FirstRand Namibia Limited
FY21 Results Review
October 2021

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FirstRand Namibia Ltd

FY21 Results Review

Target Price (c) ***2932***

Current Price (c) 2901

Year End 30 June	FY19A	FY20A	FY21A	FY22E	FY23E
Net Interest Income (N$ million)	2,012	2,013	1,877	2,018	2,114
Non-Interest Income (N$ million)	1,820	1,905	1,954	1,983	2,023
Profit after Tax (N$ million)	1,086	833	1,032	1,105	1,163
HEPS (c)	410	332	391	409	430
DPS (c)	208	154	212	215	226
DY (%)	9.0	6.7	7.3	7.4	7.8
P/E	5.6	7.3	7.4	7.1	6.7
P/B	1.1	1.2	1.4	1.3	1.2

Recommendation	BUY
NSX Code	FNB
Market Cap (N$ m)	7,763
Shares in Issue (m)	268
Free Float (%)	24.0
52-Week High	3051
52-Week Low	2300
Expected Total Return (%)	8.5%

Source: FirstRand Namibia, IJG Securities

FY21 Results Review

FirstRand Namibia Ltd (FNB) released results for the year ended 30 June 2021 (FY21). Despite operating conditions remaining challenging over the period, the group recorded a 23.9% y/y increase in profit after tax to N$1.03 billion, while headline earning per share increased by 17.8% y/y to 391.2cps. FNB posted an impressive ROE of 19.4% (FY20: 16.0%) and a ROA of 2.3% (FY20: 1.9%). A final dividend of 118cps (+136% y/y) was declared for the period.

Total assets contracted by 5.3% y/y to N$43.4 billion, driven mainly by a 33.4% y/y decline in intrabank advances and a 15.8% y/y decrease in investment securities. Gross advances posted moderate growth of 1.08% y/y to N$30.2 billion, compared to PSCE growth of 2.55% over the same period, possibly indicating FNB following a more prudent approach than the rest of the industry. The increase is mainly attributable to property finance which posted growth of 5.3% y/y to N$14.9 billion. Overdrafts and cash managed accounts declined by 5.5% y/y to N$3.14 billion, while instalment sales agreements fell by 2.3% to N$2.94 billion.

Deposits declined by 7.2% y/y or N$2.76 billion to N$35.7 billion, effectively reversing the large increase seen last year, and is again in line with the FY19 figure. NCDs fell by N$2.99 billion, while call deposits increased by N$1.87 billion and savings accounts by N$50.2 million.

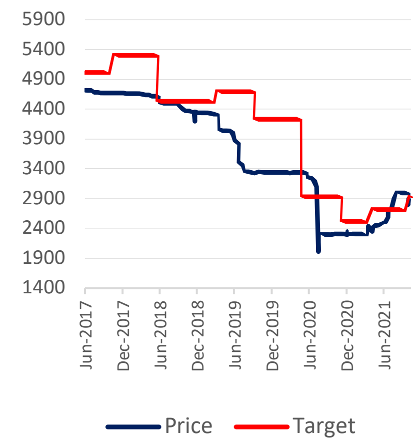
The slow increase in advances, coupled with repo rate cuts last year, resulted in net interest income decreasing by 6.8% y/y or N$136.2 million to N$1.88 billion, with interest income contracting by N$827.0 million (or 21.4% y/y) and interest expenses dropping by N$690.8 million (or 37.5% y/y). Non-interest revenue rose by 2.6% y/y or to N$1.95 billion, driven mainly by a N$69.3 million increase in bank charges. The insurance segment contributed N$62.7 million to earnings as premium income fell by 16.9% y/y while claims were down 8.1% y/y.

Significantly lower impairment charges were the biggest driving factor of the increase in profits, decreasing by 57.4% y/y to N$238.3 million or 0.75% of gross advances (FY20: 1.79%), coming in lower than our expectation of an impairment charge of 1.0% for the year. Non-performing loans increased by N$276 million and currently makes up 5.2% of gross advances (FY20: 4.4%).

Operating expenses fell by 2.2% y/y to N$2.13 billion. Staff costs were once again well contained, increasing by 3.4% y/y, only slightly quicker than inflation. Most of the savings came from the other operating costs line, which decreased by 7.9% y/y to N$872.4 million, primarily due to a once-off goodwill impairment on Pointbreak last year. Even so, normalising for this sees operating costs more or less in line with last year. FNB's cost-to-income ratio increased to 54.6% from 52.6% in FY20, due to the decline in interest income.

Given that the economic climate remained difficult, FirstRand posted another set of impressive results and seem to be well positioned should economic conditions improve. Using a panel of standard valuation techniques, a cost of equity of 15.4 and a long-term sustainable return on equity of 17.5%, we derive a **target price of N$c2932** per share. Coupled with an expected dividend of 214.7cps, we derive a potential total return of 8.5%. Based on the premium and the interest rate outlook we view the current share price as undervalued and upgrade our recommendation on FNB to **BUY**.

FNB Share Price vs Target Price (c)



Dividends

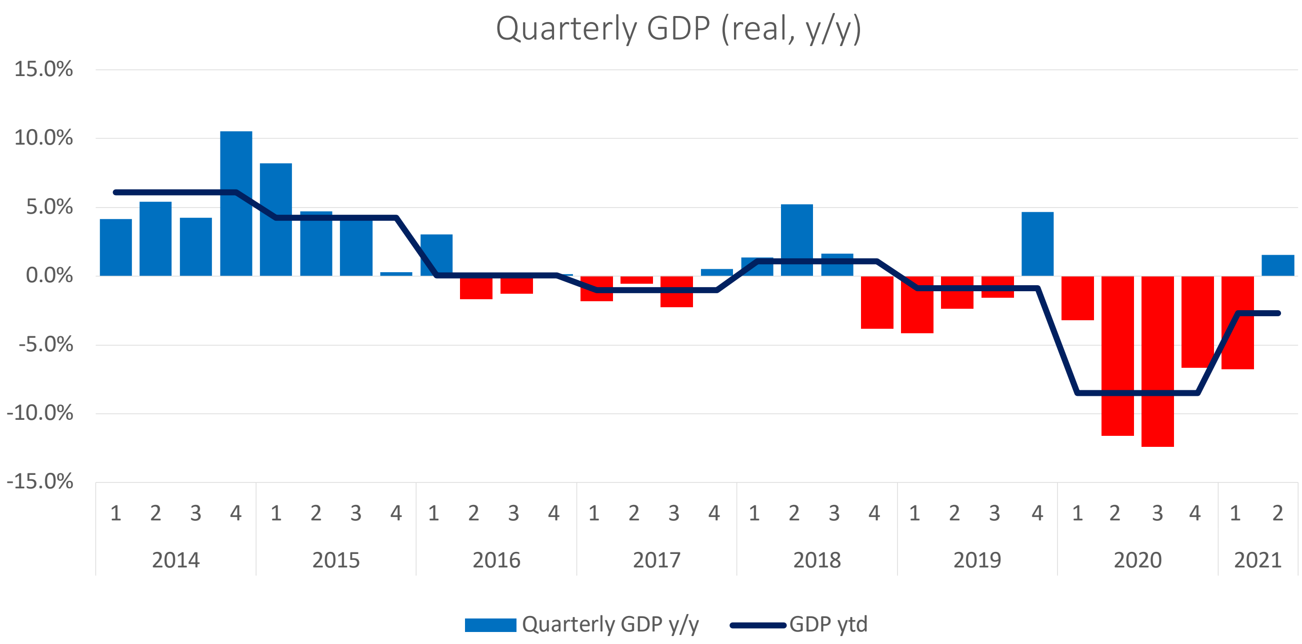
A final dividend of 118 cents per share has been declared.

- Last Day to Trade: 23 September 2021
- Ex-Dividend Date: 27 September 2021
- Record Date: 01 October 2021
- Payment Date: 15 October 2021

Banking Sector Macro

Growth Environment

The Namibia Statistics Agency's Q2 GDP data shows Q2 GDP grew marginally by 3.7% q/q and 1.6% y/y. This follows the 8.5% contraction in 2020, the deepest in Namibian history. The data further indicated that twelve of the last eighteen quarters, or since the start of 2017, have posted contractions on an annual basis, separated by six quarters of very subdued growth.



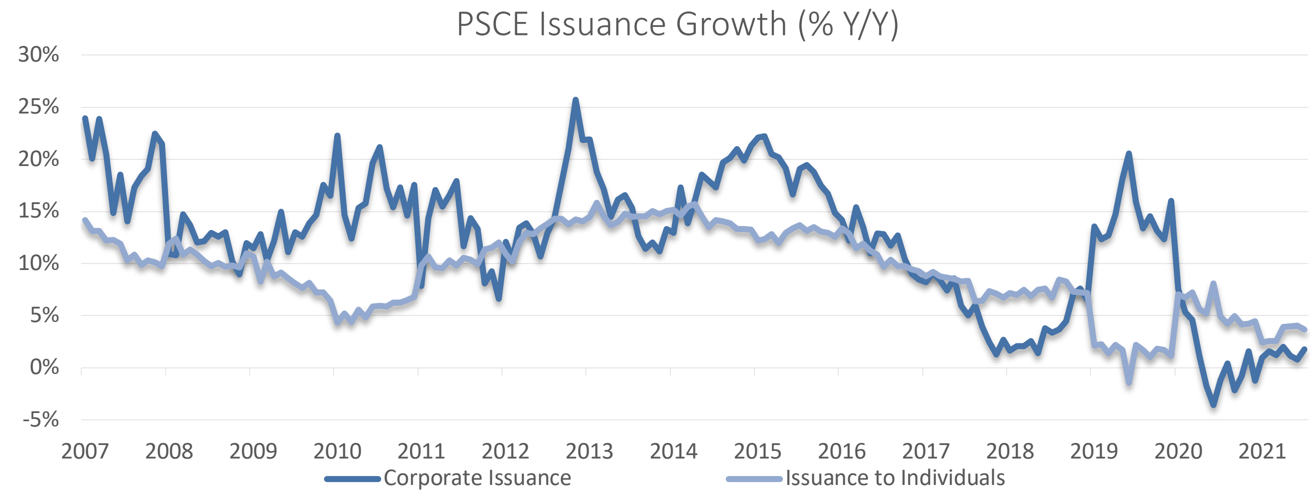
Source: NSA, IJG Securities

The Namibian economy is expected to grow by 1.4% in 2021 and 3.4% in 2022, according to the Bank of Namibia's August 2021 Economic Outlook. This effectively means that the economy will still be 4.1% smaller in 2022 than it was in 2019 and, at the current expected pace of recovery, will likely not reach its pre-pandemic levels until at least 2024.

Namibia has been ranked as the country with the second highest unemployment rate in the world, at 33.4%, on a global list of 82 countries scrutinised by Bloomberg. While some recovery is expected in economic output in the short-term, the longer-term growth outlook remains precarious with low vaccination uptake, the threat of more Covid-19 infection waves, declining per capita income, weak consumer and business confidence all still threatening the recovery path.

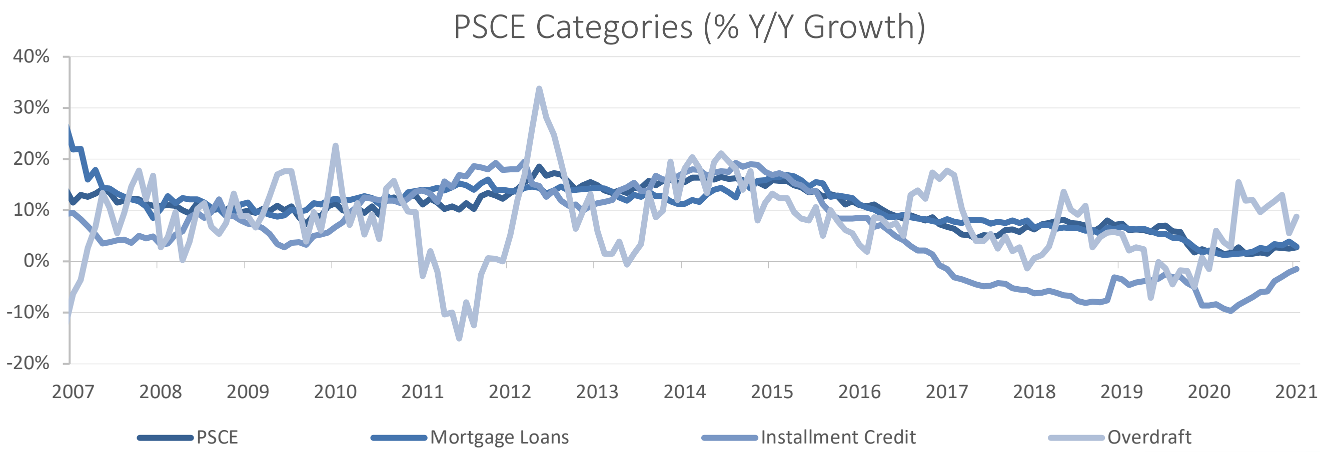
Private Sector Credit Extension

The highly accommodative Namibian interest rate environment has not stimulated much lending over the last 19 months. Private sector credit extension growth has been hovering around the low single digit territory since April last year, averaging 2.2% y/y since then, and stood at 1.9% y/y by the end of August. Individuals have been taking up the vast majority (78.4%) of credit extended over the last 12 months, due to reasonably strong mortgage demand by individuals, which has made up 65.3% of total private sector credit extended over the past 12 months.



Source: Bank of Namibia, IJG Securities

Corporate demand for instalment and leasing credit has been contracting for 18 consecutive months on an annual basis, indicating that corporates are hanging on to their existing fleet and machinery. Much of the corporate issuance over the last 12 months has been driven by short-term debt uptake in the form of overdraft facilities and 'Other Loans and Advances' (credit card debt and term loans), which is relatively more expensive and typically used to cover day-to-day expenses rather than to invest in larger capital projects.

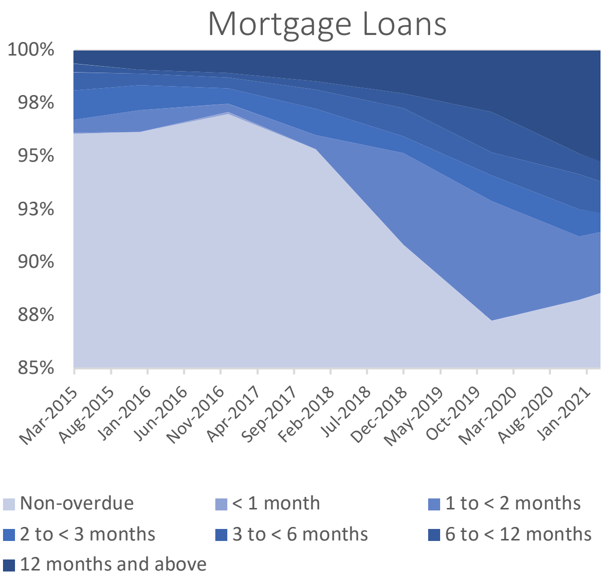


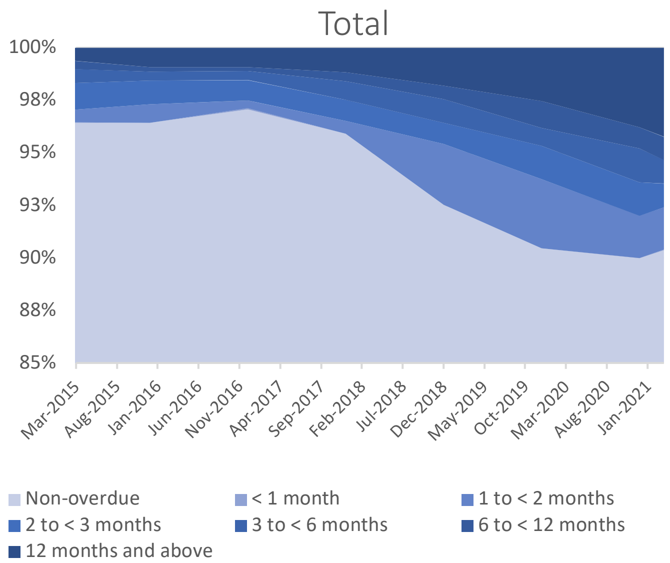
Source: Bank of Namibia, IJG Securities

Given the current economic environment we do not expect private sector credit extension to exhibit a rapid recovery. With little reason to expand their productive capacity, we expect overall credit appetite by corporates to remain low over the medium term. As a result of the above-mentioned factors, namely low economic growth, higher unemployment, and lower per capita incomes, we expect to see private credit sector extension to remain subdued. Over the next two years, we expect to see PSCE growth to average between 2.5% and 4.5% annual growth.

Banking Sector Credit Quality

The quality of banking assets has been negatively impacted by the economic slowdown since 2016, and according to the Bank of Namibia's aggregated industry results, 11.4% of Namibia's mortgage loans are in arrears, 7.7% are more than 90 days in arrears while 5.2% are more than 12 months in arrears. A similar trend can be observed when considering all outstanding loans and advances, 9.6% are at least one payment behind, 6.5% are more than 90 days in arrears and 4.2% are more than twelve months behind. The trend has been steadily deteriorating since 2016, as the figures below show.





Source: Bank of Namibia, IJG Securities

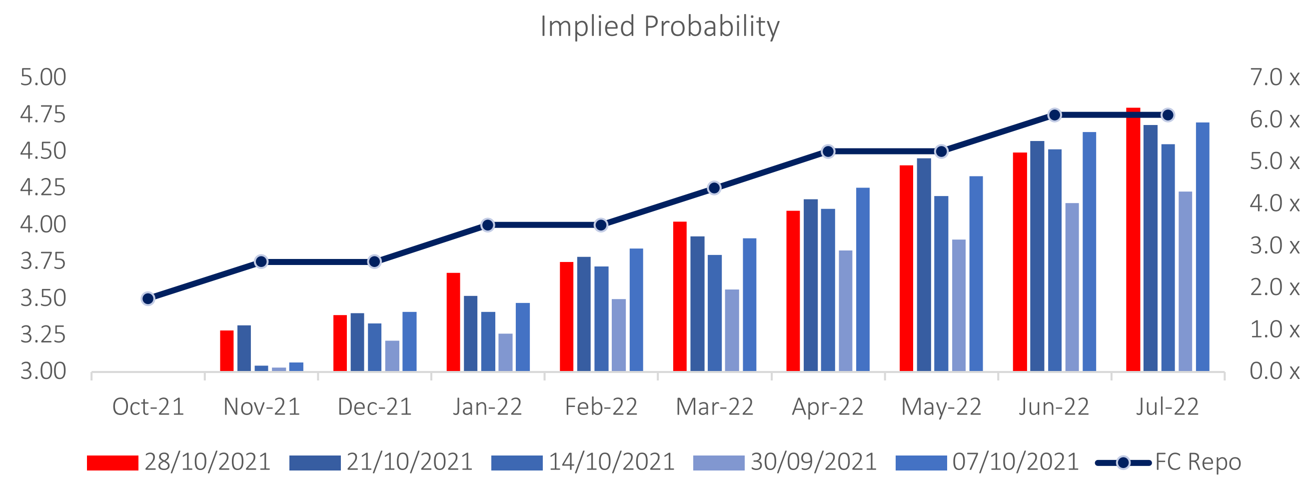
The value of mortgage loans more than 12 months in arrears now totals N$2.90 billion, roughly 5.2% of the total amount outstanding. Commercial banks continue to find themselves in a difficult position, as repossessing properties is often viewed as a very last resort. However, with non-performing loans climbing rapidly, this route is already being followed when other options fail. This means that the number of properties sold on auction should increase in the coming years and this may put increased pressure on housing prices, negatively impacting loan to value ratios.

Interest Rates

The rebound in global economic growth has shifted the focus of monetary policy from supporting downside risks toward eventual normalisation. US inflation surprising to the upside in several months this year has spurred the debate whether the spike in inflation really is as transitory as the US Federal Reserve would have everyone believe, or whether the record amounts of stimulus, increased consumer spending and a global chip shortage has resulted in global inflation staying higher for longer.

We believe that the world is moving toward monetary policy normalisation. It is likely that the path will start off with the tapering of bond asset purchase programmes, followed by a gradual rise in interest rates. The Fed may start tapering towards the end of 2021 and start hiking interest rates towards the end of next year, at the earliest.

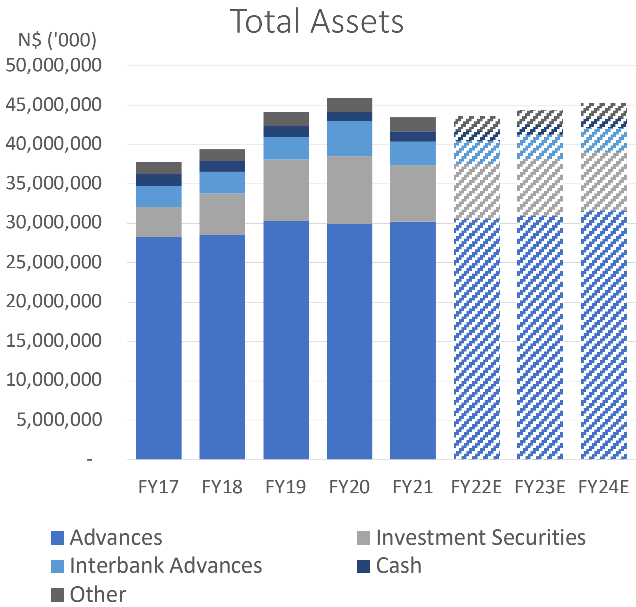
Closer to home, South Africa's annual inflation rate ticked up to 5.0% in September but remains firmly within the SARB's target band, providing more leeway to the Reserve Bank to delay raising rates. Inflation sticking to the midpoint of the target range would allow the central bank to stay dovish, although increasing fuel prices continue to put pressure on the inflation basket. As the figure below indicates, the Forward Rate Agreement curve currently points to a 25-basis point hike in Q4, although we see this scenario as somewhat unlikely given that economic growth remains sluggish, and inflation is likely to hold around the mid-point of the SARB's target range. We believe that we will only see the first 25-basis point hike in the first quarter of 2022.



Source: Bloomberg, IJG Securities

On the Namibian front, the Bank of Namibia has left rates steady at all MPC meetings this year. Inflationary pressure has remained muted for the most part this year, despite food and fuel prices applying upward pressure on the inflation print. We anticipate the BoN will follow suit on any rate decisions by the SARB and that the central bank will likely keep the current 25-basis point buffer intact to support Namibia's reserve position. As such, we anticipate the BoN to only start hiking rates from Q1 2022.

Asset Base



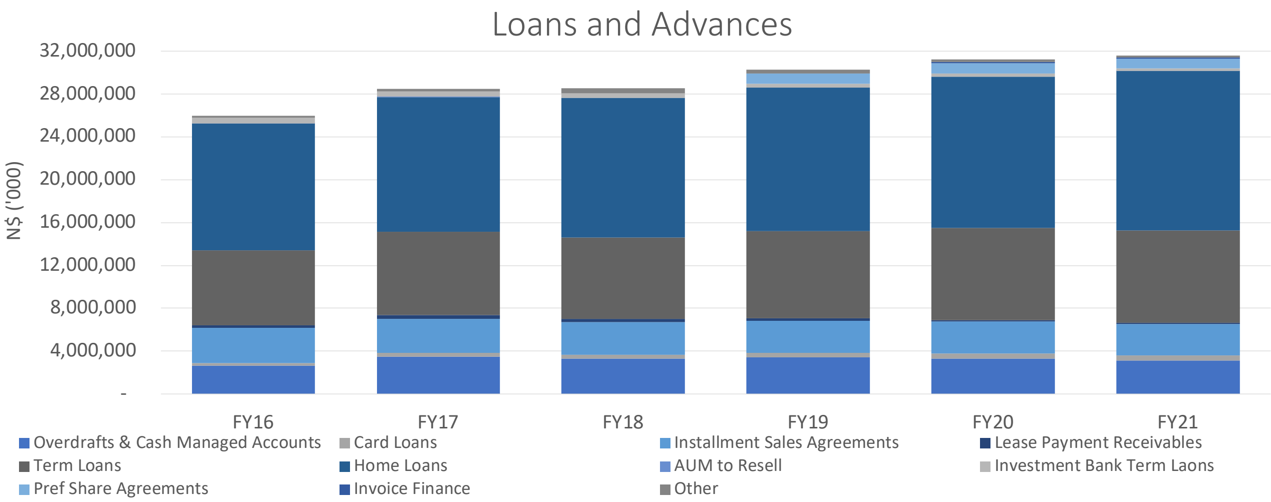
Source: FirstRand Namibia, IJG Securities

FNB's total assets contracted by 5.3% y/y or N$2.43 billion to N$43.4 billion in FY21. The contraction is primarily driven by a 33.4% y/y decline in intrabank advances to N$2.96 billion. Gross advances posted moderate growth of 1.08% y/y to N$30.2 billion, compared to PSCE growth of 2.55% over the same period. Overall credit demand remains low, according to management, but it is noted that following a period of consolidation in most sectors, some are presenting opportunities for growth. Management added that their risk appetite is higher in the sectors/industries where they have identified growth opportunities. After posting strong growth in FY20, investment securities decreased by 15.8% y/y to N$7.19 billion, and currently makes up 16.5% of total assets.

Loan Growth

The increase in gross loans and advances mainly stems from the 5.3% y/y growth posted in residential mortgages to N$14.9 billion. As was the case last year, the lower end of the housing market was the main driver for this growth. At year-end, residential mortgages made up 47.1% of total loans and advances. The second largest category, term loans, posted marginal growth of 0.4% y/y to N$8.62 billion, making up 27.3% of the advances book. Overdrafts and cash managed accounts declined by 5.5% y/y to N$3.14 billion, while instalment sales agreements fell by 2.3% to N$2.94 billion, in line with what the rest of the industry experienced.

Going forward, we expect advances growth to remain in the low single-digit territory, and do not believe that FNB will chase market share at the cost of return on equity. As a result, we expect to see advances growth below overall private sector credit extension growth, averaging about 1.5% over the next three years.

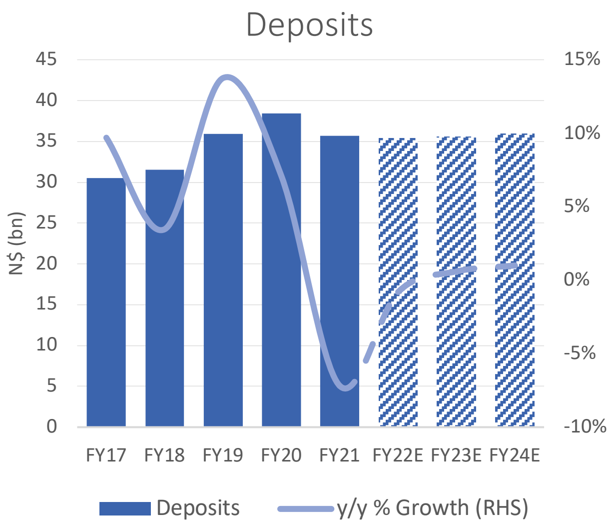


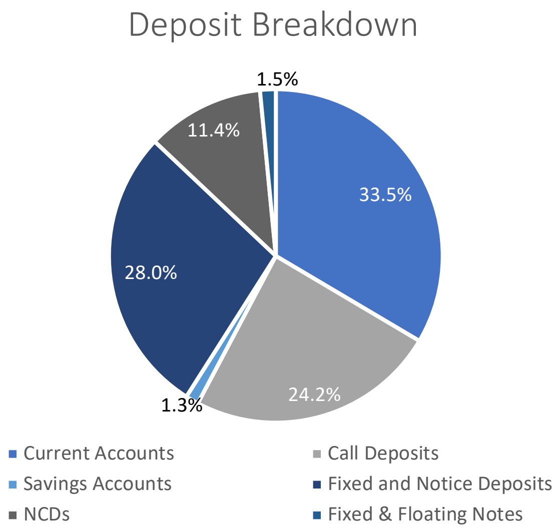
Source: FirstRand Namibia, IJG Securities

Deposits

Deposits declined by 7.2% y/y or N$2.76 billion to N$35.7 billion, effectively reversing the large increase seen last year to realign with the FY19 figure. The decline was largely driven by a contraction in NCD funding of 42.3% y/y or N$3.00 billion to N$4.07 billion. Fixed and notice deposits fell by 12.5% or N$1.42 billion to N$10.0 billion.

Call deposits, meanwhile, increased by 27.6% to N$8.64 billion, and now makes up 24.2% of deposit funding, compared to 17.6% a year ago. Savings accounts posted moderate growth of N$50.2 million to N$450.5 million. The above changes resulted in the split between deposits from retail customers (call, current, savings and notice deposits) and wholesale funding (NCDs and FRNs) improving from the 80:20 ratio a year ago to 87:13 at FY21.



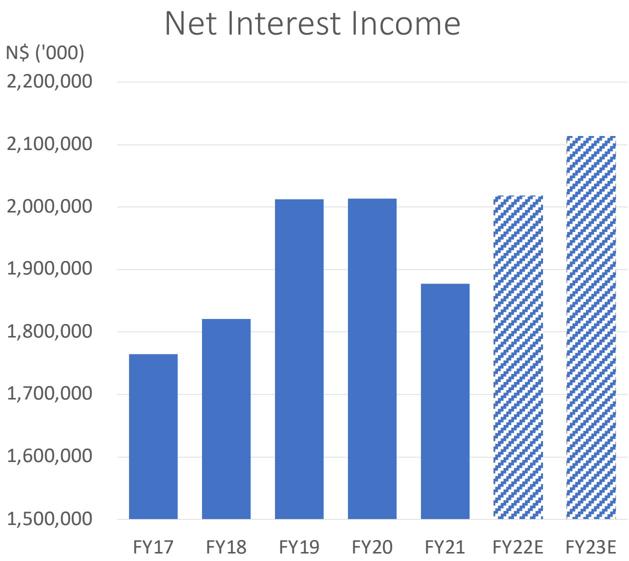


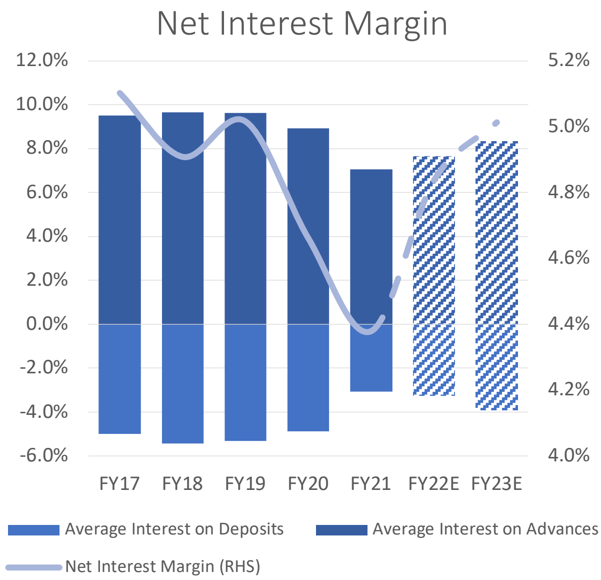
Source: FirstRand Namibia, IJG Securities

Net Interest Income

The slow increase in advances, coupled with the 275-basis point drop in the repo rate last year, resulted in FirstRand's net interest income decreasing by 6.8% y/y or N$136.2 million to N$1.88 billion. The N$827.0 million or 21.4% y/y contraction in interest income was however partially offset by a N$690.8 million or 37.5% y/y decline in interest expenses. The net interest margin for the year came in at 4.4%, compared to 4.7% at FY20, still above the industry average.

We expect to see a gradual recovery in FNB's net interest margin over the next two years, driven by monetary policy normalisation. Management expects interest rates to increase between 50 and 75 bps in 2022.



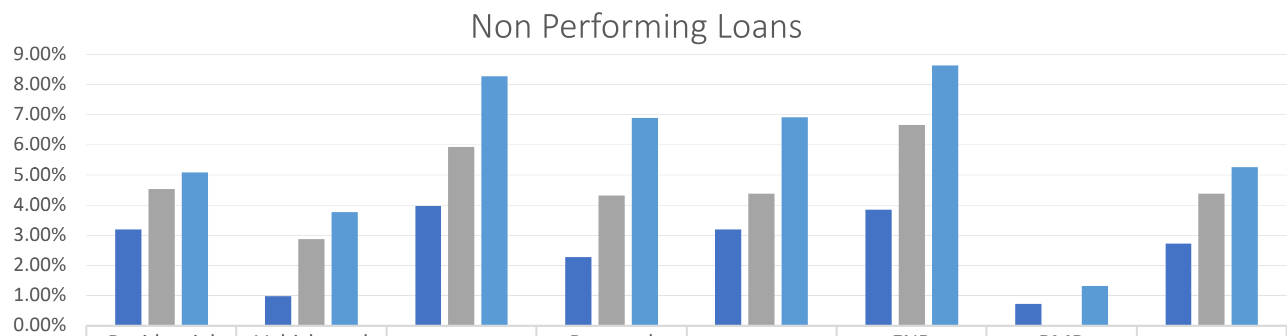


Source: FirstRand Namibia, IJG Securities

Impairments

Significantly lower impairment charges were the biggest driving factor for the increase in FirstRand's earnings, decreasing by 57.4% y/y to N$238.3 million or 0.75% of gross advances (FY20: 1.79%), coming in lower than our expectation of an impairment charge of 1.0% for the year.

The lower provisions are due to management only having 3 months' worth of exposure to the pandemic in the base year, whereas they now, 18 months into the pandemic, have a better understanding of how the advances book 'behaves' and did not need the same level of assumption based post-model adjustment as they did before. According to the financial statements, the group remains prudently provided, with portfolio impairments as a percentage of the performing book at 2.0% while the specific coverage ratio stood at 40.9%. Management believes that the balance sheet is still very well provided for in the event of future shocks.



	Residential Mortgages	Vehicle and Asset	Credit Card	Personal Loans	Other Retail	FNB Commercial	RMB Corporate	Total
FY19	3.21%	0.99%	3.99%	2.28%	3.20%	3.87%	0.73%	2.72%
FY20	4.54%	2.87%	5.94%	4.33%	4.39%	6.67%	0.00%	4.38%
FY21	5.09%	3.77%	8.27%	6.90%	6.93%	8.65%	1.32%	5.25%

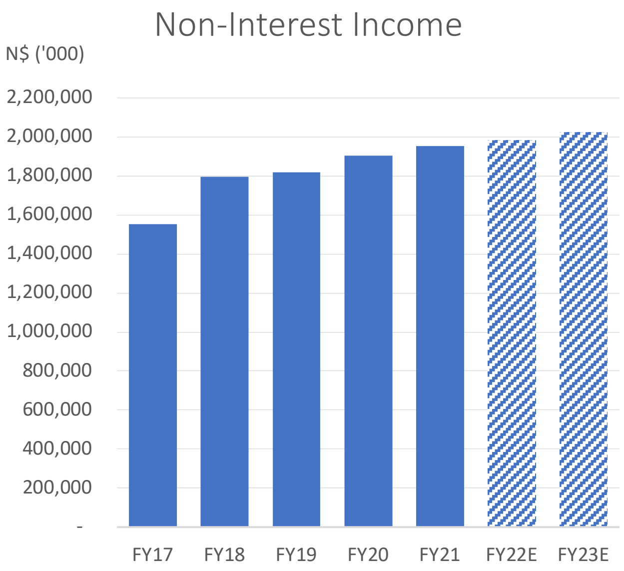
FY19 FY20 FY21

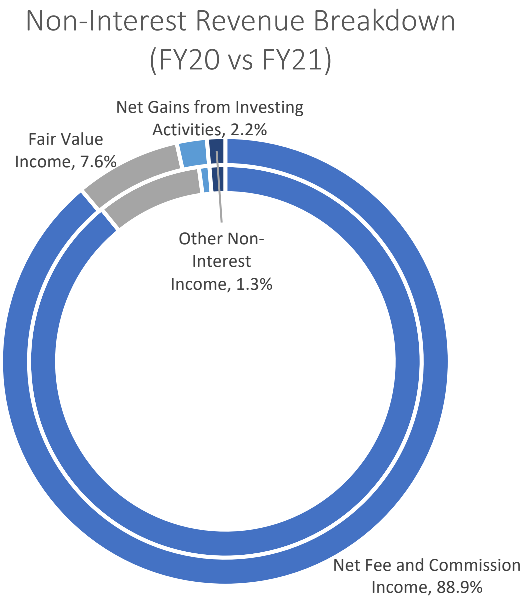
Source: FirstRand Namibia, IJG Securities

Non-performing loans increased by N$276 million and currently makes up 5.2% of gross advances (FY20: 4.4%), almost double FY19's figure. Currently, 5.1% of the mortgage book is non-performing, compared to 4.5% a year ago, and now account for 46.0% of total NPLs. 8.7% of the commercial lending book is more than 90 days in arrears. Management noted that it is still too early to say whether they expect to see an improvement in NPLs over the next year or two.

Non-Interest Revenue

FNB's non-interest revenue rose by 2.6% y/y or N$49.1 million to N$1.95 billion. Net fee and commission income, which represents 88.9% of non-interest revenue, increased by 2.3% y/y, driven primarily by a N$69.3 million (or 5.4% y/y) increase in bank charges.





Source: FirstRand Namibia, IJG Securities

FNB has recorded an 8.5% y/y increase in overall transaction volumes. Like the other listed banks, FNB has seen a large shift in consumer behaviour towards digital channels. Take-up of the FNB app has increased by 11% in the mid- to high-income segment and 3% in the lower income segment. The increased uptake of digital channels has meant that branch activity volumes have dropped to the extent that it was no longer feasible to keep some branches open. Branches in Arandis, Aussenkehr, Klein Windhoek, Mondesa, Old Power Station, Oshikuku and Usakos were closed over the past year and several ATMs were removed where no longer warranted.

Channel	*Change in Volume (y/y)*
eWallet	12.2%
FNB Cash Instore	177.0%
Automated Deposit Taking Machines	49.7%
In-Branch Transactions	-29.5%
Speedpoints	20.6%
Cellphone Banking	14.0%

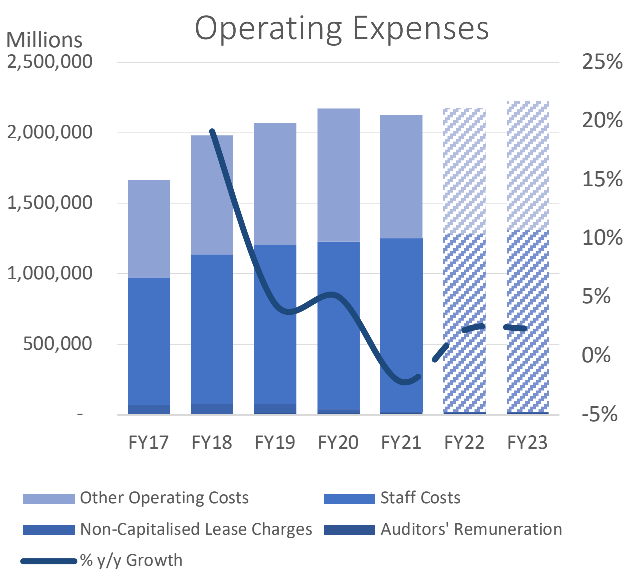
Source: FirstRand Namibia, IJG Securities

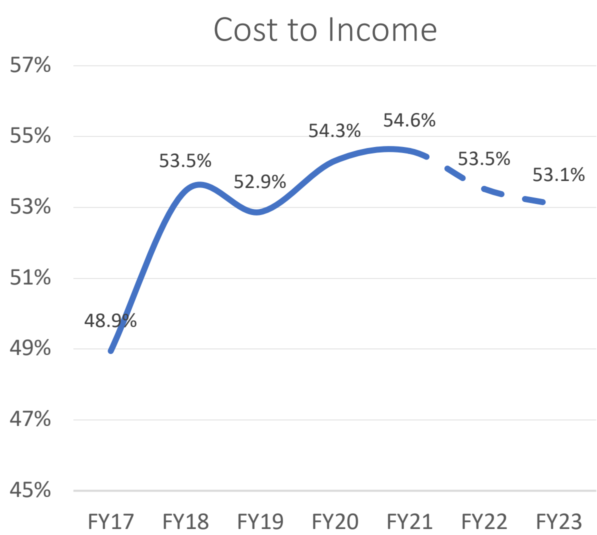
The insurance segment had another tough year, as premium income declined by 16.9% y/y to N$133.8 million. Management ascribed the decline to lacklustre new vehicle sales during the period. Claims were however down by 8.1% y/y to N$71.2 million, bringing net insurance income to N$62.7 million, a 25.0% y/y contraction. Net insurance income currently makes up 6.1% of earnings.

The Annual Report notes that the implementation of Payment System Determination (PSD) 5 and 10, related to Basic Bank Accounts and Standards for Fees and Charges for Payment System Services, eroded fee income in the second half of the financial year, and will weigh on non-interest revenue growth going forward.

Operating Expenditure

Operating expenses fell by 2.2% y/y to N$2.13 billion. Staff costs were once again well contained, increasing by 3.4% y/y. Non-managerial staff received inflationary increases, managerial staff received below inflation increases, while senior management received no salary increases.





Source: FirstRand Namibia, IJG Securities

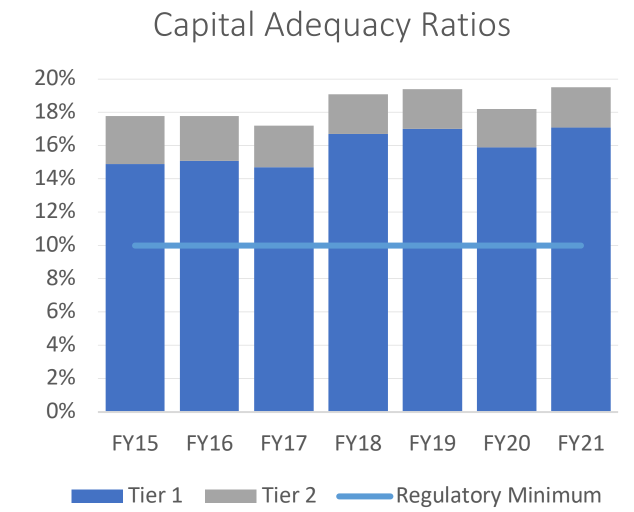
Most of the FY21's savings came from the other operating costs line, which decreased by 7.9% y/y to N$872.4 million, primarily due to a once-off goodwill impairment of N$51.4 million which was recognised on Pointbreak last year. Even so, normalising for this sees operating costs in line with last year's figure. Due to the decline in interest income, FNB's cost-to-income ratio increased to 54.6% from 54.3% in FY20 but remains the lowest of the three lowest commercial banks.

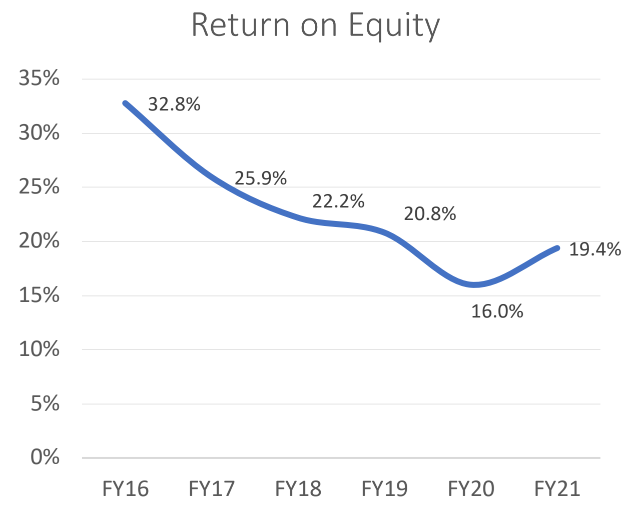
Management will continue with its branch review process in FY22, whereby it tries to identify branches that are no longer deemed necessary or converting them to tellerless branches or self-service hubs. The leasing space the branches are also being reviewed and cut where possible. The result of all of these measures should translate to lower operating costs going forward.

We expect FirstRand's cost-to-income ratio to remain roughly around its current level (below 55%) in FY22, as it will likely be difficult to cut the cost base further. The expected interest rate hikes next year should however result in an improved cost-to-income ratio going forward.

Capital Adequacy

Due to the low growth in advances FirstRand remains more than adequately capitalised with a total capital adequacy ratio of 19.5%, surpassing pre-pandemic levels and remaining the most well capitalised bank. Tier 1 capital adequacy stood at 17.1% at FY21, compared to 15.9% a year ago.





Source: FirstRand Namibia, IJG Securities

Given the slow advances growth, we continue to be of the view that there is a possibility that FirstRand may declare a special dividend, share buyback or some type of acquisition to reinvest these funds at a similar ROE. FNB recorded a return on equity of 19.4% during the year, a significant improvement from the 16.0% recorded in FY20. Without an additional disbursement of capital to shareholders, we expect to see FNB's ROE to moderately whittle down to an average 18.6% over the next two years.

Valuation

We value the shares of FirstRand Namibia using a panel of valuation techniques to reduce the overreliance on a single methodology. This includes two discounted cash flow methodologies and two justified multiple approaches. The outputs of the different methodologies were equally weighted.

Two of the main valuation input assumptions are the cost of equity and long-term sustainable growth rate. The cost of equity was calculated using the capital asset pricing model (CAPM). The resultant cost of equity amounted to 15.4%, based on a risk-free rate equal to the IJG generic 10-year government bond and an equity risk premium of 5%. A long-term sustainable return on equity of 17.5% and a pay-out ratio of 52% of profit after tax has been used to determine the sustainable growth rate. Seeing as the valuation is very sensitive to these inputs, a sensitivity analysis can be found in the annexures to illustrate the effect of changes in these inputs.

The output of our valuation model is presented below:

	Value (NS'000)	Price per Share	Price to Earnings	Forward PE	Price to Book	Forward PB	Dividend Yield	Forward DY	Weight
Residual Income	8,162,989	30.51	7.91	7.39	1.45	1.34	6.95%	7.04%	25%
Dividend Discount	7,576,778	28.31	7.34	6.86	1.34	1.24	7.49%	7.58%	25%
Justified Price to Earnings	8,256,683	30.86	8.00	7.47	1.46	1.35	6.87%	6.96%	25%
Justified Price to Book	7,381,841	27.59	7.15	6.68	1.31	1.21	7.69%	7.78%	25%
Weighted Average	**7,844,572**	**29.32**	**7.60**	**7.10**	**1.39**	**1.29**	**7.25%**	**7.34%**	**100%**

Source: IJG Securities

Based on the table below, we derive a **target price of N$c2932** per share and coupled with an expected dividend of 214.7cps, we derive a potential total return of 8.5%. The forecasts we used to derive the target price are based on very conservative growth estimates in the advances book. As the previous section shows, FNB is more than adequately capitalised which allows for greater flexibility to pursue faster than expected advances growth in targeted sectors. Costs have been very well contained in recent years despite the expansion of the company's digital services and we expect this to remain the case going forward. FNB's ROE has furthermore consistently been higher than its peers over the last decade. Based on these reasons, we view the current share price as undervalued and upgrade our recommendation on FNB to **BUY**.

Summary of Financials

Income Statement

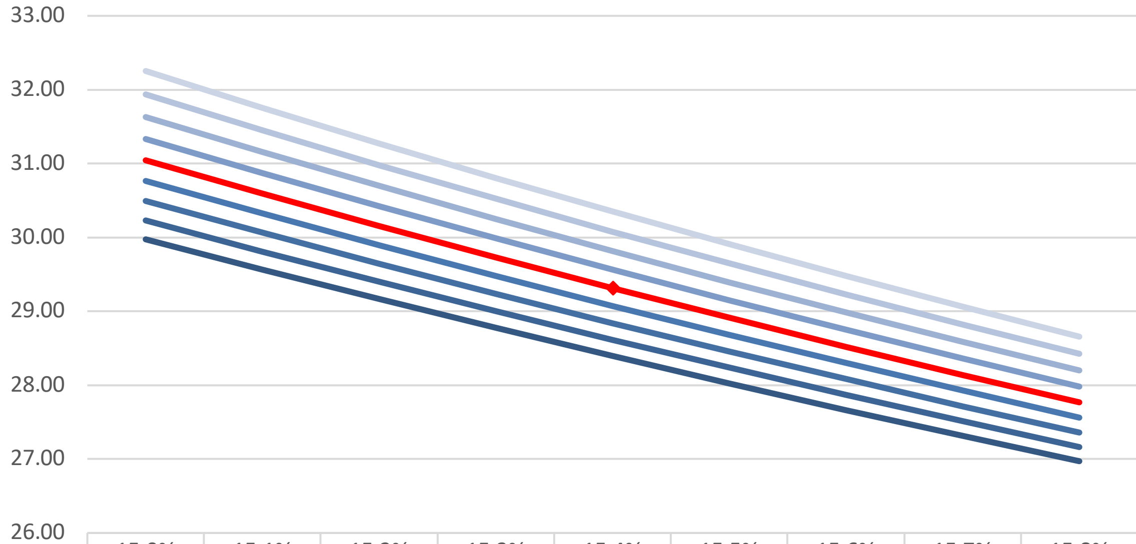
Year End June (N$ 000)	FY19	FY20	FY21	FY22E	FY23E
Interest and similar income	3,864,700	3,858,058	3,031,045	3,190,259	3,518,405
Interest expense and similar charges	(1,852,478)	(1,844,619)	(1,153,788)	(1,171,838)	(1,404,781)
Net interest income before impairment of advances	**2,012,222**	**2,013,439**	**1,877,257**	**2,018,422**	**2,113,624**
% Growth		0.1%	-6.8%	7.5%	4.7%
Impairment of advances	(214,809)	(559,672)	(238,250)	(236,908)	(230,760)
Net interest income after impairment of advances	**1,797,413**	**1,453,767**	**1,639,007**	**1,781,514**	**1,882,864**
Non-interest revenue	1,820,161	1,905,019	1,954,096	1,983,407	2,023,076
Net insurance premium income	167,217	161,092	133,842	123,135	115,747
Net claims and benefits paid	(86,201)	(77,467)	(71,164)	(65,471)	(61,543)
Income from operations	**3,698,590**	**3,442,411**	**3,655,781**	**3,822,585**	**3,960,143**
% Growth		-6.9%	6.2%	4.6%	3.6%
Operating expenses	(2,068,996)	(2,173,695)	(2,125,956)	(2,172,727)	(2,223,786)
Net income from operations	**1,629,594**	**1,268,716**	**1,529,825**	**1,649,858**	**1,736,357**
Share of profit from associate after tax	2,758	(14,248)	-	-	-
Income before tax	**1,632,352**	**1,254,468**	**1,529,825**	**1,649,858**	**1,736,357**
Indirect tax	(47,372)	(44,724)	(38,070)	(48,287)	(50,818)
Profit before tax	**1,584,980**	**1,209,744**	**1,491,755**	**1,601,571**	**1,685,539**
Direct tax	(499,170)	(376,388)	(459,527)	(496,487)	(522,517)
Profit for the period	**1,085,810**	**833,356**	**1,032,228**	**1,105,084**	**1,163,022**
% Growth		-23.3%	23.9%	7.1%	5.2%

Balance Sheet

	Actual			Forecast	
Year End June (N$ 000)	FY19	FY20	FY21	FY22E	FY23E
Cash and cash equivalents	1,390,195	1,115,109	1,299,341	1,299,341	1,299,341
Due from banks and other financial institutions	2,803,839	4,442,442	2,958,108	2,958,108	2,958,108
Derivative financial instruments	459,072	519,294	314,626	314,626	314,626
Advances	30,297,933	29,993,738	30,206,674	30,538,947	30,997,032
Investment securities	7,807,309	8,534,477	7,185,761	7,004,641	7,259,719
Accounts receivable	298,655	244,310	414,867	414,867	414,867
Investments in associate	28,079	-	-	-	-
Property and equipment	859,591	896,917	926,581	926,581	926,581
Intangible assets	162,552	94,684	96,001	96,001	96,001
Deferred income tax asset	28,943	26,210	30,122	30,122	30,122
Reinsurance assets	2,938	-	8,923	8,923	8,923
Tax asset	667	490	547	547	547
Total assets	**44,139,773**	**45,867,671**	**43,441,551**	**43,592,704**	**44,305,867**
Deposits	35,886,144	38,427,237	35,663,763	35,378,453	35,590,724
Due to banks and other financial institutions	427,776	117,948	132,661	132,661	132,661
Derivative financial instruments	480,490	534,035	317,192	317,192	317,192
Short trading positions	-	-	21,849	-	-
Creditors and accruals	385,631	528,298	560,242	560,242	560,242
Tax liability	185,530	58,886	109,418	109,418	109,418
Employee liabilities	248,927	207,103	232,781	232,781	232,781
Deferred income tax liability	400,842	256,706	76,769	76,769	76,769
Policyholders liabilities under insurance contracts	46,351	40,750	37,454	37,454	37,454
Tier two liabilities	402,804	402,774	402,770	402,770	402,770
Total liabilities	**38,725,541**	**40,867,435**	**37,795,870**	**37,488,711**	**37,700,982**
Capital and reserves attributable to ordinary equity holder	5,352,627	4,937,831	5,586,187	6,033,452	6,522,718
Non-controlling interests	61,605	62,405	59,494	70,541	82,168
Total equity	**5,414,232**	**5,000,236**	**5,645,681**	**6,103,994**	**6,604,886**
%Growth	7.9%	-7.6%	12.9%	8.1%	8.2%

Sensitivity Analysis

Sensitivity Analysis: FNB



	15.0%	15.1%	15.2%	15.3%	15.4%	15.5%	15.6%	15.7%	15.8%
SGR @ 8.0%	29.97	29.56	29.16	28.77	28.39	28.02	27.66	27.31	26.97
SGR @ 8.1%	30.23	29.81	29.40	29.00	28.61	28.24	27.87	27.51	27.16
SGR @ 8.2%	30.49	30.06	29.64	29.24	28.84	28.46	28.08	27.72	27.36
SGR @ 8.3%	30.76	30.32	29.90	29.48	29.08	28.68	28.30	27.92	27.56
SGR @ 8.4%	31.04	30.59	30.16	29.73	29.32	28.91	28.52	28.14	27.77
SGR @ 8.5%	31.33	30.87	30.42	29.99	29.56	29.15	28.75	28.36	27.98
SGR @ 8.6%	31.63	31.16	30.70	30.25	29.82	29.40	28.99	28.59	28.20
SGR @ 8.7%	31.94	31.45	30.98	30.52	30.08	29.65	29.23	28.82	28.43
SGR @ 8.8%	32.25	31.76	31.27	30.80	30.35	29.91	29.48	29.06	28.66

Source: IJG Securities

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