

# REVIEWED CONSOLIDATED INTERIM GROUP RESULTS

for the six months ended 31 December 2015

Bank Windhoek  
Holdings Limited

A member of  Capricorn  
Investments Holdings

Profit after tax	Earnings per share	Net asset value per share	Dividend per ordinary share	Capital adequacy	Cost to income ratio
N\$455.9m	91 cents	798 cents	30 cents	14.5%	49.1%
↑ 26.4%	↑ 26.8%	↑ 18.4%	↑ 25.0%		

## GROUP FINANCIAL PERFORMANCE

Bank Windhoek Holdings Limited's consistent performance continued during the six months ended 31 December 2015 with profit after tax increasing by 26.4% year-on-year. The positive contribution to the financial performance was evenly spread throughout the business.

### Net interest income

The group's interest income increased by 23.7% to N\$1.4bn and interest expenses by 26.7% to N\$696.1m, resulting in net interest income increasing by 21.0% to N\$727.9m. The group's strategy to diversify its funding by accessing capital markets outside Namibia and lengthening the group's maturity profile contributed to the increase in the cost of funding.

Although the bad and doubtful debt charge to income increased compared to the same period in the previous year and non-performing loans as a percentage of gross loans and advances increased to 1.24% (June 2015: 1.09%), Bank Windhoek's bad debt levels remain within acceptable levels and industry norms.

### Non-interest income

Despite the implementation of zero cash handling fees on certain accounts from 1 April 2015, non-interest income increased by 21.7% to N\$481.4m (December 2014: N\$395.7m). The increase is mainly due to strong growth in commission and income from trading activities, which included income earned from the Kwanza trading activities. The dispensation from Bank of Namibia for Namibian banks to trade in Kwanza was ended in December 2015 and no further income from this source is anticipated.

The group also continues to improve its efficiency and diversification ratios with non-interest income covering 83.2% (December 2014: 77.8%) of operating expenses and contributing 40.9% (December 2014: 40.2%) of operating income.

### Operating expenses

Operating expenses increased by 13.8% to N\$578.7m compared to the prior period (December 2014: N\$508.5m). The increase is in line with the expense growth of the last 18 months and is mainly due to an increase in staff costs.

The growth in operating income of 19.7% exceeds the growth in operating expenses of 13.8%. As a direct result of this positive operating performance, the cost to income ratio improved from 51.7% to 49.1%. With less favourable market conditions expected in the short to medium term we anticipate the cost to income ratio to remain static for the foreseeable future.

### Income from associates

Income from associates increased by 15.4% to N\$47.6m and contributed 10.4% to profit after tax for the half year.

### Statement of financial position

The group's total asset growth of 19.1% is driven by the growth in loans and advances of 15.8%, which is mainly due to growth in overdrafts and mortgage loans. Compared to the prior period the growth in loans and advances has slowed down, mirroring the industry growth in credit to the private sector.

Total funding increased by 18.7%, comprising a 13.5% increase in deposits to N\$23.1bn (December 2014: N\$20.3bn) and other borrowings of N\$1.2bn. Other borrowings consist of long term loans from the International Finance Corporation and Deutsche Investitions- und Entwicklungsgesellschaft of N\$920m and N\$250m respectively.

The group remains well capitalised with a total risk-based capital adequacy ratio of 14.5% (December 2014: 15.7%), well above the minimum regulatory requirement of 10%.

### Outlook

The group is expecting a challenging operating environment with sluggish economic growth, increasing interest rates, increasing inflation and a weakening currency. These negative key economic indicators are likely to cause the Namibian consumer to experience financial pressures over the short to medium term.

Despite the challenging operating environment, we remain positive and will continue to manage our risks, improve our service offering, grow our customer base and capitalise on the opportunities it brings.

## REVIEWED RESULTS – AUDITOR'S REVIEW CONCLUSION

The condensed consolidated interim financial statements for the six months ended 31 December 2015, from which this information is derived, have been reviewed by PricewaterhouseCoopers, who expressed an unmodified review conclusion thereon. 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 interim financial statements referred to in the auditor's review report.

## BASIS OF PRESENTATION

The reviewed condensed consolidated interim financial statements of Bank Windhoek Holdings Ltd for the six months ended 31 December 2015, from which this information is derived, have been prepared in accordance with International Accounting Standards (IAS) 34: 'Interim financial reporting' and the requirements of the Companies Act of Namibia.

This results announcement is the responsibility of the directors, and is extracted from the reviewed condensed consolidated interim 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 period ended 31 December 2015

	Six months ended		Year ended
	31 Dec 2015 (reviewed) N\$'000	31 Dec 2014 (reviewed) N\$'000	30 Jun 2015 (audited) N\$'000
Interest and similar income	1,424,043	1,151,045	2,425,239
Interest and similar expenses	(696,100)	(549,501)	(1,158,278)
<b>Net interest income</b>	727,943	601,544	1,266,961
Impairment charges on loans and advances	(31,454)	(13,146)	(58,305)
<b>Net interest income after loan impairment charges</b>	696,489	588,398	1,208,656
Non-interest income	481,393	395,692	811,891
<b>Operating income</b>	1,177,882	984,090	2,020,547
Operating expenses	(578,696)	(508,519)	(1,042,231)
<b>Operating profit</b>	599,186	475,571	978,316
Share of joint arrangements' results after tax	976	1,187	1,667
Share of associates' results after tax	47,583	41,223	87,159
<b>Profit before income tax</b>	647,745	517,981	1,067,142
Income tax expense	(191,863)	(157,418)	(314,140)
<b>Profit for the period / year</b>	455,882	360,563	753,002
<b>Other comprehensive income</b>			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Change in value of available-for-sale financial assets	45,623	22,918	28,486
<b>Total comprehensive income for the period / year</b>	501,505	383,481	781,488
Ordinary shares in issue ('000) <sup>1</sup>	499,944	501,564	500,523
Weighted average no. of ordinary shares in issue ('000) <sup>1</sup>	499,944	501,564	500,523
Diluted weighted average no. of ordinary shares in issue ('000) <sup>1</sup>	501,488	503,583	502,466
Basic earnings per share (cents)	91.2	71.9	150.4
Diluted earnings per share (cents)	90.9	71.6	149.9
Dividend per ordinary share (cents)	30.0	24.0	53.0

<sup>1</sup> Adjusted for treasury shares.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	31 Dec 2015 (reviewed) N\$'000	31 Dec 2014 (reviewed) N\$'000	30 Jun 2015 (audited) N\$'000
<b>ASSETS</b>			
Cash and balances with the central bank	996,000	896,029	619,907
Derivative financial instruments	8,281	1,790	977
Financial assets designated at fair value through profit or loss	2,330,930	2,024,166	2,587,461
Investment securities	146,156	94,965	100,533
Due from other banks	1,441,634	546,673	740,321
Loans and advances to customers	25,541,855	22,059,419	23,621,871
Other assets	242,191	163,299	363,680
Current tax asset	13,684	15,450	4,575
Investment in associates	271,514	243,318	233,157
Interest in joint arrangements	8,079	6,624	7,104
Intangible assets	169,397	129,586	155,165
Property, plant and equipment	160,441	134,940	154,043
Deferred tax asset	15,974	7,670	20,048
<b>Total assets</b>	31,346,136	26,323,929	28,608,842
<b>LIABILITIES</b>			
Derivative financial instruments	7,519	1,242	1,731
Due to other banks	411,022	331,980	130,151
Other borrowings	1,180,719	-	-
Debt securities in issue	2,305,159	2,048,877	2,461,212
Deposits	23,090,497	20,348,773	21,993,998
Other liabilities	349,901	194,641	359,015
Current tax liability	1,715	1,525	10,946
Deferred tax liability	-	8,001	-
Post-employment benefits	8,843	7,989	8,416
<b>Total liabilities</b>	27,355,375	22,943,028	24,965,469
<b>EQUITY</b>			
Share capital and premium	514,220	534,558	530,050
Non-distributable reserves	208,095	185,544	196,486
Distributable reserves	3,268,446	2,660,799	2,916,837
<b>Total shareholders' equity</b>	3,990,761	3,380,901	3,643,373
<b>Total equity and liabilities</b>	31,346,136	26,323,929	28,608,842
Net asset value per share (cents)	798	674	728

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period ended 31 December 2015

	Share capital and premium N\$'000	Non-distributable reserves N\$'000	Distributable reserves N\$'000	Total equity N\$'000
<b>For the six months ended 31 December 2014 (reviewed)</b>				
<b>Balance at 1 July 2014</b>	532,435	170,354	2,391,369	3,094,158
Shares held by the BWH Group Employee Share Trusts	2,123	-	-	2,123
Total comprehensive income for the period	-	-	383,481	383,481
Profit for the period	-	-	360,563	360,563
Other comprehensive income	-	-	22,918	22,918
Share-based payment charges	-	-	4,096	4,096
Profit on sale of treasury shares	-	-	2,335	2,335
Transfer between reserves	-	15,190	(15,190)	-
Dividends	-	-	(105,292)	(105,292)
<b>Balance at 31 December 2014</b>	<b>534,558</b>	<b>185,544</b>	<b>2,660,799</b>	<b>3,380,901</b>
<b>For the six months ended 31 December 2015 (reviewed)</b>				
<b>Balance at 1 July 2015</b>	530,050	196,486	2,916,837	3,643,373
Movement in treasury shares	(15,830)	-	-	(15,830)
Total comprehensive income for the period	-	-	501,505	501,505
Profit for the period	-	-	455,882	455,882
Other comprehensive income	-	-	45,623	45,623
Share-based payment charges	-	-	4,450	4,450
Profit on sale of treasury shares	-	-	3,417	3,417
Utilisation of reserve	-	(844)	-	(844)
Transfer between reserves	-	12,453	(12,453)	-
Dividends	-	-	(145,310)	(145,310)
<b>Balance at 31 December 2015</b>	<b>514,220</b>	<b>208,095</b>	<b>3,268,446</b>	<b>3,990,761</b>
<b>For the year ended 30 June 2015 (audited)</b>				
<b>Balance at 1 July 2014</b>	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 compensation reserve	-	-	(10,015)	(10,015)
Transfer between reserves	-	26,132	(26,132)	-
Dividends	-	-	(225,637)	(225,637)
<b>Balance at 30 June 2015</b>	<b>530,050</b>	<b>196,486</b>	<b>2,916,837</b>	<b>3,643,373</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the period ended 31 December 2015

	Six months ended		Year ended
	31 Dec 2015 (reviewed) N\$'000	31 Dec 2014 (reviewed) N\$'000	30 Jun 2015 (audited) N\$'000
Net cash generated from operating activities	58,940	64,540	245,654
Net cash utilised in investing activities	(39,941)	(56,925)	(122,753)
Net cash generated from financing activities	769,000	27,659	227,669
<b>Net increase in cash and cash equivalents</b>	<b>787,999</b>	<b>35,274</b>	<b>350,570</b>
<b>Cash and cash equivalents at the beginning of the period / year</b>	<b>1,959,319</b>	<b>1,608,749</b>	<b>1,608,749</b>
<b>Cash and cash equivalents at the end of the period / year</b>	<b>2,747,318</b>	<b>1,644,023</b>	<b>1,959,319</b>

**HEADLINE EARNINGS RECONCILIATION**

for the period ended 31 December 2015

	Six months ended		Year ended
	31 Dec 2015 (reviewed) N\$'000	31 Dec 2014 (reviewed) N\$'000	30 Jun 2015 (audited) N\$'000
Profit for the period / year	455,882	360,563	753,002
Remeasurement included in equity accounted earnings	267	254	573
Profit on sale of property, plant and equipment	(140)	(119)	(357)
<b>Headline earnings</b>	<b>456,009</b>	<b>360,698</b>	<b>753,218</b>
Basic headline earnings per share (cents)	91.2	71.9	150.5
Diluted headline earnings per share (cents)	90.9	71.6	149.9

**CAPITAL ADEQUACY**

as at 31 December 2015

	Six months ended		Year ended
	31 Dec 2015 (reviewed) %	31 Dec 2014 (reviewed) %	30 Jun 2015 (audited) %
Tier I risk-based capital ratio	12.7	12.6	13.7
Tier II risk-based capital ratio	1.8	3.1	2.1
<b>Total risk-based capital ratio</b>	<b>14.5</b>	<b>15.7</b>	<b>15.8</b>
<b>Tier I leverage ratio</b>	<b>11.2</b>	<b>11.3</b>	<b>12.1</b>

**INTERIM DIVIDEND**

Notice is hereby given that an interim dividend of 30 cents per ordinary share was declared on 10 February 2016 for the period ended 31 December 2015.

• Last day to trade cum dividend:	19 February 2016
• First day to trade ex dividend:	22 February 2016
• Record date:	26 February 2016
• Payment date:	11 March 2016

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),  
M J Prinsloo (Managing Director as from 1 Jan 2016),  
C P de Vries (resigned 13 Jan 2016), K B Black, F J du Toit, D G Fourie,  
G N Sekandi, E Schimming-Chase, J M Shaetonhodi, M K Shikongo.

By order of the Board



H von Ludwiger  
Company Secretary  
Windhoek, 10 February 2016

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