The original signed version of this document is available for inspection at the offices of the Issuer at 7th Floor, 262 Independence Avenue, Windhoek, Namibia.

BANK WINDHOEK LIMITED

(Incorporated with limited liability under Registration Number 79/081 in the Republic of Namibia)

INFORMATION STATEMENT

IN RESPECT OF THE

ZAR5,000,000,000/NAD5,000,000,000 NOTE PROGRAMME

Bank Windhoek Limited (the "**Issuer**") intends to issue notes from time to time (the "**Notes**") under the ZAR5,000,000,000/NAD5,000,000,000 Note Programme (the "**Programme**") on the basis set out in the Amended and Restated Programme Memorandum dated 30 April 2019, as amended and restated from time to time (the "**Programme Memorandum**"). The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed "*Summary of Programme*" under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the "**Terms and Conditions**"), read together with the pricing supplement applicable to any Notes (the "**Applicable Pricing Supplement**").

Availability of Information

This Information Statement dated 22 June 2023 (this "Information Statement") is also available on the Issuer's website at http://www.bankwindhoek.com.na. Information on the Issuer's website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement. Only those documents which are incorporated by reference in the section headed "*Documents Incorporated by Reference*" in the Programme Memorandum should be relied upon for information in respect of the Programme and/or the subscription for the Notes.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement(s) in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its financial condition and results of operations (if any) and investor considerations/risk factors of the Issuer, until an updated information statement is issued. This Information Statement is not intended, and should not be construed as, the Programme Memorandum and/or the Applicable Pricing Supplement(s). It is not a standalone document and cannot be read without reference to the Programme Memorandum and/or the Applicable Pricing Supplement(s).

Information Statement dated 22 June 2023.

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GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement.

In addition, the Issuer, having made all reasonable inquiries, confirms that at the date of this Information Statement (the **Information Statement Date**) this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger(s), Dealer(s), the JSE Debt Sponsor, the NSX Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies ("**Affiliates**") and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger(s), Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes pursuant to the Programme Memorandum and the Applicable Pricing Supplement(s) under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger(s), Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

The distribution of this Information Statement and the offer for the subscription or sale of Notes pursuant to the Programme Memorandum and the Applicable Pricing Supplement(s) may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement, the Programme Memorandum, the Applicable Pricing Supplement(s) and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the Information Statement Date. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates (and their respective directors, employees, representatives and agents) or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of either the Issuer or its holding company, Capricorn Group Limited. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger(s) or Dealer(s), the JSE Debt Sponsor, the NSX Sponsor, their Affiliates. It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

Copies of this Information Statement are available by request from the registered offices of the Issuer.

INVESTOR CONSIDERATIONS/RISK FACTORS

Capitalised terms used in this section headed "Investor Considerations/Risk Factors" shall bear the same meanings as used in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Information Statement Date, or which it may not be able to anticipate at the Information Statement Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum to reach their own views prior to making any investment decision.

References below to the "*Terms and Conditions*", in relation to Notes, shall mean the "*Terms and Conditions of the Notes*" set out under the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*".

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Material Risks Relating to the Issuer's Business

Risks related to the macroeconomic, regulatory and market environments in Namibia

Volatility in the international capital markets and the global and regional economies could have an adverse effect on the Namibian economy as a whole and the Issuer's business, financial condition and results of operations

- The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant and which feature positive investor sentiment. The Issuer is affected by general economic and financial market conditions in Namibia, which can cause its financial condition and results of operations to fluctuate in the short-term as well as on a long-term basis.
- Volatility in the financial markets around the world, and the after-effects on the global economy usually lead to more difficult earning conditions for the financial sector. The resultant impact on earnings, or even failures of financial institutions around the globe are followed by action from governmental authorities, regulators and central banks internationally. The COVID-19 pandemic, resultant lockdowns and war in Ukraine, were no exception and the after effect of these continue to impact Namibia in much the same way as it has across the globe as uncertainty around inflation and growth continue and economies struggle to recover.
- Risks to domestic growth includes low to modest recovery in the country's trading partners, volatility in international commodity prices and undue exchange rate volatility. Extreme or uncertain weather conditions such as drought, flood and high temperature impact agriculture, water supply and other industries
- The uncertainty regarding electricity supply in South Africa and its impact on SA economic growth may weigh negatively on the region's economic recovery projections. However, the prospect of Namibia becoming an energy hub for the region with the discovery of oil and gas and investment into Green hydrogen and other renewable energy projects has the potential to positively impact Namibia and the SADC region.

- Any significant decline in the economic growth of any of Namibia's major trading partners, such as the European Union, could have an adverse impact on Namibia's balance of trade and could adversely affect Namibia's economic growth. The European Union is Namibia's largest export market. A decline in demand for imports from the European Union in particular could have an adverse effect on Namibian exports and its economic growth. Further, continued turbulence in the global economy could impact Namibia's economy, leading to reduced per capita income and consumer spending.
- Any uncertainty of Namibian and global growth prospects, together with potential changes to the global regulatory environment for banks, may impact the international interbank and capital markets and result in reduced liquidity and an increase in the cost of funding for banks. While the Issuer has put in place a comprehensive and robust liquidity risk management framework, reduced liquidity will inevitably restrict growth in assets and result in pressure on the achievement of forecasted results.

The Issuer is exposed to the political and economic conditions in Namibia and the region.

- Namibia is generally considered to be a developing economy. Investors in developing economies such as Namibia should be aware that these markets are subject to greater risk than more developed markets. These risks include potential economic instability as well as legal, political and social risks.
- The high unemployment rate in Namibia remains one of the biggest challenges to economic growth and causes a threat to social and political stability in the country, despite comprehensive social protection measures set in place by government.
- High unemployment, continued loadshedding, high inflation and interest rates in South Africa and risk of social unrest will impact and exacerbate Namibia's already fragile economy.

The Issuer's business, financial condition and results of operations could be adversely affected by volatility in interest rates and foreign currency

- The Issuer earns interest on loans and other assets and pays interest to its depositors and other creditors. The Issuer's net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Issuer. Net interest margins tend to get compressed in a low interest rate environment. Reductions in interest rates or compression of the interest rate spread will inevitably result in a decrease in interest margins and consequently a lower than anticipated amount of net interest income generated by the Issuer. Conversely, a rising or high interest rate environment may cause financial stress to customers and higher defaults on the repayment of debt, increasing the Issuer's bad debt losses. Higher interest rates could also reduce affordability of credit for certain clients, thereby potentially reducing the Issuer's ability to grow its advances book, especially if increases are higher or more regular than market expectations.
- Furthermore, the Issuer is subject to foreign currency fluctuations and such fluctuations may have an effect on the Issuer's business, financial position and results. The risk may lead to losses in on and off-balance sheet transactions of the Issuer. The Issuer has, however, implemented systems and controls to mitigate currency risk, including the strict enforcement of limits on the level of exposure to foreign currencies for both overnight and intra-day positions, which are monitored continuously.
- The Namibian dollar peg to the South African Rand and the need to retain adequate reserves to maintain the peg, has seen the Bank of Namibia ("**BoN**") not deviating substantially from the SA Monetary policy lending rate although BoN has lagged the increasing cycle post COVID-19. The risk of changes to the currency peg remains a focus although no immediate changes are anticipated over the next few years.

The Issuer operates in a highly regulated environment and any change in enforcement or the implementation of existing regulations, as well as proposed or future regulations, could have an adverse effect on its business, financial condition and results of operations

- The Issuer conducts its business subject to ongoing regulation and associated regulatory risks, and Namibian regulatory agencies have broad control over many aspects of the Issuer's business.

- The Issuer could also be adversely affected by future changes in legal, regulatory and compliance requirements. In particular, any change in regulation of the Issuer to increase the requirements for capital adequacy or liquidity, or a material change in accounting standards, could have an adverse effect on the Issuer's businesses.
- The Issuer is subject to the capital adequacy requirements set out in the Banking Institutions Act and related regulations, which provide for a minimum target ratio of capital to risk-adjusted assets. Increases in these requirements could result in a slowdown of growth for the Issuer.
- Following the global economic and financial crisis, the regulation and supervision of the global financial system have been and continue to be priorities for governments and supranational organisations. Specifically, the BCBS issued revised minimum global standards for banks in December 2010, revised in July 2011 – the Basel III proposals, which among other matters, places enhanced emphasis on the consistency and quality of capital and on curtailing liquidity risk. Failures of global banks will continue to drive additional changes to banking regulations across the world and Namibia will not be excluded.
- Climate change and other ESG related reporting will remain on the radar of the Issuer and its subsidiaries (the "**Group**").
- The greylisting of South Africa and potential greylisting of Namibia by FATF impacts speed of cross border payments due to additional compliance and monitoring, while potentially increasing the cost of raising funding and trading with global counterparties.
- The Issuer is unable to predict what regulatory changes may be imposed in the future or to estimate, with accuracy, the impact that any currently proposed regulatory changes may have on its business, the products and services it offers and the values of its assets. There have been continuous regulatory changes, both in the Namibian regulatory environment and the international regulatory environment, with specific focus on anti-money laundering; data security standards as laid down by the card associations; and capital requirements as laid down by the BCBS. The Issuer maintains a proactive approach to regulation and takes an uncompromising stance to ensure compliance with regulatory requirements.

Increased competition in the lending market could have an adverse effect on the Issuer's business, financial condition and results of operations

- The Issuer faces competition from the other Namibian commercial banks. In addition, there are non-bank credit providers that compete in the lending market. These organisations operating in the same market as the Issuer and compete to a large extent for the same clients as the Issuer.
- An increase in competition may reduce the Issuer's market share. Any increase in the cost of client acquisition and retention; a reduced deposit activity; reduced lending; increased pressures on the pricing of loans and deposits; and any greater pressure on the Issuer to recruit and retain high calibre staff, could have an adverse effect on the Issuer's business, financial condition and results of operations.

Risks relating to the Issuer's operations and business strategy

The Issuer relies on client deposits to fund a substantial portion of its assets and any loss of reputation or client confidence could result in unexpectedly high levels of client deposit withdrawals

- Growth in the Issuer's lending activities (consistent with applicable regulatory requirements) will depend, in part, on the availability of client deposits on appropriate terms. The Issuer will continue to rely on client deposits to fund loans and advances. Increased competition for client deposits will increase the cost of deposits, thereby negatively impacting on the Issuer's net interest margins and profit.
- Concentration risk in terms of sectors, products and clients in both funding and lending remain a risk for an economy of Namibia's size.

Future expected growth in loan advances may not be in line with historical growth rates, which could restrict the Issuer's ability to meet its financial targets

- The Issuer's ability to increase lending to clients that meet its credit quality standards in line with historical growth rates may be limited by competitive factors, high interest rates and other economic conditions which limit the pool of credit-worthy borrowers and barriers experienced by customers to change banks.

Net impairment charges may increase as a result of economic deterioration

- Weakness in Namibia's economy may have an adverse effect on the credit quality of the Issuer's loan portfolio and cause loan impairment charges and loan losses to increase, which in turn could have an adverse effect on the Issuer's business and results of operations.

The Issuer's business model and strategy expose it to credit and related risks

- The Issuer's business is subject to inherent risks regarding borrower credit quality and the recoverability of loans. Changes in the credit quality of the Issuer's borrowers or arising from systemic risk in the financial systems could reduce the value of the Issuer's assets and result in increased charges for bad debts and impaired loans. In addition, market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, could adversely affect the liquidity, business or financial conditions of the Issuer's clients, which in turn could further increase the Issuer's non-performing loans. Also, if the Issuer's borrowers default and fail to pay their loans, recourse to borrower assets to satisfy outstanding loan amounts is a timeous and demanding process.
- The Issuer's growth may place demands and strains on its systems, internal controls and employees. Management of growth requires, among other things:
    - the continued development of financial and management controls, including credit quality management and IT systems;
    - the implementation of additional or updated internal controls, including financial and other reporting procedures;
    - effective coordination among management, customer care and finance teams;
    - personnel training and the hiring of new personnel; and
    - continued access to financing.
- Further, the growth in the Issuer's business has also required increased investments in management and controls relating to credit risk, capital and funding to provide for further growth.
- If the Issuer is unable to successfully implement its growth strategy and integrate new personnel or systems, or otherwise fails to successfully manage its expected growth, it could adversely affect the Issuer's business operations.

The Issuer's success depends upon its ability to recruit and retain executive management and other key employees

- The Issuer's future operating results depend to a large extent on the continued contributions of senior management. The Issuer does have appropriate succession planning in place, but with the scarcity of top level skills, the simultaneous loss of some of the top management skills may pose a risk.
- In addition, the Issuer depends largely on its ability to attract, train, retain and motivate highly skilled executive management and employees. There is, however, significant competition for employees with the level of experience and qualifications that the Issuer depends upon.
- In order to recruit qualified and experienced employees and to minimise the possibility of their departure to other companies, the Issuer provides compensation packages that it believes are consistent with the standards of the labour markets in which the Issuer operates, and as a result may encounter higher operational costs.

Operational risks could have an adverse effect on the Issuer's business, financial condition and results of operations

- The Issuer is exposed to operational risks in the form of possible losses resulting from inappropriate or inadequate internal procedures, human or system errors, failures or insufficient performance by third-party partners and service providers or external events. Operational risks include legal risks and are often associated with one-off events, such as the failure to observe business or working procedures, defects or breakdowns of the technical infrastructure, criminal acts, fire and storm damage and litigation. The failure to manage these risks could have an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer relies on the performance, reliability and integrity of key information technology systems and the maintenance of certain key regulatory provisions

- The Issuer's banking platform is enabled and supported by an IT system that was designed for the Issuer's client-focused business model, and which is a core element of the Issuer's credit management process. IT platforms are however vulnerable to a number of problems, such as computer virus infections, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. Any incidents of malicious hacking of confidential client data could result in additional costs and losses to the Issuer and damage to its reputation. Any failure in the Issuer's IT platform, a general failure of electronic financial systems in Namibia or greater-than-expected IT costs could significantly affect the Issuer's operations and the quality of client service and could have an adverse effect on its business, financial condition and results of operations. The Issuer and holding company have a Cyber Risk Policy and maturity of the controls are continuously embedded into the Cyber resilience programme.
- Fraud risk includes financial crime and money laundering. The industry in which the Issuer operates carries inherent risk of fraudulent activities which may result in unexpected financial or reputational losses. This fraudulent activity may arise from within the borders of Namibia or abroad and may be perpetuated by parties related to the Issuer, such as employees or clients, or it may result from fraudulent activity from criminal syndicates and others targeting companies in the financial services sector. Social media and its impact on reputation risk may make it difficult to manage due to the decentralised nature of social media.

Catastrophic events, terrorist attacks, hostilities and pandemics could have an adverse effect on the Issuer's business, financial condition and results of operations

- Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases and other similar unpredictable events, and responses to those events or acts, may create economic and political uncertainties which could have a negative impact on the economic conditions in Namibia and, more specifically, could interrupt the Issuer's business and result in substantial losses. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets or key employees. If the Issuer's business continuity plans do not fully address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to additional operating costs, such as higher insurance premiums and the implementation of back-up systems. Insurance coverage for certain unforeseeable risks may also be unavailable and thus increase the Issuer's risks. If the Issuer fails to effectively manage these risks, such failure could have an adverse effect on the Issuer's business, financial condition and results of operations.

Credit risk

- The Issuer takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Issuer's portfolio, could result in losses that are different from those provided for at the reporting date. Loans and advances granted during low interest rate periods may be more susceptible to default as interest rates rise sharply. Credit risk, together with large exposures, are monitored by various governance forums and committees, including the Board Credit and Board Lending Committee.
- In addition to credit risk through a loan, the Issuer is exposed to counterparty credit risk, which is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Unlike credit exposures to a loan, exposures to counterparty credit could result in a positive or negative impact to the financial performance of the Issuer, depending on the underlying market factors. Such risk is associated primarily with derivative transactions.

Market risk

- The Issuer takes on exposure to market risks. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. It is not the Issuer's practice 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 Asset and Liability Committee ("**ALCO**") and maturity structures of term deposits are in line with the ALCO policy. Interest rate structures are discussed on a monthly basis by the interest rate subcommittee and external market resources are used to recommend interest rate views to

ALCO. The Market Risk Framework sets out the governance, controls, policies, guidance and procedures for market risk management within the company

Market risk measurement techniques

- The Issuer employs several measurement techniques to assess potential exposures to market change. Sensitivity analysis is applied to measure the impact of changes in interest rates. This measure is of importance in assessing the exposure of the Issuer's trading portfolio and the effect of such changes on the interest margin.
- Other measurement techniques include comprehensive analysis of maturities, both from the advance and funding perspective.

Foreign exchange risk

- The Issuer takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board of directors (the "**Board**") sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

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 Issuer takes on exposure 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 and reported on monthly.

Price risk

- The Issuer generally does not undertake equity exposure. Exposures to equity may arise from time to time due to the realisation of securities upon the winding up of an impaired loan.

Liquidity risk

- Liquidity risk is the risk that the Issuer is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.
- Liquidity risk is inherent in the Issuer's business endeavours and represents the ability of the Issuer 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 Liquidity Risk Framework and Contingency Funding Plan sets out the minimum liquidity risk management requirements for the Issuer. Under the policy, the Issuer is required to manage current and future liquidity positions in a prudent manner. This policy formalises the liquidity risk management process of the Issuer, the goal of which is to:
  - maintain liquidity risk at a manageable level through assessment and monitoring;
  - assess and advise against any permanent or temporary adverse changes to the liquidity position of the Issuer;
  - set and monitor limits for funding mix, investment products and client exposures;
  - monitor all applicable financial and statutory ratios; and
  - identify those liquidity triggers that may entail the activation of the Contingency Funding Plan to deal with any liquidity crises, as is required in terms of the BoN Determination on Minimum Liquid Assets ("**BID6**").
- The policy sets out rules to effectively control liquidity risk within the risk-return parameters dictated by the Boards' risk appetite.
- The policy aims to protect depositors, creditors, shareholders and other stakeholders of the Issuer 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 paying 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 Issuer's liquidity management process is outlined in the liquidity policy which includes, inter alia, the Issuer'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;
    - liquid asset minimum limit;
    - proactive identification of short, medium and long-term liquidity requirements; and
    - relationship management with other financial institutions.
- In general the Issuer does 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 in the day-to-day, as well as monthly analysis of liquidity positions, needs and risks. Limits and rules stipulated in the Liquidity Risk Framework and Contingency Funding Plan and by ALCO forms the basis for daily quotes on deposits to ensure optimal mix and concentrations are maintained.
- The Issuer must at all times hold an adequate liquid asset surplus which:
    - includes a buffer portion;
    - is additional to credit lines;
    - is adequate to cater for unexpected outflows; and
    - is simultaneously limiting the effect this surplus has on interest margins.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any Applicable Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There may not be an active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa, Namibia or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because uncertificated SA Notes are held in the Central Securities Depository (CSD), investors will have to rely on their procedures for transfer, payment and communication with the Issuer

SA Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange(s) and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted SA Notes may also be held in the CSD in uncertificated form. SA Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in SA Notes in respect of SA Notes, issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated SA Notes will be made to the CSD or the Relevant Participants and the Issuer will discharge its payment obligations under the SA Notes by making payments to or to the order of the CSD or the Relevant Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated SA Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Relevant Participants, as the case may be, shall look solely to the CSD or the Relevant Participant, as the case may be, for their share of each payment so made by the Issuer to the registered holder of such uncertificated SA Notes (being the CSD or the Participant). The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated SA Notes will not have a direct right to vote in respect of the relevant SA Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

Recourse to the JSE Debt Guarantee Fund Trust

The holders of SA Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of SA Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted SA Notes are not regulated by the JSE.

Credit Rating

Tranches of Notes issued under the Programme, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer, after the Information Statement Date, will be announced on the JSE's Stock Exchange News Service.

Risks related to the structure of the particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor") or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Credit-Linked Notes

<u>Credit Events – Credit Exposure to Reference Entity/ies</u>

Credit-Linked Notes are credit derivative instruments which reference one or more Reference Obligation(s) of one or more Reference Entity/ies, as indicated in the Applicable Pricing Supplement. The amount payable under a Tranche of Credit-Linked Notes may be dependent in part upon whether or not a Credit Event has occurred. A Credit Event may be related to various credit-related events occurring in respect of one or more Reference Obligation/s of one or more Reference Entity/ies, as specified in the Applicable Pricing Supplement.

If none of the Credit Events applicable to a Tranche of Credit-Linked Notes (specified in the Applicable Pricing Supplement) occur on or prior to the Maturity Date, the interest on the Credit-Linked Notes will be paid over the life of the Credit-Linked Notes in accordance with the applicable provisions of Condition 8 (Interest) (where the Credit-Linked Notes are interest-bearing Notes), and the Tranche of Credit-Linked Notes will (unless previously redeemed or purchased and cancelled), be redeemed on the Maturity Date, at the Final Redemption Amount, in terms of Condition 10.7.

Following the occurrence of a Credit Event applicable to a Tranche of Credit-Linked Notes and satisfaction of all of the Conditions to Settlement, the Issuer's obligation to redeem that Tranche of Credit-Linked Notes, on the Maturity Date, at the Final Redemption Amount, will cease and will be replaced by an obligation to redeem that Tranche of Credit-Linked Notes with the applicable Settlement Method specified in the Applicable Pricing Supplement.

The Cash Settlement Amount or the Auction Settlement Amount or the Market Value of the Deliverable Obligations (or any similar or related amount) may be less than the Principal Amount of a Tranche of Credit-Linked Notes or zero. Accordingly, Noteholders may be exposed to the credit of the Reference Entity/ies to the full extent of their investment in Credit-Linked Notes.

Reliance on creditworthiness of the Issuer and the Reference Entity/ies

The Noteholders of Credit-Linked Notes are, in effect, taking on the credit risk of the Reference Entity/ies and the credit risk of the Issuer through their investment in the Credit-Linked Notes. Consequently, Noteholders of Credit-Linked Notes are relying not only on the creditworthiness of the Issuer but also on the creditworthiness of the Reference Entity/ies.

Exchange Control Regulations

Any Listed Deliverable Obligations due to a non-resident Noteholder of Credit-Linked Notes may be delivered to such non-resident Noteholder, and any distributions under such Deliverable Obligations and any proceeds due to such non-resident Noteholder on the sale at market value of such Deliverable Obligations may be remitted from the Common Monetary Area. The delivery of any other Deliverable Obligations to a non-resident Noteholder may require the prior approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section headed "Exchange Control").

The issue of a Tranche of Credit-Linked Notes (or any other Tranche of Notes) which references one or more foreign Reference Entity/ies and/or foreign Reference Obligation/s and/or other foreign asset/s requires the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section headed "Exchange Control").

Conflict of interest

The Issuer is also acting as Calculation Agent (unless the Issuer elects to appoint another entity as Calculation Agent, as contemplated in the Terms and Conditions), and will be responsible for determining whether a Credit Event has occurred, calculating the payments to be made in respect of a Tranche of Credit-Linked Notes, and determining the dates of such payments in accordance with the Terms and Conditions. The Issuer may also deal in Credit-Linked Notes.

The Issuer may have business or other relationships with any Reference Entity and may hold debt obligations (whether or not constituting Reference Obligations) of, or otherwise have credit exposure to, any Reference Entity. Nothing contained in this Programme Memorandum must be construed as restricting or imposing any liability, duty or restriction on the Issuer and/or the Group and/or any of the officers or directors of the Issuer or the Group, in respect of dealing with, or otherwise extending credit to or advising any Reference Entity. Performance of the Terms and Conditions will be determined without regard to any credit exposure or actual loss the Issuer, or any other person, may have incurred with respect to any Reference Entity.

Modification and waivers and substitution

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The SA Notes and NAM Notes are governed by, and will be construed in accordance with the laws of Namibia in effect as at the Information Statement Date. No assurance can be given as to the impact of any possible judicial decision or change to the laws of South Africa and the laws of Namibia or administrative practice in either such jurisdiction after the Information Statement Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Foreign Exchange Movements

The Issuer maintains its accounts, and reports its results, in NAD. Namibian dollars have been pegged as a fixed exchange rate to South African Rand since 1993. However, there can be no assurance that Namibian dollars will not be de-pegged in the future or that the existing peg will not be adjusted.

Capital adequacy requirements

General

The Issuer is subject to the capital adequacy requirements set out in the Capital Regulations, which provide for a minimum target ratio of capital to risk-adjusted assets, which could limit its operations. Capital adequacy is measured in terms of the Banking Institutions Act and determinations made by the Governor from time to time in terms of section 71(3) of the Namibian Banking Institutions Act, under which the Issuer must maintain a minimum level of capital based on risk-adjusted assets and off-balance-sheet exposures. Until 31 December 2009, the Issuer was subject to regulatory capital adequacy requirements under Basel I, which changed to Basel II on 1 January 2010.

At the Issuer, capital adequacy is measured via two risk-based ratios: Tier 1 capital and total risk based capital. Total capital is a function of core capital and non-core capital, encompassing non-redeemable non-cumulative preference shares and hybrid capital. Risk weighted assets are measured in terms of Basel II under the standardised approach (see "Basel II" below). The Banking Institutions Act requires the Issuer to maintain a minimum level of capital based on the Issuer's risk weighted assets. These minimum requirements are a Tier 1 capital adequacy ratio of 7.5% as at the Information Statement Date and a total risk-based capital ratio of 10%.

Any failure by the Issuer to maintain its capital adequacy ratios may result in sanctions against the Issuer which may in turn impact on its ability to fulfil its obligations under the Notes. In addition, it is difficult for the Issuer to predict the precise effects of the changes that may result from the implementation of Basel II on the Issuer's calculations of capital, the impact of these revisions on other aspects of its operations or the impact on the pricing of the Notes.

Basel II

The Basel II Framework ("**Basel II**") was introduced by the Basel Committee on Banking Supervision ("**BCBS**") in June 2004 to replace the 1988 Capital Accord ("**Basel I**"). Following the decision to implement Basel II by 2010, the Banking Supervision Department of the BoN, together with the commercial banks in Namibia, formed a Basel II project implementation team.

Under Basel II banks are permitted to choose between two methodologies for calculating their respective capital requirements. One alternative is to measure credit, operational and market risks in a standardised manner, supported by external credit assessments. The other alternative, which is subject to the explicit approval of the relevant central bank regulator, is to allow banks to use their respective internal ratings systems. The BoN elected to implement the standardised approach.

Basel III

The Basel III proposals, which were agreed by the Governors of the relevant central banks and the Heads of the BCBS, and endorsed by the G20 leaders at their November 2010 Seoul summit, are to be adopted in the domestic regulatory framework.

BoN issued their revised Basel III implementation timelines on 27 October 2017. BoN phased-in the Basel III capital adequacy framework in Namibia over a 5 year period, which represents a two year time lag behind the recommended date envisaged by the BCBS. The first Namibian Basel III determination, the Determination on the Measurement and Calculation of Capital Charges for Credit Risk, Operational Risk and Market Risk for Domestic Systemically Important Banks ("**BID-5A**"), became effective on 1 September 2018. Please note that BID-5A has not established all additional capital buffer requirements and no changes have been made to the risk weighting of assets.

The Basel III capital determination was implemented in Namibia with effect from 1 September 2018. Banking institutions have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations on an ongoing basis. To ensure a smooth transition to Basel III, appropriate transitional arrangements were provided for meeting the minimum Basel III capital ratios and full regulatory adjustments to the components of capital etc. The implementation of Basel III liquidity ratios in Namibia under BID-6A, introduces specific requirements in the form of a liquidity coverage ratio ("**LCR**") and net stable funding ratio ("**NSFR**"). The bank is participating in the quantitative impact studies ("**QIS**") being performed as part of the BID-6A implementation. During the parallel reporting period, the bank's LCR, NSFR and QIS ratios exceeded the minimum requirement of 100%. The bank expects to continue to be able to comply with these ratios once they are introduced by legislation in January 2024.

For further information on risks applicable to the Issuer, please refer to the Group's annual report, which is accessible at https://www.bankwindhoek.com.na/Pages/Reports.aspx

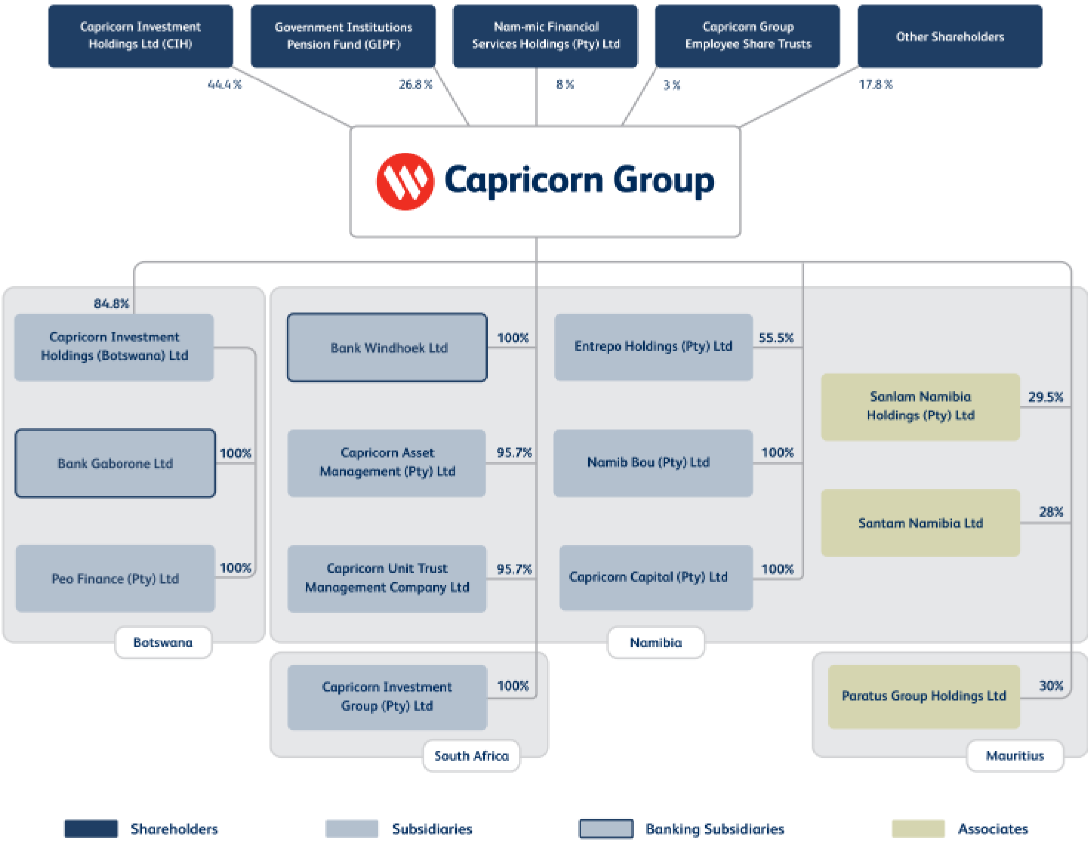
DESCRIPTION OF BANK WINDHOEK LIMITED

Capitalised terms used in this section headed "Description of Bank Windhoek Limited" shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section or are clearly inappropriate from the context.

1. **INTRODUCTION**

1.1. The Issuer, a wholly-owned subsidiary of Capricorn Group Limited ("**Capricorn Group**") (previously Bank Windhoek Holdings Limited ("**BWH**")). Capricorn Group is an investment holding company with interests in various companies in the financial banking, insurance, asset management, microfinance and telecommunication sectors of Namibia and Botswana.

1.2. As at the Information Statement Date, Capricorn Group's group structure can be diagrammatically depicted as follows:



1.3. The Issuer is the flagship subsidiary of Capricorn Group. At 30 June 2022 the Issuer contributed 67% to Capricorn Group's net profit after tax and 81.7% to the net asset value of Capricorn Group.

1.4. The Issuer has established itself as one of the leaders in the financial services industry in Namibia with total assets of NAD47.03 billion as at 30 June 2022. and a national retail branch network of 53 branches and agencies, 4 Private Wealth suites, 3 Corporate offices, 1 customer contact centre and 1 Business Banking iLounge which also assists Small and Medium Enterprises. International Banking Services have 2 main points of representation but offers foreign exchange services through all its own branches. Capricorn Private Wealth is a joint venture between Bank Windhoek and Capricorn Asset Management.

1.5. The Issuer further has 155 ATMs and in addition, a total of 251 the Issuer's Cash Express ATMs installed at merchants across Namibia in partnership with ATM Solutions Namibia. More than 3400 Point of Sale (POS) devices are distributed throughout Namibia.

2. **SUBSIDIARIES**

The Issuer has the following subsidiaries:

2.1. BW Finance (Pty) Limited ("**BW Finance**") is the vehicle through which the Issuer does its micro lending business in partnership with Nam-mic. The partnership was established in 2002.

2.2. Bank Windhoek Properties (Pty) Limited owns the Bank Windhoek main building situated at 262 Independence Avenue, Windhoek. The net carrying value of the building as at 30 June 2022 is NAD11.8million.

2.3. Bank Windhoek EasyWallet Accounts Trust.

2.4. Bank Windhoek Nominees (Pty) Limited. Currently dormant.

2.5. Delmont Investments (Pty) Limited, which holds 73.78% in Tulongeni Property Developers (Pty) Limited, the registered owner of the Khomas Grove Mall in Windhoek, Namibia.

3. REVIEW OF OPERATIONS AND DESCRIPTION OF BUSINESS

3.1. Distribution Network

As set out in the graphical illustration below, the Issuer has an extended distribution network covering the entire country of Namibia.

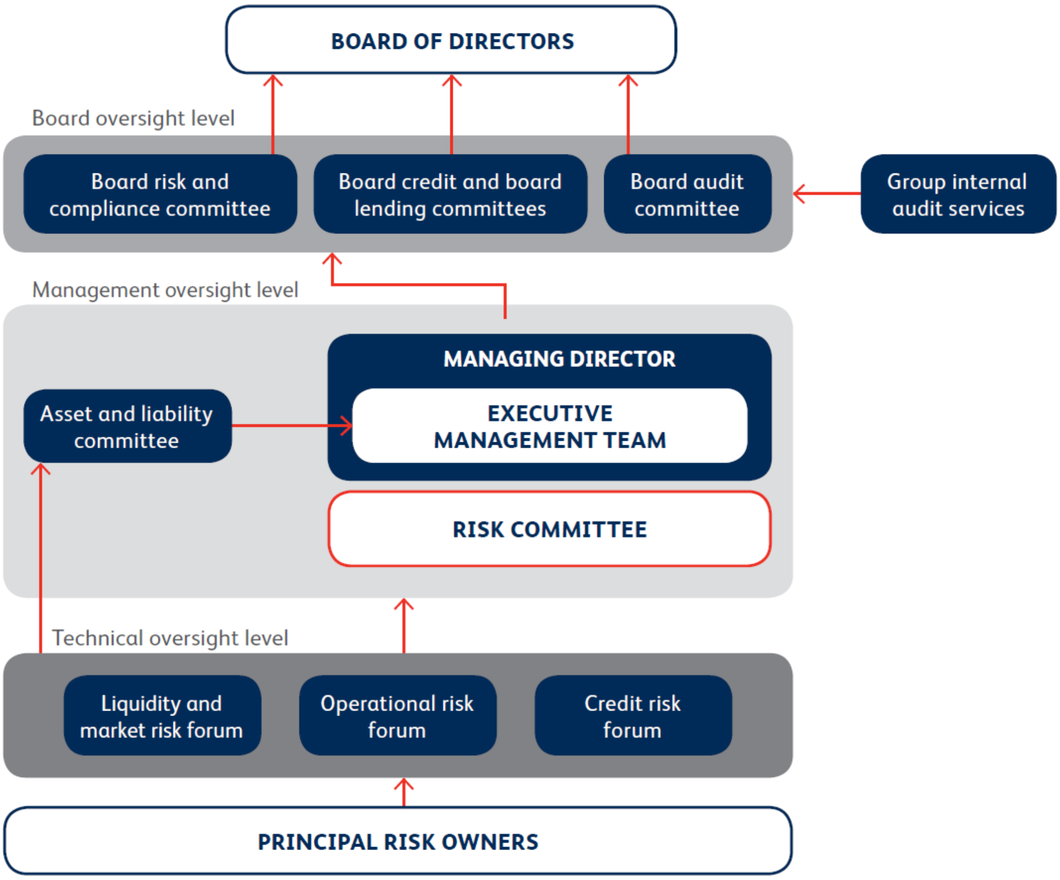
3.2. The Issuer offers a wide range of financial services and products and is continuously looking for opportunities to expand and improve its product and services offering.

3.3. For further information on the Issuer's business, including products and services, please refer to the Group's annual report, which is accessible at https://www.bankwindhoek.com.na/Pages/Reports.aspx

4. **RISK MANAGEMENT**

4.1. **Risk management governance**

4.1.1. The Board of the Issuer is ultimately accountable for any financial loss or reduction in shareholders' value, and therefore has a duty to make the necessary enquiries to ensure that the requisite systems, practices and culture are in place to manage all risks to which the Issuer is exposed. This risk management/control responsibility in respect of the Issuer has primarily been delegated to the Board Risk and Compliance Committee ("**BRC**") and Board Audit Committee ("**BAC**"), Board committees established by the Board of the Issuer, which committees report back to the Board. The BRC and BAC are governed by formal, written terms of references and the Board of the Issuer is satisfied that the BRC and BAC has complied with all responsibilities under their mandates. The BRC and BAC places substantial reliance on the risk management structure as set out below:



The BRC and BAC, whose chairmen are independent non-executive directors of the Issuer, were established to ensure the Issuer's compliance with the requirements of the Banking Institutions Act and, more specifically, to oversee sound risk management, accounting, internal audit, management assurance, internal control, compliance, forensics and ethics structures. The external auditors have unrestricted access to these committees, which ensures that its independence is in no way impaired.

4.1.2. During recent years and with the implementation of BASEL requirements by the Bank of Namibia, risk management within the Issuer has become a focal point. To assist the BRC in monitoring exposures to risks in the day-to-day operations, a risk committee comprising members of the executive management team of the Issuer meets on a monthly basis. The primary responsibility of this team is to evaluate the risk management model employed by the Issuer, determine the overall risk profile of the Issuer and to provide recommendations to manage identified, unidentified and potential risks.

4.1.3. The risk management function, including operational risk analysis and financial risk analysis (i.e. market risk, liquidity risk and credit risk), provides independent risk oversight. The compliance function also reports to this unit and has a primary function of setting bank-wide standards for achieving compliance with the relevant laws, regulations and supervisory requirements, as well as industry and international best practice. The risk management function is headed by the Head: Risk Management and Compliance, who is a member of the executive management team of the Issuer. The Head: Risk Management and Compliance, who has unrestricted access to the chairman of the BRC and BAC, reports directly to the managing director of the Issuer. The risk management function is responsible for establishing and driving the implementation of the risk management framework (i.e. the Group Risk Internal Control and Assurance Framework), which includes policies, procedures, standards, methodology and processes.

4.2. **Risk Management Framework**

4.2.1. The Issuer has set in place a risk management framework to receive information on the effectiveness of measures to identify and address significant internal risks arising from the operations of the Issuer, as well as external risks arising from the external environment in which the Issuer operates, including the design and operating effectiveness of internal control to mitigate the identified risks.

4.2.2. The risk management approach of the Issuer is to ensure that all risks that may have a significant or potential negative impact on the Issuer are identified and managed. The risk management policies, approved by the BRC, define the major risks, called principal risks, that the Issuer is exposed to, as well as how the identified risks should be assessed, monitored, controlled/mitigated and reported. The framework also establishes and quantifies the risk appetites for each category of principal risk the Issuer is exposed to.

4.2.3. In order for the Issuer to determine the extent to which potential events have an impact on the achievement of its objectives, a risk assessment process is followed. Within this process, risks identified are subject to the assessment of the likelihood of occurrence, the magnitude of impact and its risk rating. Each risk is required to have a risk response, representing the Issuer's response to mitigate or accept the risk.

4.2.4. As operational risk events continuously evolve arising from external market changes and other environmental factors, as well as from new products, activities and/or systems, the ongoing review of the operational risk management framework is a crucial link in the risk management process.

4.3. **Internal Control**

4.3.1. The Issuer maintains systems of internal control over financial reporting and over the safeguarding of assets against unauthorised acquisition, use or disposition. These are designed to provide reasonable assurance to the Issuer and each subsidiary of the Issuer's management and Board regarding the preparation of reliable published financial statements and the safeguarding of the Issuer's assets. An approved Business Continuity Plan is in place, which is tested annually. The entities over which the Issuer does not have control, and which are not included in the Business Continuity Plan, are not significant to the operations of the Issuer. The directors will however seek assurance that significant risks pertaining to these entities are managed and that any system of internal control is operating effectively.

4.3.2. The systems include a documented organisational structure and division of authority and responsibility, established policies and procedures that drive the governance and control environment, and which are communicated throughout the Issuer's business, and the proper training and development of its people.

4.3.3. The Group internal audit function is an independent objective assurance and consulting function created to add value and improve an organisation's operations. It helps the Issuer to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

4.4. **External Auditor**

The external audit policy, as approved by the Board Audit Committee ("**BAC**"), ensures that the independence of the external auditors is in no way impaired and consequently also governs non-audit services performed by the external auditor. The BAC approves the external auditor's terms of engagement, agrees to the scope of work and the annual audit plan.

5. **BOARD OF DIRECTORS**

Directors Declarations:

In relation to each of the Issuer's directors, the Issuer confirms that none of them have:

- ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;
- ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- ever been involved in any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the South African Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s) as a director with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
- ever been involved in any compulsory liquidations, administrations or partnership voluntary compromise arrangements of any partnerships where they were partners at the time of, or within the 12 months preceding such event(s);
- ever been involved in the receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
- ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;
- ever been barred from entry into any profession or occupation;
- ever been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the South African Companies Act;
- ever been removed from an office of trust, on the grounds of misconduct and involving dishonest; and
- ever been declared delinquent or placed under probation under the South African Companies Act in terms of section 162 of the act and/or section 47 of the Close Corporation's Act, 1984 (Act No. 69 of 1984) or disqualified to act as a director in terms of section 219 of the South African Companies Act, 1973 (Act No. 61 of 1973).

Jacobus Christiaan Brandt **Non-executive director** **BA LLB** **Other directorships** Capricorn Group Limited Capricorn Investment Holdings Limited Consortium Securities (Pty) Limited Grootfontein Holdings (Pty) Limited Hawthornden (South West Africa) (Pty) Limited Infocare Healthcare Services (SA) (Pty) Limited	Koos Brandt is a founding member of Bank Windhoek. He was appointed as chairperson of the Board of Bank Windhoek on 1 April 1982 and was chairperson of Capricorn Group from its inception in 1996 until 2017. He practised as a commercial lawyer for more than 30 years at Dr Weder, Kruger and Hartmann (now Dr Weder, Kauta & Hoveka).

Infocare International (Pty) Limited Namibia Strategic Investments (Pty) Limited Northern Mills (Pty) Limited Etosha Holdings (Pty) Limited Acme Comer (Pty) Limited	
Daniel Gerhardus Fourie **Lead independent non-executive director** **BCom (Hons), CA(SA), CA(Nam)** **Other directorships** Capricorn Capital (Pty) Limited Capricorn Group Limited Capricorn Foundation (Non-Profit Association incorporated under Section 21) Catania Investments (Pty) Limited Cavalier Group of Companies (Pty) Limited Emmen Investments (Pty) Limited Erf Two Four Seven One Klein Windhoek CC Grunau Farming (Pty) Limited Kuduberg Farming (Pty) Limited Namb Bou (Pty) Limited	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 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.
Johannes Jacobus Swanepoel **Independent non-executive chairperson** **BCom (Hons), CA(SA), CA(Nam)** **Other directorships** 344 Independence Avenue (Pty) Limited Capricorn Group Limited Capricorn Investment Holdings Limited Imago Dei (Incorporated Association Not For Gain) Infocare Healthcare Services (SA) (Pty) Limited Infocare International (Pty) Limited Kuiseb Investments (Pty) Limited Namibia Strategic Investments (Pty) Limited Erf 7 Development CC	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 boards 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.
Marthinus Johannes Prinsloo **Non-executive director** **BCompt (Hons), CA(SA)**	Thinus Prinsloo joined Capricorn Investment Holdings in 2011 and was appointed as managing director of Capricorn Group from 1 January 2016. Before joining the Group, Thinus worked

Other directorships Bank Gaborone Limited Capricorn Capital (Pty) Limited Capricorn Foundation (Non-Profit Association incorporated under Section 21) Capricorn Group Limited Capricorn Investment Holdings (Botswana) Limited Capricorn Hofmeyer Property (Pty) Limited Chateau Investment CC Mukumbi Investments Limited Paratus Group Holdings Limited Sanlam Consolidated Life Assurance Limited Sanlam Financial Solutions Limited Sanlam Namibia Holdings (Pty) Limited Sanlam Namibia Limited	at Absa in South Africa where he held various positions, including the head of integration. Prior to that, he worked as a business strategy consultant at IBM and PwC. Thinus qualified as a chartered accountant while working at PwC in South Africa and the corporate finance division in the UK. He completed a number of executive programmes at GIBS, the University of Cape Town Business School and, most recently, the Oxford Advanced Management and Leadership Programme at Saïd Business School. In 2021 he qualified as a Certified Director.
Francois Jacobus Du Toit **Independent non-executive director** **BCom (Hons), CA(SA)** **Other directorships** Frans Du Toit Familie Trust Francol Beleggings BK	Frans du Toit qualified as a Chartered Accountant (SA) in 1970, whereafter he joined Hoek & Wiehahn (Audit Firm) as audit partner. In 1987, he joined Volkskas Bank as the bank's Division General Manager: Finance, which merged to later form the ABSA Group. He was appointed Group General Manger: Finance of the ABSA Group in 1991, and later the Group Executive Director: Finance in 1997.
Gida Nakazibwe-Sekandi **Independent non-executive director** **LLB, Accredited public relations practitioner** **Other directorships** Alpha Namibia Industries Renewable Power Limited (Pty) Limited (ANIREP) Archbishops Close Unit Six Property CC Bertina Properties CC Capricorn Foundation (Non-Profit Association incorporated under Section 21) Capricorn Group Limited Capricorn Investment Holdings Limited Entrepo Finance (Pty) Limited Entrepo Life Limited Paua Investments (Pty) Limited	Gida Nakazibwe-Sekandi joined the banking industry in 2000 when she was appointed as Executive Officer: Marketing and corporate communication at Bank Windhoek. In 2008, she was appointed as Executive Director of Capricorn Investment Holdings Ltd. Gida is a founding member of the Public Relations Institute of Southern Africa ("PRISA") Namibia. She has served in various executive roles, including as head of industrial relations and communications and head of corporate affairs at Rössing Uranium. She served in the Ministries of Justice in Uganda and Zimbabwe as state attorney and public prosecutor, respectively. She invests her time pro bono in various social institutions, including MSR, Women@Work and the Capricorn Foundation.

The Men on the Side of the Road Project (Namibia) (Incorporated Association Not for Gain) Tungeni Serenity (Pty) Limited Villa Investments 74 CC Welwitschia Insurance Brokers (Pty) Limited Women at Work Training Centre (Incorporated Association Not for Gain)	
Baronice Raschida Hans **Executive director** **BCom (Hons), CA(Nam)** **Other directorships** BW Finance (Pty) Limited Bank Windhoek Nominees (Pty) Limited Bank Windhoek Properties (Pty) Limited BR Rentals Capricorn Capital Limited Capricorn Foundation (Non-Profit Association incorporated under Section 21)	Baronice Hans qualified as a Chartered Accountant (Nam), where after she joined NamPower to later hold the title of General Manager: Finance, Treasury and Property Management. She played a role in NamPower's listing of the inaugural bond on the NSX and BESA. In 2009, she joined Standard Bank as the Chief Operating Officer, and later became the Executive Director and Head Personal and Business Banking in 2010.
Vetumbuavi Junius Mungunda **Independent non-executive director** **BCom, HDipAcc, CA(Nam), CA(SA)** **Other directorships** Betula Nigra Investments (Pty) Limited Entrepo Finance (Pty) Limited Entrepo Holdings (Pty) Limited Entrepo Life Limited Namibia Breweries Limited Namibia Investments Promotion and Development Board (NIPDB) Ombu Capital (Pty) Limited Ombu Village Tours & Camping (Pty) Limited Oryx Properties Limited Schoemans Investments (Pty) Limited	Vetu 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.

Company Secretary

Hellmut von Ludwiger is the Capricorn Group Company Secretary and will also act as Company Secretary for the Issuer, responsible for the administration of the Board and Board sub-committees by ensuring sound corporate governance procedures are followed and maintained. The registered office of the Company Secretary is:

6th Floor, Capricorn Group Building

Kasino Street

PO Box 15

Windhoek, Namibia.

Debt Officer

Pursuant to paragraphs 6.39(a) and 7.3(g) of the JSE Debt Listings Requirements, Johannes Diederik Kruger has been appointed as the Issuer's Debt Officer. The Board has considered and is satisfied with the competence, qualifications and experience of the Debt Officer.

Debt Officer	
Johannes Diederik Kruger	Tel: +264 61 299 1641 Email: debtofficer@bankwindhoek.com.na

6. CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK

6.1. The Group (including the Issuer) and its directors are committed to the principles of effective corporate governance, the application of the highest ethical standards in the conduct of its business and affairs and the principles of employment equity throughout its operations.

6.2. The Board has appointed the following committees as at the Information Statement Date:

6.2.1. Group Board Social and Ethics Committee;

6.2.2. Board Risk and Compliance Committee;

6.2.3. Board Audit Committee;

6.2.4. Board Credit Committee;

6.2.5. Board Lending Committee;

6.2.6. Group Board Human Resources Committee;

6.2.7. Group Board Nominations Committee;

6.2.8. Group Board Remuneration Committee;

6.2.9. Group Talent Investment Board;

6.2.10. Group Board Investment Committee;

6.2.11. Group Executive Committee; and

6.2.12. Group Board IT Committee.

6.3. The Capricorn Group's approach to good corporate governance

6.3.1. The Capricorn Group, including Bank Windhoek, is committed to the principles of corporate governance, which is characterised by discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. By subscribing to these principles, the Capricorn Group, including Bank Windhoek, believes all stakeholders' interests are promoted, including the creation of long-term shareholder value. The Group King IV™ principles disclosure map is accessible on the Issuer's website at https://www.bankwindhoek.com.na/Pages/Reports.aspx.

6.3.2. The Board and its committees are responsible for establishing effective leadership, ethical practices and ensuring the appropriate application of governance practices and principles contained in King IV™. The Board believes that, based on the structures, policies and practices established, the Issuer substantially applies the principles contained in King IV™. The Board monitors the Group's application of relevant corporate governance principles.

6.4. The Board of the Issuer

6.4.1. The Board plays a pivotal role in the Issuer's corporate governance system. An overriding principle in regard to the Board's deliberations and approach to corporate governance will be that of intellectual honesty.

6.4.2. The Board, as constituted by the Namibian Companies Act, is governed by the board charter. The purpose of this board charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The board charter sets out the specific responsibilities to be discharged by the Board members collectively and the individual roles expected from them.

6.5. **King IV Report on Corporate Governance**

Bank Windhoek Limited is a listed public company and as such, Bank Windhoek Limited falls within the ambit of the corporate governance framework of Capricorn Group. The corporate governance framework adopted by Capricorn Group enables the Issuer's Board to fulfil its role of providing oversight and strategic counsel to the business, based on the King IV™ corporate governance principles, in balance with its responsibility to ensure adherence to regulatory requirements and acceptable risk tolerance parameters. Please refer to the Group's annual report, which is accessible at https://www.bankwindhoek.com.na/Pages/Reports.aspx for further information on how the Issuer has implemented King IV™.

6.6. **Group Policies**

6.6.1. **Conflicts of Interest Policy**

The Group's Conflict of Interest policy is accessible on the Issuer's website at https://www.bankwindhoek.com.na/Reports/Bank%20Windhoek%20-%20Conflict%20of%20Interest%20Policy%20December%202020.pdf.

6.6.2. **Nomination and Appointment of Directors Policy**

The Group's policies on the nomination and appointment of directors is accessible on the Issuer's website at https://www.bankwindhoek.com.na/Reports/Bank%20Windhoek%20-%20Directors%20Nomination%20Policy%20December%202020.pdf.

6.6.3. In accordance with paragraph 7.3(f) of the JSE Debt Listings Requirements, the Issuer has a current policy on the evaluation of the performance of its Board and that of its Board committees, its chair and its individual directors pursuant to the provisions of King IV™. The company will consider and apply the aforementioned policy when appointments to its Board and Board committees are made.

6.7. **Executive Financial Director**

The JSE has granted the Issuer a dispensation from having an executive financial director as contemplated in paragraph 7.3(d)(i) of the JSE Debt Listings Requirements. The responsibilities attached to the role of executive financial director is performed by Mr. Zenaune Kamberipa, a Chartered Accountant by profession, in his role as Chief Financial Officer of the Issuer. He is duly supported by finance managers and several other financial professionals.

6.8. **Role of the Board of the Issuer**

6.8.1. An important role of the Board is to define the purpose of the Group (which is its strategic intent and objectives as a business enterprise) and its values, which constitute its organisational behaviour and the norms to achieve its purpose. Both the purpose and the values are considered to be clear, concise and achievable. The Group's strategy is considered, agreed and evaluated annually, prior to the approval of the annual budget. Implementation is monitored at the board and executive meetings quarterly. The Board also ensures that procedures and practices are in place that protect the Group's assets and reputation. Further responsibilities of the Board include the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management.

6.8.2. A schedule of matters reserved for the Board's decision details key aspects of the Group's affairs that the Board does not delegate, including the approval of business plans and budgets, material expenditure and alterations to share capital. The Board annually approves the meeting programme. There are at least four board meetings per year. The Board as a whole remains responsible for the operations of the Group, but to assist in discharging its responsibilities, it delegates certain functions to committees established by the Board.

6.9. **Board Appointments**

Procedures for appointments to the Board are formal and transparent. Members of the Board are recommended by the Group Board nominations and remuneration committee which is chaired by an independent non-executive director of the Issuer, and the majority of members are non-executive. Casual vacancies will only hold office until the next annual general meeting at which time they will retire and become available for election. Executive directors will be engaged on employment contracts, subject to short-term notice periods, unless longer periods are approved by the Board.

6.10. **Board Risk and Compliance Committee**

6.10.1. The BRC, whose chairman is an independent non-executive director, was established to oversee sound risk management, accounting, internal audit, management assurance, internal control, compliance, forensics and ethics structures, and to liaise with the external auditors. Both the internal and external auditors have unrestricted access to this committee, which ensures that their independence is in no way impaired. The BRC is governed by formal, written terms of reference.

6.10.2. During recent years and with the implementation of BASEL requirements by the Bank of Namibia, risk management by the Issuer has become a focal point. To assist the BRC in monitoring exposures to risks in the day-to-day operations, a risk committee comprising of members of the executive management team and senior management, was established at the Issuer level. The primary responsibility of this team is to evaluate the risk management model employed by the Issuer and to provide recommendations to manage identified, unidentified and potential risks.

6.11. **Group Board Human Resources Committee**

The purpose of the Group Board human resources committee is to ensure that the Group is appropriately staffed in terms of skills levels and ethnic diversity to meet the challenges of the future. Programmes related to this are ratified by the committee. In addition, the committee ensures that management and staff is remunerated appropriately and that the remuneration scales, including incentive and share schemes, and conditions of employment of Group companies, are market related.

6.12. **Group Board Nominations Committee and Group Board Remuneration Committee**

The Group Board nominations and remuneration committees are responsible for the evaluation of new board appointees in the Group and ensure that Board members remain competent to fulfil their duties. The committee furthermore considers and recommends to the boards of Group companies appropriate remuneration for non-executive and executive directors as well as executive management. The Group Board remuneration committee is chaired by an independent non-executive director.

6.13. **Board Credit and Board Lending committees**

The Board credit and Board lending committees of the Issuer play a very important role in the monitoring, granting and management of credit, especially with regard to large exposures.

6.14. **Internal control**

6.14.1. The Group internal audit function is an independent objective assurance and consulting function created to add value and improve an organisation's operations. It helps the Issuer to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

6.14.2. The Issuer maintains systems of internal control over financial reporting and over the safeguarding of assets against unauthorised acquisition, use or disposition. These are designed to provide reasonable assurance to the Issuer and Board regarding the preparation of reliable published financial statements and the safeguarding of the Issuer's assets. An approved business continuity plan is in place which is tested annually.

6.14.3. The systems include a documented organisational structure and division of authority and responsibility, established policies and procedures that drive the governance and control environment and which are communicated, and the proper training and development of its people.

6.14.4. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable, and not absolute, assurance with respect to financial statement preparation and the safeguarding of assets.

6.15. **External auditor**

The external audit policy, as approved by the BAC, ensures that the independence of the external auditors is in no way impaired and consequently also governs non-audit services performed by the external auditor. The BAC approves the external auditor's terms of engagement, agrees to the scope of work and the annual audit plan.

6.16. **Code of ethics and conduct**

As part of its corporate governance practice and to encourage an environment where loyalty, integrity and trust prevail, all directors and employees are required to abide by the Group's code of ethics.

The code includes the ethics programme. The ethical standards of the company have been maintained throughout the year. Any contraventions of the code of ethics and conduct are acted upon in accordance with clearly communicated principles. The results of the ethics assessment undertaken during the year were incorporated into the ethics risk and control framework.

6.17. **Dealing in shares**

Dealing in shares is governed by a policy that sets out practices including approval requirements, disclosure principles and closed period rules.

6.18. **Environment Responsibilities**

6.18.1. The Issuer is committed to creating and maintaining a congenial, safe and healthy working environment for its employees while contributing to a healthy environment for the wider community, especially for communities located near its operations.

6.18.2. The Issuer's business units are committed to the responsible care of the natural environment in all areas in which they operate. The diversified and decentralised nature of the Issuer's operations creates a special challenge as it is difficult to identify the full extent of environmental risks. As a responsible corporate citizen, the Issuer is determined to address this challenge.

6.18.3. Board Sustainability and Ethics Committee

(a) There was increased sustainability focus following the establishment of a Group Board sustainability and ethics committee in 2016, to provide an independent and objective body to assist the Board in ensuring that Capricorn Group remains a good corporate citizen through the implementation of sustainability and ethics strategy and reporting framework. Key sustainability challenges that Capricorn Group may potentially face in future include climate change, poverty, health issues and resource shortages i.e. water, energy and food. In addressing these global and local issues we intend to use all our business lines, including banking, investment and asset management and microfinance, as well as property finance to address the key sustainability challenges.

(b) The Issuer's sustainability strategy is based on addressing sustainability in a holistic way, including environmental, social and economic issues. The Issuer's approach incorporates these steps:

SIGNED at ________________ on this _______ day of ____________________________ 2023.

For and on behalf of

BANK WINDHOEK LIMITED

____________________________	____________________________
Name:	Name:
Capacity: Director	Capacity: Director
Who warrants his/her authority hereto	Who warrants his/her authority hereto

GENERAL INFORMATION

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