

CONSOLIDATED GROUP FINANCIAL RESULTS

The reviewed consolidated results of the group for the year ended 30 June 2015

**Bank Windhoek
Holdings Limited**

A member of  Capricorn
Investment Holdings

Profit before tax	Headline earnings	Net asset value per share	Dividend per ordinary share	Capital adequacy	Return on average equity
N\$1,067.1m	N\$753.2m	728 cents	53 cents	15.8%	22.4%
↑ 21.5%	↑ 24.2%	↑ 18.0%	↑ 20.5%		

Bank Windhoek Holdings Limited (the group) produced another set of satisfying operating results, with a year-on-year increase in profit before tax of 21.5% to N\$1,067.1 million (2014: N\$878.3 million). Growth was driven by an increase in net interest income supported by improved margins, increased transactional volumes and effective expense management.

Creating shareholder value

The group continues to deliver shareholder value with return on equity increasing from 21.9% to 22.4%, well above the average cost of equity of 13.4%. Earnings per share were 150.4 cents (2014: 124.7 cents), an increase of 20.6%.

The group declared a total dividend of 53 cents per share (2014: 44 cents), an increase of 20.5%.

Net interest income

Net interest income after loan impairment charges increased by 17.6% to N\$1,208.7 million (2014: N\$1,027.8 million) on the back of strong loans and advances growth of 16.7%, together with an improvement in the net interest margin. The improvement is due to a combination of more effective pricing as well as the increase in the prime rate during the year under review.

Bank Windhoek fully provided for the impairment of a single large exposure at year-end which resulted in impairment charges increasing to N\$58.3 million (2014: N\$29.1 million). This had a direct impact on the loan loss ratio increasing to 0.26% (2014: 0.15%), still well below the general banking norm.

Non-interest income

Despite the implementation of zero cash handling fees on certain accounts during the year under review, non-interest income increased by 19.4% to N\$811.9 million (2014: N\$679.7 million). The increase is mainly due to strong growth in transaction volumes, and income from trading activities, cards and electronic channels.

The group also continues to improve its efficiency and diversification ratios with non-interest income covering 77.9% (2014: 74.3%) of operating expenses and contributing 40.2% (2014: 39.8%) of operating income.

Operating expenses

Operating expenses increased by 13.9% to N\$1,042.2 million compared to the prior year (2014: N\$914.6 million). The increase above inflation is mainly due to:

- Increased headcount to provide for growth;
- Operational banking expenses, mainly due to increased transaction volumes; and
- Ongoing investment in technology. The group continues to invest in existing and new offerings to ensure sustainable improvement in customer experience and financial performance.

The growth in operating income of 18.3% exceeds the growth in operating expenses of 13.9%. As a direct result of this positive operating performance, the cost to income ratio improved from 53.6% to 51.6%.

Income from associates

Income from associates increased by 3.4% to N\$87.2 million and contributed 11.6% to profit for the year. Included in the prior year income from associates is a non-recurring profit on the sale of a subsidiary by Sanlam Namibia Holdings (Pty) Limited. Excluding this profit, the income from associates increased by 22.8%.

Statement of financial position

The group's total asset growth of 17.6% is driven by the growth in loans and advances of 16.7%, which is mainly due to growth in overdrafts and commercial mortgage loans. The growth in loans and advances was slightly above Namibian credit growth, thus maintaining the group's market share.

Total funding increased by 17.6%, comprising a 17.1% increase in deposits to N\$22.0 billion (2014: N\$18.8 billion) and debt securities of 33.7% to N\$2.5 billion (2014: N\$1.8 billion).

The group remains well capitalised with a total risk-based capital adequacy ratio of 15.8% (2014: 15.8%), well above the minimum regulatory requirement of 10%.

Prospects

Our focus in the coming year will remain on:

- Our customer-centric strategy and culture whereby we continue to differentiate ourselves through our unique service offering and customer experience;
- The handshake between the group and its employees in achieving superior performance through loyal and satisfied employees;
- Digital channels to keep up with market demands, but also to lead with new technology; and
- Achieving our goals responsibly. We adhere to the highest ethical standards and continuously engage our stakeholders. We believe that sustainability comes from a firm focus on profits, our people and the planet.

With our strong vision, focused strategy and the support of our stakeholders, we remain confident that the year ahead will be characterised by continued growth and prosperity for our group and all its stakeholders. We will continue to differentiate ourselves through a high level of customer service and our business philosophy of building strong, long-lasting relationships with our stakeholders.

Christo de Vries
Managing Director

Koos Brandt
Chairman

Reviewed results – auditor's opinion

The condensed consolidated financial statements for the year ended 30 June 2015, from which this information is derived, have been reviewed by PricewaterhouseCoopers, who expressed an unmodified review conclusion. The review was conducted in accordance with ISRE 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A copy of the auditor's review report is available for inspection at the company's registered office together with the condensed consolidated financial statements referred to in the auditor's report.

Basis of presentation

The reviewed condensed consolidated financial statements of Bank Windhoek Holdings Ltd for the year ended 30 June 2015, from which this information is derived, have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and presentation and disclosure requirements of International Accounting Standards (IAS) 34: 'Interim financial reporting' as well as the Namibian Companies Act.

This results announcement is the responsibility of the directors, and is extracted from the reviewed condensed consolidated financial statements, but is not itself reviewed or audited. The group's principal accounting policies comply with IFRS and have been applied consistently in all material aspects with the previous financial years.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	2015 Reviewed N\$'000	2014 Audited N\$'000
Interest and similar income	2,425,239	1,944,847
Interest and similar expenses	(1,158,278)	(887,949)
Net interest income	1,266,961	1,056,898
Impairment charges on loans and advances	(58,305)	(29,115)
Net interest income after loan impairment charges	1,208,656	1,027,783
Non-interest income	811,891	679,732
Operating income	2,020,547	1,707,515
Operating expenses	(1,042,231)	(914,641)
Operating profit	978,316	792,874
Share of joint arrangements' results after tax	1,667	1,151
Share of associates' results after tax	87,159	84,264
Profit before income tax	1,067,142	878,289
Income tax expense	(314,140)	(253,374)
Profit for the year	753,002	624,915
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets	28,486	14,244
Total comprehensive income for the year	781,488	639,159
Ordinary shares in issue ('000) ¹	500,523	501,117
Weighted average no. of ordinary shares in issue ('000) ¹	500,523	501,117
Diluted weighted average no. of ordinary shares in issue ('000) ¹	502,466	502,063
Basic earnings per share (cents)	150.4	124.7
Diluted earnings per share (cents)	149.9	124.5
Basic headline earnings per share (cents)	150.5	121.0
Dividend per ordinary share (cents)	53.0	44.0

¹ Adjusted for shares held by the employee share trusts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	2015 Reviewed N\$'000	2014 Audited N\$'000
ASSETS		
Cash and balances with the central bank	619,907	709,431
Derivative financial instruments	977	2,190
Financial assets designated at fair value through profit or loss	2,587,461	2,104,938
Investment securities	100,533	72,047
Due from other banks	740,321	472,972
Loans and advances to customers	23,621,871	20,245,395
Other assets	363,680	250,320
Current tax asset	4,575	14,112
Investment in associates	233,157	209,364
Interest in joint arrangements	7,104	5,437
Intangible assets	155,165	94,239
Property, plant and equipment	154,043	130,295
Deferred tax asset	20,048	7,528
Total assets	28,608,842	24,318,268
LIABILITIES		
Derivative financial instruments	1,731	138
Due to other banks	130,151	282,664
Debt securities in issue	2,461,212	1,841,287
Deposits	21,993,998	18,782,411
Other liabilities	359,015	298,643
Current tax liability	10,946	698
Deferred tax liability	-	10,708
Post-employment benefits	8,416	7,561
Total liabilities	24,965,469	21,224,110
EQUITY		
Share capital and premium	530,050	532,435
Non-distributable reserves	196,486	170,354
Distributable reserves	2,916,837	2,391,369
Total shareholders' equity	3,643,373	3,094,158
Total equity and liabilities	28,608,842	24,318,268
Net asset value per share (cents)	728	617

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Share capital and premium	Non-distributable reserves	Distributable reserves	Total equity
	N\$'000	N\$'000	N\$'000	N\$'000
For the year ended 30 June 2014 (audited)				
Balance at 1 July 2013	466,745	149,877	2,007,436	2,624,058
Issue of shares	64,750	-	-	64,750
Shares held by the BWH Group	-	-	-	-
Employee Share Trusts	940	-	-	940
Total comprehensive income for the year	-	-	639,159	639,159
Profit for the year	-	-	624,915	624,915
Other comprehensive income	-	-	14,244	14,244
Share-based payment charges	-	-	3,157	3,157
Transfer between reserves	-	20,477	(20,477)	-
Acquisition of subsidiary	-	-	(121,491)	(121,491)
Dividends	-	-	(116,415)	(116,415)
Balance at 30 June 2014	532,435	170,354	2,391,369	3,094,158
For the year ended 30 June 2015 (reviewed)				
Balance at 1 July 2014	532,435	170,354	2,391,369	3,094,158
Shares held by the BWH Group	-	-	-	-
Employee Share Trusts	(2,385)	-	-	(2,385)
Total comprehensive income for the year	-	-	781,488	781,488
Profit for the year	-	-	753,002	753,002
Other comprehensive income	-	-	28,486	28,486
Share-based payment charges	-	-	5,000	5,000
Profit on sale of treasury shares	-	-	764	764
Transfer from share-based payment reserve	-	-	(10,015)	(10,015)
Transfer between reserves	-	26,132	(26,132)	-
Dividends	-	-	(225,637)	(225,637)
Balance at 30 June 2015	530,050	196,486	2,916,837	3,643,373

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	2015 Reviewed N\$'000	2014 Audited N\$'000
Net cash generated from / (utilised in) operating activities	245,654	(535,008)
Net cash utilised in investing activities	(122,753)	(103,600)
Net cash generated from financing activities	227,669	689,036
Net increase in cash and cash equivalents	350,570	50,428
Cash and cash equivalents at the beginning of the year	1,608,749	1,558,321
Cash and cash equivalents at the end of the year	1,959,319	1,608,749

HEADLINE EARNINGS RECONCILIATION

for the year ended 30 June 2015

	2015 Reviewed N\$'000	2014 Audited N\$'000
Profit for the year	753,002	624,915
Remeasurement included in equity accounted earnings	573	1,696
Profit on sale of subsidiary	-	(6,742)
Profit on sale of subsidiary by an associate included in equity accounted earnings	-	(13,277)
Disposal gains on sale of property, plant and equipment	(357)	(371)
Headline earnings	753,218	606,221
Basic headline earnings per share (cents)	150.5	121.0
Diluted headline earnings per share (cents)	149.9	120.7

CAPITAL ADEQUACY

for the year ended 30 June 2015

	2015 Reviewed %	Minimum Requirement %
Total risk-based capital ratio	15.8	10.0
Tier I risk-based capital ratio	13.7	7.0
Tier II risk-based capital ratio	2.1	-

SUMMARY OF KEY RATIOS

for the year ended 30 June 2015

	2015 Reviewed %	2014 Audited %
Profit before income tax growth	21.5	23.8
Earnings per share growth	20.6	15.0
Dividend per share growth	20.5	34.4
Return on average shareholders' equity	22.4	21.9
Return on average assets	2.8	2.8
Cost to income ratio	51.6	53.6
Growth in total assets	17.6	16.1

FURTHER CAUTIONARY ANNOUNCEMENT

Further to the cautionary announcements dated 5 June 2015 and 17 July 2015, shareholders are advised that negotiations are in progress, which if successfully concluded, may have a material effect on the price of the company's shares.

Accordingly, shareholders are advised to exercise caution when dealing in the company's shares until a full announcement is made.

FINAL DIVIDEND

Notice is hereby given that a final dividend of 29 cents per ordinary share was declared on 11 August 2015 for the year ended 30 June 2015. Taking into account the 24 cents per share interim dividend, this represents a total dividend of 53 cents per ordinary share for the year ended 30 June 2015 (2014: 44 cents per share).

- Last day to trade cum dividend: 28 August 2015
- First day to trade ex-dividend: 31 August 2015
- Record date: 4 September 2015
- Payment date: 11 September 2015

Bank Windhoek Holdings Limited
(Incorporated in the Republic of Namibia)
(Registration Number: 96/300)
Share code: BWH ISIN: NA000A1T6SV9
("BWH" or "the group")

Directors: J C Brandt (Chairman), J J Swanepoel (Vice-Chairman),
C P de Vries (Managing Director), K B Black, F J du Toit,
E Knouwds, M J Prinsloo, G N Sekandi, E Schimming-Chase,
J M Shaetonhodi, M K Shikongo.

By order of the Board


H von Ludwiger
Company Secretary
Windhoek, 11 August 2015

Postal address: P.O. Box 15, Windhoek, Namibia
Registered address: CIH House, Kasino Street, Windhoek, Namibia
Tel: (+264 61) 299 1301
Fax: (+264 61) 299 1309
E-mail: info@bwholdings.com.na
Website: www.bwholdings.com.na

Sponsor: PSG Wealth Management (Namibia) (Pty) Limited
Member of the Namibian Stock Exchange