

► Financial Results

Condensed Results

for the six months ended 30 June 2024



Our purpose

To use our financial expertise to do good for individuals, families, businesses and society.

Strategic value drivers

Growth

Productivity

Risk & capital management

Key performance highlights



Headline earnings

Jun 2024 N\$191m
(Jun 2023: N\$ 241m)



Common equity tier 1 ratio

Jun 2024 14.62%
(Jun 2023: 15.82%)



Credit loss ratio

Jun 2024 36 bps
(Jun 2023: 45 bps)



Return on equity

Jun 2024 12%
(Jun 2023: 16%)



Cost to income

Jun 2024 66%
(Jun 2023: 59%)



Liquidity coverage ratio

Jun 2024 186%
(Jun 2023: 184%)

Financial highlights

		NNH Group		
		30 Jun 2024 (unaudited) N\$'000	30 Jun 2023 (unaudited) N\$'000	31 Dec 2023 (audited) N\$'000
Statement of financial position - extract	% change 6 months			
Government and other securities	34.1%	4 718 032	3 502 400	3 519 023
Loans and advances to customers	0.5%	9 261 260	10 332 066	9 218 829
Total assets	8.5%	22 386 093	21 263 777	20 635 347
Total shareholder's equity and non-controlling interest	-0.7%	3 180 890	3 105 926	3 202 878
Due to customers	13.3%	14 058 421	12 400 452	12 406 036
Insurance contract liabilities	-5.4%	73 699	105 087	77 904
Total liabilities	10.2%	19 205 203	18 157 851	17 432 469
Statement of comprehensive income - extract	% change YoY			
Net interest income	-3.5%	447 614	463 990	934 337
Impairment of advances	-26.8%	(18 140)	(24 781)	(62 397)
Non-interest revenue	9.4%	239 731	219 215	512 407
Operating expenditure	13.6%	(456 430)	(401 817)	(864 339)
Profit after taxation	-20.8%	191 141	241 288	460 779
Headline earnings	-20.8%	191 141	241 288	382 044
Capital adequacy	% change YoY	Nedbank Namibia Limited		
Tier 1 capital	2.5%	2 031 826	1 981 806	2 234 786
Total regulatory capital	6.9%	2 464 119	2 305 980	2 543 253
Tier 1 risk-based capital ratio		14.62%	15.28%	18.11%
Total risk-weighted capital ratio		17.12%	17.78%	20.61%

Amid a backdrop of economic uncertainty and evolving challenges, the NedNamibia Holdings Group (the NNH Group) has sustained a steadfast commitment to supporting its clients and fostering economic stability. Throughout the first half of 2024, Namibians have navigated through a period of financial strain that prompted many to adjust their spending habits. In response, the NNH Group has remained dedicated to support its clients and communities, ensuring stability within the broader economy. By prioritising deepened client relationships, we have enhanced engagement and gained valuable insights into the evolving needs of our clients.

At the end of June we reported progress in expanding our loans and advances book, with growth of 0.5% during the first 6 months of 2024, while keeping impairment charges in check. Total revenue remained resilient, bolstered by diversified income streams. Net interest income (NII) decreased by 3.5% to N\$447m, mainly due to contraction related to settlements in our corporate and investment banking unit during the last 6 months of 2023. However this impact was offset by higher levels of high-quality liquid assets (HQLA) held. Margins improved year on year, with the net interest margin (NIM), underpinning to 4.8% from 4.5%. Non-interest revenue (NIR) increased by 9.4% to N\$239m, underpinned by our strategy to grow our client base, which increased by 9% year on year. While our trading income remained under pressure due to ongoing market volatility, this was offset by foreign exchange income. Card revenue increased by 13% year on year and our insurance business also showed growth of 8%.

A 26.8% decrease in the impairment charge resulted in a further improvement of our credit loss ratio (CLR) from 45 bps (H1 2023) to 36 bps. We incurred higher operational expenses primarily due to the increased investments in employees (+10%) and IT (+12%). While our profitability was affected by higher operational costs, these investments are crucial for enhancing our service capabilities and operational efficiency as well as compliance with increasing regulatory requirements. During the first half of this year, we have completed the implementation of SAP procurement modules, another step change in enabling ongoing efficiencies over time.

The NNH Group is well capitalised, with the Nedbank Namibia Limited Common Equity Tier 1 ratio at 14.62% (H1 2023: 15.28%) and the leverage ratio at 8.44% (H1 2023: 8.59%), which is within our internal target range. Funding and liquidity levels remained sound.

Since the start of 2024, the NNH Group has launched several marketing campaigns targeting specific segments of the market. These campaigns highlight the unique value proposition our products and services offer different banking segments - including, small and medium enterprises (SMEs), Business Banking, and Private Banking - catering to the

unique financial requirements of each segment, including lending, insurance, investment, and risk management. Nedbank's bigger-picture approach ensures that the most appropriate and innovative banking solutions are provided to meet the needs of clients across each sector.

With the country gearing up for unprecedented economic growth in the green energy, oil, and mining industries, during the first half of the year, the NNH Group facilitated several key industry engagements that were aimed at fostering dialogue and collaboration. Events such as the Nedbank Coastal Budget Discussion, the Nedbank Green Hydrogen event, and the Nedbank Oil & Mining event, all served as platforms to cultivate collaborations among regional neighbours, government entities, and Namibia's key industrial sectors, allowing for the discovery of synergies as well as uncover unexpected connections.

The first half of 2024 saw the NNH Group continue to make impactful strides within the communities in which it does business. Through sponsorships including the Nedbank for Good Series, the Nedbank Kapana Cook-off Competition as well as the Nedbank Namibian Newspaper Cup the NNH Group contributed to some key societal matters including, education, SMEs focused entrepreneurship, as well as youth sports development. This underscores our dedication to the betterment of both business and our society.

Economic activity softened in the first half of 2024. Elevated interest rates weighed on domestic demand, while the dry conditions in key farming areas hurt agricultural output. However, the outlook has improved: inflation has moderated to below 5%, enabling the Bank of Namibia to start its interest rate-cutting cycle with a 25 basis points reduction in August. Subdued credit demand, low inflation, and a firmer currency will facilitate further easing in Q4 2024 and H1 2025. In 2025, the Namibian economy will benefit from a more favourable global environment as global inflation eases further and interest rates fall. The end of the El Niño weather pattern in the Southern hemisphere will help to relieve the dry conditions and support farming output.

We remain focused on strategic initiatives aimed at improving client experience and operational effectiveness.

For and on behalf of the board

SI Kankondi
Chairperson

M Murorua
Managing Director

Windhoek, 06 September 2024