



RESULTS ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 2018

9.5%
▼
N\$255M
PROFIT AFTER TAX
1H17: N\$282m

0.7% ▲	1.1% ▼	15.4% ▼	2.8% ▼	6.1% ▲
0.453%	1 729	16.81%	4.28%	62.42%
CREDIT LOSS RATIO 1H17: 0.448%	HEADCOUNT 1H17: 1 749	RETURN ON EQUITY 1H17: 19.88%	NET INTEREST MARGIN 1H17: 4.42%	COST TO INCOME RATIO 1H17: 58.55%

FINANCIAL HIGHLIGHTS

	Change %	1H18 Unaudited N\$'000	1H17 Unaudited N\$'000	FY17 Audited N\$'000
Total income	4.8	1 128 171	1 076 487	2 192 725
Credit impairments	12.1	(48 622)	(43 377)	(97 047)
Operating expenses	11.2	(704 163)	(633 508)	(1 311 612)
Profit after tax	(9.5)	255 264	282 065	545 925
Loans and advances to customers	11.0	20 943 310	18 872 748	20 059 978
Total assets	8.5	30 046 627	27 691 669	30 785 889
Total equity	6.3	3 102 886	2 919 560	3 108 872
Deposits from customers	13.3	23 840 733	21 051 206	24 345 680
Debt securities issued	0.4	1 218 830	1 213 747	1 218 731
Total liabilities	8.8	26 943 741	24 772 109	27 677 017

We have adopted the new accounting standard IFRS 9 since January 2018, which introduced more stringent rules for the classification of loans and the raising of credit impairments. The group has, as permitted by IFRS 9, elected not to restate its comparative financial statements. Therefore, comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 39 basis. Accordingly, the impact of adopting IFRS 9 has been applied retrospectively with an adjustment to the group's opening 1 January 2018 reserves. The application of IAS 39 for its 2017 and previous financial years was unaffected by the application of IFRS 9. The increased credit impairment charge for 1H18 (IFRS 9) compared to 1H17 (IAS 39) was approximately N\$22 million.

OUTLOOK FOR 2018

The macro-economic environment in the country has continued to decelerate throughout 2018, albeit at a slower rate than 2017. Marginal growth is expected to resume in 2018 and accelerate to about 2% by end of 2020, off the back of a recovery in the wholesale and retail trade sector and sustained growth in the mining sector.

COMMENTARY

Overview

Namibia continues to experience the longest sustained period of negative growth since independence. This has directly impacted the banking industry – evidenced by limited growth in private sector credit extensions over the two years and during 1H18 accompanied by decreased consumer spending.

Sustainable growth

The banking industry earnings have been declining over the past 18 months on the back of contractions in consumer and government spending which saw the market experiencing negative growth as well as decreasing net interest margins following heightened liquidity constraints.

The 9.5% decrease in the earnings of Standard Bank should be seen in the context of the above challenges. The 11.2% growth in operating expenses include once-off costs amounting to N\$5.4 million in 1H18 and N\$19.0 million in 2H17, which if normalised result in a below inflation increase of only 3.47% in operating expenses against 1H17. These once-off costs arise primarily from the significant systems and process redesign projects that the bank is currently in the process of implementing.

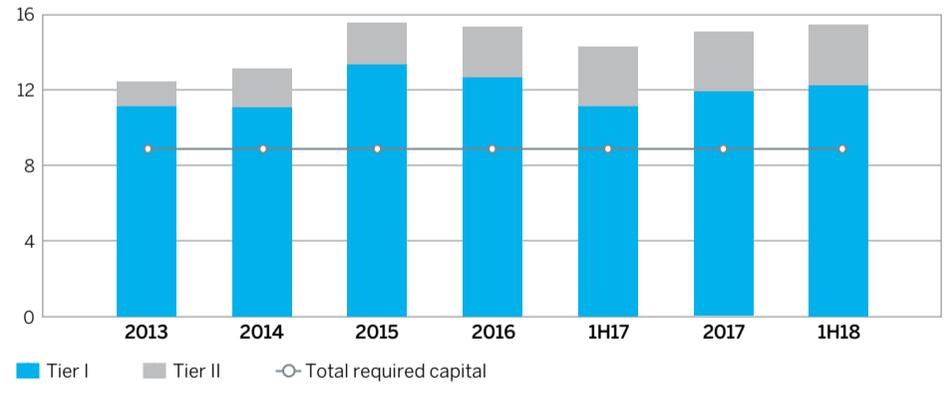
We are pleased to report that our results for 1H18 were supported by respectable growth in gross loans and advances to customers at 11% over the prior year, which is positive when compared to the private sector credit extension growth of 6.4% for the year ended June 2018.

Credit management

We continue to show steady progress in the quality of our loan book with normalisation of our key credit metrics of growth in credit impairments, non-performing loans and credit loss ratios compared to the prior year.

SBN Holdings is focused on optimising its processes, structures, systems and costs in the short term and become even more customer centric. We shall emerge a better, more efficient bank, ready to serve our customers.

Capital adequacy – SBN Holdings



SBN Holdings Limited's full announcement containing the interim results announcement for the six months ended 30 June 2018 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 accounting policies applied in the preparation of these summarised consolidated financial statements from which the results have been derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the group's previous consolidated annual financial statements with the exception of the adoption of IFRS 9.

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:
 Mr H Maier*, Mr VJ Mungunda**, Mr JL Muadinohamba*, Ms PM Nyandoro†, Adv. N Bassingthwaighe*, Mrs B Rossouw*, Mr AG Gain**, Mr I Tjombonde*, Mr BJ Mandy**
 *Namibian **South African †Zimbabwean #Executive
Company Secretary Adv S Tjijorokisa