

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Board of Directors of Letshego Holdings (Namibia) Limited ("LHN or the Group") is pleased to present an extract of the unaudited consolidated results for the half year ended 30 June 2019.

MOBILISING OUR INCLUSIVE FINANCE AGENDA

Against the backdrop of a challenging and increasingly competitive environment, the Group continues to work towards its diversification agenda and becoming a leading inclusive finance group.

FINANCIAL HIGHLIGHTS (HALF YEAR 2019 AGAINST HALF YEAR 2018)

- Total revenue increased by 4% (2018: 17%), and Advances to customers grew by 7% (2018: 11%).
- Staff and operational expenses increased by 7% (2018: 26%), reflecting investments in people and platforms.
- Cost-to-income ratio marginally increased to 24.1% from 23.6% in 2018, driven by capacity investments against compressing margins.
- Impairment charge for the period was NAD9.9m (2018: NAD2.3m), translating to a loan loss ratio (against average gross advances) of 0.4% (2018: 0.1%).
- Profit after tax was NAD235m (2018: NAD230m), an increase of 2% (2018: 34%).
- Return on average equity was 17.4% (2018: 21.1%) and Return on average assets was 15% (2018: 16%).
- Earnings and headline earnings per share of 47 cents (2018: 46 cents) were achieved, an increase of 2% (2018: 34%).
- As per existing dividend practice, no interim dividend is being declared.

KEY HIGHLIGHTS OF PROGRESS WITH DELIVERY OF THE STRATEGIC AGENDA DURING THE YEAR INCLUDE

Embrace financial inclusion:

We are pleased with the progress made towards embedding our LetsGo transactional and savings offerings to complement our existing lending solutions. We continued to drive marketing strategies in support of our LetsGo omni-channel solution and this has given traction to our deposit mobilisation agenda.

Grow the franchise:

Over the past six months, we have expanded our banking capabilities by establishing an access point in Mondesa, Swakopmund and we are now poised to offer full banking services in three branches countrywide. The rest of our existing footprint will be upgraded in the impending future as we accelerate our diversification strategy.

Enhance customer experience:

To remain relevant, we continued to focus on improving the lives of our customers by re-engineering our internal processes and exploring strategic partnerships, which will enhance our customer value proposition.

Embed the future capability model:

During the period under review, we have made necessary investments in our human capital to ensure that we are geared to deliver an excellent service to our customers. We continued to strengthen our internal control environment in an effort to mitigate operational risks and maintain the quality of our portfolio. As a strategic enabler, we continue to invest in technology solutions as we adopt a "phygital" business model to serve our customers at lower cost by blending digital innovations into physical processes and channels.

PROSPECTS

"While the economic conditions are expected to remain challenging over the medium term, we will continue to focus on expanding our product offerings in line with our inclusive finance agenda and playing our part in supporting economic recovery and resilience. This will be developed and deployed in the context of the new Micro Lending Act, which is now effective and has implications going forward for yields in the Letshego micro lending business.

Customer centricity and robust risk management remain priorities for Letshego. As such, we are confident that our technology-driven approach will yield sustainable value for our shareholders. The Board will continue to deploy strategies that protect the Group and its stakeholders to deliver value to all. This includes re-balancing Letshego Holdings Namibia's leverage through capital management strategies, fund-raising from local debt providers and "sticky" retail deposit-mobilisation.

I would like to take this opportunity to extend my profound appreciation to our customers and our committed team members driving the Letshego brand, who have believed in the Company for the past 20 years. Our strategic business partners have been supportive—we express our appreciation to them for enabling risk-managed growth. Our appreciation also extends to our regulators for their guidance, affording us licence to operate, and for their continued oversight.

DIVIDEND

As per existing dividend practice, no interim dividend is being declared.

For and on behalf of the Board of Directors:



Maryvonne Palanduz
Chairperson



Ester Kali
Chief Executive Officer

Windhoek, 02 September 2019

LETSGEGO HOLDINGS (NAMIBIA) LIMITED

Incorporated in the Republic of Namibia
Registration Number 2016/0145

ISIN: NA000A2DVV41
SHARE CODE (NSX): LHN

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	% change	30 Jun 2019 (Unaudited) NAD'000	30 Jun 2018 (Unaudited) NAD'000	31 Dec 2018 (Audited) NAD'000
ASSETS				
Cash and cash equivalents		213,107	396,422	750,860
Other receivables		126,590	144,131	131,288
Advances to customers	7%	2,662,740	2,500,029	2,555,622
Property and equipment		29,601	10,357	9,644
Current taxation		22,638	14,589	22,347
Total assets		3,054,676	3,065,528	3,469,761
LIABILITIES AND EQUITY				
Liabilities				
Trade and other payables		54,877	44,351	50,907
Lease liabilities		12,280	-	-
Deferred taxation		4,199	2,779	4,301
Borrowings		233,574	138,144	341,051
Intercompany payables		110,022	59,001	123,399
Deposits due to customers		14,150	40,801	74,749
Total liabilities		429,102	285,076	594,407
Shareholders' equity				
Share capital		100	100	100
Retained earnings		1,243,324	965,573	1,162,815
Capital reorganisation reserve		701,024	701,024	701,024
Equity settled share based payment reserve		1,599	1,617	1,072
Total equity attributable to equity holders of the parent company		1,946,047	1,668,314	1,865,011
Non-controlling interests		679,527	1,112,138	1,010,343
Total shareholders' equity		2,625,574	2,780,452	2,875,354
Total liabilities and equity		3,054,676	3,065,528	3,469,761

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	% change	Six months ended 30 Jun 2019 (Unaudited) NAD'000	30 Jun 2018 (Unaudited) NAD'000	Year ended 31 Dec 2018 (Audited) NAD'000
Interest income	3%	300,714	293,337	596,693
Credit impairment release / (charge)		(9,867)	(2,280)	(18,226)
Interest after impairment		290,847	291,057	578,467
Other interest income		15,707	8,333	21,465
Interest expense		(21,077)	(23,569)	(32,866)
Net interest income after impairment	4%	285,477	275,821	567,066
Fee income		850	603	1,176
Other operating income		130,458	128,386	255,340
Employee benefits		(29,925)	(23,994)	(49,263)
Other operating expenses		(72,756)	(72,130)	(145,936)
Operating profit before taxation	2%	314,104	308,686	628,383
Taxation		(79,026)	(78,673)	(159,510)
Profit for the year	2%	235,078	230,013	468,873
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period		235,078	230,013	468,873

Weighted average number of shares in issue during the period (millions)	500	500	500
Basic earnings per share (cents)	47	46	94
Basic earnings per share - diluted (cents)	47	46	94
Headline earnings per share (cents)	47	46	94
Headline earnings per share - diluted (cents)	47	46	94

RATIOS

	30 Jun 2019 (Unaudited)	30 Jun 2018 (Unaudited)	31 Dec 2018 (Audited)
Return on average assets (%)	15.4%	16.1%	14.7%
Return on average equity (%)	17.4%	21.1%	20.1%
Cost to income (%)	24.1%	23.6%	23.2%
Debt to equity (%)	13.1%	7.1%	16.2%

CAPITAL ADEQUACY

	30 Jun 2019 (Unaudited)	30 Jun 2018 (Unaudited)	31 Dec 2018 (Audited)
Consolidated group capital adequacy			
Tier 1	75.0%	66.1%	68.7%
Tier 2	20.1%	36.6%	26.5%
Total	95.1%	102.7%	95.2%
Tier 1 leverage ratio	67.8%	58.4%	59.8%

This announcement is a summary of the information contained in the full announcement and does not contain full or complete details. The full announcement has been released on SENS.

COMPANY INFORMATION

Registration number:	2016/0145	Auditor:	PricewaterhouseCoopers PO Box 1571 Windhoek, Namibia
Registered address:	18 Schwerinsburg Street PO Box 11600 Windhoek, Namibia	Sponsoring Broker:	IJG Securities (Pty) Ltd PO Box 186 Windhoek, Namibia
Company Secretary:	Bonsai Secretarial Compliance Services PO Box 90757 Windhoek, Namibia	Transfer Secretary:	Transfer Secretaries (Pty) Ltd PO Box 2401 Windhoek, Namibia