

CONDENSED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



Letshego Bank (Namibia) Limited ('LBN / the Bank / the company') was incorporated in the Republic of Namibia during October 1997 (Registration number 97/373). The company previously operated as Letshego Financial Services (Namibia) (Pty) Ltd. Upon receiving its deposit taking licence from the Bank of Namibia in July 2016, the company changed its name to Letshego Bank (Namibia) Limited.

The company's head office is situated in Windhoek, with 16 customer access points distributed across the country. The company provides banking services to under-served low and middle-income earning Namibians with an agenda focused on inclusive finance.

LBN is a subsidiary of Letshego Holdings Namibia, a holding company headquartered in Windhoek. Letshego Holdings Namibia is a subsidiary of Letshego Holdings Limited, a company incorporated in 1998 which has been publicly listed on the Botswana Stock Exchange since 2002.

The information in this announcement is an extract from the audited financial statements of LBN for the financial year ended 31 December 2016, but is not audited in itself.

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Namibian Companies Act as Bank of Namibia regulations. The annual financial statements have been prepared in accordance with the going concern principle and using a historical cost basis, except where specifically indicated otherwise.

Directors' report

Financial results

The financial results of the Company are set out in the condensed financial statements disclosed herewith.

Going concern

The directors have satisfied themselves that the Bank is in a sound financial position and that sufficient borrowing facilities are accessible in order to enable the Bank to meet its foreseeable cash requirements. On this basis the directors consider that the Bank has adequate resources to continue operating for the foreseeable future and therefore deem it appropriate to adopt the going concern basis in preparing the Bank's financial statements for this reporting period.

Statement of Financial Position

	31 December 2016 N\$'000	31 December 2015 N\$'000
ASSETS		
Cash and cash equivalents	130,852	52,191
Other receivables	8,620	106,522
Intercompany receivable	520,329	3
Advances to customers	758,935	1,885,399
Deferred taxation	6,554	1,379
Current taxation	6,461	-
Property and equipment	10,501	12,170
Total assets	1,442,252	2,057,664
LIABILITIES AND EQUITY		
Liabilities		
Trade and other payables	23,465	44,113
Current taxation	-	537
Intercompany payable	1,561	824,270
Total liabilities	25,026	868,920
SHAREHOLDERS' EQUITY		
Share capital and share premium	59,624	59,624
Preference shares	215,085	215,085
Retained earnings	1,140,903	913,389
Equity settled share based payment reserve	1,615	646
Total equity attributable to equity holders of the parent company	1,417,226	1,188,744
Total Shareholders' Equity	1,417,226	1,188,744
Total liabilities and equity	1,442,252	2,057,664

Statement of comprehensive income

	31 December 2016 N\$'000	31 December 2015 N\$'000
Interest income	353,133	379,997
Credit impairment charge	(21,770)	(200)
Interest after impairment	331,363	379,797
Other interest income	2,992	2,071
Interest expense	(65,910)	(96,172)
Net interest income after impairment	268,445	285,696
Other operating income	127,288	195,578
Operating expenses	(92,998)	(113,242)
Operating profit before taxation	302,735	368,032
Taxation	(75,259)	(95,961)
Profit for the period	227,476	272,071
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	227,476	272,071

Statement of changes in equity

	Share capital N\$'000	Share premium N\$'000	Preference shares N\$'000	Share based payment reserve N\$'000	Retained earnings N\$'000	Total equity N\$'000
As at 1st January 2016	100	59,524	215,085	646	913,389	1,188,744
Prior period adjustment to retained earnings	-	-	-	-	38	38
Total comprehensive income for the period	-	-	-	-	227,476	227,476
Transactions with equity holders, recorded directly in equity						
Contributions by equity holders						
Share based payment transactions	-	-	-	969	-	969
As at 31 December 2016	100	59,524	215,085	1,615	1,140,903	1,417,226
As at 1st February 2015	100	59,524	215,085	183	641,318	916,210
Total comprehensive income for the period	-	-	-	-	272,071	272,071
Transactions with equity holders, recorded directly in equity						
Contributions by equity holders						
Share based payment transactions	-	-	-	463	-	463
As at 31 December 2015	100	59,524	215,085	646	913,389	1,188,744

Statement of cash flows

	31 December 2016 N\$'000	31 December 2015 N\$'000
Operating profit before taxation	302,735	368,031
Interest paid	65,910	96,172
Adjusting items of a non-cash nature:		
Depreciation	4,617	4,028
Impairment allowance on advances	21,290	445
Equity settled share based payment transactions	969	463
Changes in working capital:		
Movement in advances to customers	1,105,174	(278,626)
Movement in other receivables	97,901	(42,552)
Movement in trade and other payables	(20,647)	(8,976)
	1,577,949	138,985
Tax paid	(87,433)	(108,277)
Net cash flow from operating activities	1,490,516	30,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in inter-company receivable	(520,326)	20,514
Purchase of motor vehicles, furniture and equipment	(2,948)	(10,294)
Net cash used in investing activities	(523,274)	10,220
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(65,910)	(96,172)
(Repayments of) / Increase in related party loans	(822,671)	59,402
Net cash utilised in financing activities	(888,581)	(36,770)
Net movement in cash and cash equivalents	78,661	4,158
Movement in cash and cash equivalents		
At the beginning of the period	52,191	48,033
Movement during the period	78,661	4,158
At the end of the period	130,852	52,191