

# Bank Windhoek Ltd.

## CONSOLIDATED REVIEWED GROUP RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

### OVERVIEW

The Namibian Gross Domestic Product contracted by an average of 2.4% over the first three quarters of 2019. Namibia Consumer Price Index continued its downward trend in 2019, ending at 2.6% in December 2019 and averaged at 3.7% for 2019.

In a report released on 1 October 2019, credit rating agency Fitch Ratings downgraded Namibia's credit rating one notch down from BB+ to BB with a stable outlook. Furthermore, in December 2019 Moody's Investor Service has downgraded the long-term issuer and senior unsecured ratings of the Namibian government from a Ba1 sub-investment grade down to Ba2 sub-investment grade and changed the outlook to stable.

Year-on-year growth in total Private Sector Credit Extension was 7.2% in December 2019. The Bank of Namibia decreased the Repo rate with 25 basis points (bps) to 6.5% in August 2019. Market liquidity remained fairly high in the third quarter of 2019, but the surplus liquidity reduced during the fourth quarter to an average N\$948.3m in December 2019.

### STATEMENT OF COMPREHENSIVE INCOME

Despite the 25bps reduction in Bank Windhoek's (the Bank) lending rates in August 2019, **interest and similar income** increased by 5.6% compared to the same period in the prior year. **Interest and similar expenses** increased with 5.9% compared to the same period in the prior year. **Impairment charges on loans and advances** increased with N\$8.5m year on year.

**Non-interest income** increased with 6.1% compared to the same period in the prior year, driven by transaction-based fee income and income from foreign exchange trading. Management continued to focus on realising operational efficiencies and controlling cost with **operating expenses** increasing by 5.6% year on year.

### STATEMENT OF FINANCIAL POSITION

**Loans and advances** grew by 6.4% to N\$32.5bn (December 2018: N\$ 30.6bn). The growth was mainly driven by growth in commercial loans of 24.8% year on year. As a result of the current economic environment, the non-performing loans ratio slightly deteriorated to 3.86% (December 2018: 3.82%). Loans and advances to customers are well collateralised and the bank continues to actively monitor and manage credit risk.

Total **funding** grew with N\$2.18bn (6.6%) year on year to N\$35.2bn (December 2018: N\$33.0bn). Current account balances has grown by 23.1% over the past 6 months following low balances at the 30 June 2019, contributing to an improvement in the Bank's cost of funding in the first half of the 2020 financial year.

The Bank remains well capitalised with a total risk-based capital adequacy ratio of 14.8%, well above the minimum regulatory capital requirement of 11.5%.

### DIVIDENDS DECLARED

On 18 February 2020, the board declared an interim dividend of N\$155.0m in line with its dividend policy. The interim dividend is payable on or before 13 March 2020.

### BASIS OF PREPARATION

The reviewed condensed consolidated financial statements of Bank Windhoek Ltd for the period ended 31 December 2019 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 financial statements, but is not itself reviewed or audited.

Extract from the condensed consolidated interim financial statements:

#### CONDENSED STATEMENT OF COMPREHENSIVE INCOME for the period ended 31 December 2019

	6 months ended		Year ended
	Dec 2019 N\$'000 Reviewed	Dec 2018 N\$'000 Reviewed	Jun 2019 N\$'000 Audited
Interest and similar income	1,972,251	1,867,034	3,773,195
Interest and similar expenses	(1,144,309)	(1,079,920)	(2,194,788)
<b>Net interest income</b>	<b>827,942</b>	<b>787,114</b>	<b>1,578,407</b>
Impairment charges on loans and advances	(33,783)	(25,276)	(94,726)
<b>Net interest income after loan impairment charges</b>	<b>794,159</b>	<b>761,838</b>	<b>1,483,681</b>
Non-interest income	556,489	524,353	1,041,600
<b>Operating income</b>	<b>1,350,648</b>	<b>1,286,191</b>	<b>2,525,281</b>
Operating expenses	(731,188)	(692,701)	(1,404,415)
<b>Operating profit</b>	<b>619,460</b>	<b>593,490</b>	<b>1,120,866</b>
Share of joint arrangements' results after tax	1,855	2,063	3,675
<b>Profit before income tax</b>	<b>621,315</b>	<b>595,553</b>	<b>1,124,541</b>
Income tax expense	(177,824)	(173,373)	(326,828)
<b>Profit for the period / year</b>	<b>443,491</b>	<b>422,180</b>	<b>797,713</b>
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Net gains on investments in equity instruments at fair value through other comprehensive income	99	4,377	7,263
Net losses on financial assets	(6,363)	-	-
<b>Total comprehensive income for the period / year</b>	<b>437,227</b>	<b>426,557</b>	<b>804,976</b>

Extract from the condensed consolidated interim financial statements:

#### CONDENSED STATEMENT OF FINANCIAL POSITION as at 31 December 2019

	December 2019 N\$'000 Reviewed	December 2018 N\$'000 Reviewed	June 2019 N\$'000 Audited
<b>ASSETS</b>			
Cash and balances with the central bank	753,950	1,045,739	1,095,599
Derivative financial instruments	-	-	357
Financial assets designated at fair value through profit or loss	1,360,962	1,059,058	1,336,392
Financial assets at amortised cost	643,605	657,560	643,678
Financial assets at fair value through other comprehensive income	4,131,613	3,333,041	3,521,978
Due from other banks	836,297	504,014	862,394
Loans and advances to customers	32,595,663	30,645,149	31,290,543
Other assets	274,986	176,180	290,663
Current tax asset	93,647	71,451	76,919
Interest in joint arrangements	12,869	9,402	11,015
Intangible assests	181,933	187,677	181,776
Property, plant and equipment	310,679	177,034	199,658
Deferred tax asset	3,124	9,539	26,318
<b>Total assets</b>	<b>41,199,328</b>	<b>37,875,844</b>	<b>39,537,290</b>
<b>LIABILITIES</b>			
Derivative financial instruments	4,801	3,537	5,959
Due to other banks	837,562	40,041	72,756
Other borrowings	716,813	883,008	799,646
Debt securities in issue	3,493,003	3,641,363	3,746,604
Deposits	30,885,031	28,442,137	30,073,810
Other liabilities	439,360	439,843	321,380
Post-employment benefits	12,628	11,836	12,232
<b>Total liabilities</b>	<b>36,389,198</b>	<b>33,461,765</b>	<b>35,032,387</b>
<b>EQUITY</b>			
Share capital and premium	485,000	485,000	485,000
Non-distributable reserves	114,799	74,548	85,953
Distributable reserves	4,210,331	3,854,531	3,933,950
<b>Total shareholders' equity</b>	<b>4,810,130</b>	<b>4,414,079</b>	<b>4,504,903</b>
<b>Total equity and liabilities</b>	<b>41,199,328</b>	<b>37,875,844</b>	<b>39,537,290</b>

Growth in gross loans and advances



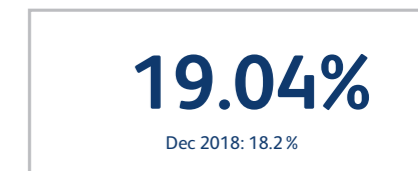
Increase in profit after tax



Capital Adequacy



Return on Equity



#### CAPITAL ADEQUACY as at 31 December 2019

	6 months ended		Year ended
	31 Dec 2019 (reviewed) N\$'000 BID5A	31 Dec 2018 (reviewed) N\$'000 BID5	30 Jun 2019 (audited) N\$'000 BID5A
<b>Tier 1 capital</b>			
Share capital and premium	485,000	485,000	485,000
General banking reserve	3,849,069	3,814,880	3,849,069
Retained earnings	84,183	82,013	84,183
<b>Total qualifying Tier 1 capital</b>	<b>4,418,252</b>	<b>4,381,893</b>	<b>4,418,252</b>
<b>Regulatory adjustments</b>			
Deduct: Intangible assets	72,773	-	72,710
Total regulatory adjustments	72,773	-	72,710
<b>Net total CET 1 Capital</b>	<b>4,345,479</b>	<b>4,381,893</b>	<b>4,345,542</b>
<b>Tier 2 capital</b>			
Five-year callable bonds	187,570	187,569	187,533
Current unaudited profits	177,007	192,765	-
Portfolio impairment	322,360	304,102	316,245
<b>Total qualifying Tier 2 capital</b>	<b>686,937</b>	<b>684,436</b>	<b>503,778</b>
<b>Total regulatory capital</b>	<b>5,032,416</b>	<b>5,066,329</b>	<b>4,849,320</b>
<b>Risk-weighted assets:</b>			
Operational risk	3,438,760	3,224,232	3,319,122
Credit risk	29,893,270	28,328,027	29,377,172
Market risk	775,791	732,993	482,317
<b>Total risk-weighted assets</b>	<b>34,107,821</b>	<b>32,285,252</b>	<b>33,178,611</b>
<b>Capital adequacy ratios:</b>			
Leverage capital ratio	10.4%	11.5%	10.8%
Tier 1 risk-based capital ratio	12.7%	13.6%	13.1%
Total risk-based capital ratio	14.8%	15.7%	14.6%

By order of the Board

H von Ludwiger  
Company Secretary  
Windhoek, 20 February 2020

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