FNB Media Release

FNB delivers solid results with more customers migrating to its digital platform

16 September 2021 – FNB has delivered solid earnings growth for the financial year ending 30 June 2021, buoyed by a rebound in transactional activity, growing customer base and robust migration to its digital platform. FNB’s normalised profit before tax increased by 32% and it delivered an impressive return on equity (ROE) of 33.3%.

The Bank continues to attract new customers with total customer growth of 5% to 10.5 million (South Africa 8.7 million and Rest of Africa 1.8 million). Customers with limited transactional needs continue to use eWallet as a store of value with over 7 million active wallets of which 5.6 million are non-FNB customers. FNB’s ongoing investment in its integrated financial services platform and digital interfaces continued to pay-off, recording an impressive 1.48 billion digital logins for the year.

Key operational highlights from FNB’s performance include:

- Normalised profit before tax up 32%
- Pre-provision operating profit up 1%
- Return on Equity (ROE) at 33.3%
- Total active customer base up 5%
- Non-Interest revenue up 5%
- Deposits growth of 7%
- Significant reduction in impairments to R9.1 billion
- FNB App volumes up 26%
- Wealth and Investments account base up 11%
- In-force Annual Premium Income (API) up 11%
- Total eBucks rewards of R1.9 billion (R15.9 billion since inception)

Jacques Celliers, FNB CEO says, “We are pleased to continue delivering value to customers despite the current restrictions in economic activity and the present realities of Covid-19. We are enormously encouraged to see our digital platform usage scaling as this affirms our ongoing investment into our platform journey that started nearly a decade ago. These results also reflect ongoing recovery in customers’ income, demonstrated in a rebound in core transactional activity in our Retail and Commercial segments. Furthermore, we are optimistic that the vaccination programme will lead to a more open economy in the months ahead to afford opportunities to some of the worst affected business sectors.”

FNB Rest of Africa increased its normalised profit before tax by 40% with key drivers being its growing customer base, a strong rebound in credit performance and improved migration of customers to digital channels (digital application penetration increased from 16.5% to 29.3%). Rest of Africa
continues to focus on creating customer-centric value propositions and this is evident in our Cashplus agent solution that has shown an impressive growth of 89% to 1 768 agents.

FNB Retail recorded a strong rebound to increase its earnings by 27% and strategies to acquire new customers continue to yield results as the Retail customer base grew by 4% over the period. Retail also showed lower impairments across all products. The Retail segment has refined its customer segmentation in order to support the needs of customers appropriately, with an ongoing focus to provide the right solutions across all income groups.

FNB Commercial delivered a 36% earnings increase despite the ongoing restrictions in sectors such as hospitality, leisure and tourism. The Commercial performance was supported by lower impairments, recovery in transactional activity, merchant acquiring volumes and forex activities. Commercial also recorded good customer growth with its base increasing by 10%.

Wealth and Investment Management grew its account base by 11% and assets under management increased by 8% due to improving flows and a rebound in equity markets. Total assets in Wealth and Investments increased by 12% with strong growth in FNB Horizon Series Unit Trusts (up 25%). The Investment business also introduced compelling value propositions such as Exchange Trade Notes (ETNs) where customers get exposure to leading global equity stocks for as little as R10.

The Life Insurance business delivered solid premium growth of 9% and an 11% increase in its in-force annual premium equivalent. The business continues to provide much needed support to customers on retrenchment and death related claims. The roll-out of short-term insurance solutions is also gaining momentum with policies up 17% compared to the previous year.

Recently acknowledged by the South African Customer Satisfaction Index (SA-csi) as a leader in customer satisfaction in telecommunications, FNB Connect is delivering value to customers with 17% growth in active customers and over 833k active SIMs. Purchases and fulfilment on platform, i.e. electricity, mobile and digital vouchers sold, amounted to R17.2 billion, up 5%. nav> Money users increased more than 100% to 2.1 million and nav> Car has over 667 000 vehicles loaded with 60 000 license renewals delivered during lockdown. Since launch, over R26.8 billion has been paid out to customers via nav> Home.

“As the Most Valuable Brand (BrandZ) in South Africa, we are humbled to partner with society, our customers and employees to weather the current social and economic turbulences. We are firmly invested in efforts to help our customers and local communities to rebuild and unlock future opportunities for growth. We also recognise our role in creating employment opportunities and recently announced measures to recruit approximately 300 high-value skills to scale our efforts to build a world-class platform business,” concludes Celliers.

ENDS