

SBN Holdings Limited

Interim results announcement

for the six months ended 30 June



2017

Financial highlights

as at 30 June 2017

	Change %	1H17 Unaudited N\$000	1H16 Unaudited N\$000	FY16 Audited N\$000
Total income	4	1 076 482	1 038 079	2 004 930
Credit impairments	(25)	(43 377)	(57 518)	(85 309)
Operating expenses	3	(633 500)	(615 325)	(1 169 725)
Profit after tax	11	282 072	254 530	524 531
Loans and advances to customers	8	18 872 753	17 483 979	17 019 334
Total assets	14	27 691 674	24 384 918	23 992 115
Deposits from customers	20	21 051 205	17 591 358	18 045 363
Debt securities issued	(4)	1 213 747	1 265 116	749 700

Group results

Although 2017 has proven to be a challenging year for Namibia, SBN Holdings has grown its profit after tax by 10.8% off the back of moderate loans and advances growth to customers of 7.9% and a 24.6% reduction in credit impairment charges. Total income grew by 3.7% whereas expenses grew by 3.0%, signalling the start of the 'plateauing' of our expenses growth following the expansive investment cycle in our core-banking system and physical infrastructure. We are continuing with our progress in managing our loan book as evidenced by the decline in the credit loss ratio to 0.5% from 0.7%. Our return on equity saw a slight decline from 20.3% to 19.9%. This was largely attributable to a lower dividend payment, diluting the return.

The Group remains appropriately capitalised with tier 1 and total capital levels at 11.7% (HY16: 11.69%) and 14.94% (HY15: 15.04%) respectively. SBN Holdings is in a good position to meet the progressively higher requirements arising from Bank of Namibia's intent to implement Basel III capital standards in the near future. Standard Bank Namibia maintained its strong liquidity position within approved risk appetite and tolerance limits. Total liquidity remained in excess of specific prudential requirements and remains adequate to meet all internal stress testing, prudential and regulatory requirements.

Operating environment

The Namibian economy is expected to recover from near-zero growth in 2016, supported by improved growth prospects in the primary industries and electricity and water sector. Bank of Namibia (BON) projects the domestic economy to grow by 2.1 percent during 2017. The projected growth for 2017 remains below potential growth of 4.0 percent, but nevertheless represents a considerable improvement from the 0.2 percent recorded in 2016. Further, a projected return to positive growth in the agriculture and diamond mining sectors are expected to drive the recovery in overall GDP growth during 2017.

Registered address 5th Floor, Standard Bank Centre, Corner of Werner List Street and Post Street Mall, PO Box 3327, Windhoek, Namibia **Registration number** 2006/306
Country of incorporation Republic of Namibia **Directors** The directors of the company during the period under review and to the date of this report are as follows: H Maier*, VJ Mungunda**, B Mandy**, PM Nyandoro*, IH Tjombonde*, J Muadinohamba*, AG Gain*, N Bassingthwaighte*, B Rossouw*
 * Namibian ♦ South African ▼ Zimbabwean # Executive
Company Secretary S Tjijorokisa

Group highlights

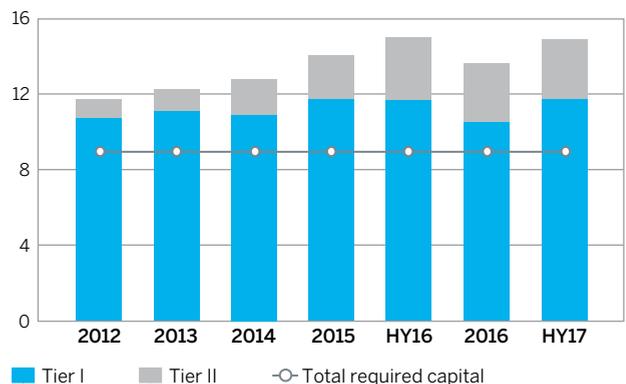
PROFIT AFTER TAX N\$282 million 1H16: N\$255 million	↑ +10.8%	RETURN ON EQUITY 19.9% 1H16: 20.3%	↓ -2.0%
CREDIT LOSS RATIO 0.5% 1H16: 0.6%	↓ -28.6%	NET INTEREST MARGIN 4.4% 1H16: 4.9%	↓ -10.2%

Prospects

The outlook for private sector credit extension continues to improve albeit slightly. However, sluggish demand for mortgage and vehicle loans will in all likelihood persist over the short to medium term. Also bearing in mind the latest Q1 GDP release from the NSA that now affirms that Namibia is in a recession makes for a relatively difficult outlook. There has been some relief, with inflation being on the decline since the start of the year, standing at 6.3% as at the end of May. Bank of Namibia is expected to decrease interest rates given the inflation and growth outlook, which may give the already stretched consumer more room to breathe.

We continue to focus our efforts into transforming Standard Bank into an innovative and forward thinking bank that is moving towards, understanding and delivering what matters to customers.

Capital adequacy – Standard Bank Namibia



SBN Holdings Limited's full announcement containing the interim results announcement for the six months ended 30 June 2017 is available for viewing on the Standard Bank website. The directors of SBN Holdings Limited take full responsibility for the preparation of this announcement and that the financial information, where applicable, has been correctly extracted from the underlying annual consolidated financial statements. This announcement has not been reviewed by our external auditors. The results discussed in this announcement are consistent with the accounting policies adopted by the group in the prior year audited annual financial statements and are presented on an International Financial Reporting Standards (IFRS) basis.