



# FirstRand Namibia Limited 1H25 Initial Impression February 2025



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# FirstRand Namibia Ltd

## 1H25 Initial Impression

Target Price (c) 5370  
Current Price (c) 4652

Year End 30 June	1H24A	FY24A	1H25A	FY25E	FY26E	Recommendation	BUY
Net Interest Income (N\$ m)	1,464	3,082	1,655	3,254	3,396	NSX Code	FNB
Non-Interest Income (N\$ m)	1,217	2,442	1,339	2,591	2,764	Market Cap (N\$ m)	12,448
Profit after Tax (N\$ m)	836	1,704	926	1,905	2,037	Shares in Issue (m)	268
HEPS (c)	312	641	346	708	757	Free Float (%)	24.0
DPS (c)	174	354	192	393	420	52-Week High (c)	4951
DY (%)	7.1*	7.6	8.3*	8.4	9.0	52-Week Low (c)	4644
P/E (x)	7.9*	7.3	6.7*	6.6	6.1	Expected Total Return	23.9
P/B (x)	2.2	2.0	2.0	1.8	1.6		

Source: FirstRand Namibia Limited, IJG Securities  
\*Annualised

### 1H25 Initial Impression

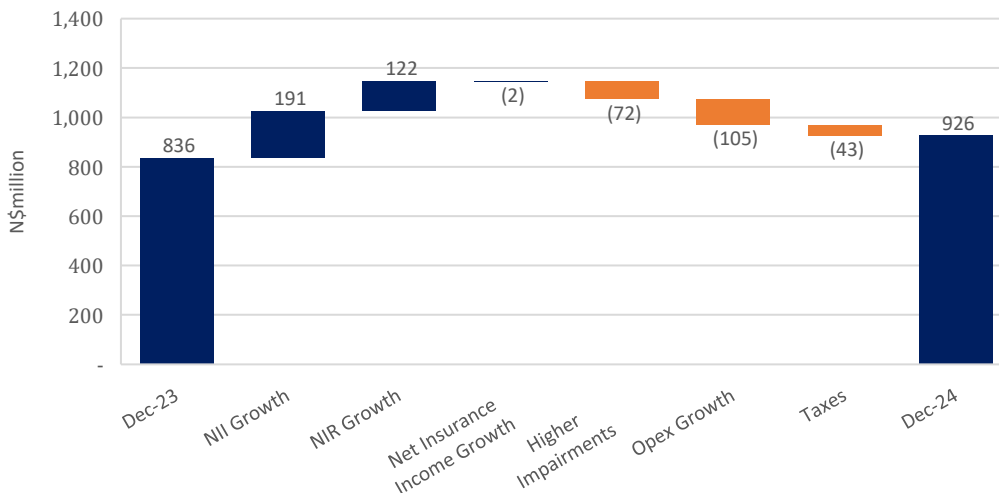
FirstRand Namibia Ltd (FNB) released results for the six months ended 31 December 2024 (1H25). The group recorded a 10.8% y/y increase in profit after tax to N\$926.3 million. This growth was primarily driven by balance sheet expansion, margin improvements, and higher transaction volumes. Headline earnings per share similarly rose by 10.8% y/y to 346.3cps (1H24: 312.9cps). FNB declared an interim cash dividend of 192.32cps (1H24: 173.5cps), translating to a payout ratio of 55.6%. ROE rose to 29.6% in 1H25, from 27.8% in 1H24, while the long-term dividend cover range remains at 1.5x – 2.5x.

(N\$ million)	1H24	1H25	Δ %
Interest and Similar Income	2,975.6	3,069.4	3.2%
Interest Expense and Similar Charges	(1,511.1)	(1,414.2)	-6.4%
<b>NII before Impairment of Advances</b>	<b>1,464.5</b>	<b>1,655.2</b>	<b>13.0%</b>
Impairment and Fair Value of Credit of Advances	(191.0)	(263.4)	37.9%
<b>NII after Impairment of Advances</b>	<b>1,273.5</b>	<b>1,391.8</b>	<b>9.3%</b>
Non-Interest Revenue	1,217.3	1,339.4	7.3%
Insurance before Reinsurance Contracts Held	6.7	4.6	-30.7%
<b>Income from Operations</b>	<b>2,497.6</b>	<b>2,735.9</b>	<b>9.5%</b>
Operating Expenses	(1,287.2)	(1,391.7)	8.1%
<b>Income before Tax</b>	<b>1,210.4</b>	<b>1,344.1</b>	<b>11.1%</b>
Indirect Tax	(26.4)	(29.9)	13.4%
<b>Profit before Tax</b>	<b>1,184.0</b>	<b>1,314.2</b>	<b>11.0%</b>
Income Tax Expense	(348.2)	(387.9)	11.4%
<b>Profit for the Period</b>	<b>835.8</b>	<b>926.3</b>	<b>10.8%</b>

Source: FirstRand Namibia

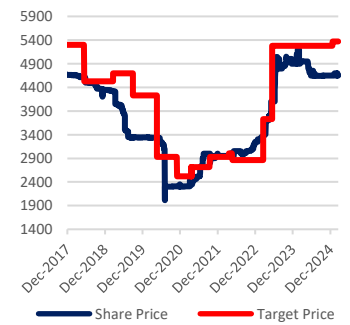
**Net Interest Income:** NII grew by 13.0% y/y to N\$1.66 billion, primarily driven by strong balance sheet growth. Interest expense declined by 6.4% y/y to N\$1.41 billion, on the back of a lower repo rate, which led to reduced deposit interest rates. FNB's net interest margin improved to 5.5% (1H24: 5.2%).

Profit After Tax Growth Breakdown



Source: FirstRand Namibia, IJG Securities

### FNB Share Price vs Target Price (c)



### Dividends

FNB declared an interim cash dividend of 192.32 cents per share.

- Last Day to Trade: 20 March 2025
- Ex-Dividend Date: 24 March 2025
- Record Date: 28 March 2025
- Payment Date: 11 April 2025





0,0005	4,85%
0,0003	13,04%
0,301	50,00%
0,0003	14,29%
0,0005	12,50%

**Assets and Advances:** Total assets increased by 3.8% y/y and by 3.9% over the six months to N\$63.23 billion. Gross advances recorded robust growth of 8.5% y/y, adding N\$3.23 billion to reach N\$41.19 billion, surpassing Private Sector Credit Extension growth of 4.0% y/y. This was mainly driven by a N\$2.18 billion increase in term loans and N\$637.3 million growth in instalment sales agreements. Meanwhile, overdrafts and cash-managed accounts declined by 22.1% y/y (N\$975.6 million) but saw a N\$747.4 million increase over the six-month interim period.

**Impairments and NPLs:** Impairment charges surged by 37.9% y/y to N\$263.4 million, reflecting specific impairments in a weakened economic environment and continuing trends from the previous financial year. The credit loss ratio (CLR) rose to 0.7% (1H24: 0.5%). NPLs stood at N\$2.48 billion as of December 2024, with an NPL ratio of 6.0%, a slight improvement from the 6.1% in FY24.

**Non-Interest Revenue (NIR):** FNB reported NIR growth of 10.0% y/y or N\$122.2 million to N\$1.34 billion in 1H25, translating to a seven-year compounded annual growth rate of 6.2%. This growth was mainly driven bank charges, the biggest contributor to NIR, which rose by 5.8% y/y or N\$50.9 million to N\$935.1 million. Fair value income increased by N\$46.7 million, followed by card commissions, which also notably increased by N\$40.1 million during the reported period. Total active customers rose by 7.2% y/y to 787,294 (December 2023: 734,270), and transaction volumes increased by 8.3% y/y to 26 million.

**Deposits:** Deposits increased by 7.2% or N\$3.21 billion to N\$47.89 billion since 30 June 2024. Fixed and notice deposits rose by N\$1.31 billion or 13.2% during the interim period to N\$11.20 billion, followed by a 10.1% or N\$1.04 billion increase in call deposits during the period. The group's capital adequacy ratio improved to 19.1% (December 2023: 16.4%), while the Tier 1 capital ratio increased to 16.9% (December 2023: 15.5%), ensuring a strongly capitalised position, above regulatory requirements.

**Operating Expenses:** Operating expenses rose by 8.1% y/y (N\$104.5 million) to N\$1.39 billion, surpassing NCPI growth of 3.4% y/y. This increase was largely expected, given ongoing investment in technology and digital transformation. Staff costs were well controlled, increasing by 5.0% y/y (N\$37.5 million) to N\$790.6 million, with annual salary increases averaging 5.8%, effective August 2024. Other operating expenses, including IT-related costs, climbed by 11.1% y/y (N\$52.8 million) to N\$526.9 million.

## Our Take

FirstRand Namibia delivered strong financial results for the first half of the 2025 financial year, driven by solid balance sheet growth, improved margins, and increased transaction volumes. Looking ahead, management has indicated that growth in the second half is likely to be more moderate. The ongoing cycle of rate cuts is also expected to weigh on NII, primarily due to lower endowment income.

Additionally, the first-half performance benefited from favourable base effects, which will most likely not extend into the latter half of the year, according to management. Adjustments to the credit write-off policy, as outlined in the results report, will further increase the cost of credit, impacting overall profitability. Nonetheless, FNB remains well-positioned to navigate these headwinds, supported by its strong capital adequacy, continued investment in digital transformation, and growing customer base.

Using a panel of standard valuation techniques, a cost of equity of 17.1% and a long-term sustainable return on equity of 22.5%, we derive a **target price of N\$5370**. Coupled with a total dividend of 393cps, we derive a potential total return of 23.9%. Based on this, we view the current share price as undervalued and retain our **BUY** recommendation on FNB.



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