



# REVIEWED FINANCIAL RESULTS HALF YEAR 2019

# OUR STORY

The Letshego Group is a proudly African multinational organisation, headquartered and listed in Botswana and focused on delivering inclusive finance solutions to underserved populations across 11 Sub Saharan Markets.

With a staff compliment of over 3,000 – including both direct and indirect sales agents - and over six hundred thousand customers, Letshego is synonymous with leveraging innovation and technology to improve the lives of individuals who have limited access to traditional financial services.

In 2019, Letshego celebrates 21 years of supporting regional communities, with strong progress towards the Group's ambition to be a leading Pan-African lender for emerging consumers.



## A TRULY AFRICAN INCLUSIVE FINANCE COMPANY.

Through its 11 country footprint, Letshego provides simple, accessible and appropriate financial solutions to underserved communities, in a sustainable manner.



- Letshego means support in Setswana, the most widely spoken language in Botswana
- The yellow triangle design or "Letshego Tripod" originated from a traditional cooking tripod which is synonymous with feeding many generations across Africa
- Our yellow tripod doubles as a delta symbol, representing the difference we deliver, built on 3 principles: A strong foundation; Upward and forward motion; Strategic Partnerships
- Yellow represents Success & Wealth; Blue represents Trust



**3000+**

Team members across Africa

**315**

Customer access points

**600k+**

Total customers

**20+**

Nationalities across our people

Rated **Ba3(stable)** by Moody's

# CELEBRATING OUR FOOTPRINT

## 11 UGANDA est. 2005

Opened doors in 2005 as Micro Provident Uganda. Rebranded to Letshego Uganda Limited in 2011.

244 STAFF

42,000+ CUSTOMERS

45 BRANCHES



## 10 KENYA est. 2000

Opened doors in 2000 as part of Micro Africa Group. Acquired by Letshego Group in 2012.

200 STAFF

19,000+ CUSTOMERS

29 BRANCHES



## 9 RWANDA est. 2004

Opened doors in 2004 as part of MicroAfrica Group. Acquired by Letshego Group in 2012.

71 STAFF

10,000+ CUSTOMERS

8 BRANCHES



## 8 TANZANIA est. 2006

Faidika opened doors in 2006. Letshego Group acquired Advans Bank in 2015 and rebranded to Letshego Bank Tanzania.

223 STAFF

162,000+ CUSTOMERS

117 BRANCHES



## 7 MOZAMBIQUE est. 2011

Opened doors in 2011. Commercial banking licence awarded in 2016.

178 STAFF

118,000+ CUSTOMERS

25 BRANCHES



## 6 ESWATINI est. 2006

Opened doors in 2006 as Micro Provident Eswatini and rebranded in 2010.

26 STAFF

9,000+ CUSTOMERS

3 BRANCHES



## 5 LESOTHO est. 2012

Opened doors in 2012.

40 STAFF

7,000+ CUSTOMERS

5 BRANCHES



## 4 BOTSWANA est. 1998

Opened doors in 1998. Listed on the Botswana Stock Exchange in 2002.

129 STAFF

34,000+ CUSTOMERS

16 BRANCHES



## 3 NAMIBIA est. 2002

Opened doors in 2002 as Edu Loan Namibia. Acquired by Letshego Group in 2008. Awarded banking licence in 2016. Listed on NSE on 28 Sept 2017.

117 STAFF

55,000+ CUSTOMERS

16 BRANCHES



## 2 NIGERIA est. 2008

Opened doors as FBN microfinance bank in March 2008. Acquired by Letshego Group in 2015 and rebranded to Letshego MFB.

269 STAFF

59,000+ CUSTOMERS

24 BRANCHES



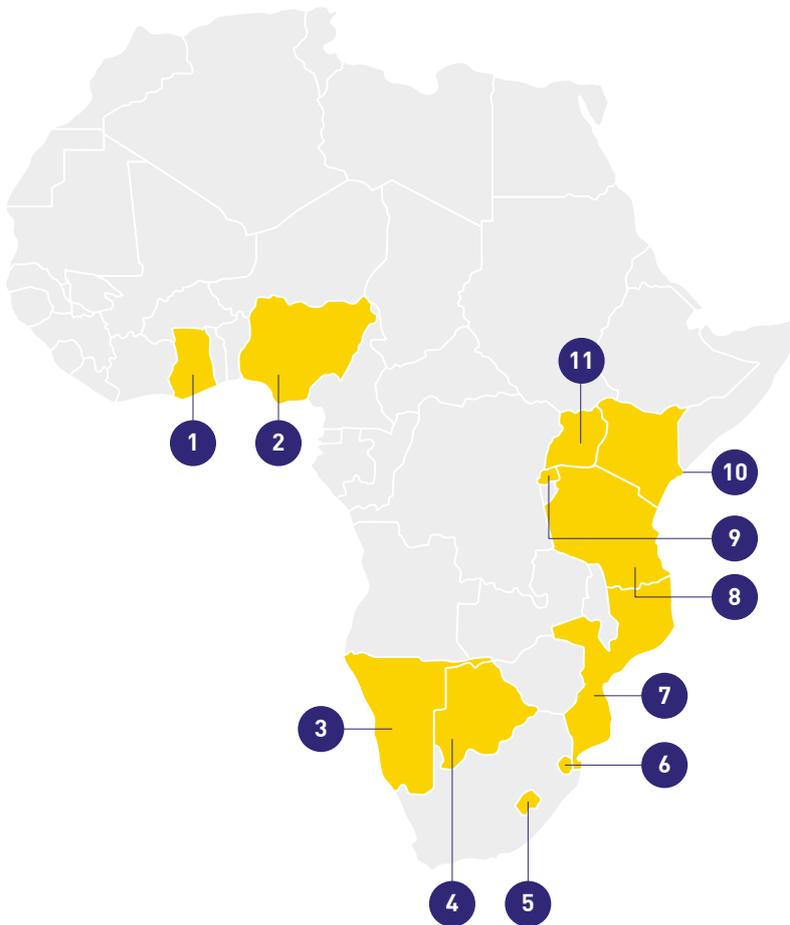
## 1 GHANA est. 2010

Opened doors in 2010 as afb Ghana. Acquired by Letshego Group in 2017.

218 STAFF

120,000+ CUSTOMERS

27 BRANCHES



# LETSHEGO HOLDINGS LIMITED GROUP

## HALF YEAR 2019 REVIEWED FINANCIAL RESULTS



The Board of Directors of Letshego Holdings Limited ("the Group") herewith presents an extract of the reviewed consolidated financial results for the six months period ended 30 June 2019.

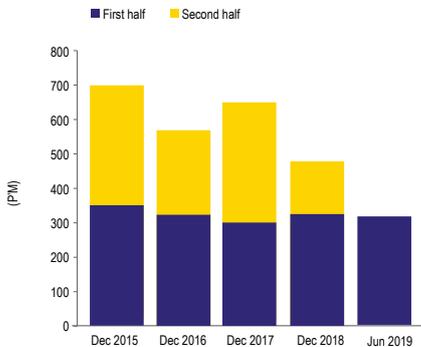
### HIGHLIGHTS

Gross Advances to Customers **15%**

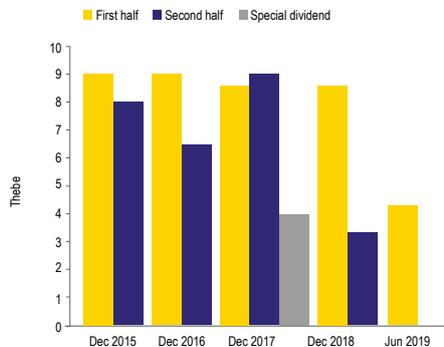
Operating Income **6%**

Interim dividend per share **4.3t**

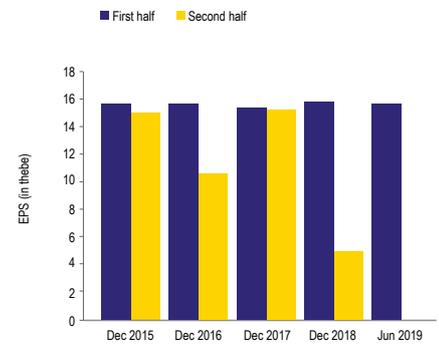
### Profit After Tax (P'M)



### Dividends per Share (Thebe)



### Basic Earnings per Share (Thebe)



### FINANCIAL HIGHLIGHTS

- Gross advances to customers passed P10 billion, a 15% increase on the prior period
- Customer deposits and borrowings were flat period on period
- The Group remains well capitalised with a capital adequacy ratio of 38% (2018: 39%) and a debt to equity ratio of 110% (2018:112%)
- Yields on advances to customers and the cost of borrowings were generally maintained resulting in a 6% increase in net operating income
- Costs increased by 10% resulting in a cost to income ratio of 41% (2018: 40%)
- The cost of credit risk was 2.5% (2018: 2.6%) and the Group's coverage ratio was 109% for all non-performing loans (2018: 95%)
- Profit before tax was P600 million a 2% increase from the prior period (2018: P590 million)
- The effective tax rate was 39% (2018: 37%)
- Profit after tax was P364 million being 2% lower than the same period last year (2018: 370m)
- Return on equity was 17% (2018: 18%) and return on assets 7% (2018: 8%)
- Earnings per share of 15.4 thebe (2018:15.6 thebe) per share was achieved, a decline of 1%

### NON-FINANCIAL HIGHLIGHTS

- Total borrowing customers increased to 387,000 (2018: 364,000)
- Total savings customers 250,000 (2018: 167,000)
- Customer access points have remained the same at 315
- The Group employed 1,902 (2018: 1,908) full time employees supplemented by an additional 1,459 (2018: 1,398) commission-based sales agents

### FINANCIAL PERFORMANCE

The financial performance for the Group for the six months to June 2019 was within expectations. The Group has made good progress in the three areas of focus for 2019 being, reduction in the cost to income ratio, cost of credit risk and the effective tax rate. These are expected to continue into the second half of 2019.

A number of initiatives have been started with positive results expected into the second half of 2019 and beyond.

### MANAGEMENT

The Board is progressing with a number of appointments to fill current positions that are held on an interim or acting capacity plus strengthening the overall executive management team. While this is happening the executive management team, as led by the Interim Group CEO, Dumisani Ndebele, remains in place and they have been successful in making good progress in achieving the 2019 financial targets for the Group as well as commencing an overall review of the medium and long term strategic objectives.

### BOARD

Following recent changes to the Board, four new independent non-executive directors have been identified subject to regulatory approval. These will bring additional relevant skills and experience to the Board in the areas of risk management, financial services and fintech. The Board takes this opportunity to thank the Independent Non-Executive Directors that stepped down over the last twelve months for their contribution to the Group.

### STRATEGIC REVIEW

There is currently no appetite for any new acquisitions. A comprehensive rationalisation and optimisation of all aspects of the Group has commenced and is expected to be completed in the second half of 2019. This is at a geographic, product and channel levels and, may result in certain existing countries or products or channels being discontinued or exited over time. The Board will keep Shareholders advised of related developments.

### CAPITAL STRUCTURE, FUNDING AND DIVIDEND POLICY

Shareholders approved an extension of the share buy-back programme at the Annual General Meeting of Shareholders on 24 June 2019. No shares have been repurchased in the current period. The share buy-back programme is intended to assist in optimising returns to Shareholders by leveraging up the balance sheet and reducing equity levels.

Ratings Agency Moody's kept Letshego Holdings Limited credit rating unchanged at Ba3 with stable outlook. The Group remains well capitalised with a CAR of above 38% which is well above the regulatory minimum in all of its operating countries. Despite high reliance on wholesale funding, significant progress has been made in diversification of the Group's funding base away from the bank loan market through the issuance of local currency corporate bonds in Botswana, Ghana, Mozambique and South Africa. The Group has also been successful in refinancing maturing facilities and, attracting new funding from specialist international investors based in the UK and Europe with a focus on micro and inclusive finance ventures. The new funding has enabled the Group to better manage its debt maturity profile and liquidity position.

The Group has complied with all of its financial covenants for senior secured lenders as set out in the Security Sharing Agreement.

The Board has reviewed the Group's dividend policy and has determined to reduce the dividend to 25% of profit after tax. This is to allow the Group more scope to maintain its debt to equity levels at the current base.

### PROSPECTS

Based on the current financial performance of the Group and current economic circumstances, the Board expects the company's financial fundamentals will remain robust over the next 12 – 18 month horizon, despite risks associated with its regional expansion.

### AUDITORS' REVIEW

The condensed annual financial statements from which the financial information set out in this announcement has been reviewed but not audited by Ernst & Young, the Letshego Group's external auditors. Their unqualified review report is available for inspection at the Group's registered office.

### DIVIDEND NOTICE

Notice is hereby given that the Board has declared an interim dividend of 4.3 thebe per share for the period ended 30 June 2019. In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax rate will be deducted from the final gross dividend for the period ended 30 June 2019.

Important dates pertaining to this dividend are:

- Declaration date, 28 August 2019
- Therefore, the shares are ex-dividend from 16 September 2019
- Last date to register, 18 September 2019
- Dividend payment date on or about, 27 September 2019

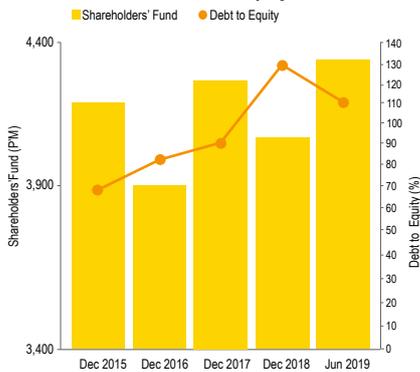
For and on behalf of the Board of Directors:

**E Banda**  
Group Chairman

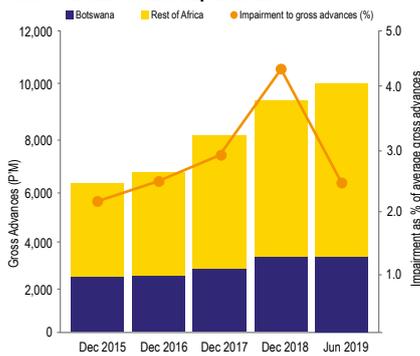
**D Ndebele**  
Interim Group Chief Executive Officer

**GABORONE, 28 August 2019**

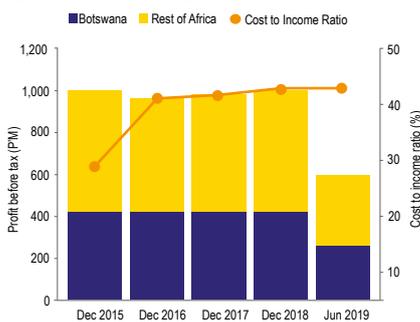
Shareholders' Fund: Debt to Equity



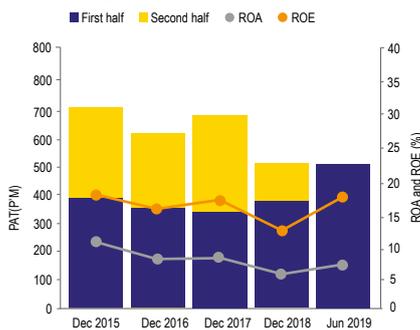
Gross Advances and Impairment



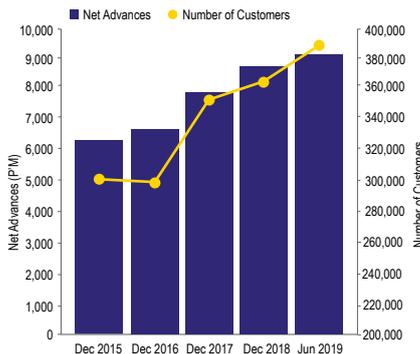
Geographic Diversification PBT and Cost to Income ratio



ROA vs ROE vs PAT



Net Advances and Number of Customers



	30 Jun 2019 (Reviewed)	30 Jun 2018 (Reviewed)	31 Dec 2018 (Audited)
Return on average assets (%)	7%	8%	5%
Return on average equity (%)	17%	18%	12%
Cost to income ratio (%)	41%	40%	42%
Debt to equity ratio (%)	110%	112%	131%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	At 30 June 2019 (Reviewed) P'000	At 30 June 2018 (Reviewed) P'000	Change %	At 31 Dec 2018 (Audited) P'000
<b>ASSETS</b>				
Cash and cash equivalents	1 460,523	876,444		1,188,402
Advances to customers	2 9,116,141	8,136,441	12	8,698,831
Other receivables	3 239,849	238,856		252,491
Financial asset at fair value through OCI	53,591	53,591		53,591
Income tax receivable	24,956	13,218		19,074
Property, plant and equipment	4 93,701	88,390		80,532
Right of use assets	5 71,436	-		-
Intangible assets	6 47,874	51,267		45,488
Goodwill	7 95,632	126,725		106,229
Deferred tax assets	190,575	174,043		211,651
<b>Total assets</b>	<b>10,394,278</b>	<b>9,758,975</b>	<b>7</b>	<b>10,656,289</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Customer deposits	8 305,877	386,879	(21)	497,718
Cash collateral	9 25,268	27,331		27,028
Trade and other payables	10 601,445	328,272		492,225
Lease liabilities	11 77,020	-		-
Income tax payable	242,053	199,151		232,132
Borrowings	12 4,795,550	4,661,508	3	5,329,319
Deferred tax liabilities	3,107	2,888		3,205
<b>Total liabilities</b>	<b>6,050,320</b>	<b>5,606,029</b>		<b>6,581,627</b>
<b>Shareholders' equity</b>				
Stated capital	13 862,621	862,621		862,621
Foreign currency translation reserve	(708,889)	(696,161)		(696,276)
Legal reserve	83,111	73,519		73,519
Share based payment reserve	21,324	25,475		18,089
Retained earnings	3,748,212	3,584,298		3,500,317
<b>Total equity attributable to equity holders of the parent company</b>	<b>4,006,379</b>	<b>3,849,752</b>		<b>3,758,270</b>
Non-controlling interests	337,579	303,194		316,392
<b>Total shareholders' equity</b>	<b>4,343,958</b>	<b>4,152,946</b>		<b>4,074,662</b>
<b>Total liabilities and equity</b>	<b>10,394,278</b>	<b>9,758,975</b>	<b>7</b>	<b>10,656,289</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Note	6 months ended 30 June 2019 (Reviewed) P'000	6 months ended 30 June 2018 (Reviewed) P'000	Change %	12 months ended 31 Dec 2018 (Audited) P'000
Effective interest income	14 1,511,668	1,222,236	24	2,718,257
Effective interest expense	15 (474,804)	(230,901)	106	(654,079)
<b>Net interest income</b>	<b>1,036,864</b>	<b>991,335</b>	<b>5</b>	<b>2,064,178</b>
Fee and commission income	33,914	24,197	40	30,735
Other operating income	16 149,388	140,438	6	267,421
<b>Operating income</b>	<b>1,220,166</b>	<b>1,155,970</b>	<b>6</b>	<b>2,362,334</b>
Employee costs	17 (213,345)	(196,025)	9	(390,177)
Other operating expenses	18 (289,933)	(261,919)	11	(590,158)
<b>Net income before impairment and taxation</b>	<b>716,888</b>	<b>698,026</b>	<b>3</b>	<b>1,381,999</b>
Impairment of advances	19 (116,781)	(108,152)	8	(361,491)
<b>Profit before taxation</b>	<b>600,107</b>	<b>589,874</b>	<b>2</b>	<b>1,020,508</b>
Taxation	(236,414)	(219,449)		(510,026)
<b>Profit for the period</b>	<b>363,693</b>	<b>370,425</b>	<b>(2)</b>	<b>510,482</b>
<b>Attributable to:</b>				
Equity holders of the parent company	328,051	331,130		438,639
Non-controlling interest	35,642	39,295		71,843
<b>Profit for the period</b>	<b>363,693</b>	<b>370,425</b>	<b>(2)</b>	<b>510,482</b>
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation differences arising from foreign operations	(6,090)	(41,228)		(48,688)
<b>Total comprehensive income for the period</b>	<b>357,603</b>	<b>329,197</b>		<b>461,794</b>
<b>Attributable to:</b>				
Equity holders of the parent company	315,438	315,386		422,780
Non-controlling interests	42,165	13,811		39,014
<b>Total comprehensive income for the period</b>	<b>357,603</b>	<b>329,197</b>		<b>461,794</b>
Weighted average number of shares in issue during the period (millions)	2,124	2,121		2,124
Dilution effect - number of shares (millions)	40	42		42
Number of shares in issue at the end of the period (millions)	2,144	2,144		2,144
Basic earnings per share (thebe)	15.4	15.6	(1)	20.7
Fully diluted earnings per share (thebe)	15.2	15.3		20.3

NOTE: The diluted EPS has been calculated based on the total number of shares that may vest in terms of the Group's long term staff incentive scheme.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Stated capital P'000	Retained earnings P'000	Shared based payments reserve P'000	Foreign exchange translation reserve P'000	Legal reserve P'000	Non-controlling interest P'000	Total P'000
<b>Balance at 31 December 2017 - Audited</b>	<b>849,845</b>	<b>3,709,308</b>	<b>38,840</b>	<b>(680,417)</b>	<b>39,607</b>	<b>313,309</b>	<b>4,270,492</b>
Impact of adopting IFRS 9	-	(143,855)	-	-	-	(6,206)	(150,061)
<b>Adjusted balance 1 January 2018</b>	<b>849,845</b>	<b>3,565,453</b>	<b>38,840</b>	<b>(680,417)</b>	<b>39,607</b>	<b>307,103</b>	<b>4,120,431</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	331,130	-	-	-	39,295	370,425
<b>Other comprehensive income, net of income tax</b>							
Foreign currency translation reserve	-	-	-	(15,744)	-	(25,484)	(41,228)
<b>Transactions with owners, recorded directly in equity</b>							
Allocation to share based payment reserve	-	-	(589)	-	-	-	(589)
Allocation to legal reserve	-	(33,912)	-	-	33,912	-	-
New shares issued from long term incentive scheme	12,776	-	(12,776)	-	-	-	-
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(17,720)	(17,720)
Dividends paid to equity holders	-	(278,373)	-	-	-	-	(278,373)
<b>Balance at 30 June 2018 - Reviewed</b>	<b>862,621</b>	<b>3,584,298</b>	<b>25,475</b>	<b>(696,161)</b>	<b>73,519</b>	<b>303,194</b>	<b>4,152,946</b>
Impact of adopting IFRS 9 - final adjustments	-	3,037	-	-	-	(4,837)	(1,800)
<b>Adjusted balance</b>	<b>862,621</b>	<b>3,587,335</b>	<b>25,475</b>	<b>(696,161)</b>	<b>73,519</b>	<b>298,357</b>	<b>4,151,146</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	107,509	-	-	-	32,548	140,057
<b>Other comprehensive income, net of income tax</b>							
Foreign currency translation reserve	-	-	-	(115)	-	(7,345)	(7,460)
<b>Transactions with owners, recorded directly in equity</b>							
Acquisition of Non-controlling interest - Tanzania Bank	-	(9,611)	-	-	-	(5,936)	(15,547)
Allocation to legal reserve	-	-	-	-	-	-	-
Allocation to share based payment reserve	-	-	(7,386)	-	-	-	(7,386)
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(1,232)	(1,232)
Dividends paid to equity holders	-	(184,916)	-	-	-	-	(184,916)
<b>Balance at 31 December 2018 - Audited</b>	<b>862,621</b>	<b>3,500,317</b>	<b>18,089</b>	<b>(696,276)</b>	<b>73,519</b>	<b>316,392</b>	<b>4,074,662</b>
Change in accounting policy - IFRS 16	-	(439)	-	-	-	1	(438)
<b>Adjusted balance 1 January 2019</b>	<b>862,621</b>	<b>3,499,878</b>	<b>18,089</b>	<b>(696,276)</b>	<b>73,519</b>	<b>316,393</b>	<b>4,074,224</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	328,051	-	-	-	35,642	363,693
<b>Other comprehensive income, net of income tax</b>							
Foreign currency translation reserve	-	-	-	(12,613)	-	6,523	(6,090)
<b>Transactions with owners, recorded directly in equity</b>							
Allocation to legal reserve	-	(9,592)	-	-	9,592	-	-
Allocation to share based payment reserve	-	-	3,235	-	-	-	3,235
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(20,979)	(20,979)
Dividends paid to equity holders	-	(70,125)	-	-	-	-	(70,125)
<b>Balance at 30 June 2019 - Reviewed</b>	<b>862,621</b>	<b>3,748,212</b>	<b>21,324</b>	<b>(708,889)</b>	<b>83,111</b>	<b>337,579</b>	<b>4,343,958</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	6 months ended 30 June 2019 (Reviewed) P'000	6 months ended 30 June 2018 (Reviewed) P'000	Year ended 31 Dec 2018 (Audited) P'000
<b>Operating activities</b>				
Profit before taxation		600,107	589,874	1,020,508
Add : Amortisation, depreciation and right of use assets		40,193	27,361	51,505
: Impairment and write off		191,793	165,427	508,211
Movement in working capital and other changes		(631,288)	(665,678)	(1,259,971)
Cash generated from operations		200,805	116,984	320,253
Taxation paid		(211,330)	(218,220)	(478,948)
Net cash (utilised) / generated from operating activities		(10,525)	(101,236)	(158,695)
<b>Investing activities</b>				
Purchase of property, plant and equipment and intangible assets		(36,550)	(19,705)	(29,891)
Net cash flows used in investing activities		(36,550)	(19,705)	(29,891)
<b>Financing activities</b>				
Dividends paid to equity holders and non-controlling interest		(91,104)	(296,093)	(482,241)
Payment for acquisition of interest in a subsidiary		(2,577)	-	(15,547)
Payment of lease liabilities		(12,955)	-	-
Finance obtained from third parties		654,106	910,053	1,938,071
Repayment of borrowings		(1,183,181)	(261,759)	(638,687)
Net cash (utilised) / generated from financing activities		(635,711)	352,201	801,596
Net movement in cash and cash equivalents		(682,786)	231,260	613,010
Cash and cash equivalents at the beginning of the period		1,100,342	492,367	492,367
Effect of exchange rate changes on cash and cash equivalents		(8,864)	(4,367)	(5,035)
<b>Cash and cash equivalents at the end of the period</b>	1	<b>408,692</b>	<b>719,260</b>	<b>1,100,342</b>

**SEGMENTAL REPORTING**
**For the period ended 30 June 2019**

The Group's geographical primary segments are as follows: Botswana, Namibia, Mozambique, Other Southern Africa, Tanzania, Other East Africa, West Africa and Holding company.

- Other Southern Africa includes: Lesotho and Swaziland

- Other East Africa includes: Kenya, Rwanda and Uganda

- West Africa includes: Nigeria and Ghana

Reportable segments June 2019	Botswana P'000	Namibia P'000	Mozambique P'000	Other Southern Africa P'000	Tanzania P'000	Other East Africa P'000	West Africa P'000	Holding company P'000	Total P'000
<b>Operating income</b>	<b>327,743</b>	<b>291,673</b>	<b>157,939</b>	<b>84,315</b>	<b>86,304</b>	<b>155,638</b>	<b>197,062</b>	<b>(80,508)</b>	<b>1,220,166</b>
<b>Profit before taxation</b>	<b>259,012</b>	<b>220,308</b>	<b>95,905</b>	<b>33,679</b>	<b>55,551</b>	<b>52,535</b>	<b>18,637</b>	<b>(135,520)</b>	<b>600,107</b>
Taxation - consolidated									(236,414)
<b>Profit - consolidated</b>									<b>363,693</b>
Gross Advances to customers	2,818,648	2,036,911	1,351,345	909,317	526,222	1,163,016	1,233,005	-	10,038,464
Impairment provisions	(222,030)	(26,205)	(23,298)	(42,803)	(136,453)	(198,868)	(272,666)	-	(922,323)
<b>Net Advances</b>	<b>2,596,618</b>	<b>2,010,706</b>	<b>1,328,047</b>	<b>866,514</b>	<b>389,769</b>	<b>964,148</b>	<b>960,339</b>	<b>-</b>	<b>9,116,141</b>
<b>Borrowings</b>	<b>1,085,585</b>	<b>280,020</b>	<b>381,695</b>	<b>614,542</b>	<b>17,237</b>	<b>563,408</b>	<b>528,322</b>	<b>1,324,741</b>	<b>4,795,550</b>

Reportable segments June 2018	Botswana P'000	Namibia P'000	Mozambique P'000	Other Southern Africa P'000	Tanzania P'000	Other East Africa P'000	West Africa P'000	Holding company P'000	Total P'000
<b>Operating income</b>	<b>303,167</b>	<b>288,297</b>	<b>106,104</b>	<b>73,448</b>	<b>96,750</b>	<b>130,837</b>	<b>111,158</b>	<b>46,209</b>	<b>1,155,970</b>
<b>Profit before taxation</b>	<b>241,652</b>	<b>233,883</b>	<b>61,701</b>	<b>44,838</b>	<b>44,273</b>	<b>35,237</b>	<b>25,260</b>	<b>(96,970)</b>	<b>589,874</b>
Taxation - consolidated									(219,449)
<b>Profit - consolidated</b>									<b>370,425</b>
Gross Advances to customers	2,521,751	1,911,756	1,145,724	795,922	592,760	1,102,616	690,852	-	8,761,381
Impairment provisions	(204,877)	(7,354)	(21,329)	(27,433)	(158,914)	(137,757)	(67,276)	-	(624,940)
<b>Net Advances</b>	<b>2,316,874</b>	<b>1,904,402</b>	<b>1,124,395</b>	<b>768,489</b>	<b>433,846</b>	<b>964,859</b>	<b>623,576</b>	<b>-</b>	<b>8,136,441</b>
<b>Borrowings</b>	<b>949,312</b>	<b>167,837</b>	<b>383,212</b>	<b>612,287</b>	<b>34,996</b>	<b>587,823</b>	<b>433,285</b>	<b>1,492,756</b>	<b>4,661,508</b>

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	At 30 June 2019 (Reviewed) P'000	At 30 June 2018 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000				
<b>1. Cash and cash equivalents</b>							
Cash at bank and in hand	313,514	441,201	822,897				
Statutory cash reserve	51,831	157,184	88,060				
Short term investments	95,178	278,059	277,445				
	460,523	876,444	1,188,402				
<b>Cash and cash equivalents for the purpose of cashflow statements</b>	408,692	719,260	1,100,342				
<b>2. Advances to customers</b>							
Gross advances to customers	10,038,464	8,761,381	9,541,966				
Less : Expected credit losses / impairment losses							
- Stage 1	(220,662)	(127,139)	(167,994)				
- Stage 2	(98,070)	(65,210)	(100,646)				
- Stage 3	(603,591)	(432,591)	(574,495)				
	9,116,141	8,136,441	8,698,831				
<b>3. Other receivables</b>							
Deposits and prepayments	46,130	35,312	38,909				
Receivable from insurance arrangements	151,991	167,077	147,331				
Withholding tax and value added tax	443	220	881				
Other receivables	41,285	36,247	65,370				
	239,849	238,856	252,491				
<b>4. Property plant and equipment</b>							
	Carrying amount at 1 January 2019	Additions	Transfers	Disposal and write off	Depreciation charge	Forex translation	Carrying amount at 30 June 2019
Motor vehicles	4,831	303	1,350	-	(1,109)	289	5,664
Computer equipment	24,201	29,689	272	-	(8,475)	(6,179)	39,508
Office furniture and equipment	27,514	3,629	1,053	(17)	(5,722)	(322)	26,135
Land and building	18,518	-	-	-	-	346	18,864
Work in progress	5,468	970	(2,675)	(200)	-	(33)	3,530
	80,532	34,591	-	(217)	(15,306)	(5,899)	93,701
<b>5. Right of use asset</b>							
	Carrying amount at 1 January 2019	Change in accounting policy	Transfers	Disposal	Depreciation charge	Forex translation	Carrying amount at 30 June 2019
Property	-	89,882	-	-	(18,538)	92	71,436
	-	89,882	-	-	(18,538)	92	71,436
The Group has adopted IFRS 16 using the modified retrospective approach from 1 January 2019, but has not restated comparatives for the 2018 reporting period. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet of 1 January 2019.							
<b>6. Intangible assets</b>							
	Carrying amount at 1 January 2019	Additions	Transfers	Disposal	Amortisation charge	Forex translation	Carrying amount at 30 June 2019
Computer software	39,649	1,959	-	-	(5,580)	6,797	42,825
Brand value	2,363	-	-	-	(139)	(308)	1,916
Core deposit	3,476	-	-	-	(413)	70	3,133
	45,488	1,959	-	-	(6,132)	6,559	47,874
		At 30 June 2019 (Reviewed) P'000			At 30 June 2018 (Reviewed) P'000		At 31 Dec 2018 (Audited) P'000
<b>7. Goodwill</b>							
Goodwill arose on the acquisition of:							
Letshego Holdings Namibia Limited		23,106			23,191		22,774
Letshego Tanzania Limited		1,876			1,853		1,891
Letshego Kenya Limited		32,957			32,714		33,367
Letshego Bank (T) Limited		7,012			14,828		15,130
Letshego Microfinance Bank Nigeria Limited		20,141			45,136		23,942
AFB Ghana Plc		10,540			9,003		9,125
		95,632			126,725		106,229
Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. The Group assesses the recoverable amount of goodwill in respect of all cash generating units noted above to determine indications of impairment. In the current period an impairment provision of P12 million was recognised for goodwill arising from acquisition of Letshego Microfinance Bank Nigeria Limited and Letshego Bank Tanzania.							
<b>8. Customer deposits</b>							
Deposits from customers		305,877			386,879		497,718
<b>9. Cash collateral</b>							
Cash collateral on loans and advances		25,268			27,331		27,028
Cash collateral represents payments made by customers as security for loans taken. The amounts are refundable upon the successful repayment of loans by customers or are utilised to cover loans in the event of default.							
<b>10. Trade and other payables</b>							
Insurance premium payable		102,753			87,829		65,547
Payroll related accruals		77,992			65,792		91,437
Other provisions		89,139			67,749		60,866
Guarantee funds		203,969			36,307		168,215
Trade and other payables		115,265			63,490		91,790
Value added tax / withholding tax payable		12,327			7,105		14,370
		601,445			328,272		492,225
<b>11. Lease liabilities</b>							
Lease liability		77,020			-		-
<b>12. Borrowings</b>							
Commercial banks		1,883,450			1,963,090		2,504,294
Note programmes		1,803,945			1,996,451		1,787,303
DFI's		926,531			567,439		887,655
Pension Funds		181,624			134,528		150,067
<b>Total borrowings</b>		<b>4,795,550</b>			<b>4,661,508</b>		<b>5,329,319</b>
<b>13. Stated capital</b>							
Issued: 2,144,045,175 ordinary shares of no par value (2018: 2,144,045,175) of which 19,054,190 shares (2018: 19,054,190) are held as treasury shares		862,621			862,621		862,621

	6 months ended 30 June 2019 (Reviewed) P'000	6 months ended 30 June 2018 (Reviewed) P'000	12 months ended 31 Dec 2018 (Audited) P'000
<b>14. Effective interest income</b>			
Advances to customers	1,496,441	1,209,189	2,690,423
Deposits with banks	15,227	13,047	27,834
	1,511,668	1,222,236	2,718,257
<b>15. Effective interest expense</b>			
Overdraft facilities and term loans	457,594	253,652	650,332
Market to market adjustment on hedge contracts	11,246	-	11,586
Foreign exchange loss/ (gain)	5,964	(22,751)	(7,839)
	474,804	230,901	654,079
<b>16. Other operating income</b>			
Early settlement fees	20,275	18,112	41,241
Income from insurance arrangements	113,058	116,435	213,483
Sundry income	16,055	5,891	12,697
	149,388	140,438	267,421
<b>17. Employee costs</b>			
Salaries and wages	171,270	161,071	316,048
Staff incentive	26,316	24,855	54,466
Staff pension fund contribution	9,201	7,541	17,913
Directors' remuneration – for management services (executive)	3,323	3,147	9,725
Long term incentive plan	3,235	(589)	(7,975)
	213,345	196,025	390,177
<b>18. Other operating expenses</b>			
Accounting and secretarial fees	350	602	1,084
Advertising	4,930	7,654	17,421
Audit fees	2,633	2,385	4,675
Bank charges	4,257	4,187	7,305
Computer expenses	2,207	4,934	18,599
Consultancy fees	21,448	27,691	46,116
Corporate social responsibility	1,672	1,965	4,138
Data centre decommissioning	(5,000)	-	5,000
Depreciation and amortisation	21,438	19,259	36,291
Depreciation - right of use assets	18,538	-	-
Directors' fees – non executive	3,607	3,522	7,105
Collection commission	54,877	35,990	82,517
Direct costs	18,659	13,132	27,561
Government levies	11,531	10,937	22,876
Insurance	5,179	6,190	10,136
Impairment of goodwill	12,000	-	22,000
Motor vehicle expenses	3,018	3,016	6,192
Office expenses	12,893	10,709	24,301
Operating lease rentals - property	8,439	23,824	48,115
Other operating expenses	39,684	36,646	82,512
Payroll administration costs	898	1,005	2,066
Printing and stationery	2,599	3,127	7,673
Professional fees	15,613	14,369	42,643
Telephone and postage	14,225	13,067	26,471
Travel	14,238	17,708	37,361
	289,933	261,919	590,158
<b>19. Impairment on advances</b>			
Amounts written off	112,605	92,948	298,297
Recoveries during the period	(75,012)	(57,275)	(146,720)
Expected credit losses raised during the period	79,188	72,479	209,914
	116,781	108,152	361,491

**NON EXECUTIVE DIRECTORS**

E.N. Banda (Chairman) (RSA), R.N. Alam (USA), H. Karuhanga (Uganda), C.Lesetedi (Botswana), S.D. Price (UK), Dr. G. Somolekae (Botswana), G.L. van Heerde (RSA).

**EXECUTIVE DIRECTOR**

D. Ndebele (Interim Group CEO)

**ALTERNATE DIRECTORS**

T.I Mutasa (Zimbabwe), (Alternate to R.N Alam (USA)

**COMPANY SECRETARY**

M.Kimwaga

**CERTIFIED AUDITORS**

Ernst and Young, 2nd Floor, Plot 22, Khama Crescent, Gaborone, Botswana

**TRANSFER SECRETARIES**

PricewaterhouseCoopers (Pty) Limited, Plot 50371, Fairground Office Park, Gaborone, Botswana

**REGISTERED OFFICE**

Plot 50371, Fairground Office Park, Gaborone, Botswana  
[www.letshego.com](http://www.letshego.com)



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