	1,412	1,485	1,403
7.2. Net trading income				
Net foreign exchange gains and losses from trading assets	119	108	119	108
Net gains from financial instruments at fair value through profit or loss	153	169	153	169
Net gains from financial instruments at fair value through other comprehensive income	1	3	1	3
	273	280	273	280
Net foreign exchange gains and losses from trading assets includes gains and losses from spot and forward exchange contracts, OTC currency options, commodity swaps and translation of foreign currency assets and liabilities. Net gains from financial instruments at fair value through profit or loss includes the gains from unit trusts, exchange traded funds and derivatives. Net gains from financial instruments at fair value through other comprehensive income includes gains less losses from investing activities of financial debt instruments classified as financial assets at fair value through other comprehensive income.				
7.3. Other operating income				
Dividends received	15	10	12	228
Management fees received	1	1	1	1
Other*	77	95	75	94
	93	106	88	323
Total non-interest income	1,863	1,798	1,846	2,006
* Other operating income relates to rental income, sundry income and gain on bargain purchase (refer to Note 17 for further details).				
7.4. Types of revenue				
Fee and commission income	1,497	1,412	1,485	1,403
Net trading income	273	280	273	280
Other operating income	78	96	76	95
Revenue other than from contracts with customers	15	10	12	228
Total revenue	1,863	1,798	1,846	2,006
7.5. Disaggregation of revenue from contracts with customers				
Transaction and related fees	1,449	1,370	1,442	1,364
Commissions	34	31	29	28
Trust and other fiduciary fees	14	11	14	11
Management fees received	1	1	1	1
Other	77	95	75	94
	1,575	1,508	1,561	1,498
Disaggregation of timing for revenue from contracts with customers				
As at a point in time				
Transaction and related fees	1,250	1,134	1,243	1,129
Commissions	34	31	29	28
Trust and other fiduciary fees	14	11	14	11
Management fees received	1	1	1	1

Other	77	95	75	94
	1,376	1,272	1,362	1,263
Over time				
Transaction and related fees	199	236	199	235
	199	236	199	235
	1,575	1,508	1,561	1,498
7.6. Revenue other than from contracts with customers				
Net foreign exchange gains and losses from trading assets	119	108	119	108
Net gains from financial instruments at fair value through profit or loss	153	169	153	169
Net gains from financial instruments at fair value through other comprehensive income	1	3	1	3
Other*	15	10	12	228
	288	290	285	508
Total	1,863	1,798	1,846	2,006

*Includes dividends from subsidiaries of nil (2025: N\$221 million).

During the current year, the group and company enhanced its revenue disclosures by including a disaggregation of revenue in accordance with the requirements of IFRS 15 paragraphs B87-B89. This disclosure was not presented in the prior year financial statements. Comparative information has not been restated as the disclosure represents an enhancement to the note disclosures rather than a change in accounting policy or measurement basis.

8. Staff costs

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Wages and salaries	1,099	1,086	1,078	1,067
Share-based payment expense (note 28)	50	35	50	35
Staff training and transfer costs	26	26	26	26
Pension costs - defined contribution plan	64	59	64	59
Severance pay liability (note 26.1)	2	1	2	1
	1,241	1,207	1,220	1,188

9. Operating expenses

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Expenses by nature				
9.1 Normal operating expenses				
Advertising and marketing	44	42	44	42
Amortisation of intangible assets (note 18)	42	50	42	50
Auditor's remuneration				
- Audit fees for the audit of the group's annual consolidated and separate financial statements	8	5	8	5
- Non-audit services	2	-	2	-
- Regulatory related services	-	-	-	-
Directors' emoluments				
- Non-executive directors	8	7	8	7
Depreciation of property and equipment (note 19)	138	138	137	137
Insurance costs	38	28	38	28
Intragroup consultancy and management fees	74	66	78	66
Loss on disposal of property and equipment	-	3	-	3
Motor vehicle costs	4	4	4	4
Office expenses	9	8	9	8
Operating lease rentals - immovable property	6	9	6	9
Other expenses	74	55	71	50
Professional services	74	63	74	63

Property in possession related expenses	33	16	33	16
Repairs and maintenance	24	25	24	25
Staff costs (note 8)	1,241	1,207	1,220	1,188
Security expenses	27	21	27	21
Stamp duty	17	14	17	14
Stationery and printing	8	8	7	8
Subscription fees	21	16	21	16
Technology costs	221	177	221	177
Telephone, postage and courier costs	12	10	12	10
Travelling	8	9	8	9
Valuation fees	12	13	12	13
Water and electricity	22	21	21	21
	2,167	2,015	2,144	1,990

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
9.2 Fee and commission expenses				
Association transaction fees	292	251	292	251
Cash handling fees	15	19	15	19
Commission	14	13	13	12
	321	283	320	282
Total operating expenses	2,488	2,298	2,464	2,272

Research and development costs of N\$ 2 million (2025: N\$2 million) are included in operating expenses above.

10. Income tax expense

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Normal tax on profit or loss				
Current tax through profit or loss	459	532	445	514
- current year	459	532	445	514
Deferred tax	65	24	67	23
- current year	65	24	67	23
	524	556	512	537
Normal tax on other comprehensive income				
Current tax through other comprehensive income	1	2	1	2
- changes in fair value of debt instruments	-	1	-	1
- changes in fair value of equity instruments	1	1	1	1
Total income tax expense	525	558	513	539
Tax rate reconciliation				
The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate as follows:				
Profit before tax	1,920	1,952	1,874	2,111
Other comprehensive income	2	3	2	3
	1,922	1,955	1,876	2,114
Tax at the applicable tax rate of 30% (2025: 31%)	577	606	563	655
Dividends	(47)	(52)	(46)	(120)
Fair value adjustment on interest-free staff loans	(1)	(1)	(1)	(1)
Fair value adjustment on investments	(5)	(3)	(5)	(3)
Non-deductible expenses	1	3	2	3

Change in tax rate	-	5	-	5
Income tax expense	525	558	513	539
Effective tax rate	27.32%	28.54%	27.35%	25.50%

11. Cash and cash equivalents

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Cash balances	520	479	520	479
Due from other banks	2,905	4,253	2,905	4,253
Balances with the central bank other than mandatory reserve deposits	1,141	268	1,141	268
Mandatory reserve deposits with the central bank	482	439	482	439
	5,048	5,439	5,048	5,439

Mandatory reserve deposits held at the central bank are subject to restrictions and limitations but are available for use by the group and company. Balances with the central bank other than mandatory deposits are interest sensitive. Cash balances as well as mandatory reserve deposits with the central bank are non-interest-bearing.

12. Derivative financial instruments

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Assets				
Interest rate swaps	41	39	41	39
Commodity swaps	33	4	33	4
	74	43	74	43
Liabilities				
Interest rate swaps	(5)	(3)	(5)	(3)
Commodity swaps	(32)	(3)	(32)	(3)
	(37)	(6)	(37)	(6)

Interest rate swaps are commitments to exchange one set of cash flows for another and result in an economic exchange of a fixed rate for a floating rate or vice versa. No exchange of principal takes place.

The notional principal amount of the outstanding interest rate swap contracts at 30 June 2026 was N\$1,752 million (2025: N\$1,441 million). The notional principal amount of the outstanding OTC currency options at 30 June 2026 was N\$70 million (2025: Nil).

The notional amounts for the outstanding commodity swaps as at 30 June 2026 are N\$138 million (2025: N\$135 million) for the assets and N\$138 million (2025: N\$135 million) for the liabilities.

Current	2	1	2	1
Non-current	35	36	35	36
Net derivative asset	37	37	37	37

13. Financial assets

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Financial assets at fair value through profit or loss				
Investment in Capricorn Group	94	92	94	92
Exchange traded funds ¹	94	89	94	89
Unit trust investments ²	2,311	2,115	2,271	2,078
	2,499	2,296	2,459	2,259
Current	2,499	2,296	2,459	2,259
	2,499	2,296	2,459	2,259
¹ During the period under review, the bank held 3,726,625 (2025: 3,726,625) units of exchange traded funds, with no further additions or disposals.				
² Unit trust investments are unlisted. The investment in Capricorn Group comprises listed equity instruments.				
Financial assets at amortised cost				
Treasury bills	90	203	90	203
Government stock	880	787	880	787
Gross financial assets at amortised cost	970	990	970	990
Less expected credit loss allowance	(2)	(2)	(2)	(2)
Net financial assets at amortised cost	968	988	968	988
Current	317	263	317	263
Non-current	653	727	653	727
Gross financial assets at amortised cost	970	990	970	990

Financial assets at fair value through profit or loss are presented within 'operating activities' in the statement of cash flows. Changes in fair values of financial assets at fair value through profit or loss are recorded in 'net gains from financial instruments at fair value through profit or loss' in the statement of comprehensive income (note 7.2).

14. Financial assets at fair value through other comprehensive income

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Debt instruments				
Treasury bills	8,222	5,811	8,222	5,811
Government stock	153	277	153	277
Corporate bonds	25	25	25	25
Equity Instruments - securities				
Investment securities ¹	38	35	38	35
	8,438	6,148	8,438	6,148
Current	8,345	5,971	8,345	5,971
Non-current	93	177	93	177
Total	8,438	6,148	8,438	6,148
Amounts recognised in other comprehensive income				
During the year under review, the following income was recognised in other comprehensive income:				
Changes in the fair value of debt instruments at fair value through other comprehensive income	(1)	2	(1)	2
Changes in the fair value of equity instruments at fair value through other comprehensive income	3	2	3	2
	2	4	2	4

Refer to note 3.5 for fair value methodology used. All debt instruments are unlisted.

¹Listed and unlisted shares are held as follows at the reporting date: 13,035 shares in Dundee Precious Metals Inc (2025: 13,035 shares) and 28,308 shares in China Africa Resources Plc (2025: 28,308). No dividends were received during the year under review (2025: Nil).

Treasury bills with a nominal value of N\$3.09 billion (2025: N\$1.51 billion) are available at the Bank of Namibia for collateral should the need arise for short term commitments on the interbank system. At year-end, there were no treasury bills utilised for security purposes (2025: Nil) at the Bank of Namibia.

At 30 June 2026, Bank Windhoek received no treasury bills (2025: Nil) for collateral relating to reverse repurchase agreements

15. Loans and advances to customers

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Overdrafts	4,882	4,700	4,882	4,700
Term loans	11,550	11,343	10,990	10,818
Mortgages	18,899	18,458	18,899	18,458
- Residential mortgages	13,129	12,518	13,129	12,518
- Commercial mortgages	5,770	5,940	5,770	5,940
Credit cards	131	115	131	115
Instalment finance	5,846	5,140	5,846	5,140
Preference shares	26	54	26	54
Gross loans and advances	41,334	39,810	40,774	39,285
Effective interest rate impact per IFRS 9 (deferment of loan admin fees)	(189)	(160)	(181)	(154)
Gross loans and advances after effective interest rate impact	41,145	39,650	40,593	39,131
Less impairment				
Stage 1 impairment*	(167)	(146)	(159)	(138)
Stage 2 impairment	(120)	(162)	(110)	(154)
Stage 3 impairment	(804)	(939)	(795)	(927)
	40,054	38,403	39,529	37,912
Movement in impairment on loans and advances to customers is as follows for the group and company:				
Balance at the beginning of the year	1,247	1,408	1,218	1,380
Provision for loan impairment	195	154	185	143
Amounts written off during the year as uncollectible	(351)	(315)	(339)	(305)
Balance at the end of the year	1,091	1,247	1,064	1,218

* The stage 1 impairment includes off-balance sheet exposure impairment of N\$ 8 million (2025: N\$ 6 million). The off-balance sheet exposure impairment is consistent between the group and company figures.

Group*	Overdrafts - credit cards and cheques	Preference shares and guarantees	Term loans	Mortgages	Instalment finance	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
Year-end - 30 June 2026						
Balance at the beginning of the year	468	7	401	310	61	1,247
Stage 1	40	7	40	47	12	146
Stage 2	38	-	78	35	11	162
Stage 3	390	-	283	228	38	939
Loan impairments	3	1	148	28	15	195
Amounts written off during the year as uncollectible	(153)	-	(110)	(75)	(13)	(351)
Balance at the end of the year	318	8	439	263	63	1,091
Stage 1	48	8	50	50	11	167
Stage 2	19	-	67	29	5	120
Stage 3	251	-	322	184	47	804
Year-end - 30 June 2025						
Balance at the beginning of the year	414	7	479	411	97	1,408
Stage 1	30	7	58	40	12	147
Stage 2	59	-	102	47	45	253
Stage 3	325	-	319	324	40	1,008
Loan impairments	82	-	81	(7)	(2)	154
Amounts written off during the year as uncollectible	(28)	-	(159)	(94)	(34)	(315)
Balance at the end of the year	468	7	401	310	61	1,247
Stage 1	40	7	40	47	12	146
Stage 2	38	-	78	35	11	162
Stage 3	390	-	283	228	38	939

*Only group figures are presented, as the company balances comprise the majority of the group's loans and advances. The group balances include microlending loans advanced by BW Finance (Pty) Ltd, which are not reflected in the company balances.

	Group		Group	
	2026		2025	
	N\$ million	%	N\$ million	%
Maturity analysis of gross loans and advances to customers for the group was as follows:				
Repayable within 1 month	6,019	15	5,453	14
Repayable after 1 month but within 3 months	1,318	3	886	2
Repayable after 3 months but within 6 months	2,234	5	1,456	4
Repayable after 6 months but within 12 months	3,852	9	2,432	6
Repayable after 1 year but within 5 years	19,833	48	13,713	34
Repayable after 5 year but within 10 years	7,015	17	8,457	21
Repayable after 10 years	1,063	3	7,413	19
	41,334	100	39,810	100

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Exposure of non-performing loans				
Non-performing loans	1,376	1,349	1,366	1,336
Interest recognised on these loans (interest in suspense)	218	254	218	254
Non-performing loans inclusive of interest	1,594	1,603	1,584	1,590

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
The loans and advances to customers include instalment finance receivables which are analysed as follows:				
Repayable within 1 year	2,028	1,764	2,028	1,764
Repayable after 1 year but within 2 years	1,516	1,346	1,516	1,346
Repayable after 2 years but within 3 years	1,258	1,075	1,258	1,075
Repayable after 3 years but within 4 years	870	771	870	771
Repayable after 4 years but within 5 years	524	473	524	473
Repayable after 5 years	224	197	224	197
Gross investment in instalment finances	6,420	5,626	6,420	5,626
Unearned future finance income on instalment finances	(655)	(573)	(655)	(573)
Net investment in instalment finances	5,765	5,053	5,765	5,053

The group and company has not sold or pledged any advances to third parties.

Under the terms of lease agreements, no contingent rentals are payable. These agreements relates to motor vehicles and equipment.

Bank Windhoek Ltd has a share purchase scheme in which it has a mechanism to allow employees to purchase shares in Capricorn Group at a value that approximate fair value at the date of sale of shares. The shares are sold via an interest-free loan provided by Bank Windhoek Ltd. Such loans are full recourse loans and if not repaid, Bank Windhoek Ltd may legally take possession of the employee's personal assets. Thus, the share purchase scheme does not fall within the scope of IFRS 2. The benefit employees receive relating to the interest-free element of the loan is taken directly to the employee loan accounts.

Included in term loans is an amount of N\$ 36 million (2025: N\$ 27 million) relating to abovementioned scheme. The movements on these staff loans were as follows:

	Group*	
	2026	2025
	N\$ million	N\$ million
Opening balance	27	20
New loans advanced during the year	24	16
Loans redeemed during the year	(2)	-
Staff costs (adjustment to fair value)	(17)	(13)
Effective interest charged	5	4
Closing balance	37	27

* Only group figures are presented, as the company balances comprise the majority of the group's loans and advances. Where differences exist between group and company figures, these relate predominantly to microlending loans by BW Finance (Pty) Ltd.

16. Other assets

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Financial other assets	257	137	258	137
Accounts receivable	47	32	48	32
Clearing, settlement and internal accounts	210	105	210	105
Non-financial other assets	278	279	277	278
Prepayments	85	52	84	50
Stock and property in possession	193	227	193	228
	535	416	535	415
Current	535	364	535	365
Non-current	-	52	-	50
	535	416	535	415

Refer to note 3.2.6 for credit quality disclosure of financial instruments included in other assets.

17. Investment in subsidiaries

The following information relates to the company's financial interests in its unlisted subsidiaries:

	Issued ordinary share capital and premium and proportion held	Details of the company's interest			
		Shares at cost		Indebtedness (to)/from subsidiaries	
		2026	2025	2026	2025
		N\$ million	N\$ million	N\$ million	N\$ million
Bank Windhoek EasyWallet Accounts Trust					
- Issued trust capital	100	-	-	(44)	(42)
- Proportion held	100%				
Bank Windhoek Nominees (Pty) Ltd					
- Issued ordinary share capital	100	-	-	-	-
- Proportion held	100%				
Bank Windhoek Properties (Pty) Ltd					
- Issued ordinary share capital	1,000	20	20	(5)	(5)
- Proportion held	100%				
BW Finance (Pty) Ltd					
- Issued ordinary share capital and share premium	362,970,100	363	363	99	92
- Proportion held	100%				
Capricorn Capital (Pty) Ltd					
- Issued ordinary share capital	31,637,718	-	-	-	-
- Proportion held	100%				
BW Corporate Services (Pty) Ltd					
- Issued ordinary share capital	3,221,700	-	-	-	-
- Proportion held	100%				

	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
	Aggregate income / (loss) of subsidiaries (before tax)		Total investment	
Bank Windhoek Ltd subsidiaries				
Bank Windhoek EasyWallet Accounts Trust	3	3	-	-
Bank Windhoek Nominees (Pty) Ltd	-	-	-	-
Bank Windhoek Properties (Pty) Ltd	8	1	20	20
BW Finance (Pty) Ltd	42	59	363	363
Capricorn Capital (Pty) Ltd	4	-	-	-
BW Corporate Services (Pty) Ltd	-	-	-	-
	57	63	383	383

The company's interest in the aggregate profit before taxation earned of subsidiaries amounted to N\$57 million (2025: N\$63 million) and the aggregate loss before taxation of subsidiaries amounted to nil (2025: nil) for the year. No dividends were declared for the year (2025: N\$221 million).

All subsidiaries are registered in Namibia (the country of incorporation or registration is also their principal place of business), and all subsidiaries have a 30 June financial year-end, except for Bank Windhoek EasyWallet Accounts Trust which has a 28 February financial year-end.

Company	2026	2025
	N\$ million	N\$ million
Shares at cost	383	383
Indebtedness	50	45
	433	428
The indebtedness shown above has the following terms*:		
Interest bearing at prime (2025: prime), with no fixed repayment terms	99	285
Interest-free and callable on demand with no fixed repayment terms.	(49)	(240)
	50	45

* Expected credit losses of N\$2 million (2025: N\$2 million) raised on intergroup indebtedness

The carrying value of the loan approximates the fair value.
Refer to note 34 for related party transactions and balances with subsidiaries.

Acquisition of Capricorn Capital

On 18 March 2026, the group acquired 100% of the issued share capital of Capricorn Capital (Pty) Ltd, a provider of corporate and specialist finance advisory services, for cash consideration of N\$1.

The acquisition strengthens the group's corporate and specialist finance advisory offering by integrating Capricorn Capital's operations into Bank Windhoek. This aligns these activities with the Bank's core business, enhances the delivery of specialised financial advisory services and improves operational efficiency.

At the acquisition date, the fair value of the identifiable net assets acquired amounted to N\$0.5 million.

As the fair value of the identifiable net assets acquired exceeded the consideration transferred, the group recognised a bargain purchase gain of N\$0.5 million in profit or loss, presented within sundry income.

The bargain purchase arose as the acquisition formed part of an internal group restructuring to better align Capricorn Capital with the group's strategic objectives, rather than a transaction negotiated on market terms.

Before recognising the gain, the group reassessed the identification of the assets acquired and liabilities assumed and reviewed the measurement of the recognised amounts in accordance with IFRS 3. Management concluded that all identifiable assets acquired and liabilities assumed had been appropriately recognised and measured.

18. Intangible assets

Group and Company	Intangible assets in development	Internally generated software	Total
	N\$ million	N\$ million	N\$ million
Year-end - 30 June 2026			
Cost			
Cost at 1 July 2025	228	676	904
Transfers	(79)	79	-
Additions	105	7	112
Disposals	-	-	-
Cost at 30 June 2026	254	762	1,016
Amortisation			
Accumulated amortisation at 1 July 2025	-	(403)	(403)
Charge for the year	-	(63)	(63)
Disposals and transfers	-	-	-
Amortisation on useful lives review	-	21	21
Accumulated amortisation at 30 June 2026	-	(445)	(445)
Net book value at 30 June 2026	254	317	571
Year-end - 30 June 2025			
Cost			
Cost at 1 July 2024	245	547	792
Transfers	(108)	103	(5)
Additions	91	26	117
Disposals	-	-	-
Cost at 30 June 2025	228	676	904
Amortisation			
Accumulated amortisation at 1 July 2024	-	(353)	(353)
Charge for the year	-	(61)	(61)
Disposals and transfers	-	-	-
Amortisation on useful lives review	-	11	11
Accumulated amortisation at 30 June 2025	-	(403)	(403)
Net book value at 30 June 2025	228	273	501

All intangible assets are held by the group and company, and all are classified as non-current assets. No assets were encumbered at 30 June 2026 nor 30 June 2025.

No borrowing costs were capitalised during the year under review (2025: nil).

19. Property and Equipment

Group	Freehold land and buildings	Computer and other equipment	Vehicles	Furniture, fittings and other office equipment	Right-of-use asset	Total
	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million	N\$ million
Year-end - 30 June 2026						
Cost						
Cost at 1 July 2025	53	389	34	322	287	1,085
Additions	153	39	5	5	85	287
Transfers*	(41)	10	-	31	-	-
Disposals	(2)	(23)	(2)	(6)	(73)	(106)
Cost at 30 June 2026	163	415	37	352	299	1,266
Depreciation						
Accumulated depreciation at 1 July 2025	(26)	(243)	(15)	(160)	(149)	(593)
Charge for the year	(1)	(59)	(2)	(29)	(68)	(159)
Depreciation on useful lives review	-	17	-	4	-	21
Depreciation on disposals	2	22	1	6	61	92
Accumulated depreciation at 30 June 2026	(25)	(263)	(16)	(179)	(156)	(639)
Net book value at 30 June 2026	138	152	21	173	143	627
Year-end - 30 June 2025						
Cost						
Cost at 1 July 2024	62	334	31	255	286	968
Additions	87	38	5	7	66	203
Transfers*	(96)	26	-	75	-	5
Disposals	-	(9)	(2)	(15)	(65)	(91)
Cost at 30 June 2025	53	389	34	322	287	1,085
Depreciation						
Accumulated depreciation at 1 July 2024	(25)	(207)	(15)	(144)	(150)	(541)
Charge for the year	(1)	(55)	(1)	(26)	(64)	(147)
Depreciation on useful lives review	-	11	-	(2)	-	9
Depreciation on disposals	-	8	1	12	65	86
Accumulated depreciation at 30 June 2025	(26)	(243)	(15)	(160)	(149)	(593)
Net book value at 30 June 2025	27	146	19	162	138	492

*The transfers represent capitalisations from assets under construction to their respective asset classes when the recognition criteria for creating an asset have been met. Transfers can also occur between asset classes, especially concerning computer equipment, as this asset class includes both intangible assets and tangible assets for assets under construction. Please note that the movements for land and buildings represent both acquired additions and the capitalisations of assets under construction.

Details regarding the fixed properties are available to shareholders at the registered office of the group and company. All property and equipment are owned by the company other than land and building with a cost of N\$ 26 million (2025: N\$26 million), which is owned by Bank Windhoek Properties (Pty) Ltd, a wholly owned subsidiary of Bank Windhoek Ltd. The building is occupied by Bank Windhoek Ltd. The net carrying value of the building as at 30 June 2026 is N\$ 9 million (2025: N\$9 million).

Included in freehold land and buildings is land to the value of N\$ 5 million (2025: N\$ 5 million).

The gross carrying amount of fully depreciated assets included in property and equipment is nil (2025: nil).

The useful lives of certain items of equipment were reassessed during June 2026. As a result of revised expectations regarding the period over which these assets are expected to be utilised, the estimated useful lives were adjusted. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, this adjustment has been accounted for prospectively as a change in accounting estimate. Refer to Note 1.3.1(a) for further details and disclosures.

Details regarding the fixed properties as required in terms of Schedule 4 of the Companies Act are available to shareholders at the registered office of the group and company. This information will be open for inspection in terms of the provisions of section 120 of the Companies Act, 2004.

No assets were encumbered at 30 June 2026 nor 30 June 2025. All property and equipment are classified as non-current assets.

20. Due to other banks

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Current accounts	177	311	177	311
	177	311	177	311
Current	177	311	177	311
	177	311	177	311

Balances due to other banks are unsecured with no fixed repayment terms and bear interest at market-related interest rates.

21. Other borrowings

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Balance as at 1 July	207	269	207	269
Additions	6	14	6	14
Repayments	(83)	(87)	(83)	(87)
Accrued interest and charges	6	19	6	19
Interest repaid	(5)	(8)	(5)	(8)
Balance as at 30 June	131	207	131	207
Current	84	84	84	84
Non-current	47	123	47	123
	131	207	131	207

Other borrowings consist of long-term funding with AFD (Agence Francaise de Developpement) and Bank of Namibia SME Scheme, of which N\$ 31 million (2025: N\$ 31 million) has been repaid to AFD during the financial year under review.

The AFD loan is repayable semi-annually over a 7-year term with quarterly interest repayments. The first capital repayment was made in December 2020. Interest on the AFD loan is charged at 3-month JIBAR plus a spread of 1.131%.

The Bank of Namibia's SME scheme offers an initial 6-month payment holiday for each loan advanced. All loans issued under this scheme accrue interest at the prevailing repo rate of Namibia.

The group and company complied with all the debt covenant requirements relating to these loans in the current and previous financial years.

22. Debt securities in issue

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Balance as at 1 July	2,234	2,822	2,234	2,822
Redemptions	(775)	(583)	(775)	(583)
Additions	574	3	574	3
Effective interest	187	232	187	232
Coupon payments	(187)	(240)	(187)	(240)
Balance as at 30 June	2,033	2,234	2,033	2,234
Current	1,470	763	1,470	763
Non-current	563	1,471	563	1,471
	2,033	2,234	2,033	2,234

				Group and Company	
		Interest rate	Maturity date	2026	2025
				N\$ million	N\$ million
Senior debt - unsecured					
BWJL25 floating rate note	Note 1	3m JIBAR + 116bps	02-Dec-25	-	353
BWJF26S floating rate note	Note 1	3m JIBAR + 150bps	02-Jun-26	-	410
BWJ1E27 floating rate note	Note 1	3m JIBAR + 215bps	19-May-27	505	506
BWJ2E27 floating rate note	Note 1	3m JIBAR	19-May-27	302	303
BWFL26 fixed rate note	Note 2	8.80%	04-Dec-26	101	101
BWZJ26 floating rate note	Note 1	3m JIBAR + 170bps	27-Nov-26	252	252
BWZJ27 floating rate note	Note 1	3m JIBAR + 170bps	28-Mar-27	310	309
BWPd31 floating rate note	Note 1	Bank Windhoek Prime Lending Rate - 245bps	24-Apr-31	310	-
BWJH28L floating rate note	Note 1	3m JIBAR + 80bps	21-Aug-28	253	-
Total debt instruments in issue at the end of the year				2,033	2,234
Listed debt securities				2,033	2,234
				2,033	2,234

Note 1: Interest is paid quarterly.

Note 2: Interest is paid semi-annually.

All instruments in issue are under Bank Windhoek's Medium Term Note Programme, a programme registered with the Johannesburg Stock Exchange and the Namibia Securities Exchange.

Debt securities in issue comprise senior debt with a combined nominal value of N\$ 2.02 billion (2025: N\$ 2.2 billion).

23. Deposits

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Current accounts	13,972	13,938	13,919	13,880
Credit cards	39	43	39	43
Savings accounts	2,060	1,889	2,060	1,889
Demand deposits	9,240	8,026	9,240	8,026
Term and notice deposits	9,285	8,128	9,285	8,128
Negotiable certificates of deposits (NCDs)	8,653	7,467	8,653	7,467
Other deposits	3,247	3,107	3,247	3,107
	46,496	42,598	46,443	42,540

	Group			
	2026		2025	
	N\$ million	%	N\$ million	%
Maturity analysis within the customer current, savings, deposit account portfolio for the group were as follows:				
Withdrawable on demand	25,311	54.4	23,897	56.1
Maturing within 1 month	3,886	8.4	4,623	10.9
Maturing after 1 month but within 6 months	8,164	17.6	6,817	16.0
Maturing after 6 months but within 12 months	5,442	11.7	2,643	6.2
Maturing after 12 months	3,693	7.9	4,618	10.8
	46,496	100.0	42,598	100.0

	Company			
	2026		2025	
	N\$ million	%	N\$ million	%
Maturity analysis within the customer current, savings, deposit account portfolio for the company were as follows:				
Withdrawable on demand	25,258	54.4	23,839	56.0
Maturing within 1 month	3,886	8.4	4,623	10.9
Maturing after 1 month but within 6 months	8,164	17.6	6,817	16.0
Maturing after 6 months but within 12 months	5,442	11.7	2,643	6.2
Maturing after 12 months	3,693	8.0	4,618	10.9
	46,443	100.0	42,540	100.0

24. Other liabilities

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Financial other liabilities	610	715	605	713
Accounts payable	80	70	79	69
Accruals ¹	56	62	55	61
Lease liability - refer to 24.1	172	157	172	157
Clearing, settlement and internal accounts	302	426	299	426
Non-financial other liabilities	297	339	296	338
Other taxes ²	26	29	25	28
Employee liabilities	271	310	271	310
	907	1,054	901	1,051
Current	796	946	790	943
Non-current	111	108	111	108
	907	1,054	901	1,051

¹No material provisions as per IAS 37 included in this line item.

²Other taxes include VAT, stamp duties and withholding tax.

24.1 Lease liability

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Maturity analysis - contractual discounted cash flows				
- Within one year	61	49	61	49
- Later than one year but not later than five years	110	106	110	106
- Later than five years	1	2	1	2
Total discounted lease liabilities	172	157	172	157
Lease liabilities included in statement of financial position				
Current	61	49	61	49
Non-current	111	108	111	108
	172	157	172	157
The group and company leases various offices, parking, branches and houses.				
Maturity analysis - contractual undiscounted cash flows				
- Within one year	69	57	69	57
- Later than one year but not later than five years	117	115	117	115
- Later than five years	1	2	1	2
Total undiscounted lease liabilities	187	174	187	174
Amounts recognised in profit or loss				
Interest on lease liabilities	11	9	11	9
Expenses relating to short-term leases	6	8	6	8
	17	17	17	17
Amounts recognised in statement of cash flows				
Principal payments on lease liability	65	63	65	63
Interest rate sensitivities				
The following interest rate sensitivity is based on the effect of changes to the incremental borrowing rate over a twelve-month period on the interest expense on lease liabilities				
100 basis points increase				
- Increase in interest expense on lease liabilities	1	1	1	1
100 basis points decrease				
- Decrease in interest expense on lease liabilities	1	1	1	1

25. Deferred and current Tax

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2025: 31%).				
The movement on the net deferred tax account is as follows:				
Net deferred tax asset as at 1 July	61	85	56	79
Charge to profit or loss (note 10)	(65)	(24)	(67)	(23)
Net deferred tax (liability) / asset as at 30 June	(4)	61	(11)	56
Deferred tax assets and liabilities are attributable to the following items:				
Deferred tax liability				
Accelerated tax on depreciation and amortisation	(130)	(96)	(130)	(97)
Government stock and other securities	(1)	(3)	(1)	(3)
Derivative financial instruments	-	(3)	-	(3)
Prepaid expenses and property in possession	(20)	(16)	(19)	(15)
Unrealised foreign exchange losses	(31)	-	(31)	-
	(182)	(118)	(181)	(118)
Deferred tax asset				
Accruals	33	31	33	32
Other provisions	22	21	22	21
Unrealised foreign exchange losses	-	9	-	9
Loans and receivables	123	118	115	112
	178	179	170	174
Net deferred tax (liability) / asset	(4)	61	(11)	56
The movement on the current tax account is as follows:				
Current tax (liability) / asset as at 1 July	(25)	96	(27)	96
Charge to profit or loss and OCI (note 10)	(459)	(534)	(445)	(516)
Payments made to NamRA	474	500	461	480
Refunds received from NamRA	-	(87)	-	(87)
Current tax liability as at 30 June	(10)	(25)	(11)	(27)

26. Post-Employment benefit

26.1 Severance pay liability

A valuation was performed for 30 June 2026 by an independent actuary on the group and company's liability with respect to severance pay. The benefit is not funded. Post-employment benefits are classified as non-current liabilities.

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
The amount recognised in the consolidated and separate statement of financial position is determined as follows:				
Present value of unfunded obligation (non-current)	20	19	20	19
The movement in the severance pay obligation over the year is as follows:				
As at 1 July	19	18	19	18
Current service costs	-	(1)	-	(1)
Interest cost	1	2	1	2
As at 30 June	20	19	20	19
The amounts recognised in the consolidated and separate statement of comprehensive income are as follows:				
Current service costs	-	(1)	-	(1)
Interest cost	1	2	1	2
	1	1	1	1
The principal actuarial assumptions used were as follows:				
Discount rate	8.1%	10.7%	8.1%	10.7%
Inflation rate	3.9%	5.4%	3.9%	5.4%
Salary increases	4.9%	6.4%	4.9%	6.4%
The following sensitivity of the overall liability to changes in principal assumption is:				
Salary increase 1% lower per annum	2	2	2	2
Salary increase 1% higher per annum	(2)	(2)	(2)	(2)
Inflation increase 1% lower per annum	1	1	1	1
Inflation increase 1% higher per annum	(1)	(1)	(1)	(1)
Discount increase 1% lower per annum	1	1	1	1
Discount increase 1% higher per annum	(1)	(1)	(1)	(1)

The severance pay liability is unfunded. Consequently, there are no formal funding arrangements or policies affecting future contributions. The group and company will fund severance pay obligations from their operating cash flows as they arise.

As a result, there are no planned contributions to a separate fund for the next annual reporting period. The expected cash outflows for severance payments will be managed within the group's operating expenses.

The maturity profile of the severance pay obligation includes the expected timing and amounts of the future benefit payments. The weighted average duration of the severance pay obligation is estimated to be 5 years. The table below provides a maturity analysis of the expected benefit payments:

Expected Benefit Payments

	Within 1 Year	2-5 Years	6-10 Years	11-15 Years
	N\$ million	N\$ million	N\$ million	N\$ million
30 June 2026	3	10	13	14
30 June 2025	3	9	11	11

Risks to which the plan exposes the group and company

The severance pay plan exposes the company to several risks:

- Salary risk: The risk that final salaries will be higher than assumed, increasing the severance pay liability.
- Regulatory risk: The risk that changes to the Labour Act or other regulations could increase the benefits payable or impose additional obligations on the company.
- Financial risk: As the plan is unfunded, the group and company must cover the severance payments from its operating funds, which could impact financial stability during periods of high employee turnover or economic downturns.

26.2 Medical aid scheme

The group and company has no liability in respect of post-retirement medical aid contributions.

26.3 Pension schemes

All full-time permanent employees are members of the Capricorn Group Retirement Fund, a defined contribution fund registered in Namibia in accordance with applicable pension fund legislation. The legislation requires the Fund's financial condition to be investigated and reported to NAMFISA by a valuator at least once every three years. The most recent statutory valuation, conducted as at 31 March 2025, confirmed that the Fund remains financially sound. Participating employers contribute 12% of each member's basic salary to the Fund, while members contribute 7.5% of their basic salary.

27. Share capital and premium

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Authorised share capital				
5,000,000 ordinary shares of N\$1 each	5	5	5	5
Issued ordinary share capital				
Balance as at 1 July	5	5	5	5
Balance as at 30 June	5	5	5	5
Share premium				
Balance as at 1 July	480	480	480	480
Balance at 30 June	480	480	480	480
Total ordinary share capital and premium	485	485	485	485
The company's total number of issued ordinary shares at year-end was 4.92 million (2025: 4.92 million). All issued shares are fully paid up.				
Authorised Preference share capital				
Authorised Preference share capital				
750,000 10% redeemable cumulative shares at N\$1 each	1	1	1	1

All the unissued shares are under the control of the directors in terms of a general authority to allot and issue them on such terms and conditions and at such time as they deem fit. This authority expires at the forthcoming annual general meeting on 30 September 2026, when the authority can be renewed. Refer to the directors' report.

The company's total number of issued ordinary shares at year-end was 4.92 million (2025: 4.92 million). All issued shares are fully paid up.

28. Share-based payments

The group and company operates a conditional share plan (CSP), under which the entities within the group receive services from employees as consideration for equity instruments (shares) of Capricorn Group.

The total expense for the share-based compensation plans included in the statement of comprehensive income is N\$50 million in 2026 (2025: N\$35 million). Refer to note 8.

Refer to note 24 for provision for share-based payment liability. Total liability as at 30 June 2026 is N\$64 million (2025: N\$64 million).

Conditional Share Plan (CSP)

Capricorn Group shares are granted to executive directors and to selected employees for no consideration. The allocations of shares are conditional on the employee completing three years' service after grant date (the vesting period). Since these are Capricorn Group shares, Bank Windhoek Ltd has an obligation to settle the CSPs in cash. The CSPs are treated as cash-settled. Refer to note 8 for total expense recognised in profit or loss. Refer to note 24 for the share-based payment liability that has been raised.

Details of the number (million) of shares outstanding are as follows:

	2026	2025
As at 30 June		
Opening balance	4.4	3.7
Granted ¹	1.4	1.5
Vested	(2.2)	(0.7)
Forfeited	(0.1)	(0.1)
Closing balance	3.5	4.4

¹Capricorn Group equivalent CSPs.

CSP's outstanding (million) at the end of the year have the following vesting dates:

Grant date	Vesting date	2026	2025
September 2022	September 2025	-	1.6
September 2023	September 2026	1.3	1.5
September 2024	September 2027	1.0	1.3
September 2025	September 2028	1.2	-
		3.5	4.4

The fair value of shares granted during the year was determined with reference to the listed share price at year-end date of N\$28.12 (2025: N\$21.64). This is revised at each reporting period. Refer to note 8 for the total expense recognised in profit or loss for shares granted to executive directors and employees.

29. Non-distributable reserves

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
29.1 Credit risk reserve				
Balance at 1 July	-	-	-	-
Transfer to retained earnings	-	-	-	-
Balance as at 30 June	-	-	-	-
The regulatory credit risk reserve was introduced in order to meet the regulatory requirements for the loan loss portfolio impairment of Bank Windhoek Ltd.				
29.2 Insurance fund reserve				
Balance at 1 July	69	66	69	66
Transfer from general banking reserve	-	3	-	3
Balance as at 30 June	69	69	69	69
The insurance reserve was created to fund a portion of the regulatory requirement to hold a certain level of insurance specific for banking risk.				
29.3 Margin entitlement reserve				
Balance at 1 July	6	5	6	5
Transfer from retained earnings	-	1	0	1
Claims from Bank of Namibia	2	-	2	-
Balance as at 30 June	8	6	8	6
The margin entitlement reserve is maintained for the SME scheme of Bank of Namibia.				
29.4 EasyWallet reserve				
Balance as at 1 July	12	3	-	-
Transfer from retained earnings	2	9	-	-
Balance as at 30 June	14	12	-	-
The EasyWallet reserve is maintained in terms of the PSD-3 of Bank of Namibia				
Total non-distributable reserves	91	87	77	75

30. Distributable reserves

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
30.1 Fair value reserve				
Balance as at 1 July	4	2	4	2
Revaluation of equity instruments	3	2	3	2
Balance as at 30 June	7	4	7	4
The fair value reserve is the equity instruments held under other comprehensive income.				
30.2 General banking reserve				
Balance as at 1 July	7,713	6,764	7,713	6,764
Transfer (to) / from reserves	627	949	627	949
Transfer from retained earnings	627	952	627	952
Transfer to insurance fund reserve	-	(3)	-	(3)
Balance as at 30 June	8,340	7,713	8,340	7,713
The general banking reserve is maintained to fund future expansion.				
30.3 Retained earnings				
Balance as at 1 July	44	222	-	-
Comprehensive income for the year	1,394	1,396	1,360	1,574
Transfer to reserves	(629)	(954)	(627)	(954)
- Transfer from / (to) credit risk reserve	-	-	-	-
- Transfer to margin entitlement reserve	-	(1)	-	(1)
- Transfer to easywallet reserve	(2)	-	-	-
- Transfer to general banking reserve	(627)	(952)	(627)	(952)
Dividends declared	(733)	(620)	(733)	(620)
Balance as at 30 June	76	44	-	-
Total distributable reserves	8,423	7,761	8,347	7,717

31.Dividends per share

During the year under review, dividends of 14,890.2 cents per share (2025: 12,603.7 cents per share) amounting to a total of N\$733 million (2025: N\$ 620 million) were declared and paid by the company.

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
Dividends declared during the year	733	620	733	620
Dividends paid during the year	(733)	(620)	(733)	(620)

32. Statement of cash flows disclosure information

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
32.1 Receipts from customers				
Interest receipts	4,458	4,593	4,399	4,513
Commission and fee receipts	1,648	1,484	1,630	1,471
Other income received	304	211	306	212
	6,410	6,288	6,335	6,196
32.2 Payments to customers, suppliers and employees				
Interest payments	(2,325)	(2,551)	(2,325)	(2,551)
Cash payments to employees and suppliers	(2,247)	(2,073)	(2,224)	(2,048)
	(4,572)	(4,624)	(4,549)	(4,599)
32.3 Cash generated from operations				
Profit before income tax	1,920	1,952	1,874	2,111
Dividends received	(15)	(10)	(12)	(229)
Adjusted for non-cash items:				
- Effective interest on debt securities	-	(8)	-	(8)
- Effective interest on deposits	1	24	1	24
- Effective interest on other borrowings	1	11	1	11
- Dividends capitalised to unit trust investments	(142)	(149)	(138)	(146)
- Net exchange differences on unit trust investments	43	10	43	10
- Interest receivable	-	-	-	-
- Effective interest of financial instruments	(474)	(517)	(474)	(517)
- Amortisation of intangible assets	42	50	42	50
- Depreciation of property and equipment	138	138	137	137
- Effective interest rate adjustment on loan initiation fees	29	-	28	1
- Fair value adjustment on interest free staff loans	(5)	(4)	(5)	(4)
- Net exchange differences	56	(15)	56	(15)
- Loss on disposal of property and equipment	10	5	10	5
- Share based payment expense	50	35	50	35
- Credit impairment losses	182	141	171	131
- Provision for post-employment benefits	2	1	2	1
	1,838	1,664	1,786	1,597
32.4 Income taxes paid				
Amounts receivable as at 1 July	(25)	96	(27)	96
Current tax charged to profit or loss	(459)	(534)	(445)	(516)
Refunds received	-	(87)	-	(87)
Amounts payable as at 30 June	10	25	11	27
Net of income tax paid	(474)	(500)	(461)	(480)

33. Contingent assets, liabilities and commitments

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
33.1 Capital commitments				
Authorised but not contracted for:				
Property and equipment	262	289	262	289
Intangible assets	104	208	104	208
	366	497	366	497
Funds to meet these commitments will be provided from own resources.				
33.2 Letters of credit	273	108	273	108
33.3 Liabilities under guarantee	3,211	3,024	3,211	3,024
Guarantees mainly consist of endorsements and financial guarantees.				
33.4 Loan commitments	5,753	4,698	5,753	4,698
33.5 Operating lease commitments				
Office premises				
- Not later than 1 year	1	2	1	2

The group and company has various operating lease agreements, of which the majority contain renewal options. The lease terms do not contain restrictions on the group and company's activities concerning further leasing, distribution of dividends or obtaining additional funding.

33.6 Pending litigations

There are a number of pending legal or potential claims against the group and company, the outcome of which cannot at present be foreseen. These claims are not regarded as material, either on an individual or collective basis. Any material pending litigations for which there is a probable cash outflow and that has a material effect has been provided for accordingly.

33.7 Guarantee issued to Capricorn Selekt Unit Trust Fund

The bank has entered into an agreement with Capricorn Unit Trust Management Company Ltd as follows: In the event of a credit default event suffered by the Capricorn Selekt Fund, the bank will refund the Capricorn Selekt Fund any shortfall on the realisation of any bill, bond, deposit or security issued by any counterparty as approved in the fund's mandate. A credit default event is defined as the bankruptcy of counterparties, approved by the Board credit committee, who issued the instrument. The guarantee is subject to certain set conditions and is limited to the realised shortfall between the last determined market value of the underlying investments and the realised value of the underlying investment.

In addition to the monitoring of the guarantee under the risk management framework described in note 3, the interbank limits take into account the total exposure, being the combined exposure of the bank and the fund, to any one counterparty. This combined exposure also complies with limits set by the Bank of Namibia and is appropriately monitored.

34. Related parties

In accordance with IAS 24, the group and company defines related parties as:

- i. the parent company;
- ii. subsidiaries;
- iii. associate companies;
- iv. entities that have significant influence over the group and company. If an investor has significant influence over the group and company, that investor and its subsidiaries are related parties of the group and company. The group is Bank Windhoek Ltd and its subsidiaries;
- v. post-retirement benefit funds (pension fund);
- vi. key management personnel being the Capricorn Group Ltd and Capricorn Investment Holdings Ltd board of directors and the group and company's executive management team;
- vii. close family members of key management personnel (individual's spouse / domestic partner and children; domestic partner's children and dependants of individual or domestic partner); and
- viii. entities controlled, jointly controlled or significantly influenced by any individual referred to in (vi) and (vii).

Bank Windhoek Ltd is a wholly owned subsidiary of Capricorn Group Ltd. Capricorn Group Ltd is listed on the Namibia Securities Exchange and is 41.6% (2025: 41.6%) owned by Capricorn Investment Holdings Ltd and is 26.9% (2025: 26.9%) owned by the Government Institutions Pension Fund (GIPF), its non-listed major shareholders.

Details of subsidiaries are disclosed in note 17.

Some banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. No impairment has been recognised in respect of loans granted to key management personnel during the year under review (2025: Nil).

During the year, the group and company transacted with the following related parties:

Entity	Relationship	Type of transaction
Capricorn Investment Holdings Ltd	Major shareholder of Capricorn Group Ltd	Support services Banking relationships
Government Institutions Pension Fund	Major shareholder of Capricorn Group Ltd	Banking relationships
Capricorn Group Ltd	Parent company	Support services Banking relationships
Bank Gaborone Ltd	Fellow subsidiary	Support services Banking relationship
Bank Windhoek EasyWallet Trust	Subsidiary	Support services Banking relationship
Bank Windhoek Nominees (Pty) Ltd	Subsidiary	Custodian of third-party relationships
Bank Windhoek Properties (Pty) Ltd	Subsidiary	Rental
BW Corporate Services (Pty) Ltd	Subsidiary	Dormant
BW Finance (Pty) Ltd	Subsidiary	Support services Banking relationship
Capricorn Asset Management (Pty) Ltd	Fellow subsidiary	Support services Banking relationship
Capricorn Capital (Pty) Ltd	Subsidiary	Support services Banking relationship
Capricorn Foundation (Non-profit association incorporated under section 21)	Under control of parent company	Social responsibility foundation
Capricorn Investment Group (Pty) Ltd	Fellow subsidiary	Support services
Capricorn Group Employee Share Benefit Trust	Special purpose entity	Banking relationship
Capricorn Group Employee Share Ownership Trust	Special purpose entity	Banking relationship
Capricorn Hofmeyer Property (Pty) Ltd	Fellow subsidiary	Support services Banking relationship
Capricorn Unit Trust Management Company Ltd	Fellow subsidiary	Guarantee fee Banking relationship
Entrepo Finance (Pty) Ltd	Fellow subsidiary	Support services Banking relationship
Entrepo Holdings (Pty) Ltd	Fellow subsidiary	Support services Banking relationship
Entrepo Life Ltd	Fellow subsidiary	Support services Banking relationship
Namib Bou (Pty) Ltd	Fellow subsidiary	Support services Banking relationship
Paratus Group Holdings Ltd	Associate of parent company	Banking relationship
Paratus Namibia Holdings Ltd	Associate of parent company	Banking relationship
Paratus Telecommunications (Pty) Ltd	Associate of parent company	Telecommunications relationship, Banking relationship
Sanlam Allianz Namibia Holdings (Pty) Ltd	Associate of parent company	Insurance relationship, Banking relationship
Santam Namibia Ltd	Associate of parent company	Insurance relationship, Banking relationship

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
The values of related party transactions and outstanding balances at year-end are as follows:				
34.1 Trade and other receivables from related parties				
Fellow subsidiaries	1	10	1	10
34.2 Loans and advances to related parties				
Parent company	164	178	164	178
Fellow subsidiaries	255	99	255	99
Indirect related parties	25	31	25	31
Key management personnel	49	46	49	46
Subsidiaries	-	-	50	45
34.3 Trade and other payables to related parties				
Parent company	2	-	2	-
Fellow subsidiaries	-	2	-	2
Associate of parent company	2	-	2	-
34.4 Deposits from related parties				
Parent company	18	163	18	163
Associate of parent company	1,188	1,143	1,188	1,143
Under control of parent company	43	-	43	-
Major shareholders of the group	470	669	470	669
Fellow subsidiaries	5,439	4,400	5,439	4,400
Indirect related parties	46	98	46	98
Key management personnel	13	10	13	10
34.5 Debt securities issued to related parties				
Major shareholders of the group	814	882	814	882
34.6 Expenses paid to related parties				
Parent company	80	60	80	60
Under control of parent	31	18	31	18
Fellow subsidiaries	43	35	43	35
Subsidiaries	-	-	20	1
Indirect related parties	14	-	14	-
34.7 Interest and similar expenses paid to related parties *				
Parent company	1	2	1	2
Under control of parent company	2	-	2	-
Major shareholders of the group	32	32	32	32
Fellow subsidiaries	326	323	326	323
Associate of parent company	79	85	79	85
Indirect related parties	1	2	1	2

	Group		Company	
	2026	2025	2026	2025
	N\$ million	N\$ million	N\$ million	N\$ million
34.8 Income received from related party transactions				
Parent company	-	1	-	1
Fellow subsidiaries	38	34	38	34
Subsidiaries	-	-	18	13
34.9 Interest and similar income received from related parties				
Fellow subsidiaries	25	13	25	13
Indirect related parties	4	3	4	3
Parent company	1	-	1	-
Key management personnel	4	5	4	5
Subsidiaries	-	-	20	10
34.10 Compensation paid to key management				
34.10.1 Executive management team				
Salaries and bonuses	38	39	38	39
Contribution to defined contribution medical schemes	1	1	1	1
Contribution to defined contribution pension schemes	2	2	2	2
Other allowances	5	5	5	5
	46	47	46	47
Long term incentives awarded				
Conditional shares - performance	0.3	0.3	0.3	0.3
Conditional shares - retention	0.3	0.4	0.3	0.4
34.10.2 Executive directors				
B R Hans				
Salaries and bonuses	6.4	8.1	6.4	8.1
Contribution to defined contribution pension schemes	-	0.3	-	0.3
Other allowances	0.4	1.2	0.4	1.2
	6.8	9.6	6.8	9.6
Long term incentives awarded				
Conditional shares - performance	0.2	0.2	0.2	0.2
J W Chapman				
Salaries and bonuses	4.0	1.0	4.0	1.0
Contribution to defined contribution pension schemes	0.3	0.2	0.3	0.2
Other allowances	1.9	0.4	1.9	0.4
	6.3	1.6	6.3	1.6
34.10.3 Non-executive directors' emoluments				
J Alders-Sheya	0.4	0.4	0.4	0.4
J J Esterhuysen	1.3	0.1	1.3	0.1
D G Fourie	1.5	1.4	1.5	1.4
DT Kali	0.2	-	0.2	-
V J Mungunda	0.8	0.7	0.8	0.7
E Solomon	0.6	0.4	0.6	0.4

J J Swanepoel (chairperson)	2.4	2.4	2.4	2.4
	7.1	5.4	7.1	5.4

* Following a review of the related party disclosures, the prior year interest expense disclosure was corrected to align with the underlying supporting records and improve consistency of presentation. Consequently, the previously reported amount was reduced by N\$213 million and restated accordingly.

35. Assets under custody

As at year-end, the group and company have no assets under custody (2025: Nil).

36. Segment information

The group consider its banking operations as one operating segment. Other components include microlending, property investment and custodian of third-party investments, however, these components each contribute less than 5% to the group revenue, assets and profit for the year, therefore the group has no significant components other than banking. This is in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the managing director of the group. The chief operating decisionmaker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

In assessing the performance of the banking operations, the managing director reviews the various aggregated revenue streams, the total costs and the assets and liabilities related to the banking activities, which have been disclosed in the various notes to the consolidated and separate annual financial statements.

36.1 Entity-wide disclosures

36.1.1 Products and services

Operating segment

Banking operations

Brand

Bank Windhoek

Description

Corporate and executive banking, retail banking services and specialist finance.

Product and services

Bank Windhoek Ltd conducts business as a registered bank and provides comprehensive banking services. Customers include both individuals and corporate customers.

36.1.2 Geographical segments

There are no segment operations outside Namibia as the group operates within the borders of Namibia.

36.1.3 Major customers

Segment reporting requires the disclosure of an entity's reliance on its major customers, if revenue from transactions with a single customer is ten percent or more of the entity's revenue. The group or company does not have customers that contribute ten percent or more to its revenue and are therefore not reliant on a single major customer.

37. Cost to income Ratio

For cost to income ratio purposes, the operational banking fees are reclassified from operating expenses to non-interest income.

		Group	
		2026	2025
		N\$ million	N\$ million
Net interest income	5	2,727	2,593
Non-interest income	7	1,863	1,798
Operating banking fees	9.2.	(321)	(283)
Income used for ratio		4,269	4,108
Operating expenses	9	2,488	2,298
Operating banking fees	9.2	(321)	(283)
Cost used for ratio		2,167	2,015
Cost to income ratio		50.8%	49.1%



Bank Windhoek
a member of **Capricorn Group**