

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The reviewed condensed consolidated results of the group for the year ended 30 June 2013

# Bank Windhoek Holdings Limited

A member of  Capricorn Investment Holdings

## GROUP OVERVIEW

Bank Windhoek Holdings Limited (BWH) is a Namibian financial services group offering a wide spectrum of financial services through its subsidiaries and associates. The year will be remembered as a milestone in the history of the group with the successful listing of BWH on the Namibian Stock Exchange on 20 June 2013. The public offer of BWH created an investment opportunity for Namibians, broadened Namibian ownership in the group and aided the development of the Namibian capital market.

## FINANCIAL PERFORMANCE

BWH can report on another year of continued solid performance, delivering a 17<sup>th</sup> consecutive year of growth in income and profit from operations. This is underpinned by controlled asset growth, prudent risk and capital management and continued focus on efficiencies.

BWH delivered satisfactory results for the year ended 30 June 2013, exceeding the half billion Namibia Dollar mark in total comprehensive income for the first time:

- Group total comprehensive income for the year amounted to N\$516 million, which represents a 24% increase on the prior year;
- Sound balance sheet growth was achieved with asset growth of 10,7% to N\$20,9 billion;
- The group is well capitalised with a Core Tier I capital ratio of 13.2%, well above the minimum statutory requirement of 7%; and
- A normalised return on average equity of 23.7% was realised.<sup>3</sup>

Net interest income increased by 16.8% to N\$914 million (2012: N\$783 million). Credit management remains a key focus, coupled with prudent risk pricing and good recoveries of delinquent debt. During the year under review the loan loss rate decreased from 0.18% to 0.16% and non-performing loans as a percentage of gross advances decreased from 0.90% to 0.86%.

Non-interest income mainly comprises fee and commission income, trading income and other operating income. The total non-interest income increased by 12.9% to N\$523 million (2012: N\$463 million).

Operating expenses increased by 8% (2012: 10%), to N\$763 million (2012: N\$707 million). The growth in operating expenses slowed down compared to the prior year, mainly due to increased efficiencies, a focused effort to contain costs and an underspend in IT related projects. The reduction in the operating expense growth, coupled with good income growth, resulted in an improved cost to income ratio of 54.1% (2012: 57.9%).

Loans and advances to customers grew by 14.0% to N\$17.7 billion (2012: N\$15.5 billion), which is mainly due to growth in the overdraft and mortgage loan books.

Of the N\$361.2 million capital raised through the listing, BWH invested N\$200 million in Bank Windhoek to further increase the bank's Tier 1 capital in anticipation of the implementation of Basel III. This capital will also fund further investment in information technology and innovative payment systems and channels to market, in order to enable the bank to better service its existing client base as well as to better penetrate the unbanked and under-banked market in Namibia.

## WAY FORWARD

The group will remain focused on delivering sustainable long-term value to its shareholders and improve on returns, notwithstanding the challenges in the operating environment and changing landscape of the banking sector.

In delivering increased shareholder value, the group has identified the following strategic drivers for the ensuing years:

- Controlled growth in assets;
- Capital management;
- Investment in technology and innovation;
- Diversification of income streams; and
- Focused cost efficiency programs.

The directors expect the 2014 growth in total comprehensive income to be in line with the forecast of 14%, as indicated in the prospectus. The group will continue to invest in capacity to support future growth and expansion of business activities.

The Board will continue to explore opportunities for utilising the capital raised during the public offer for strategic investments.

**Christo de Vries**  
Managing Director

## AUDITOR'S REVIEW

The condensed results for the year ended 30 June 2013 have been reviewed by PricewaterhouseCoopers. The review was conducted in accordance with ISRE 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. PricewaterhouseCoopers' unmodified review report on the condensed financial statements contained in this report is available for inspection at the company's registered office.

## BASIS OF PRESENTATION

The reviewed condensed group consolidated financial results have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), interpretations issued by 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.

The group's principal accounting policies have been prepared in terms of IFRS and have been applied consistently in all material aspects with those applied during the previous financial years.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	2013 Reviewed N\$'000	2012 Audited N\$'000
Interest and similar income	1,708,096	1,525,912
Interest and similar expense	(793,642)	(742,854)
<b>Net interest income</b>	<b>914,454</b>	<b>783,058</b>
Impairment charges on loans and advances	(26,803)	(25,243)
<b>Net interest income after loan impairment charges</b>	<b>887,651</b>	<b>757,815</b>
Non-interest income	523,191	463,332
<b>Operating income</b>	<b>1,410,842</b>	<b>1,221,147</b>
Operating expenses	(762,759)	(706,511)
<b>Operating profit</b>	<b>648,083</b>	<b>514,636</b>
Share of results of joint ventures after tax	1,191	2,002
Share of results of associates after tax	60,445	53,343
<b>Profit before income tax</b>	<b>709,719</b>	<b>569,981</b>
Income tax expense	(216,448)	(167,370)
<b>Profit for the year</b>	<b>493,271</b>	<b>402,611</b>
<b>Other comprehensive income</b>		
Items of other comprehensive income to be recycled		
Net gains on available-for-sale financial assets	22,359	14,035
<b>Total comprehensive income for the year</b>	<b>515,630</b>	<b>416,646</b>
<b>Profit is attributable to:</b>		
Equity holders of the group and company	493,271	399,803
Non-controlling interests	-	2,808
	<u>493,271</u>	<u>402,611</u>
<b>Total comprehensive income is attributable to:</b>		
Equity holders of the group and company	515,630	413,838
Non-controlling interests	-	2,808
	<u>515,630</u>	<u>416,646</u>
Ordinary shares in issue ('000) <sup>1,2</sup>	493,135	452,475
Basic earnings per share (cents) <sup>2</sup>	108	89
Dividend per ordinary share (cents) <sup>2</sup>	32.75	25

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	2013 Reviewed N\$'000	2012 Audited N\$'000
<b>ASSETS</b>		
Cash and balances with the central bank	852,636	881,059
Derivative financial instruments	12,188	-
Financial assets designated at fair value through profit or loss	1,493,165	1,523,800
Investment securities	120,446	351,698
Due from other banks	251,355	211,032
Loans and advances to customers	17,651,962	15,484,932
Other assets	189,704	140,237
Current tax asset	7,953	3,635
Investment in associates	191,999	175,997
Interest in joint ventures	4,286	5,095
Intangible assets	28,987	10,651
Property, plant and equipment	129,486	127,450
Deferred tax asset	4,441	5,464
<b>Total assets</b>	<b>20,938,608</b>	<b>18,921,050</b>
<b>LIABILITIES</b>		
Derivative financial instruments	7,792	699
Due to other banks	166,959	237,611
Debt securities in issue	1,323,976	917,322
Deposits from customers	13,022,976	12,126,619
Other deposits	3,511,815	3,398,657
Other liabilities	229,080	206,252
Current tax liability	-	584
Deferred tax liability	45,247	140,708
Post-employment benefits	6,706	5,539
<b>Total liabilities</b>	<b>18,314,551</b>	<b>17,033,991</b>
<b>EQUITY</b>		
Share capital and premium	466,745	102,114
Non-distributable reserves	149,877	135,075
Distributable reserves	2,007,435	1,649,870
<b>Total equity</b>	<b>2,624,057</b>	<b>1,887,059</b>
<b>Total equity and liabilities</b>	<b>20,938,608</b>	<b>18,921,050</b>
Net Asset Value per share (cents) - 30 June <sup>2</sup>	532	417

<sup>1</sup> Adjusted for shares held by the employee share trusts.

<sup>2</sup> The 2012 comparatives have been adjusted to reflect the share split of four ordinary shares for every one ordinary share effective 2 April 2013.

<sup>3</sup> Adjusted for the capital raised as part of the BWH listing.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Share capital & premium	Non distributable reserves	Distributable reserves	Non-controlling interests	Total equity
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
<b>Balance at 1 July 2011</b>	86,945	116,066	1,362,019	7,823	1,572,853
Issue of shares	15,169	-	-	-	15,169
Profit for the year	-	-	399,803	2,808	402,611
Other comprehensive income	-	-	14,035	-	14,035
Share-based payment charges	-	-	7,276	-	7,276
Transfer between reserves	-	19,009	(19,009)	-	-
Dividends for 2012	-	-	(113,119)	(224)	(113,343)
Business combination	-	-	(1,135)	(10,407)	(11,542)
<b>Balance at 30 June 2012 (Audited)</b>	<b>102,114</b>	<b>135,075</b>	<b>1,649,870</b>	<b>-</b>	<b>1,887,059</b>
Balance at 1 July 2012	102,114	135,075	1,649,870	-	1,887,059
Issue of shares	373,002	-	-	-	373,002
Shares held by the BWH Group Employee Share Ownership Trust	(8,371)	-	-	-	(8,371)
Profit for the year	-	-	493,271	-	493,271
Other comprehensive income	-	-	22,359	-	22,359
Share-based payment charges	-	-	1,643	-	1,643
Transfer between reserves	-	14,802	(14,802)	-	-
Dividends for 2013	-	-	(149,537)	-	(149,537)
Acquisition of control over employee share trusts	-	-	4,631	-	4,631
<b>Balance at 30 June 2013 (Reviewed)</b>	<b>466,745</b>	<b>149,877</b>	<b>2,007,435</b>	<b>-</b>	<b>2,624,057</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2013

	2013 Reviewed N\$'000	2012 Audited N\$'000
Net cash (out)/inflow from operating activities	(557,878)	515,586
Net cash in/(out)flow from investing activities	222,697	(26,070)
Net cash in/(out)flow from financing activities	558,040	(9,402)
<b>Net increase in cash and cash equivalents</b>	<b>222,859</b>	<b>480,114</b>
Cash and cash equivalents at the beginning of the year	1,335,462	855,348
<b>Cash and cash equivalents at the end of the year</b>	<b>1,558,321</b>	<b>1,335,462</b>

## HEADLINE EARNINGS RECONCILIATION

for the year ended 30 June 2013

	2013 Reviewed N\$'000	2012 Audited N\$'000
Earnings attributable to ordinary equity holders of the group	493,271	399,803
Remeasurement included in equity accounted earnings	1,696	1,696
Gains on the loss of control of a subsidiary	-	(7,048)
Loss on disposal of associate	162	-
Impairment of intangible assets	-	451
Disposal gains on sale of property, plant and equipment	(263)	(53)
<b>Headline earnings</b>	<b>494,866</b>	<b>394,849</b>
Headline and diluted headline earnings per share (cents) <sup>2</sup>	109	87

## SUMMARY OF KEY RATIOS

for the year ended 30 June 2013

	2013	2012
Profit after Tax Growth (%)	22.5	22.6
Earnings per Share Growth (%)	22.4	21.2
Normalised Net Asset Value Growth (%) <sup>3</sup>	20.7	20.0
Normalised return on average shareholders' equity (%) <sup>3</sup>	23.7	23.3
Return on average assets (%)	2.5	2.3
Cost to income ratio (%)	54.1	57.9

## CAPITAL ADEQUACY

as at 30 June 2013

	2013	2012
Tier I (%)	13.2	9.8
Tier II (%)	3.4	3.6
<b>Total (%)</b>	<b>16.6</b>	<b>13.4</b>
Tier I leverage ratio (%)	11.4	8.6

## DIVIDEND

A final dividend of 14.5 cents per share was paid on 12 June 2013 to shareholders recorded in the register on that date. Dividends of N\$149.5 million were declared and paid during the year representing a dividend of 32.75 cents per share. Compared to the prior year, the dividend per share has increased by 31%.

Bank Windhoek Holdings Limited  
(Incorporated in the Republic of Namibia)  
(Registration Number: 96/300)  
Share code: BWH ISIN: NAO00A1T6SV9  
("BWH" or "the group")

By order of the Board

  
H von Ludwiger  
Company Secretary  
Windhoek, 13 August 2013

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



**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.