

Bank Windhoek Limited

RESULTS ANNOUNCEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

The results of Bank Windhoek Limited ("the bank") for the six-months ended 31 December 2022 reflects a good performance, despite challenging macro-economic environments.

The bank remains well capitalised with a total risk-based capital adequacy ratio of 16.7%, well above the minimum regulatory capital requirement of 10%. The non-performing loan ratio has improved from 5.4% at 30 June 2022 to 5.2%, which can, largely, be attributed to the enhancement of the bank's credit risk management processes and procedures, to pro-actively monitor and manage credit risk in a changed economic environment amidst increasing financial pressure on customers.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The bank's statement of financial position in comparison to the prior year, has shown robust growth with the assets showing a year-on-year growth of 3.6%. Loans and advances grew by 2.8% to end at N\$35.5 billion, which is higher than the 2.1% growth in the comparative period. The main driver for the increase is higher than expected growth in instalment finance and mortgage loans.

Funding has increased year-on-year by 2.2%, with negotiable certificates of deposit (NCD) and term deposits accounting for most of this growth.

The strength of the bank's balance sheet is underpinned by strong capital and liquidity positions, as well as prudent levels of provisioning.

Refer to the Annual Report as at 30 June 2022 and the Condensed Interim Results as at 31 December 2022, for detail regarding the restatement to the statement of financial position and statement of cash flow at the respective dates.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net interest income ended strongly at N\$1.1 billion for this period, representing a 170% growth in comparison to the period ended 31 December 2021 as interest margins opened in the current cycle of interest rate increases and thanks to effective management of cost of funding. The charge to the bank's profit for credit losses and provisioning decreased with 20.4% year-on-year due to effective credit risk management processes.

The non-interest income also increased by 12.6% year-on-year, well above forecasted expectations, with the main driver being strong growth in transaction fees on the back of increased transaction volumes especially on electronic banking channels.

Operating expenses increased year-on-year with 14.7% with variable banking service expenses a major contributor to this increase. Transaction management continues to focus on realising operational efficiencies and controlling cost. The measure of profitability using the cost to income ratio remains well within management's expectations at 47.4% (2021:48.2%).

The strategic value drivers of the bank which includes sustainable growth, effective capital management, sustaining customer satisfaction, and increasing the bank's digital footprint continues to deliver well.

The bank remains confident that maintaining the current trajectory of strategic progress will unlock more value in the medium and long term.

DIVIDENDS DECLARED

On 21 February 2023, the board declared an interim dividend of N\$179.2m in line with its dividend policy. The interim dividend is payable during March 2023.

BASIS OF PREPARATION

The reviewed condensed consolidated financial statements of Bank Windhoek Limited for the period ended 31 December 2022 from which this information is derived, have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC), and presentation and disclosure requirements of International Accounting Standards (IAS) 34: 'Interim financial reporting' effective at the time of preparing these statements and in the manner required by the Namibian Companies' Act. The information in this press announcement has been extracted from the condensed consolidated interim financial statements (reviewed), but the announcement is not itself reviewed.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2022

	Six months ended		Year ended
	Dec 2022 N\$'000 Reviewed	Dec 2021 N\$'000 Reviewed	June 2022 N\$'000 Audited
Interest and similar income	2,021,132	1,559,309	3,257,863
Interest and similar expenses	(972,114)	(663,066)	(1,403,387)
Net interest income	1,049,018	896,243	1,854,476
Credit impairment losses	(117,557)	(147,670)	(327,161)
Net interest income after credit impairment charges	931,461	748,573	1,527,315
Non-interest income	693,779	616,338	1,226,532
Operating income	1,625,240	1,364,911	2,753,847
Operating expenses	(896,186)	(781,181)	(1,594,469)
Profit before income tax	729,054	583,730	1,159,378
Income tax expense	(216,987)	(176,036)	(346,180)
Profit for the period / year	512,067	407,694	813,198
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of debt instruments at fair value through other comprehensive income	1,056	(10,672)	(26,594)
Income tax expense	(338)	3,415	8,510
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of debt instruments at fair value through other comprehensive income	10	142	(79)
Income tax expense	(3)	(45)	25
Total comprehensive income for the period / year	512,792	400,534	795,060

CAPITAL ADEQUACY

as at 31 December 2022

	Six months ended		Year ended
	Dec 2022 N\$'000 Reviewed	Dec 2021 N\$'000 Reviewed	June 2022 N\$'000 Audited
Tier 1 capital			
Share capital and premium	485,000	485,000	485,000
General banking reserve	5,232,914	4,613,200	5,232,914
Retained earnings	12,088	123,885	153,488
Total qualifying Tier 1 capital	5,730,002	5,222,085	5,871,402
Regulatory adjustments			
Deduct: Intangible assets	260,569	199,873	228,694
Total regulatory adjustments	260,569	199,873	228,694
Net total CET 1 Capital	5,469,433	5,022,212	5,642,708
Tier 2 capital			
Current unaudited profits	512,782	400,534	-
Portfolio impairment	439,968	429,789	388,110
Total qualifying Tier 2 capital	952,750	830,323	388,110
Total regulatory capital	6,422,183	5,852,535	6,030,818
Risk-weighted assets (not reviewed)			
Operational risk	3,872,766	3,659,335	3,732,537
Credit risk	33,632,612	33,439,303	34,112,108
Market risk	848,778	732,851	655,200
Total risk-weighted assets	38,354,156	37,831,489	38,499,845
Capital adequacy ratios (not reviewed)			
Leverage capital ratio	11.2%	10.8%	11.6%
Tier 1 risk-based capital ratio	14.3%	13.3%	14.7%
Total risk-based capital ratio	16.7%	15.5%	15.7%

By order of the Board



H von Ludwiger
Company Secretary
Windhoek, 21 February 2023

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Dec 2022 N\$'000 Reviewed	Dec 2021 N\$'000 Reviewed Restated	June 2022 N\$'000 Audited
ASSETS			
Cash and cash equivalents	3,113,110	2,957,028	3,826,316
Derivative financial instruments	26,847	10,973	29,100
Financial assets at fair value through profit or loss	1,359,946	1,551,241	1,583,553
Financial assets at amortised cost	867,325	733,504	763,491
Financial assets at fair value through other comprehensive income	4,829,216	4,402,962	4,430,697
Loans and advances to customers	35,445,791	34,468,963	35,157,756
Other assets	310,044	278,802	378,795
Current tax asset	88,618	148,685	99,095
Intangible assets	325,711	249,841	285,867
Property and equipment	420,130	381,438	409,387
Deferred tax asset	77,514	68,724	67,824
Total assets	46,864,252	45,252,161	47,031,881
LIABILITIES			
Derivative financial instruments	163	4,921	1,340
Due to other banks	388,807	823,835	707,602
Other borrowings	146,144	337,429	162,075
Debt securities in issue	3,444,531	3,721,320	4,056,586
Deposits	36,075,656	34,118,729	35,521,957
Other liabilities	467,551	531,032	613,492
Post-employment benefits	17,176	13,989	15,997
Total liabilities	40,540,028	39,551,255	41,079,049
EQUITY			
Share capital and premium	485,000	485,000	485,000
Non-distributable reserves	59,682	56,958	80,370
Distributable reserves	5,779,542	5,158,948	5,387,462
Total shareholders' equity	6,324,224	5,700,906	5,952,832
Total equity and liabilities	46,864,252	45,252,161	47,031,881

Net loans and advances

2.8%

Dec 2022: N\$35.6bn Dec 2021: N\$34.5bn

Profit after tax

25.6%

Dec 2022: N\$512.1m Dec 2021: N\$407.7m

Capital Adequacy

16.7%

Dec 2021: 15.5%

Return on Equity

16.7%

Dec 2021: 14.7%



Bank Windhoek
a member of Capricorn Group