

**SBN Holdings Limited**  
**(“SBN Holdings” or “the group”)**  
**Registration No. 2006/306**  
**Registered in Namibia**  
**ISIN: NA000A2PQ3N5**

## **UNREVIEWED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

### **Overview**

According to the Namibia Statistics Agency, the Namibian economy has continued to perform on a positive trajectory with growth of 5.0% during the first quarter of 2023. Growth was however slower compared to the corresponding period in 2022 where the economy grew by 7.3%. Despite the improving economic outlook, the Bank of Namibia (BoN) further increased the repo rate to 7.75% to curb the sustained inflationary pressure during the first half of the year, driven by higher food inflation, loadshedding in neighbouring South Africa, as well as a weaker rand.

We are extremely proud of the accolades we received in the first half of the year. Standard Bank Namibia Limited (Standard Bank Namibia) scooped up three awards at the 2023 annual PMR Africa Awards for its positive contribution towards the country’s economic growth and development at the Leaders and Achievers Awards ceremony. The PMR Africa Awards recognise contributions to ethical and sustainable business practices as well as the initiatives, strategies, efforts and hard work performed by businesses and corporates over the year. The three awards are:

- Diamond Arrow Award for first overall in Credit Cards (Banks), demonstrating exceptional managerial and corporate governance qualities;
- Golden Arrow Award for Personal Banking; and
- a Golden Arrow Award for Business Banking.

Standard Bank Namibia also received two awards at the 2023 Europe, Middle East and Africa (EMEA) African Banking Awards, in the categories for Best Bank and Best Investment Bank in Namibia. The group would like to extend our deepest gratitude to our employees, clients and stakeholders, all of whom have been an integral part of all our milestones and successes.

Sustainability over the long term remains central to our strategy and underpins our ability to deliver inclusive and sustainable growth. We continue to make a meaningful difference in our communities, ensuring that our social, economic and environment (SEE) as well as our corporate social investment (CSI) efforts contribute to the improvement and upliftment in the socioeconomic circumstances of the communities in which we operate. This year alone the group has been involved in the provision of brick houses to individuals previously living in shacks via our Buy-a-Brick initiative, the Junior Hockey Development program focused on expanding the sport, Never Walk Alone providing shoes to underprivileged students in the Kunene region and providing funding to the children’s home, Hope Village.

### **Dividends**

Notice is hereby given that an interim cash dividend for the six months ended 30 June 2023 of 42 cents per ordinary share was declared on 15 August 2023.

Last day to trade cum dividend:	8 September 2023
First day to trade ex-dividend:	11 September 2023
Record date:	15 September 2023
Payment date:	29 September 2023

### **Highlights from the group’s results for the six months ended 30 June 2023**

- We continue to deliver against our 2025 Ambition. Our 1H23 total income growth of 18.7% far exceeds our growth target of between 5.0% and 9.0%. Our cost-to-income ratio decreased to 58.2%, aligned to a target ratio below 60.0%. Moreover, our credit loss ratio of 0.9% remains within the target range of 0.7% to 1.0% through-the-cycle. The ROE improved from 13.7% in December 2022 to 15.3% in June 2023.
- The group’s profit for the 1H23 period grew by 53.7% period-on-period to N\$366.5 million. The positive endowment effect ensuing from continued interest rate increases, and higher trading and transactional volumes have contributed to strong performance growth in 2023.
- The increases in the interest rate and favourable restructure of the composition of the deposits and current accounts lifted net interest income by 26.8% to N\$864 million. The net interest margin improved to 5.3% (31 December 2022: 4.4%).
- Non-interest revenue increased by 9.8% to N\$675 million, mainly due to 29.9% growth in trading revenue from increased client flows and volatility in the currency markets together with additional N\$24 million in property-related revenue from the acquisition of the property investment company as part of a debt settlement transaction in 2022.
- Credit impairment charges marginally decreased by 1.5% to N\$130 million. The credit loss ratio remained flat period-on-period. This continues to be a focus area for the group.
- Operating expenses increased by 7.6% to N\$896 million, driven by increases in IT expenses, professional fees, amortisation costs and premises costs. The increase relates to expenses incurred to support client growth strategies and the inclusion of expenses relating to the new property portfolio. The group ensures that there is ongoing robust management and monitoring of the cost containment measures in place, as evidenced by the reduction in the cost-to-income ratio.
- Gross loans and advances to customers decreased by 7.3% to N\$21.6 billion period-on-period driven by the 75.3% decrease in sovereign lending, attributed to good performance on structured transactions, resulting in reduced exposure. Other loans and advances decreased following a redemption of preference shares and the acquisition of the property investment company as part of a debt settlement transaction. Loans and advances to banks increased by 39.9% as a result of increased placements with the central bank.

- Deposits and current accounts from customers grew by 10.5% to N\$29.1 billion for the six months ended 30 June 2023. The key contributors were increases in current accounts, call deposits and negotiable certificates of deposit, while cash management accounts and savings accounts decreased. The group continues to implement its strategy to become compliant with the anticipated Basel III liquidity requirements and optimises its deposit mix.
- Financial investments increased by N\$692.7 million period-on-period and trading assets grew by 30.4%, driven by additional treasury bills acquired in the banking book and trading book respectively to leverage an increase in market liquidity and in support of the anticipated Basel III high quality liquid asset requirements. Growth in derivative assets was attributed to an increase in client demand for foreign exchange forwards to hedge their currency positions, as well as the mark to market movements on existing and new foreign exchange swaps. These client transactions are hedged out in the market which contributed to the increase in our derivative liabilities.
- The group maintained strong capital ratios, with a total capital adequacy ratio of 18.9% and a common equity tier 1 ratio of 16.4%. The group's liquidity position remained strong and within approved risk appetite and tolerance limits.

## Outlook

Namibia's economic recovery is expected to continue gaining traction. However, the slowdown in global economic output, tightening financial conditions and ongoing high inflation, are likely to moderate growth.

The BoN is expected to continue increasing the monetary policy rate in the short term but will likely continue to maintain the current buffer to the South African Reserve Bank's (SARB) repo rate given the lower inflation rates in Namibia and the high levels of international reserves which will allow it to maintain the peg to the rand.

Given the ongoing constraints on disposable household incomes caused by higher inflation and interest rates, discretionary consumer expenditure is likely to reduce.

During the reporting period, there were changes in the composition of our board of directors, with resignations from Letitea du Plessis, the chief financial officer, and Mercia Geises, the chief executive. In addition, Suné Brugman, a Standard Bank Group appointed director, resigned from the board. It is with heartfelt gratitude that we thank them for their contributions to the group, and we wish them well on the next chapter of their journeys. We welcome Ashley Tjipitua, Josephat Mwatotele and Gerald Riedel to the board and look forward to their contributions. Looking forward, there will be more changes during the second half of the year as Natasha Bassingthwaighte, Birgit Rossouw and Herbert Maier, our chairman, will be retiring after serving on the board for more than 10 years.

We express our deep gratitude and appreciation to our clients, our employees and the executive management team as well as numerous other stakeholders for their ongoing support, tireless work and efforts to produce these strong half year results in these challenging times. As we boldly turn our focus onto the second half of the year, never fearing the unknown, we will continue to pivot, adapt, change, and fearlessly look ahead for new opportunities to serve our clients better and to contribute to Namibia's growth. We will continue to trust in the strength of our anchors - our clients, our people and our stakeholders - as we deliver our 2025 Ambition.

## External review

The external auditors, PricewaterhouseCoopers did not review the condensed consolidated interim statement of financial position of SBN Holdings Limited as at 30 June 2023, and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six months then ended, and selected explanatory notes.

Any investment decision should be based on the full announcement and financial statements accessible from Thursday, 17 August 2023, via the NSX website and also available on our website at <https://www.standardbank.com.na/>.

Copies of the full announcement are available for inspection at the group's registered office at no charge, weekdays during office hours.

H Maier		N Lucas
Chairman		Acting Chief Executive

17 August 2023

## BOARD OF DIRECTORS

H Maier (Chairman), N Bassingthwaighte, S Hornung, JS Mwatotele, JG Riedel, B Rossouw, P Schlebusch, NA Tjipitua, IH Tjombonde.

## REGISTERED OFFICE

1 Chasie Street, Kleine Kuppe, Windhoek; P.O. Box 3327, Windhoek, Namibia.

## AUDITORS

PricewaterhouseCoopers, 344 Independence Avenue, Windhoek, Namibia.

## SPONSOR

IJG Securities (Pty) Ltd, Member of the NSX  
4<sup>th</sup> Floor, 1@Steps, c/o Grove and Chasie Street, Kleine Kuppe, Windhoek, Namibia  
Registration No 95/505.

**TRANSFER SECRETARIES**

Transfer Secretaries (Pty) Ltd, 4 Robert Mugabe Avenue, P.O. Box 2401, Windhoek, Namibia.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2023**

	<b>June 2023</b> <b>Unreviewed</b> <b>NS'000</b>	<b>June 2022</b> <b>Unreviewed</b> <b>Restated</b> <b>NS'000</b>	<b>December 2022</b> <b>Audited</b> <b>NS'000</b>
<b>Assets</b>			
Cash and balances with the central bank	3 352 974	1 385 431	1 673 337
Derivative assets	217 723	117 471	138 918
Trading assets	625 595	479 904	474 621
Pledged assets	-	-	-
Financial investments	5 742 974	5 050 268	4 923 014
Normal tax assets	66 761	132 392	49 351
Loans and advances	26 131 070	26 274 843*	25 969 450
Properties in possession	494 601	42 845	491 154
Other assets	268 818	1 108 018*	441 296
Property, equipment and right-of-use assets	915 021	991 699	951 764
Goodwill and other intangible assets	512 975	540 400	517 733
Deferred tax assets	46 633	52 606	44 059
<b>Total assets</b>	<b>38 375 145</b>	<b>36 175 877</b>	<b>35 674 697</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>4 905 293</b>	<b>4 495 635</b>	<b>4 782 992</b>
Ordinary share capital	1 045	1 045	1 045
Ordinary share premium	642 189	642 189	642 189
Reserves	4 245 295	3 837 725	4 124 228
Non-controlling interest	16 764	14 676	15 530
<b>Liabilities</b>	<b>33 469 852</b>	<b>31 680 242</b>	<b>30 891 705</b>
Derivative liabilities	214 447	135 411	140 763
Trading liabilities	48 819	36 874	36 799
Deposits and current accounts	29 831 349	28 164 075*	27 353 407
Debt securities issued	2 534 109	2 361 877	2 528 252
Provisions and other liabilities	815 802	982 005	805 008
Deferred tax liabilities	25 326	-	27 476
<b>Total equity and liabilities</b>	<b>38 375 145</b>	<b>36 175 877</b>	<b>35 674 697</b>

\* Refer to the 'Restatements' note for details of the restatements of loans and advances and deposits and current accounts.

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the six months ended 30 June 2023

	June 2023 Unreviewed NS'000	June 2022 Unreviewed Restated NS'000	December 2022 Audited NS'000
Net interest income	863 798	681 214*	1 444 802
Non-interest revenue	675 031	614 926	1 283 086
<b>Total income</b>	<b>1 538 829</b>	<b>1 296 140</b>	<b>2 727 888</b>
Credit impairment charges	(130 027)	(132 069)	(161 213)
<b>Net income before operating expenses</b>	<b>1 408 802</b>	<b>1 164 071</b>	<b>2 566 675</b>
Operating expenses	(896 302)	(832 948)	(1 678 675)
<b>Net income before capital items</b>	<b>512 500</b>	<b>331 123</b>	<b>888 000</b>
Indirect taxation	(12 505)	(23 225)	(29 137)
<b>Profit before direct taxation</b>	<b>499 995</b>	<b>307 898</b>	<b>858 863</b>
Direct taxation	(133 545)	(69 484)*	(234 583)
<b>Profit for the period</b>	<b>366 450</b>	<b>238 414</b>	<b>624 280</b>
Attributable to ordinary shareholders	365 216	238 591	623 603
Attributable to non-controlling interest	1 234	(177)	677
<b>Basic and diluted earnings per ordinary share (cents)</b>	<b>70</b>	<b>46*</b>	<b>119</b>

\* Refer to the 'Restatements' note for details of the restatements of accrued interest.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
for the six months ended 30 June 2023

	June 2023 Unreviewed NS'000	June 2022 Unreviewed Restated NS'000	December 2022 Audited NS'000
<b>Profit for the period</b>	<b>366 450</b>	<b>238 414</b>	<b>624 280</b>
<b>Other comprehensive loss (OCI) after tax for the period</b>	<b>(3 812)</b>	<b>(2 648)</b>	<b>3 337</b>
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Net change in debt financial assets measured at fair value through OCI	(3 812)	(2 648)	(1 879)
Net change in expected credit loss (ECL)	115	795	294
Net change in fair value	(3 927)	(3 443)	(2 173)
<b>Items that may not be subsequently reclassified to profit or loss:</b>			
Fair value movement on post-employment benefit	-	-	5 216
<b>Total comprehensive income for the period</b>	<b>362 638</b>	<b>235 766</b>	<b>627 617</b>
Attributable to ordinary shareholders	361 404	235 943	626 940
Attributable to non-controlling interest	1 234	(177)	677

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 June 2023

	Ordinary shareholders' equity NS'000	Non- Controlling Interest NS'000	Total equity NS'000
<b>Balance at 1 January 2022 (audited)</b>	4 323 423	14 853	4 338 276
Total comprehensive income for the period	235 943	(177)	235 766
Transactions with owners and non-controlling interests recorded directly in equity	(78 407)	-	(78 407)
Dividends	(78 407)	-	(78 407)
<b>Balance at 30 June 2022 (unreviewed)</b>	<b>4 480 959</b>	<b>14 676</b>	<b>4 495 635</b>
Total comprehensive income for the period	390 997	854	391 851
Transactions with owners and non-controlling interests recorded directly in equity	(104 494)	-	(104 494)
Dividends	(104 494)	-	(104 494)
<b>Balance at 31 December 2022 (audited)</b>	<b>4 767 462</b>	<b>15 530</b>	<b>4 782 992</b>
Total comprehensive income for the period	361 404	1 234	362 638
Transactions with owners and non-controlling interests recorded directly in equity	(240 337)	-	(240 337)
Dividends	(240 337)	-	(240 337)
<b>Balance at 30 June 2023 (unreviewed)</b>	<b>4 888 529</b>	<b>16 764</b>	<b>4 905 293</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the six months ended 30 June 2023

	June 2023 Unreviewed NS'000	June 2022 Unreviewed Restated NS'000	December 2022 Audited NS'000
<b>Net cash flows (utilised in) / from operating activities</b>	<b>3 337 895</b>	<b>(228 024)</b>	<b>(87 195)</b>
Direct taxation paid	(153 919)	(104 981)	(172 245)
Other operating activities	3 491 814	(123 043)*	85 050
<b>Net cash flows used in investing activities</b>	<b>(50 796)</b>	<b>(54 195)</b>	<b>(69 814)</b>
Capital expenditure	(50 796)	(54 195)	(69 814)
<b>Net cash flows used in financing activities</b>	<b>(246 894)</b>	<b>311 610</b>	<b>99 286</b>
Dividends paid	(239 603)	(78 297)	(182 901)
Senior debt issued	-	400 000	400 000
Senior debt redeemed	-	-	-
Principal element of lease payments	(7 291)	(10 093)	(17 813)
Redemption of subordinated debt	-	-	(100 000)
<b>Net (decrease)/ increase in cash and balances with the central bank</b>	<b>3 040 205</b>	<b>29 391</b>	<b>(57 723)</b>
Cash and balances with the central bank at the beginning of the period	4 783 533	4 739 268*	4 739 268
Effects of exchange rate changes on cash and balances with the central bank	390 939	124 017*	(148 012)
<b>Cash and balances with the central bank at the end of the period</b>	<b>8 214 677</b>	<b>4 892 676</b>	<b>4 533 533</b>

\* Refer to the 'Restatements' note for details of restatements on cash and cash equivalents.

## SELECTED NOTES TO THE UNREVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Reporting entity

SBN Holdings Limited (the company) is a company incorporated in Namibia (registration number: 2006/306). The condensed consolidated interim financial statements for the six months ended 30 June 2023 comprise the company, its subsidiaries and other controlled entities, together referred to as 'the group'.

### 2. Statement of compliance

The group's financial results, including the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2023 (results) are prepared in accordance with the requirements of the NSX Listings Requirements, the requirements of International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board (IASB), the presentation requirements of IAS 34 Interim Financial Reporting and the requirements of the Companies Act of Namibia, applicable to condensed financial statements.

These condensed consolidated interim financial statements were approved by the board of directors on 15 August 2023.

### 3. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements for the six months ended, are consistent with those applied by the group in its annual consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of new and amended IFRS's that became effective for the current financial period. In accordance with the requirements of the transition methods chosen by the group in applying these standards, comparative information throughout the annual financial statements has not been restated.

### 4. Restatements

During the year, the group noted the following restatement relating to the group's previously published results:

- Correction of prior period errors - reconciliation differences

In the 2022 year, the group enhanced the control environment surrounding its client management system (CMS) by embedding a client contribution report tool for accrued interest. The report tool improves the process of reconciliation of interest accrued balances between the CMS and the balance sheet accounts. As part of the reconciliation process, all transactional data for accrued interest income and accrued interest expense for the period ended 30 June 2022 was analysed.

Unsubstantiated accrued interest income of N\$4.3 million and accrued interest expense to the value of N\$177 thousand were adjusted and restated accordingly for the period ended 30 June 2022. The N\$1.5 million normal tax impact of these restatements has also been reflected in the period ended 30 June 2022.

- Change in method of statement of cash flows presentation and refinement of definition of cash and cash equivalents

During 2022, the group performed benchmarking and internal investigations to reassess the definition of cash and cash equivalents when compiling the statement of cash flows. The following have been identified as industry best practice during this exercise and have resulted in the following restatements, changes to accounting presentation policies and related additional disclosures:

- The direct method provides more reliable presentation of the cash flow movements for the group which is not available under the indirect method. This change had no impact on the condensed consolidated statement of cash flows for the six months ended 30 June 2022.
- The group restated its financial statements to appropriately reflect and present the change from on demand loans and advances to banks to cash and cash equivalents in the statement of cash flow and updated the related accounting policy accordingly. These balances, amounting to N\$3.5 billion in the 1H22 closing cash and cash equivalents balance were in prior periods excluded from cash and cash equivalents and instead included in income-earning assets. The balance and movement (N\$133 million) have now been appropriately included within the cash and cash equivalents line in the statement of cash flows.
- Specific accounting policies have been included in the FY22 annual report for the following:
  - Cash and balances with central banks
  - Cash and cash equivalents.
- The impact of these restatements was taken into account in the preparation of the FY22 results during 2H22, as a result the only restatement in this regard impacting these results relate to 1H22.

### 5. Events subsequent to the reporting date

The directors are not aware of any material events, occurring between 30 June 2023 and the authorisation date of the announcement that would have an impact on these results.

6. Earnings and net asset value per share

	June 2023	June 2022	December 2022
	Unreviewed	Unreviewed	Audited
	NS'000	NS'000	NS'000
Number of ordinary shares in issue	522 471 910	522 471 910	522 471 910
Weighted average number of ordinary shares in issue	522 471 910	522 471 910	522 471 910
Basic and diluted earnings per ordinary share (cents)	70	46	119
Headline earnings per share (cents)	70	45	119
Net asset value per share (cents)	936	858	912
<b>Headline earnings reconciliation:</b>			
Profit after tax attributable to ordinary shareholders	365 216	238 591	623 603
Adjusted for:			
(Profit)/ loss on sale of property and equipment (net of tax)	(502)	(2 218)	(2 330)
Impairments on property and equipment (net of tax)	-	-	1 207
Headline earnings	364 714	236 373	622 480