



# SBN Holdings Limited FY24 Initial Impression March 2025



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# Standard Bank Namibia Holdings Ltd

FY24 Initial Impression

Target Price (c) 1072  
Current Price (c) 956

Year End 31 December	FY22	FY23	FY24	FY25E	FY26E	Recommendation	BUY
Net Interest Income (N\$ m)	1,445	1,800	2,067	2,227	2,304	NSX Code	SNO
Non-Interest Income (N\$ m)	1,283	1,445	1,678	1,845	1,919	Market Cap (N\$ m)	5,016
Profit after Tax (N\$ m)	624	770	1,053	1,167	1,160	Shares in Issue (m)	522
HEPS (c)	119	147	201	223	222	Free Float (%)	15.0
DPS (c)	66	100	138	156	133	52-Week High (c)	956
DY (%)	15.0	11.8	14.5	16.5	14.0	52-Week Low (c)	845
P/E (x)	3.7	5.7	4.7	4.3	4.3	Expected Total Return (%)	28.0
P/B (x)	0.5	0.9	0.9	0.8	0.8		

Source: SBN Holdings Limited, IIG Securities

## FY24 Initial Impression

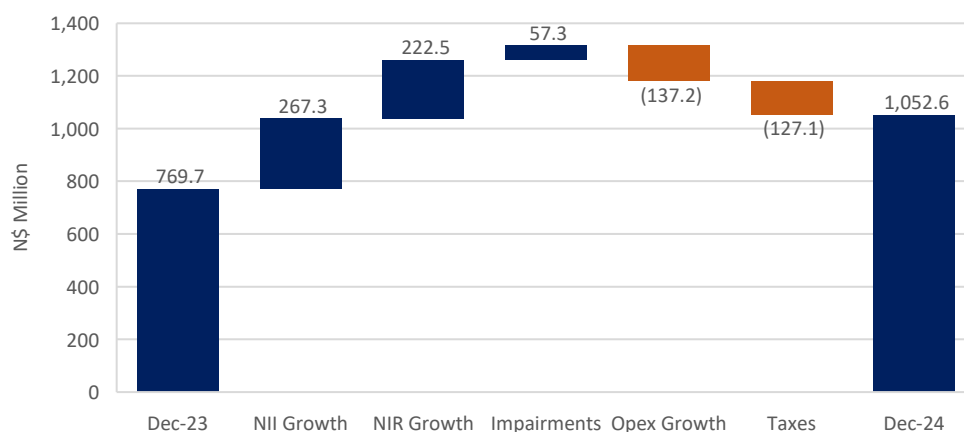
SBN Holdings Ltd (SNO) released full year results for the period ended 31 December 2024 (FY24). Profit after tax rose by 36.8% y/y to N\$1.05 billion, driven by the successful scaling of SNO's digital banking platforms, which drove an increase in transactional and trading volumes, according to management. Loan book growth was also a key driver for this increase in profit. A final dividend of 70cps was declared, up from the 58cps final dividend declared last year. This translates to a payout ratio of 68.0%. Total dividends for the financial year amounted to 138cps (FY23: 100cps).

(N\$ '000)	FY23	FY24	Δ %
Net Interest Income	1,800,015	2,067,311	14.8%
Non-Interest Income	1,455,093	1,677,624	15.3%
<b>Total Income</b>	<b>3,255,108</b>	<b>3,744,935</b>	<b>15.0%</b>
Credit Impairment Charges	(163,411)	(106,103)	-35.1%
<b>Net Income before Operating Expenses</b>	<b>3,091,697</b>	<b>3,638,832</b>	<b>17.7%</b>
Operating Expenses	(1,976,192)	(2,113,374)	6.9%
<b>Net Income before Taxation</b>	<b>1,115,505</b>	<b>1,525,458</b>	<b>36.8%</b>
Taxation (Direct and Indirect)	(345,792)	(472,844)	36.7%
<b>Profit for the Period</b>	<b>769,713</b>	<b>1,052,614</b>	<b>36.8%</b>

Source: SNO

**Net Interest Income:** Net interest income rose by 14.8% y/y to N\$2.07 billion, supported by balance sheet growth and a lower cost of funding. The group's net interest margin improved to 5.6% in FY24, up from 5.2% in FY23.

## SNO Profit after Tax Growth Breakdown



Source: SNO, IIG Securities

**Assets and Advances:** Total assets increased by 11.2% y/y, or N\$4.32 billion, reaching N\$42.99 billion. This growth was primarily driven by a rise in cash and cash balances with the central bank, which surged by N\$2.02 billion to N\$3.69 billion. The group maintained higher liquidity levels and opted to invest surplus funds with the central bank to meet reserve requirements.

## SNO Share Price vs Target Price (c)



## Dividends

SNO declared a final dividend of 70 cents per share.

- Last Day to Trade: 30 April 2025
- Ex-Dividend Date: 02 May 2025
- Record Date: 09 May 2025
- Payment Date: 23 May 2025



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

Gross loans and advances recorded a modest 2.4% y/y growth, amounting to N\$28.47 billion, while Private Sector Credit Extension (PSCE) increased by 4.0% y/y over the same period. The growth in gross loans and advances was mainly due to increases of N\$376.8 million in vehicle and asset finance and N\$343.8 million in sovereign lending. However, mortgage loans, the largest component of gross loans and advances, declined by 1.8% y/y but saw a marginal 0.4% decrease in the second half of 2024. Credit extended to corporates in Namibia's private sector increased by 5.4% y/y, whereas SNO's corporate lending lagged slightly behind at 3.3% y/y, reaching N\$5.31 billion.

**Impairments:** Credit impairment charges declined significantly by 35.1% y/y to N\$106.1 million, bringing SNO's credit loss ratio down to 0.38% from 0.61% in FY23. This decrease was largely due to "the regularisation of group scheme home loan accounts, which were previously impaired due to technical issues".

**Non-Interest Revenue:** NIR expanded by 15.3% y/y, totalling N\$1.68 billion. Fee and commission income increased by 9.2% y/y to N\$1.04 billion, while trading revenue rose by 11.7% y/y to N\$221.6 million, driven by heightened transaction volumes and currency market volatility. Other revenue, mainly fuelled by higher insurance-related income, surged by 31.7% y/y to N\$262.5 million.

**Operating Expenses:** Operating expenses grew by 6.9% y/y to N\$2.11 billion, with staff costs rising by 10.2% y/y as the primary driver. SNO's cost-to-income ratio however improved, decreasing to 56% from 61% in the previous year.

**Funding:** Customer deposits grew by 10.9% y/y, increasing by N\$3.26 billion to reach N\$32.24 billion. This was mainly attributed to a significant 55.0% y/y rise in current account deposits, which increased by N\$4.72 billion to N\$13.32 billion. The strong growth in current accounts contributed to margin expansion, as they represent a lower-cost funding source. Conversely, call deposits declined by 17.2% y/y, or N\$2.48 billion, to N\$11.89 billion.

SNO maintained a solid capital position, with a capital adequacy ratio of 18.0% in FY24, compared to 20.7% in FY23.

### Our Take

SBN Holdings is well-positioned for continued growth, supported by its expanding digital banking platforms and improved transactional volumes. While loan book growth remains modest, somewhat stronger corporate lending and increased liquidity management provide stability. The bank's improved cost efficiency and declining impairment charges enhance profitability prospects. However, mortgage loan contraction and deposit mix shifts may require strategic adjustments. Overall, SNO's solid capital position and margin expansion indicate some potential for sustained earnings growth.

Using a panel of standard valuation techniques, a cost of equity of 17.6% and a long-term sustainable return on equity of 15.0%, we derive a **target price of N\$1072**. Coupled with an expected dividend of 156cps, we derive a potential total return of 28.0%. Based on this, we view the current share price as undervalued and retain our **BUY** recommendation on SNO.

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