



Capricorn Investment Group Limited
(previously Bank Windhoek Holdings Limited)
(Incorporated in the Republic of Namibia)
(Date of Registration: 5 September 1996)
(Registration Number: 96/300)
Share code: CGP ISIN: NA000A1T6SV9
("CGP" or "the group")

REVIEWED CONSOLIDATED INTERIM GROUP RESULTS **for the six months ended 31 December 2016**

Group financial performance

The six months under review have been challenging for the banking industry and the Namibian Economy as a whole, with a slowdown in economic growth, sharp reduction in private sector credit extension (PSCE) and a decline in market liquidity. As a consequence, growth opportunities were limited and the cost of funding has increased. The group's operating profit for the six months ending 31 December 2016 of N\$607.2m only increased marginally compared to the same period in the prior year due to the challenging market conditions combined with the inclusion of substantial once-off Kwanza trading income in the prior period. On a normalised¹ basis, which excludes this once-off revenue, growth in operating profit is 9.1% relative to 31 December 2015.

Net interest income

Net interest income increased by 3.0% to N\$749.9m (December 2015: N\$727.9m). The muted growth is mainly due to a significant increase in cost of funding as a result of the current liquidity shortage experienced in the Namibian market, combined with a lower growth in interest bearing assets.

Impairment charges

Impairment charges decreased by 15.8% to N\$26.5m (December 2015: N\$31.5m). Non-performing loans as a percentage of gross loans and advances increased marginally from 1.24% to 1.36%. In the current economic environment the above ratios are testimony to the quality of the group's advances book and collateral obtained.

Non-interest income

Excluding once-off Kwanza trading income and the income of Welwitschia Insurance Brokers ("WIB") (sold on 1 July 2016) from the prior period results, non-interest income increased by 11.6% to N\$466.5m. The normalised increase is mainly due to strong growth in transaction income, which was partially offset by a contraction in trading revenue.

Operating expenses

Operating expenses increased by 0.7% to N\$582.7m (December 2015: N\$578.7m). After adjustment of the prior period results with the WIB expenses, operating expenses increased by 4.5%, evidencing management's focus to control costs during the period under review. The cost to income ratio remained stable at 49.0%.

Income from associates

Income from associates decreased by 22.7% to N\$36.8m (December 2015: N\$47.6m) and contributed 8.0% (December 2015: 10.4%) to profit after tax. The decrease is mainly due to exceptional performance by Santam Namibia in the prior year and an increase in life insurance claims experienced by Sanlam Namibia during the current period under review.

Other comprehensive income

Other comprehensive income is derived from the valuation of foreign currency denominated available-for-sale financial assets. The significant reduction in other comprehensive income is due to foreign currency exchange differences arising from the strengthening of the Namibian Dollar against the US Dollar during the period under review.

Loans and advances

Bank Windhoek grew loans and advances to N\$27.1bn (December 2015: N\$25.5bn). The fairly modest growth of 6.2% 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 decline in industry growth in credit to the private sector.

Funding increase

Total funding increased by only 2.9% to N\$27.3bn (December 2015: N\$26.6bn) in the wake of a decline in market liquidity. Although funding growth has been challenging in the current economic environment the group has managed to increase its maturity profile and decrease dependency on short term funding.

Total risk-based capital adequacy ratio

The group remains well capitalised with the total risk-based capital adequacy ratio increasing to 15.6%, well above the minimum regulatory capital requirement of 10%.

Outlook

The group is expecting the challenging operating environment with sluggish economic growth and liquidity constraints in Namibia to continue in the short to medium term. Despite this, we remain positive about the recent expansion of the group to Botswana and Zambia as well as the imminent enhancements to our service offering in the Namibian market to continue delivering stakeholder value.

Reviewed results – auditor’s review conclusion

The condensed consolidated interim financial statements for the six months ended 31 December 2016, 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 Capricorn Investment Group Ltd for the six months ended 31 December 2016, 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.

INTERIM DIVIDEND

Notice is hereby given that an interim dividend of 30 cents per ordinary share was declared on 22 February 2017 for the period ended 31 December 2016.

- Last day to trade cum dividend: 3 March 2017
- First day to trade ex dividend: 6 March 2017
- Record date: 10 March 2017
- Payment date: 24 March 2017

NORMALISED¹ YEAR-ON-YEAR MOVEMENT

for the period ended 31 December 2016

	Six months ended		Variance	
	31 Dec 2016	31 Dec 2015	N\$'000	%
	(reviewed)	(normalised ¹)		
	N\$'000	N\$'000		
Net interest income after loan impairment charges	723,398	696,489	26,909	3.9%
Non-interest income	466,531	417,886	48,645	11.6%
Operating expenses	(582,732)	(557,572)	(25,160)	4.5%
Operating profit	607,197	556,803	50,394	9.1%
Profit before income tax	644,285	605,362	38,923	6.4%
Profit for the period	457,339	427,116	30,223	7.1%

¹Adjusted for WIB sold on 1 July 2016 and once-off Kwanza trading income (unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2016

	Six months ended	
	31 Dec 2016 (reviewed) N\$'000	31 Dec 2015 (reviewed) N\$'000
Interest and similar income	1,636,597	1,424,043
Interest and similar expenses	<u>(886,718)</u>	<u>(696,100)</u>
Net interest income	749,879	727,943
Impairment charges on loans and advances	<u>(26,481)</u>	<u>(31,454)</u>
Net interest income after loan impairment charges	723,398	696,489
Non-interest income	<u>466,531</u>	<u>481,393</u>
Operating income	1,189,929	1,177,882
Operating expenses	<u>(582,732)</u>	<u>(578,696)</u>
Operating profit	607,197	599,186
Share of joint arrangement's results after tax	303	976
Share of associates' results after tax	<u>36,785</u>	<u>47,583</u>
Profit before income tax	644,285	647,745
Income tax expense	<u>(186,946)</u>	<u>(191,863)</u>
Profit for the period	457,339	455,882
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Change in value of available-for-sale financial assets	<u>(3,783)</u>	<u>45,623</u>
Total comprehensive income for the period	<u>453,556</u>	<u>501,505</u>
Ordinary shares in issue ('000) ²	498,346	499,944
Weighted average no. of ordinary shares in issue ('000) ²	498,346	499,944
Diluted weighted average no. of ordinary shares in issue ('000) ²	499,504	501,488
Basic earnings per share (cents)	91.8	91.2
Diluted earnings per share (cents)	91.6	90.9
Basic headline earnings per share (cents)	92.5	91.2
Diluted headline earnings per share (cents)	92.2	90.9
Dividend per ordinary share (cents)	30.0	30.0

² Adjusted for treasury shares.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	31 Dec 2016 (reviewed) N\$'000	31 Dec 2015 (reviewed) N\$'000
ASSETS		
Cash and balances with the central bank	1,369,359	996,000
Financial assets designated at fair value through profit or loss	2,605,012	2,330,930
Investment securities	130,215	146,156
Due from other banks	268,434	1,441,634
Loans and advances to customers	27,121,963	25,541,855
Other assets	103,383	250,472
Current tax asset	62,593	13,684
Investment in associates	268,309	271,514
Interest in joint arrangements	5,402	8,079
Intangible assets	228,483	169,397
Property, plant and equipment	157,555	160,441
Deferred tax asset	1,082	15,974
Total assets	32,321,790	31,346,136
LIABILITIES		
Due to other banks	213,161	411,022
Other borrowings	1,164,546	1,180,719
Debt securities in issue	2,601,406	2,305,159
Deposits	23,569,287	23,090,497
Other liabilities	216,982	357,420
Current tax liability	9,448	1,715
Deferred tax liability	6,711	-
Post-employment benefits	9,825	8,843
Total liabilities	27,791,366	27,355,375
EQUITY		
Share capital and premium	490,780	514,220
Non-distributable reserves	208,134	208,095
Distributable reserves	3,831,510	3,268,446
Total shareholders' equity	4,530,424	3,990,761
Total equity and liabilities	32,321,790	31,346,136
Net asset value per share (cents)	909	798

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2016

	Share capital and premium N\$'000	Non-distributable reserves N\$'000	Distributable reserves N\$'000	Total equity N\$'000
For the six months ended 31 December 2015 (reviewed)				
Balance at 1 July 2015	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)
Balance at 31 December 2015	514,220	208,095	3,268,446	3,990,761
For the six months ended 31 December 2016 (reviewed)				
Balance at 1 July 2016	512,045	213,034	3,548,960	4,274,039
Movement in treasury shares	(21,265)	-	-	(21,265)
Total comprehensive income for the period	-	-	453,556	453,556
Profit for the period	-	-	457,339	457,339
Other comprehensive income	-	-	(3,783)	(3,783)
Share-based payment charges	-	-	3,750	3,750
Profit on sale of treasury shares	-	-	171	171
Transfer between reserves	-	(4,900)	4,900	-
Dividends	-	-	(179,827)	(179,827)
Balance at 31 December 2016	490,780	208,134	3,831,510	4,530,424

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 31 December 2016

	Six months ended	
	December 2016 N\$'000 (reviewed)	December 2015 N\$'000 (reviewed)
Net cash (utilised in) / generated from operating activities	(294,414)	58,940
Net cash utilised in investing activities	(54,070)	(39,941)
Net cash generated from financing activities	18,851	769,000
Net (decrease) / increase in cash and cash equivalents	(329,633)	787,999
Cash and cash equivalents at the beginning of the period	2,571,620	1,959,319
Cash and cash equivalents at the end of the period	2,241,987	2,747,318

By order of the Board

Windhoek

23 February 2017

Sponsor



PSG Wealth Management (Namibia) (Pty) Ltd

Member of the Namibian Stock Exchange