

Consolidated group audited results and cash dividend for the year ended 30 June 2023

Financial Statistics

	2023	2022	% change
Headline earnings per share (cents)	587.9	484.5	21.3
Basic earnings per share (cents)	587.9	483.0	21.7
Final Dividend per share - ordinary dividends (cents)	368.14	319.84	15.1
Total dividends per share – ordinary declared in the financial year (cents)	577.84	472.84	22.2
Special dividends per share (cents)	186.85	-	100
Net asset value (NAV) (N\$ million)	2 240	2 355	(4.9)
Return on equity (%)	25.5	21.4	19.0
Cost to income ratio (%)	49.0	52.8	(7.1)
Credit loss ratio (%)	0.58	0.29	100
Earnings (N\$'million)	1 558	1 265	23.2
Pre-provision profit (N\$'million)	2 475	1 964	26.0
Advances (net of credit impairments) (N\$ million)	35 450	31 963	10.9
Deposits (N\$ million)	42 752	37 114	15.2
Total risk-based capital adequacy ratio (consolidated group) (%)	17.9	21.2	(15.6)

Results overview

Namibia remains a good place to do business and add meaningful value for investors and society alike. We know that FirstRand Namibia is also an enabler of economic growth and social upliftment. As a group we are intentional about doing what matters. Using our core business to deliver broadly shared value in the economy, to society, the environment, and our shareholders. We believe that through solving for societal constraints within our mandate and improving the financial wellbeing of our customers, we will naturally also be successful and by extension achieve sustainable bottom-line growth as an outcome. It remains our professional duty to deliver sustainable returns at any point in the economic cycle.

As 2023 saw the world shaking off the economic weariness caused by the global Covid-19 pandemic, the group delivered a strong set of results for the year despite a challenging and dynamic operating environment. Whilst we benefited from rising interest rates to an extent, efforts to increase the customer base, diversify revenue and cost containment remained key strategic initiatives in supporting continued growth and value provided to our stakeholders.

A combination of lethargic economic growth, higher levels of inflation, weaker industry credit extension, and a depreciating Namibian dollar is likely to bring headwinds for us and our customers, requiring careful consideration in the coming financial year. It is anticipated that consumers will remain under pressure as disposable income and ability to service debt comes under strain. We are confident however, that our continued strategic efforts to offer meaningful and helpful solutions will be key in alleviating some of these pressures in the coming financial year and beyond.

The FirstRand Namibia group has made substantial strides towards delivering on its strategic targets and growing the business. Our full year results, for the reporting period, shows a net profit after tax of N\$1 561 million (2022: N\$1 273 million), a 23% improvement on the previous year. Our return on equity (ROE) also improved to 25.5% (2022: 21.4%).

Headline earnings increased by 23% to N\$1 558 million. The main drivers of the increase in earnings are largely due to an improved trading environment, increased credit extended and base growth. This coupled with the interest rate hiking cycle we are currently in has resulted in the improved earnings growth.

Net interest income (NII) grew by 22% off the higher average balances and the rate hikes for the financial year. Interest expense increased by more than 100% while interest income increased by 50%.

NII growth was driven by positive levels of capital, an improved liability mix and active balance sheet management. Interest income performance is mostly driven by the increase of average advances of 5% and an increase in the net interest margins (NIM). The NIM increase is driven by a positive endowment rate impact due to higher interest rates. For the period under review total rate hikes amounted to 300-bps, exceeding pre-pandemic interest rate levels.

Non-interest revenue (NIR) increased by 11%, mostly driven by volume growth as pricing for the year only increased on average by 4.7%. Total transaction volumes amounted to 175 million (2022: 157 million), an increase of 12% from prior year. The continued growth in our active client base and the optimisation of existing clients were the primary drivers behind the increase. Total number of customers were 709 532 as at June 2023 up 6% from last year.

The increase in expenses of 9% to N\$2 430 million shows the effects of higher variable-pay incentives, continuing investment in technology and digital solutions, and some expenses such as marketing and travel returning to its normal state. Cost management remains one of the groups strategic objectives, especially in an environment of rising inflation.

Staff costs increased by 6% to N\$1 331 million, accounting for 55% of total operating expenses. Annual salary increases averaged 5.8%. Other operating costs grew 12%. IT spend increased year-on-year which is reflective of the focused investment in digital platforms. Total IT spend, including IT staff costs, amortisation and depreciation stood at N\$648 million making up 27% of the group expenses.

Total regulated capital amounted to N\$6.2 billion (2022: N\$6.5 billion) and has decreased by 5% due to the increased dividend payments as part of our capital optimisation strategy. The group has remained well capitalised throughout the period, with industry leading levels well above the minimum regulatory requirements. Capital adequacy ratio was 17.9% (2022: 21.2%) and Tier 1 capital 17.0% (2022: 20.2%).

Dividend declaration

Notice is hereby given that a final ordinary dividend (number 60) for the year ended 30 June 2023 of 368.14 cents was declared on 23 August 2023. The last day to trade shares on a cum dividend basis will be on 6 October 2023 and the first day to trade ex-dividend will be 9 October 2023. The record date will be 13 October 2023 and the payment date 27 October 2023.

Short form announcement

This short form announcement is the responsibility of the directors. It is only a summary of the information contained in the integrated annual report and the consolidated annual financial statements and does not contain full or complete details. Any investment decision should be based on the full announcement accessible from Thursday, 14 September 2023, via the NSX link below and also available on our website at <https://www.firststrandnamibia.com.na/investors/financial-results/>

This announcement is itself not reviewed or audited but is extracted from the audited information contained in the integrated annual report and consolidated annual financial statements for the year ended 30 June 2023.

Notice of the annual general meeting

Notice is hereby given to all holders of ordinary shares in the company that the thirty sixth (36th) Annual General Meeting of the shareholders of FirstRand Namibia Ltd will be held via electronic media or in the Etosha Boardroom, FirstRand Namibia Ltd, 5th Floor, @Parkside, 130 Independence Avenue, c/o Fidel Castro, Windhoek, on 19 October 2023 at 14:00. Shareholders are advised that should they wish to attend the AGM via electronic media, email a request to shareholder@fnbnamibia.com.na.

A link to the event will be provided as well as the registration document.

Detail of the AGM can be found on page. 103 in the Integrated Annual Report.

The NSX link is as follows:

<https://senspdf.jse.co.za/documents/2023/nsx/isse/fnb/FNB30Jun23.pdf>

Board of Directors: P Grüttemeyer (Chairperson), J Coetzee, C Dempsey (Chief Executive), LD Kapere, MJ Lubbe*, R Makanjee**, IN Nashandi, ON Shikongo, LP Smit, E van Zyl

*South African with Namibian Permanent Residence

**South Africa

Company Secretary: N Makemba

Registered office: @ Parkside, 130 Independence Avenue, P O Box 195, Windhoek, Namibia, Registration No. 88/024, ISIN Code: NA0003475176, NSX Share Code: FNB.

By order of the Board

14 September 2023

Transfer secretary: Transfer Secretaries (Pty) Ltd, 4 Robert Mugabe Avenue, P O Box 2401, Windhoek, Namibia, Registration No. 93/713.

Sponsor: Cirrus Securities (Pty) Ltd, 35 Schanzen Road, Windhoek, P O Box 27, Windhoek, Namibia, Registration No. 98/463.

