



FirstRand Namibia Limited **1H26 Initial Impression** Dependable As Always



Research Analyst:

Kari Rossouw
kari@ijg.net

FirstRand Namibia Ltd

1H26 Initial Impression

Current Price (c)

5457

Half Year 31 December	1H24	FY24	1H25	FY25	1H26		
Net Interest Income (N\$ m)	1,464	3,082	1,655	3,355	1,841	NSX Code	FNB
Non-Interest Income (N\$ m)	1,217	2,442	1,339	2,702	1,405	Market Cap (N\$ m)	14,603
Profit after Tax (N\$ m)	836	1,704	926	1,912	1,068	Shares in Issue (m)	268
HEPS (c)	312.3	641.2	345.7	714.5	399.3	Free Float (%)	64.0
DPS (c)	173.52	353.68	192.3	372.5	221.8	52-Week High (c)	5466
DY (%)	7.0	7.6	8.2	7.2	8.1	52-Week Low (c)	4653
P/E (x)	7.8	7.3	6.7	6.5	5.8		
P/B (x)	2.2	2.0	1.9	1.9	2.0		

Source: FirstRand Namibia Limited, IJG Securities

1H26 Initial Impression

FirstRand Namibia Ltd ("FNB" or "the Group") yet again released a set of solid interim results for the year ended 31 December 2025. PAT rose by 15.3% y/y from N\$926.3m to N\$1.07bn on the back of lower interest expenses and a significant reduction in its impairment charges. FNB's ROE breached the 30.0% mark with ROE rising from 29.6% to 30.2% during 1H26. FNB's set of interim results reflect efficient cost control which ultimately benefited from the lower interest rate environment during 1H26. By contrast, interest income only slightly declined due to the lower interest rate environment. Headline earnings per share similarly rose by 15.3% y/y to 399.3cps (1H25: 345.7cps). FNB declared a final dividend of 221.8cps (1H26: 192.3cps), resulting in a payout ratio of 55.5%.

(N\$ million)	1H25	1H26	Δ %
Interest and Similar Income	3,069.4	2,847.3	-7.2%
Interest Expense and Similar Charges	(1,414.2)	(1,006.3)	-28.8%
NII before Impairment of Advances	1,655.2	1,841.0	11.2%
Impairment and Fair Value of Credit of Advances	(263.4)	(173.2)	-34.2%
NII after Impairment of Advances	1,339.4	1,667.8	19.8%
Non-Interest Revenue	1,339.4	1,404.8	4.9%
Insurance before reinsurance contracts held	4.6	(8.9)	-286.9%
Net expense from reinsurance contracts held	-	-	-
Income from Operations	2,735.9	3,063.9	12.0%
Operating Expenses	(1,391.7)	(1,535.9)	10.4%
Income before Tax	1,344.1	1,528.0	13.7%
Indirect Tax	(29.9)	(31.2)	4.2%
Profit before Tax	1,314.2	1,496.8	13.9%
Income Tax Expense	(387.9)	(428.6)	10.5%
Profit for the Period	926.3	1,068.2	15.3%

Source: FirstRand Namibia

Net Interest Income (NII): NII increased by 11.2% y/y to N\$1.84bn, supported by lower interest expenses amid the group's shift towards a cheaper deposit mix and a decrease in institutional funding. The lower interest environment resulted in a 7.2% y/y decline in interest income to N\$2.85b. Furthermore, following the BoN's directive to reduce the differential between the repo rate and the prime rate FNB's net interest margin (NIM) improved to 6.3%, up from 5.4% in the prior year.

FNB Share Price vs Target Price (c)



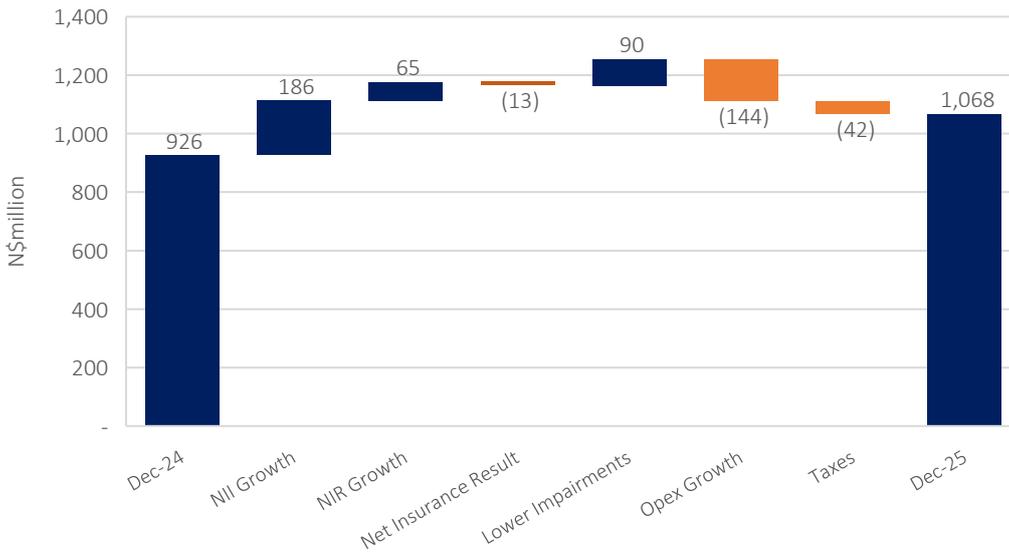
Dividends

FNB declared an interim ordinary dividend of 221.8cps.

- Last Day to Trade: 13 March 2026
- Ex-Dividend Date: 16 March 2026
- Record Date: 20 March 2026
- Payment Date: 02 April 2026



Profit After Tax Growth Breakdown



Source: FirstRand Namibia, IJG Securities

Assets and Advances: Net advances increased by 6.6% y/y to N\$41.93bn, primarily driven by growth within RMB, particularly term loans, which expanded by 58.7% y/y. RMB accounts for approximately 25% of total loans and advances to customers. This trend aligns with PSCE data, which indicates rising private credit extended to corporates, while household demand for credit remains subdued. For corporates, growth in both mortgage loans and overdraft facilities is currently in negative territory, and household demand for mortgage loans remains weak. Reflecting this slowdown, property finance loans extended to customers declined marginally by N\$28.9m, from N\$16.73bn to N\$16.70bn. Overdraft lending also contracted, falling by 10.6% y/y to N\$3.73bn, suggesting that customers may be prioritising the repayment of existing overdraft balances rather than renewing or utilising their revolving credit facilities.

Lastly, with the amendment of the rent control bill under review, we anticipate further subdued demand for mortgage loans, as this could dampen interest in the property market. FNB’s total assets fell by 2.6% y/y to N\$61.52bn, largely due to the exit of the structural Asset and Liability Management (ALM) hedge, which took place in January 2025.

Impairments and Non-Performing Loans (NPLs): Impairment charges decreased by 34.2% y/y from N\$263.4m to N\$173.2m. This largely reflects the normalisation of impairment charges following the prior year’s regulatory directive (effective 01 April 2025) under BID2 which shortened the write-off period for NPL’s. Both the credit loss ratio (CLR) and NPL ratios improved. The CLR improved to 0.4% (down from 0.7% in 1H25), as well as the NPL ratio, which fell from 6.0% in 1H25 to 4.3% in 1H26. FNB also recorded a reduction in loan defaults, citing that the reduction during the period is due to a continuation of initiatives in their credit space.

Non-Interest Revenue (NIR): Investments in digital transformation remain a key driver of NIR growth, with the Group continuing to prioritise spending on technology and automation to enhance operational efficiency and improve the customer experience. NIR increased by 4.9% y/y to N\$1.40bn, with the most notable growth recorded in fee and commission income streams. The removal of all fees on local card swipes within Namibia significantly reduced costs for consumers and contributed to higher transaction volumes. Overall, NIR accounted for 45.6% of total income, a slight moderation from the 49.1% recorded in 1H25. Nevertheless, this revenue mix remains aligned with the Group’s objective of maintaining a balanced and resilient income base, helping mitigate adverse conditions during periods of weaker private credit uptake of lower interest rates, which may place pressure on interest income.

Deposits: FNB shifted towards a cheaper deposit mix, with its cheapest funding channels, namely savings accounts, current accounts and call deposits recording the most notable growth. Fixed and notice deposits, as well as negotiable certificates of deposit (NCDs), which are traditionally the most expensive funding sources, contracted by 2.2% y/y and 38.3% y/y, respectively. Overall, deposits grew





0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

by 4.0% y/y from N\$47.88bn to N\$49.80bn. According to the BoN's September 2025 market data publication, FNB reported a market share of 32.0% in deposits.

Operating Expenses (OPEX): OPEX increased by 10.4% to N\$1.54bn, driven by the Group's continued investment in digital transformation and human capital. The most notable increases were observed in staff costs and other operating costs which rose by 10.6% y/y and 11.8% y/y, respectively. The Group noted that they are engaging in targeted hiring to support strategic growth areas and regulatory requirements which drove the substantial increases in staff costs and other operating costs. FNB's cost-to-income ratio deteriorated slightly from 46.5% in 1H25 to 47.4% in 1H26, albeit remaining below the 50% threshold. However, FNB seems to manage their expenses more efficiently as CGP's cost-to-income ratio rose to 52.2%. We can expect OPEX to remain elevated in H2, as the Group is likely to continue investing in human capital and technology infrastructure.

Our Take

FNB delivered another strong set of results. Despite operating in a lower interest-rate environment, the Group recorded robust earnings growth and maintained control over impairment charges. Although the cost-to-income ratio increased slightly, it remains comfortably below the 50% benchmark, reflecting continued operational efficiency. The NIM expanded further, while the bank's ROE exceeded 30%, an impressive achievement that positions the Group well to capitalise on future market opportunities. Growth in advances to customers outpaced growth in PSCE. However, several risks remain. An easing interest-rate cycle could place pressure on margins and further anticipated easing could result in customers to prefer locking in rates through relatively expensive funding sources such as notice and fixed deposits or NCDs, potentially increasing interest expenses.

In addition, slower growth in mortgage lending presents a risk, as mortgage loans represent the largest contributor to the Group's interest income. Lastly, weaker overall economic growth could dampen credit demand, as households and businesses may become more reluctant to take on additional borrowing.

A valuation update will be released following our engagement with management.

Contact Us

Department	Email Address
General	info@ijg.net
Compliance	compliance@ijg.net
Finance	finance@ijg.net
Corporate Finance & Advisory	advisory@ijg.net
Money Market Transactions	instructions.wealth@ijg.net
Wealth Management	wealth@ijg.net
Stockbroking	dealing@ijg.net
Private Equity	privateequity@ijg.net
Research & Data	research@ijg.net
Unit Trusts	info@prescient-ijg.net

No representation is given about, and no responsibility is accepted, for the accuracy or completeness of this document. Any views reflect the current views of IJG Holdings (Pty) Ltd. The views reflected herein may change without notice. IJG Holdings (Pty) Ltd provides this document to you for information purposes only and should not be constructed as and shall not form part of an offer or solicitation to buy or sell securities or derivatives. It may not be reproduced, distributed or published by any recipient for any purposes.



**Independent. Focused.
Personalised.**

4th Floor, 1@Steps, C/O Grove & Chasie Streets, Kleine Kuppe
P O Box 186, Windhoek, Namibia, Tel: +264 81 958 3500, www.ijg.net

ADVISORY | BUSINESS BROKING | INVESTMENT MANAGEMENT | PRIVATE EQUITY | STOCKBROKING | UNIT TRUSTS | WEALTH MANAGEMENT