LETSHEGO HOLDINGS LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

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DIRECTORS' REPORT
For the period ended 30 June 2023

The Board of Directors is pleased to present their report to Shareholders together with the reviewed interim condensed consolidated financial statements for the period ended 30 June 2023.

1 **Financial results**

The condensed consolidated financial statements adequately disclose the results of the Group's operations for the interim period ended 30 June 2023.

2 **Dividends**

An interim dividend of 5.1 thebe per share (prior year: 5.8 thebe per share) was declared on 22 August 2023. Therefore, the Shares go ex-dividend from 16 November 2023. Last date to register (LDR) is 20 November 2023 and Dividend Payment Date is on, or about 30 November 2023.

3 **Directors**

There were no changes to the composition of the Board of Directors during the period.

4 **Independent auditors**

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

5 **Company secretary and registered office**

Gorata T. Dibotelo
Tower C, Zambezi Towers
Plot 54352, Central Business District
Gaborone, Botswana

6 **Transfer secretaries**

PricewaterhouseCoopers (Pty) Ltd
Plot 50371
Fairgrounds Office Park
Gaborone, Botswana

7 **Attorneys and legal advisors**

Armstrongs
Acacia House
Plot 53438
Cnr Khama Crescent Extension and PG Matante Road
Gaborone, Botswana

8 **Company registration**

Registration Number: UIN BW00000877524

STATEMENT OF DIRECTORS' RESPONSIBILITY
For the period ended 30 June 2023

The Directors of Letshego Holdings Limited are responsible for the interim condensed consolidated financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of these condensed consolidated financial statements using the framework principles, the recognition and measurement principles of IFRS and contain the presentation and disclosures required by IAS 34, 'Interim financial reporting'.

All companies within the Group maintain systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the Group's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the period under review.

The going concern basis has been adopted in preparing the interim condensed consolidated financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct a review of the interim condensed consolidated financial statements in conformity with International Standards on Review Engagements. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors and the Board Audit Committee.

The Board of Directors have reviewed and approved the accompanying condensed consolidated financial statements, set out on pages 5 to 25, for issue on 28th August 2023 and signed on their behalf by:

…………………………	……………………………………
P Odera	**A Monyatsi**
Group Board Chairman	**Group Chief Executive**

Building a better
working world

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Report on review of condensed consolidated financial information

To the shareholders of Letshego Holdings Limited

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Letshego Holdings Limited and its subsidiaries ("the Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes ("condensed consolidated financial information") set out on pages 5 to 25. Management is responsible for the preparation and presentation of the condensed consolidated financial information using the framework principles, the recognition and measurement principles of International Financial Reporting Standards and ensure that the condensed consolidated financial statements contain the presentation and disclosures required by International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information as at and for the period ended 30 June 2023 is not prepared, in all material respects, in accordance with the framework principles, the recognition and measurement principles of International Financial Reporting Standards and do not contain the presentation and disclosures required by the International Accounting Standard 34, 'Interim Financial Reporting'.

Ernst + Young

Ernst & Young
Practicing Member: Francois Roos
Partner
Certified Auditor
Membership Number: CAP 0013 2023
Gaborone

28 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 JUNE 2023

	Note	At 30 June 2023 (Reviewed) P'000	At 30 June 2022 (Restated)* P'000	At 31 December 2022 (Restated)* P'000
ASSETS				
Cash and similar instruments	1	1,069,726	1,317,017	1,020,771
Investment securities	2	787,474	947,991	692,101
Financial assets at fair value through profit or loss	6	1,187,398	1,127,619	1,178,969
Advances to customers	3	12,848,875	12,199,779	12,727,475
Insurance contract assets	4	122,823	97,276	92,150
Other receivables	5	327,049	342,497	257,471
Financial assets at fair value through other comprehensive income	7	43,107	71,499	43,107
Income tax receivable		83,729	103,404	81,454
Property and equipment	8	108,163	154,493	116,761
Right-of-use assets	9	89,491	97,148	101,654
Intangible assets	10	348,815	149,902	305,798
Goodwill	11	30,462	66,627	31,910
Deferred tax assets		114,666	92,623	129,083
Total assets		**17,161,778**	**16,767,875**	**16,778,704**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities at fair value through profit or loss	12	1,219,465	1,109,563	1,201,095
Customer deposits	13	1,336,735	1,164,071	1,120,827
Cash collateral	14	17,200	20,303	18,476
Income tax payable		83,237	62,880	68,426
Trade and other payables	15	640,225	828,757	585,578
Lease liabilities	16	97,414	96,066	97,953
Borrowings	17	8,278,246	7,889,354	8,027,840
Deferred tax liabilities		-	6,750	339
Total liabilities		**11,672,522**	**11,177,744**	**11,120,534**
Shareholders' equity				
Stated capital	18	917,909	882,224	899,571
Foreign currency translation reserve		(604,227)	(471,003)	(492,653)
Legal reserve		328,501	313,780	313,780
Fair value adjustment reserve		(13,144)	15,248	(13,144)
Share based payment reserve		18,418	32,390	42,474
Retained earnings		4,404,445	4,382,002	4,442,209
Total equity attributable to equity holders of the parent company		**5,051,902**	**5,154,641**	**5,192,237**
Non-controlling interests		437,354	435,490	465,933
Total shareholders' equity		**5,489,256**	**5,590,131**	**5,658,170**
Total liabilities and equity		**17,161,778**	**16,767,875**	**16,778,704**

**During the financial period under review, the Group adoped IFRS 17: Insurance contracts. Refer to the 'New Standards, Interpretations and Amendments adopted by Group' and to Note 4 for the accounting implications resulting in the restatement of the Group's previously reported Statements of Financial Position.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2023

	Note	6 months ended 30 June 2023 (Reviewed) P'000	6 months ended 30 June 2022 (Reviewed) P'000	12 months ended 31 December 2022 (Audited) P'000
Interest income at effective interest rate	19	1,570,432	1,599,136	3,145,672
Interest expense at effective interest rate	20	(674,408)	(674,807)	(1,376,678)
Other interest expense	20.1	(4,808)	(6,819)	(12,524)
Net interest income		**891,216**	**917,510**	**1,756,470**
Fee and commission income	21	31,135	44,075	89,554
Other operating income	22	180,672	208,519	439,803
Operating income		**1,103,023**	**1,170,104**	**2,285,827**
Expected credit losses	23	(73,597)	(80,568)	(98,706)
Net operating income		**1,029,426**	**1,089,536**	**2,187,121**
Employee costs	24	(263,150)	(281,887)	(585,939)
Other operating expenses	25	(349,530)	(361,693)	(799,927)
Total operating expenses		(612,680)	(643,580)	(1,385,866)
Profit before taxation		**416,746**	**445,956**	**801,255**
Taxation		(198,076)	(198,039)	(332,311)
Profit for the period		**218,670**	**247,917**	**468,944**
Attributable to :				
Equity holders of the parent company		186,806	217,047	401,903
Non-controlling interests		31,864	30,870	67,041
Profit for the period		**218,670**	**247,917**	**468,944**
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss:				
Fair value adjustment of financial asset	7	-	-	(28,392)
Foreign currency translation differences arising from foreign operations		(133,179)	98,759	75,425
Total comprehensive income for the period		**85,491**	**346,676**	**515,977**
Attributable to :				
Equity holders of the parent company		75,232	303,385	438,199
Non-controlling interests		10,259	43,291	77,778
Total comprehensive income for the period		**85,491**	**346,676**	**515,977**
Weighted average number of shares in issue during the period (millions)		2,148	2,140	2,147
Dilution effect - number of shares (millions)		121	149	133
Number of shares in issue at the end of the period (millions)		2,175	2,144	2,149
Basic earnings per share (thebe)		8.7	10.1	18.7
Fully diluted earnings per share (thebe)		8.2	9.5	17.6

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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2023

	Stated capital	Retained earnings	Share based payment reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Legal reserve	Non-controlling interest	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Balance at 1 January 2022	**882,224**	**4,421,568**	**39,907**	**15,248**	**(557,341)**	**265,244**	**439,152**	**5,506,002**
Total comprehensive income for the period								
Profit for the period	-	217,047	-	-	-	-	30,870	**247,917**
Other comprehensive income, net of income tax								
Fair value adjustment of financial asset	-	-	-	-	-	-	-	**-**
Foreign currency translation reserve	-	-	-	-	86,338	-	12,421	**98,759**
Transactions with owners, recorded directly in equity								
Allocation to legal reserve	-	(48,536)	-	-	-	48,536	-	**-**
Recognition of share based payment reserve movement	-	-	(7,517)	-	-	-	-	**(7,517)**
New shares issued from long term incentive scheme	-	-	-	-	-	-	-	**-**
Dividends paid by subsidiary to minority interests	-	-	-	-	-	-	(46,953)	**(46,953)**
Dividends paid to equity holders	-	(208,077)	-	-	-	-	-	**(208,077)**
Balance at 30 June 2022 - Reviewed	**882,224**	**4,382,002**	**32,390**	**15,248**	**(471,003)**	**313,780**	**435,490**	**5,590,131**
Total comprehensive income for the period								
Profit for the period	-	184,856	-	-	-	-	36,171	**221,027**
Other comprehensive income, net of income tax								
Fair value adjustment of financial asset	-	-	-	(28,392)	-	-	-	**(28,392)**
Foreign currency translation reserve	-	-	-	-	(21,650)	-	(1,684)	**(23,334)**
Transactions with owners, recorded directly in equity								
Allocation to legal reserve	-	-	-	-	-	-	-	**-**
Recognition of share based payment reserve movement	-	-	27,431	-	-	-	-	**27,431**
New shares issued from long term incentive scheme	17,347		(17,347)					
Dividends paid by subsidiary to minority interests	-	-	-	-	-	-	(4,044)	**(4,044)**
Dividends paid to equity holders	-	(124,649)	-	-	-	-	-	**(124,649)**
Balance at 31 December 2022 - Audited	**899,571**	**4,442,209**	**42,474**	**(13,144)**	**(492,653)**	**313,780**	**465,933**	**5,658,170**
Total comprehensive income for the period								
Profit for the period	-	186,806	-	-	-	-	31,864	218,670
Other comprehensive income, net of income tax								
Fair value adjustment of financial asset	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	(111,574)	-	(21,605)	(133,179)
Transactions with owners, recorded directly in equity								
Allocation from legal reserve	-	(14,721)	-	-	-	14,721	-	-
Recognition of share based payment reserve movement	-	-	(5,718)	-	-	-	-	(5,718)
New shares issued from long term incentive scheme	18,338	-	(18,338)	-	-	-	-	-
Dividends paid by subsidiary to minority interests	-	-	-	-	-	-	(38,838)	(38,838)
Dividends paid to equity holders	-	(209,849)	-	-	-	-	-	(209,849)
Balance at 30 June 2023 - Reviewed	**917,909**	**4,404,445**	**18,418**	**(13,144)**	**(604,227)**	**328,501**	**437,354**	**5,489,256**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2023

	Note	6 months ended 30 June 2023 (Reviewed) P'000	6 months ended 30 June 2022 (Reviewed) P'000	12 months ended 31 December 2022 (Audited) P'000
Operating activities				
Profit before taxation		416,746	445,956	801,255
Adjustments for :				
: Interest income at effective interest rate		(1,570,432)	(1,599,136)	(3,145,672)
: Interest expense		679,216	681,626	1,389,202
: Amortisation, depreciation, and profit or loss on disposals		38,454	36,978	90,029
: Impairment and write off charge - advances to customers		147,128	151,000	209,222
: Impairment and write off charge - investment securities		-	-	36,027
: Impairment and write off charge - goodwill		-	-	32,795
Movement in working capital and other changes	26	(231,421)	(618,871)	(1,055,738)
Cash used in operations		(520,309)	(902,447)	(1,642,880)
Interest received		1,570,432	1,599,136	3,145,672
Interest paid		(674,408)	(674,808)	(1,376,678)
Income tax paid		(171,461)	(198,010)	(345,004)
Net cash flows generated/(used in) operating activities		204,254	(176,129)	(218,890)
Investing activities				
Purchase of treasury bills		(95,373)	(88,495)	-
Proceeds from disposal of treasury bills and bonds		-	-	131,368
Purchase of property and equipment		(11,310)	(65,397)	(71,520)
Purchase of intangible assets		(52,114)	(60,809)	(222,531)
Net cash flows used in investing activities		(158,797)	(214,701)	(162,683)
Financing activities				
Dividends paid to equity holders and subsidiary non-controlling interest		(248,687)	(255,030)	(383,723)
Repayment of principal portion of lease liabilities	16	(8,001)	(27,577)	(45,997)
Repayment of interest portion of lease liabilities		(4,808)		(12,524)
Proceeds from borrowings		993,894	1,204,079	2,186,243
Repayment of borrowings		(743,488)	(579,564)	(1,717,613)
Net cash flows (used in)/generated from financing activities		(11,090)	341,908	26,386
Net movement in cash and similar instruments		34,367	(48,923)	(355,187)
Cash and similar instruments at the beginning of the period		994,581	1,355,294	1,355,294
Effect of exchange rate changes on cash and similar instruments		(1,083)	(11,141)	(5,525)
Cash and similar instruments at the end of the period	1	**1,027,866**	**1,295,229**	**994,581**

SEGMENTAL REPORTING

For the period ended 30 June 2023

Operating segments are reported in accordance with the internal reporting provided to the Group Chief Executive Officer (the Chief Operating Decision-Maker), who is responsible for allocating resources to the reportable segments and assessing performance. All operating segments used by the Group meet the definition of a reportable segment.

The Group's geographical operating segments are reported below:

Reportable segments 30 June 2023	**Botswana**	**Namibia**	**Mozambique**	**Lesotho**	**Eswatini**	**Kenya**	**Rwanda**	**Uganda**	**Tanzania**	**Nigeria**	**Ghana**	**Holding company and eliminations**	**Total**
	P '000	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**
Interest income at effective interest rate	381,487	265,271	314,383	50,802	69,438	71,811	18,788	112,412	69,103	38,926	237,896	(59,885)	**1,570,432**
Interest expense at effective interest rate	(71,836)	(107,370)	(99,238)	(5,749)	(16,397)	(29,216)	(8,491)	(22,199)	(170)	(1,847)	(183,033)	(128,862)	**(674,408)**
Other interest expense	(678)	-	(1,696)	(42)	(234)	(333)	(202)	(157)	(61)	-	(19)	(1,386)	**(4,808)**
Net interest income	**308,973**	**157,901**	**213,449**	**45,011**	**52,807**	**42,262**	**10,095**	**90,056**	**68,872**	**37,079**	**54,844**	**(190,133)**	**891,216**
Fee and commission income	1,081	13,083	341	-	-	12,901	431	-	1,076	215	2,007	-	**31,135**
Other operating income	18,849	101,708	23,479	(8,015)	681	7,451	421	4,689	-	(6,225)	5,452	32,182	**180,672**
Operating income	328,903	272,692	237,269	36,996	53,488	62,614	10,947	94,745	69,948	31,069	62,303	(157,951)	**1,103,023**
Profit / (loss) before taxation	**145,985**	**134,817**	**150,486**	**8,674**	**23,990**	**(1,231)**	**3,294**	**18,546**	**13,407**	**(3,060)**	**19,498**	**(97,660)**	**416,746**
Taxation - consolidated													(198,076)
Profit - consolidated													**218,670**
Gross advances to customers	3,531,221	3,405,019	2,368,594	419,683	569,079	665,912	166,387	563,348	473,808	127,306	995,250	-	13,285,607
Impairment provisions	(139,131)	(42,703)	(30,674)	(12,183)	(24,693)	(49,306)	(4,145)	(24,845)	(53,958)	(16,805)	(38,287)	-	(436,730)
Net advances	**3,392,090**	**3,362,316**	**2,337,920**	**407,500**	**544,386**	**616,606**	**162,242**	**538,503**	**419,850**	**110,501**	**956,963**	**-**	**12,848,875**
Total assets	**3,912,954**	**4,374,329**	**2,873,106**	**419,595**	**562,462**	**672,155**	**183,547**	**623,159**	**672,216**	**147,574**	**1,373,885**	**1,346,796**	**17,161,778**
Borrowings	**1,710,131**	**1,899,209**	**479,457**	**48,148**	**181,128**	**393,417**	**-**	**351,319**	**-**	**-**	**537,347**	**2,678,090**	**8,278,246**
Total liabilities	**2,272,294**	**2,435,074**	**1,218,873**	**58,656**	**204,879**	**433,835**	**63,389**	**384,301**	**58,256**	**28,436**	**983,804**	**3,530,726**	**11,672,523**

SEGMENTAL REPORTING (CONT'D)
For the period ended 30 June 2023

Reportable segments 30 June 2022 - Reviewed	**Botswana**	**Namibia**	**Mozambique**	**Lesotho**	**Eswatini**	**Kenya**	**Rwanda**	**Uganda**	**Tanzania**	**Nigeria**	**Ghana**	**Holding company and eliminations**	**Total**
	P '000	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**	**P '000**
Interest income at effective interest rate	363,948	242,489	275,580	50,400	63,619	76,514	8,909	96,621	66,776	40,131	392,920	(78,771)	**1,599,136**
Interest expense at effective interest rate	(77,699)	(69,815)	(78,976)	(4,396)	(14,420)	(28,005)	(2,326)	(13,364)	(3,889)	(2,582)	(325,023)	(54,312)	**(674,807)**
Other interest expense	(1,257)	(176)	(1,294)	(1,075)	(226)	(685)	(129)	(154)	(26)	-	(300)	(1,497)	**(6,819)**
Net interest income	**284,992**	**172,498**	**195,310**	**44,929**	**48,973**	**47,824**	**6,454**	**83,103**	**62,861**	**37,549**	**67,597**	**(134,580)**	**917,510**
Fee and commission income	-	12,965	12,713	-	-	3,198	1,131	-	(373)	391	14,050	-	**44,075**
Other operating income	63,902	104,794	4,139	(6,571)	2,828	4,709	1,845	(1,991)	6,631	573	18,718	8,942	**208,519**
Operating income	**348,894**	**290,257**	**212,162**	**38,358**	**51,801**	**55,731**	**9,430**	**81,112**	**69,119**	**38,513**	**100,365**	**(125,638)**	**1,170,104**
Profit / (loss) before taxation	**237,269**	**164,914**	**99,488**	**28,308**	**26,013**	**18,064**	**1,830**	**19,539**	**(5,051)**	**422**	**33,480**	**(178,320)**	**445,956**
Taxation - consolidated													(198,039)
Profit - consolidated													**247,917**
Gross advances to customers	3,220,365	3,437,217	1,966,679	396,318	546,631	622,965	110,675	463,469	455,941	197,784	1,394,427	-	12,812,471
Impairment provisions	(125,709)	(35,158)	(46,904)	(13,330)	(45,714)	(46,177)	(4,727)	(33,240)	(63,690)	(43,212)	(154,831)	-	(612,692)
Net advances	**3,094,656**	**3,402,059**	**1,919,775**	**382,988**	**500,917**	**576,788**	**105,948**	**430,229**	**392,251**	**154,572**	**1,239,596**	**-**	**12,199,779**
Total assets	**3,212,999**	**4,503,989**	**2,161,095**	**487,189**	**551,681**	**669,597**	**125,350**	**510,802**	**614,120**	**238,932**	**1,991,922**	**1,700,199**	**16,767,875**
Borrowings	**1,513,837**	**1,907,538**	**188,869**	**75,669**	**123,260**	**364,036**	**-**	**187,226**	**-**	**-**	**1,130,375**	**2,398,544**	**7,889,354**
Total liabilities	**1,609,449**	**2,320,760**	**834,638**	**98,846**	**149,779**	**412,432**	**34,581**	**239,693**	**84,807**	**77,544**	**1,713,365**	**3,601,850**	**11,177,744**

SIGNIFICANT ACCOUNTING POLICIES
For the period ended 30 June 2023

Reporting entity

Letshego Holdings Limited (the Company) is a limited liability company incorporated in Botswana. The address of the company is Tower C, Zambezi Towers, Plot 54352, Central Business District (CBD), Gaborone, Botswana. The interim condensed consolidated financial statements for the period ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the provision of short to medium-term unsecured loans to employees of the public, quasi-public and private sectors as well as provision of loans to MSE entities.

The interim condensed consolidated financial statements for the period ended 30 June 2023 have been approved for issue by the Board of Directors on 28 August 2023.

Basis of preparation

These interim condensed consolidated financial statements for the period ended 30 June 2023 have been prepared using the framework principles, the recognition and measurement principles of IFRS and contain the presentation and disclosures required by IAS 34, 'Interim financial reporting'. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS and the accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards outlined below.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are disclosed at fair value. The Group has also prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.

New Standards, Interpretations and Amendments adopted by Group

Standards issued and effective

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. These are as follows:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* , a standard that governs the recognition, measurement, presentation and disclosure of insurance contracts in a comprehensive and uniform manner. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005 and the new Standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance contracts held or issued), regardless of the type of entities that issue them. The new Standard also relates to certain guarantees and financial instruments with discretionary participation features, although a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on 'grandfathering' previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach or 'PAA') mainly for short-duration contracts

The Group performed a comprehensive review of its lending contracts, financial guarantee contracts and cell captive insurance arrangements. Specific assessment of the Group's cell captive insurance structures in Namibia indicated that the new Standard is applicable to the Group, since in essence the Group becomes like a reinsurance contract issuer, in light of the contractual implications of the cell captive arrangements.

Under IFRS 17, the Company's insurance contracts held under the cell captive arrangements are all eligible to be measured by applying the PAA in light of the coverage period for each contract in the group of contracts being one year or less. In application of the PAA to arrive at the net insurance contract assets, the Group has opted to use the following elections:
- not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. This is in light of the fact that, at initial recognition, the time between providing each part of the services and the related premium due date is no more than one year and the Group considers the contracts to therefore not have a significant financing component.
- not adjust the liability for incurred claims for the time value of money and the effect of financial risk since the cash flows are expected to be paid or received within one year or less from the date that the claims are incurred.
- insurance acquisition cash flows are expensed when incurred.

(a) *Changes to presentation and disclosure*

For presentation in the statement of financial position, the Group aggregates insurance contracts issued and presents
• portfolios of insurance contracts issued that are assets
• portfolios of insurance contracts issued that are liabilities
The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

Details in the supporting notes to the statement of profit or loss and other comprehensive income relating to 'Income from insurance arrangements' have been expanded significantly compared with previous years.

(b) *Transition*

On transition date, 1 January 2022, the Group has recognised and measured the cell captive insurance contracts as if IFRS 17 had always applied and the Group has restated comparative information for 2021. This included the separate recognition of net insurance contract assets on the face of the statement of financial position, instead of in previously reported periods where components of these were included in 'Other receivables' and in 'Trade and other payables'. The transition however did not have an impact on opening Retained Earnings of the Group at 1 January 2023 in light of the fact that the outcome of the PAA applied by the Group on adoption of IFRS 17 does not result in a material difference from the 'earned premium approach' previously used by the Group under IFRS 4. This is due to the short duration of the contracts at hand not warranting the requirement for adjustments for the time value of money to be effected upon measuring the resultant insurance contract assets and liabilities relating to the cell captive arrangements.

The following is a reconciliation of the financial statement line items from IFRS 4 to IFRS 17 at 1 January 2022:

	Carrying amount at 31 December 2021 as previously reported P'000	Reclassification P'000	Remeasurement P'000	IFRS 17 Carrying amount at 1 January 2022 P'000
Insurance contract assets	-	125,344	-	**125,344**
Other receivables	413,411	(222,280)	-	**191,131**
Trade and other payables	(965,860)	96,936	-	**(868,924)**

	Carrying amount at 31 December 2022 as previously reported P'000	Reclassification P'000	Remeasurement P'000	IFRS 17 Carrying amount at 31 December 2022 P'000
Insurance contract assets	-	92,150	-	**92,150**
Other receivables	479,533	(222,062)	-	**257,471**
Trade and other payables	(715,490)	129,912	-	**(585,578)**

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

New Standards, Interpretations and Amendments adopted by Group (cont.)

Standards issued and effective (cont.)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Group is still in the process of assessing the impact of the following on its financial statements:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability
not impact its classification
The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The impact of this on the Group is still being assessed. However, the Group presents all assets and liabilities in order of liquidity in its statement of financial position, since this provides information that is reliable and more relevant to the users of the financial statements.

Use of judgements and estimates
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated annual financial statements of the Group for the year ended 31 December 2022, apart from those relating to insurance contracts, whereby IFRS 17 became effective in the current financial period.

Goodwill impairment assessment
Key assumptions in the assessment of goodwill include inflation rates, long-term growth and discount rates. Goodwill was assessed for impairment for Namibia, Ghana, and Tanzania at 30 June 2023. All subsidiaries are expected to be profitable with positive growth rates anticipated, and indicated sufficient headroom to cushion against any future variations or pressures. Based on current information, we are not aware of any material impact of changes to business operations that may arise. Refer to Note 11.

Deferred tax asset recoverability
The two main areas of judgement on deferred tax recoverability relate to the timing differences in portfolio provisions and recognition of deferred tax assets on tax losses. Based on our assessments and financial forecast beyond June 2023 the Group expects to generate sufficient taxable profits and utilise these temporary differences and tax losses before they fall away.

Use of judgements and estimates (cont.)

Expected credit losses
The Group regularly reviews its loan portfolio and makes judgments in determining whether an impairment loss should be recognised in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce the differences between loss estimates and loss experience.

The significant estimates and judgements applied to determine the financial position as at 30 June 2023 have been included as part of the accounting policies of the Group. The estimates applied, relating to the calculation of Expected Credit Losses, were based on forward-looking factors referencing a range of forecast economic conditions as at that date.

In June 2023 the impact of inflationary pressure, was mainly driven by the external macroeconomic effects. Changes in the macroeconomic environment are monitored continuously at Group and Country level. Mitigating actions will be implemented by Management for Portfolios showing adverse effects linked to macroeconomic events. The rate refresh incorporated these forecasts for re-calibrated model parameters. On a monthly basis, the ECL model uses macroeconomic forecasts at the implementation level.

Insurance contracts
The Group has cell captive insurance arrangements for its Namibia subsidiary. Cash flows arising from insurance contracts usually involve a high degree of uncertainty regarding the timing and amount of a claim. In addition, there may be changes to the assumptions made about the insurance business as a result of changes in policyholder behaviour. The Group relies on the expertise of its insurers, who manage the cell captive entities, to determine the present value of insurance cash flows and ultimate cost of outstanding claims through the use of a range of standard actuarial techniques. The insurance experts apply judgements in determining the inputs used in the methodology employed to determine expected future cash flows, discount rates and risk premiums (where applicable) and resultant insurance contract assets and liabilities relating to the cell captive arrangements.

All forward-looking statements in these interim condensed consolidated financial statements expressing the management's expectations, beliefs, estimates, forecasts, projections and assumptions are based on the current view of the future development in the business environment and the future financial performance of Letshego Holdings Group and actual results may differ materially from those expressed in the forward-looking statements.

1 Financial Instruments

1.1 Expected credit losses as at 30 June 2023

Below is a summary of the expected credit losses as at 30 June 2023*

Operating Segments 30 June 2023 P'000	IFRS 9 ECL Provisions at 30 June 2023 - (Reviewed)				IFRS 9 ECL Provisions at 30 June 2022 - (Reviewed)				IFRS 9 ECL Provisions at 31 December 2022 - (Audited)			
	Stage 1: 12-month ECL allowance	Stage 2: Lifetime ECL allowance – not credit-impaired	Stage 3: Lifetime ECL allowance – credit-	Total ECL on 30 June 2023	Stage 1: 12-month ECL allowance	Stage 2: Lifetime ECL allowance – not credit-	Stage 3: Lifetime ECL allowance – credit-	Total ECL on 30 June 2022	Stage 1: 12-month ECL allowance	Stage 2: Lifetime ECL allowance – not credit	Stage 3: Lifetime ECL allowance – credit-impaired	Total ECL on 30 December 2022
Financial assets												
Botswana	50,782	6,576	81,773	**139,131**	39,599	7,323	78,788	**125,710**	37,101	6,606	32,255	**75,962**
Namibia	17,205	551	24,947	**42,703**	11,491	520	23,148	**35,159**	16,700	574	19,222	**36,496**
Mozambique	19,410	3,062	8,202	**30,674**	20,485	6,273	20,146	**46,904**	32,942	7,396	15,320	**55,658**
Lesotho	4,572	1,038	6,573	**12,183**	5,424	280	7,625	**13,329**	2,278	421	4,389	**7,088**
Eswatini	3,477	721	20,495	**24,693**	4,422	5,431	35,860	**45,713**	2,092	3,455	18,730	**24,277**
Kenya	21,207	4,249	23,850	**49,306**	7,330	3,009	35,837	**46,176**	17,097	3,929	21,738	**42,764**
Rwanda	3,310	299	536	**4,145**	3,854	354	519	**4,727**	4,099	201	408	**4,708**
Uganda	11,089	1,795	11,961	**24,845**	7,666	2,585	22,989	**33,240**	11,593	2,472	13,012	**27,077**
Tanzania	13,948	1,609	38,401	**53,958**	13,661	209	49,822	**63,692**	19,789	2,773	35,638	**58,200**
Nigeria	3,156	2,390	11,258	**16,804**	8,504	7,043	27,664	**43,211**	4,580	2,403	15,734	**22,717**
Ghana	10,297	301	27,692	**38,290**	18,326	62,166	74,339	**154,830**	16,208	12,367	20,863	**49,438**
Total	**158,453**	**22,591**	**255,688**	**436,732**	**140,762**	**95,193**	**376,737**	**612,692**	**164,479**	**42,597**	**197,309**	**404,385**

**Refer to the 31 December 2022 annual financial statements for the full year movements.*

Overall Expected Credit Losses increased from P404.4million in December 2022 to P436.7million in June 2023 driven by deterioration in asset quality at the back of lagged effect of external macroeconomic pressures in MSE sectors and Government DAS portfolios increase in delayed payments. Impact of the Russia-Ukraine war affecting Sub-Saharan Africa with inflationary pressure due to rising energy and food prices. This has already been felt across most countries within the Group. Customers are already taking strain with the current macro environment (rise in inflation and interest rate increases), evidenced by decreases in collection and recovery rates.

Letshego is diversifying into a multi-product retail and instant loans business, whilst DAS remains a core and solid foundation for the business and we continue to drive competitiveness and growth on Government DAS, we want to augment the resilience of the business by exploiting other viable business opportunities that exist across our chosen value stream spectrum. Our flightship individual lending introduced in Botswana is the main driver in the increase in NPL and provisions. This is still under incubation and it's being referenced at the back of enhanced direct debit collections.

Group's loan Loss ratio(LLR) at 1.4%, remaining within the Group's risk appetite and slightly higher than the same period last year 2022 (Jun 2022 LLR at 1.3%).

Though the group has enhanced credit risk management capabilities and strengthened credit risk governance and improving risk infrastructure. Group asset quality has deteriorated with non-performing loans (NPLs) rising to 8.8% in June 2023 compared to 7.2% (June 2022) mainly driven by external operational pressures. While there is a rise in NPLs across the Group, the increase is more pronounced in Botswana (Individual lending), Kenya and Mozambique. East and West Africa continue to have higher risk products in the MSE portfolios which is being addressed by diversification into individual lending.

	HY2023	FY2022	HY2022	FY2021	HY2021	FY2020	HY2020	FY2019	HY2019
Gross Loan Book Balance in P'm	13,286	13,132	12,812	12,439	11,734	10,740	10,074	9,542	10,038
Portfolio at risk – 30 days	8.8%	9.2%	11.1%	9.2%	8.7%	8.3%	11.2%	10.4%	10.6%
Portfolio at risk – 90 days (NPL)	12.3%	6.5%	7.2%	5.9%	5.6%	5.3%	7.9%	7.1%	7.3%
Post Write off Recoveries in the year in P'm	80	147	82	178	89	199	105	147	75
Loan loss rate – actual	1.4%	0.5%	1.3%	(0.1%)	1.4%	0.3%	1.4%	1.7%	2.5%
Loan loss rate – excl. once-off items	1.4%	0.5%	1.3%	0.6%	1.9%	1.8%	1.4%	1.7%	2.5%
**Non-performing loan coverage ratio	38%	45%	63%	73%	97%	98%	103%	112%	109%

**Non-performing loan coverage ratio = Total ECL provision/Gross carrying amount on NPL

1 Financial Instruments (continued)

1.2 Maximum exposure to credit risk

	At 30 June 2023	At 30 June 2022	At 30 December 2022
	P'000	**P'000**	**P'000**
Gross advances to customers	**13,285,607**	**12,812,471**	**13,131,860**
Of which stage 1	11,527,380	11,111,084	11,229,003
Of which stage 2	596,137	722,251	1,006,469
Of which stage 3	1,162,090	979,136	896,388
Expected credit loss provisions	**(436,732)**	**(612,692)**	**(404,385)**
Of which stage 1	(158,453)	(140,762)	(164,479)
Of which stage 2	(22,591)	(95,193)	(42,597)
Of which stage 3	(255,688)	(376,737)	(197,309)
Net advances to customers	**12,848,875**	**12,199,779**	**12,727,475**
Of which stage 1	11,368,927	10,970,322	11,064,524
Of which stage 2	573,546	627,058	963,872
Of which stage 3	906,402	602,399	699,079
Impairment (ECL) Coverage Ratio	**3%**	**5%**	**3%**
Stage 3 Coverage Ratio	**38%**	**63%**	**45%**

1.3 Expected credit losses: Stress Testing and Sensitivity Analysis

As a predominately Government Deduction at Source (DAS) retail business, Letshego was able to remain resilient to the worst effects of external economic pressures at the back of pressures in inflation and increases in interest rates. This was mainly due to the fact that governments had chosen to take a countercyclical approach and not retrench, so as not to worsen any downward economic trends. Government relief measures such as an increase in civil servants' salaries and tax reliefs are expected to reduce the impact in H2.

Model recalibrations are performed at two points, in April and October every year. Additionally, Macroeconomic factors are updated to align with Fitch Solutions revised forecasts at every recalibration period.

Loss given default (LGD)

LGDs between October 2022 and April 2023 have shown mixed results with decreases in some markets that have shown increase in recovery rates and increase in predominantly MSE countries that have high-risk sectors.

Probability of default (PD)

Since PD's are modelled using a Point-In-Time (PIT) approach, each account is assigned an individual PD. This creates a distribution of PDs for each portfolio. When creating shocks for a portfolio of PIT PD's, a standard margin of adding and subtracting static numbers would not be suitable for creating scenarios. Therefore an approach using percentiles is used to create a cap and a floor for the distributions. A lower percentile is used as the cap for the upside, and a higher percentile is used as a floor for the downside.

1.4 Macroeconomic analysis

Table 1 depicts forecast movements in key macroeconomic variables across the Group according to data provided by Fitch Solutions.
Although many countries are forecast to have reductions in Inflation YoY, the forecast figures will still be higher than recent historical trends.
Despite forecast improvements in unemployment rate, most countries are forecast to experience a drop in GDP growth YoY.

The rate refresh incorporated these forecasts for re-calibrated model parameters. On a monthly basis, the ECL model uses macroeconomic forecasts at the implementation level.

Table 1

Country	YoY Forecast Movements from 2022 to 2023			
	Unemployment Rate	Real GDP growth	Inflation	CPI
Botswana	▼	▼	▼	▲
Eswatini	▼	▼	▼	▲
Ghana	▲	▼	▲	▲
Kenya	▼	▲	▼	▲
Lesotho	▼	▼	▼	▲
Mozambique	▲	▲	▼	▲
Namibia	▼	▼	▼	▲
Nigeria	▲	▼	▲	▲
Rwanda	▼	▼	▲	▲
Tanzania	▼	▲	▼	▲
Uganda	▼	▲	▼	▲

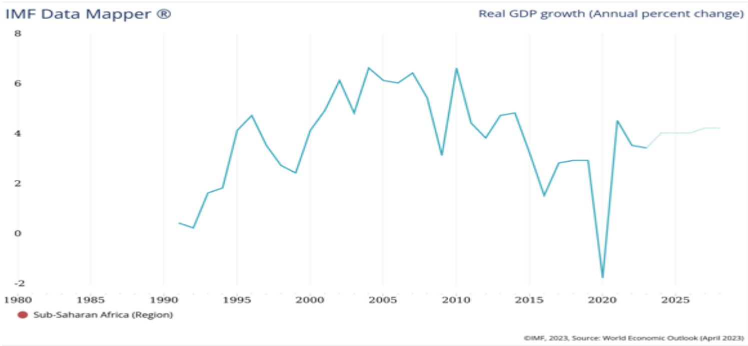
1 Financial Instruments (continued)

Influence of economic on estimate of ECL

A behavioural scorecard is used to incorporate forward-looking macroeconomic variables into lifetime PDs. A weighted score is calculated based on the outlook of economic conditions of each country and is updated when there is a change. These weighted scores are used to convert 12-month PDs into Lifetime PDs for accounts in Stage 2 (Stage 3 PD is standard at 100%).

A macro-induced regression analysis is used to model a Macro-Induced (MI) LGD for accounts in Stage 2 and 3. This involves identifying how economic conditions influence recovery rates and applying this to forecasted economic outlooks.

The chart below shows GDP Growth over time for Sub-Saharan Africa, reflecting how the region is still in a recovery phase. Changes in the macroeconomic environment are monitored continuously at Group and Country level. Mitigating actions will be implemented by Management for Portfolios showing adverse effects linked to macroeconomic events.



	At 30 June 2023 (Reviewed) P'000	At 30 June 2022 (Reviewed) P'000	At 31 Dec 2022 (Audited) P'000
1 Cash and similar instruments			
Cash at bank and in hand	1,022,857	994,947	779,699
Statutory cash reserve	41,860	21,786	26,189
Short term investments	5,009	300,284	214,883
	1,069,726	1,317,017	1,020,771
Cash and similar instruments for the purpose of the statement of cash flows	1,027,866	1,295,231	994,582

Statutory cash reserve relates to cash held by the Central Bank for the respective deposit taking subsidiaries based on a percentage of the average customer deposits and therefore are not available for day to day operations.

2 Investment securities			
Government and Corporate bonds : 2 - 5 year fixed rate notes	797,210	921,168	703,604
Government and Corporate bonds : Above 5 year fixed rate notes	26,291	26,823	24,524
Less : Expected credit losses	(36,027)	-	(36,027)
	787,474	947,991	692,101

Treasury bonds are classified as financial assets at amortised cost as the business model is to hold financial assets to collect contractual cash flows, representing solely payments of principal and interest. These were issued by the Central Bank, Government and Corporates in Ghana and Namibia.

3 Advances to customers			
Gross loans and advances to customers	13,285,607	12,812,471	13,131,860
Less : Expected credit losses	(436,732)	(612,692)	(404,385)
- Stage 1	(158,453)	(140,762)	(164,479)
- Stage 2	(22,591)	(95,193)	(42,597)
- Stage 3	(255,688)	(376,737)	(197,309)
Net advances to customers	12,848,875	12,199,779	12,727,475

Additional details of the Group's Expected Credit Losses are set out in Note 1.1.

	At 30 June 2023 (Reviewed) P'000	At 30 June 2022 (Restated) P'000	At 31 December 2022 (Restated) P'000
4 Insurance contract assets			

Based on how the Group manages its cell captive insurance arrangements, it disaggregates information to provide disclosure in respect of credit life insurance and credit default insurance. The breakdown of groups of insurance contracts issued that are in an asset position is set out in the table below:

Credit life insurance	74,270	70,194	72,168
Credit default insurance	48,553	27,082	19,982
	122,823	**97,276**	**92,150**

4.1 Roll-forward for net asset for insurance contracts issued

The roll-forward of the net asset for insurance contracts issued, also showing the liability for remaining coverage and the liability for incurred claims for the credit life insurance arrangements, is disclosed in the table below:

	Assets for remaining coverage P'000	Liabilities for incurred claims P'000	Total P'000
At 1 January 2022	**133,008**	**(7,663)**	**125,345**
Insurance revenue	96,642	-	96,642
Net claims and other expenses	-	1,863	1,863
Dividends received from cell captives	(127,784)	-	(127,784)
Effects of movement in exchange rates	1,284	(74)	1,210
At 30 June 2022	**103,150**	**(5,874)**	**97,276**
Insurance revenue	91,454	-	91,454
Movement in premium reserve	-	-	-
Net incurred claims and other expenses	(94,860)	(1,049)	(95,909)
Effects of movement in exchange rates	(720)	49	(671)
At 31 December 2022	**99,024**	**(6,874)**	**92,150**
Insurance revenue	102,525	-	102,525
Net incurred claims and other expenses	-	(298)	(298)
Dividends received from cell captives	(66,644)	-	(66,644)
Effects of movement in exchange rates	(5,245)	335	(4,910)
At 30 June 2023	**129,660**	**(6,837)**	**122,823**

The expected timing of when assets for insurance acquisition cash flows will be derecognised and included in the measurement of the group of insurance contracts to which they are allocated is disclosed in the table below:

	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Total P'000
Period ended 30 June 2023				
Expected timing of derecognition of assets balance at reporting date	122,823	-	-	**122,823**
Period ended 30 June 2022				
Expected timing of derecognition of assets balance at reporting date	97,276	-	-	**97,276**
Period ended 31 December 2022				
Expected timing of derecognition of assets balance at reporting date	92,150	-	-	**92,150**

	At 30 June 2023 (Reviewed) P'000	At 30 June 2022 (Restated) P'000	At 31 December 2022 (Restated) P'000
5 Other receivables			
Deposits and prepayments	161,393	74,838	74,304
Receivable from insurance arrangements	83,527	85,167	93,938
Withholding tax and value added tax	5,702	1,106	992
Deferred arrangement fees	40,417	27,391	33,173
Settlement and clearing accounts	32,197	137,965	47,030
Other receivables	3,813	16,030	8,034
	327,049	342,497	257,471

Due to the short - term nature of the current receivables, their carrying amount approximates their fair value.

6 Financial assets at fair value through profit or loss			
Foreign currency swap	1,187,398	1,127,619	1,178,969
	1,187,398	1,127,619	1,178,969

This relates to short term foreign currency swap arrangements with financial institutions, where the Group pays a specified amount in one currency and receives a specified amount in another currency to reduce its exposure to currency risk. These were translated using reporting date exchange rates to reflect the changes in foreign currencies. The related financial liability at fair value through profit or loss is in note 12.

7 Financial assets at fair value through other comprehensive income			
Balance at the beginning of the year	43,107	71,499	71,499
Fair value gain recognised through other comprehensive income	-	-	(28,392)
	43,107	71,499	43,107
Fair value gain/(loss) recognised through other comprehensive income - net of tax	-	-	(28,392)

The Group entered into a strategic partnership with a financial services organisation in 2016 and acquired a stake in the enterprise at the time for P53.6 million. A fair value assessment of the investment is performed annually. At 31 December 2022, based on a pre-money valuation of a pending rights issue transaction of the financial services organisation, the value of the Group's equity stake was determined to be approximately P43.1 million. The Group has maintained the fair value of the investment at the indicated amount in light of the fact that the restructuring and recapitalisation of the entity was still pending at the Reporting Date, but is anticipated to be completed within 2023.

8 Property and equipment

	Carrying amount at 01 Jan 2023	Additions	Transfers	Disposal	Depreciation charge	Forex translation	Carrying amount at 30 June 2023
Motor vehicles	6,020	3,488	-	(957)	(1,682)	56	6,925
Computer equipment	27,634	4,157	-	(19)	(8,763)	(657)	22,352
Office furniture and equipment	64,687	3,665	-	(358)	(5,824)	919	63,089
Land and building	18,420	-	-	-	-	(2,623)	15,797
	116,761	11,310	-	(1,334)	(16,269)	(2,305)	108,163

9 Right-of-use assets

	Carrying amount at 01 Jan 2023	Additions	Modifications	Depreciation charge	Forex translation	Carrying amount at 30 June 2023
Property	101,654	6,562	-	(19,627)	902	89,491
	101,654	6,562	-	(19,627)	902	89,491

10 Intangible assets

	Carrying amount at 01 Jan 2023	Additions	Transfers	Disposal	Amortization charge	Forex translation	Carrying amount at 30 June 2023
Computer software	18,662	907	-	-	(2,388)	116	17,297
Brand value	403	-	-	-	1,548	(1,839)	112
Core deposit	620	-	-	-	(384)	42	278
Work in progress	286,113	51,207	-	-	-	(6,192)	331,128
	305,798	52,114	-	-	(1,224)	(7,873)	348,815

	At 30 June 2023 (Reviewed) P'000	At 30 June 2022 (Reviewed) P'000	At 31 Dec 2022 (Audited) P'000
11 Goodwill			
Goodwill on the acquisition of:			
Letshego Holdings Namibia Limited	21,854	23,125	22,958
Letshego Tanzania Limited	2,281	2,141	2,221
Letshego Kenya Limited	-	33,127	-
AFB Ghana Plc	6,327	8,234	6,731
	30,462	**66,627**	**31,910**

The Group performs its impairment test semi-annually. The Group assesses the recoverable amount of goodwill in respect of all cash generating units in order to determine indications of impairment. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2022. Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies.

	At 30 June 2023 (Reviewed) P'000	At 30 June 2022 (Reviewed) P'000	At 31 Dec 2022 (Audited) P'000
12 Financial liabilities at fair value through profit or loss			
Foreign currency swaps	1,219,465	1,109,563	1,201,095
	1,219,465	1,109,563	1,201,095

The amount relates to foreign currency swap arrangements with financial institutions, where the Group pays a specified amount in one currency and receives a specified amount in another currency to reduce its exposure on currency risk (the assets are disclosed in note 6).

13 Customer deposits			
Demand accounts	92,910	26,986	60,904
Savings accounts	479,527	395,319	422,290
Call and term deposits	764,298	741,766	637,633
	1,336,735	1,164,071	1,120,827
14 Cash collateral			
Cash collateral on loans and advances	17,200	20,303	18,476

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.

15 Trade and other payables	**At 30 June 2023 (Reviewed) P'000**	**At 30 June 2022 (Restated) P'000**	**At 31 December 2022 (Restated) P'000**
Insurance premium payable	83,683	85,275	56,069
Payroll related accruals	37,273	30,200	23,662
Staff incentive accrual	7,806	31,969	74,300
Accruals	21,529	105,672	20,272
Guarantee funds	332,232	361,546	318,691
Trade and other payables	110,553	167,662	73,407
Value added tax / withholding tax payable	47,149	46,433	19,177
	640,225	828,757	585,578

Guarantee funds relate to deposits received by the Group from a strategic partner for the funding of mobile loans in Ghana. Trade and other payables relates to clearing accounts and unpaid supplier invoices at the reporting date and due to their shortterm nature, their carrying amount approximates their fair value.

16 Lease liabilities	**Carrying amount at 01 Jan 2023**	**Additions**	**Interest expense**	**Cash payments**	**Forex translation**	**Carrying amount at 30 June 2023**
Lease liabilities	97,953	6,562	4,808	(12,809)	900	97,414

17 Borrowings	**At 30 June 2023 (Reviewed) P'000**	**At 30 June 2022 (Restated) P'000**	**At 31 Dec 2022 (Audited) P'000**
Commercial banks	4,319,072	4,102,301	4,283,243
Note programmes	1,664,007	1,595,901	1,677,771
Development Financial Institutions	2,194,526	2,124,382	2,066,826
Pension funds	100,641	66,770	-
	8,278,246	7,889,354	8,027,840

As at the reporting date, the Group was in breach of certain loan covenants in certain subsidiary entities. These were Kenya (on obligations amounting to P296m relating to non-performing loans ratio, provisioning, cash collection ratio and profitability – return on assets), Uganda (on obligations amounting to P76m in relation to portfolio quality - non performing loans ratio, PAR 30 and operating Self-Sufficiency Ratio), Botswana (on obligations of P700m in relation to open loan position, Non-performing loans ratio, provisioning and cash collection ratio and Liquidity ratio), and Ghana (on obligations of P198m in relation Operating Self-Sufficiency, provisioning, capitalization ratio,non-performing loans and Individual unhedged forex ratio in relation to the guarantor.) and Letshego Holdings (on obligations amounting to P753.5m relating solvency ratio. The solvency ratio was revised internally to ensure alignment to the company's strategy). At the point of reporting, discussions were ongoing to remediate the remaining breaches. All instances are anticipated to have been rectified by the end of the financial year 2023.

18 Stated capital			
Issued: 2,175,038,644 ordinary shares of no par value (Dec. 2022: 2,149,114,056) of which 11,651,597 shares (Dec. 2022: 3,989,970) are held as treasury shares	917,909	882,224	899,571

		6 months ended 30 June 2023 (Reviewed) P'000	6 months ended 30 June 2022 (Reviewed) P'000	12 months ended 31 Dec 2022 (Audited) P'000
19	**Interest income at effective interest rate**			
	Advances to customers	1,366,006	1,293,334	2,620,123
	Interest income on risk informal / mobile loans	61,713	42,949	96,874
	Interest income on non-risk informal / mobile loans	109,231	226,431	349,122
	Interest income from deposits with banks	33,482	36,422	79,553
		1,570,432	1,599,136	3,145,672
20	**Interest expense at effective interest rate**			
	Overdraft facilities and term loans	565,177	448,376	1,027,556
	Interest adjustment on non-risk informal / mobile loans	109,231	226,431	349,122
		674,408	674,807	1,376,678
20.1	**Other interest expense**			
	Interest expense on leases	4,808	6,819	12,524
21	**Fee and commission income**			
	Administration fees - lending	18,622	28,704	83,979
	Credit life insurance commission	12,513	15,371	5,575
		31,135	44,075	89,554
22	**Other operating income**			
	Early settlement fees	18,928	31,544	60,248
	Income from insurance arrangements	145,460	109,034	243,496
	Long term incentive plan	5,718	7,517	-
	Market to market gain on foreign currency swaps	-	-	8,210
	Net foreign exchange gain	1,148	47,146	90,696
	Sundry income	9,418	13,278	37,153
		180,672	208,519	439,803
22.1	**Insurance service result and insurance finance income**			
	Included in 'Income from insurance arrangements' above are the following components, arising from cell captive arrangements in the Group's Namibia subsidiary:			
	Insurance revenue	144,544	157,906	338,275
	Insurance service expense	(42,317)	(59,401)	(150,409)
	Insurance service result	**102,227**	**98,505**	**187,866**
23	**Expected credit losses**			
	Amounts written off	114,781	169,375	368,542
	Recoveries during the year	(73,531)	(70,432)	(146,543)
	Expected credit losses incurred/(reversed) during the period	32,347	(18,375)	(123,293)
		73,597	80,568	98,706
24	**Employee costs**			
	Salaries and wages	260,026	263,328	454,637
	Staff incentive	(19,929)	1,449	61,734
	Staff recruitment costs	333	146	1,096
	Staff pension fund contribution	18,503	12,975	38,282
	Directors' remuneration – for management services (executive)	4,217	3,989	10,276
	Long term incentive plan	-	-	19,914
		263,150	281,887	585,939
25	**Other operating expenses**			
	Accounting and secretarial fees	38	62	227
	Advertising	13,086	20,623	40,441
	Audit fees	3,848	3,331	7,358
	- Audit services	3,596	3,257	7,191
	- Covenant compliance fees	252	74	167
	Bank charges	7,780	4,454	8,859
	Computer expenses	4,726	6,212	9,755
	Consultancy fees	20,601	14,936	56,163
	Corporate social responsibility	1,046	1,459	1,961
	Collection commission	38,050	37,079	72,159
	Direct costs	13,088	14,082	29,343
	Direct costs - informal loans	19,038	15,177	36,142
	Depreciation and amortization	17,493	20,215	48,622
	Depreciation - right of use	19,627	18,787	41,407
	Directors' fees – non executive	4,278	5,978	9,985
	Directors' fees – subsidiary boards	4,689	4,072	8,184
	Government levies	12,778	10,763	22,673
	Impairment of goodwill	-	-	32,795
	Insurance	7,072	8,735	17,989
	Insurance fees - customer short term	22,026	43,427	60,074
	Office expenses	12,208	11,974	24,638
	Rental expense for low value assets	4,061	3,200	6,862
	Short term leases	208	576	849
	Other operating expenses	72,463	66,233	155,639
	- Entertainment	220	154	531
	- IT costs	93	2,688	505
	- (Profit)/loss on disposal of equipment and intangible assets	-	2,024	-
	- Mark-to-market loss on foreign currency swaps	8,140	8,380	-
	- Motor vehicle expenses	5,323	5,580	11,715
	- Printing and Stationery	3,539	3,911	6,775
	- Repairs and Maintenance	4,369	4,619	10,250
	- Storage costs	1,321	1,388	3,324
	- Subscriptions and licenses	14,225	12,265	27,179
	- Other expenses	35,233	25,224	95,360
	Payroll administration costs	1,031	1,090	2,131
	Professional fees	24,154	21,928	46,704
	Telephone and postage	14,053	17,917	36,536
	Travel	12,088	9,383	22,431
		349,530	361,693	799,927

	6 months 30 June 2023 (Reviewed) P'000	6 months 30 June 2022 (Reviewed) P'000	12 months 31 Dec 2022 (Audited) P'000
26 Additional cash flow information			
Movement in working capital and other changes:			
Movement in advances to customers	(268,528)	(427,769)	(1,061,102)
Movement in other receivables	(101,269)	(643,940)	(66,122)
Movement in trade and other payables	39,994	479,889	(250,370)
Movement in customer deposits	215,908	(11,515)	(54,759)
Movement in cash collateral	(1,276)	(1,219)	(3,046)
Net change in financial assets at fair value through profit or loss	9,941	-	39,597
Long-term incentive plan provision	(5,718)	(7,517)	19,914
Loss on disposal and write off of property and equipment	-	-	-
Loss on disposal and write off of intangible assets	-	-	-
Net foreign exchange differences	(120,473)	(6,799)	320,150
	(231,421)	**(618,871)**	**(1,055,738)**

27 Contingent liabilities

There are no significant contingent liabilities as at 30 June 2023.

28 Capital commitments

At 30 June 2023 the commitments for capital expenditure under contract amounted to P283m (2022: P39.8m).

29 Related party transactions

The Company 'Letshego Holdings Limited' is listed on the Botswana Stock Exchange. The Group partnered with Sanlam (SEM) to be its preferred insurance provider by offering innovative stand-alone and embedded insurance solutions. Sanlam owns 59% of Botswana Insurance Holdings Limited (BIHL) which is a shareholder of Letshego Holdings Limited and there were no transactions with BIHL. However, loans and advances of Letshego Financial Services Botswana (Pty) Ltd are insured through Botswana Life Insurance Limited which is a wholly-owned subsidiary of BIHL and a commission of P1.4m was earned over the period (2022: P3.6m).

	6 months ended 30 June 2023 (Reviewed) P'000	6 months ended 30 June 2022 (Reviewed) P'000	12 months ended 31 Dec 2022 (Audited) P'000
Compensation paid to key management personnel (executive directors)			
Paid during the period			
- Short-term employee benefits	4,217	3,989	10,276
	4,217	3,989	10,276

30 Events occurring after reporting date

Dividend declaration

An interim dividend of 5.1 thebe per share was declared on 22 August 2023.

JSE Medium Term Note Program Deregistration

With effect from 10 July 2023, Letshego Holdings Limited submitted an application to the JSE Limited for the deregistration of its Medium Term Note Programme dated 9 October 2019, according to the JSE Debt Listing Requirements. The reason for the application was in light of the fact that there were no notes currently in issue under the Programme, following maturity and settlement of the debt in February 2022. The Entity will not be issuing any further Notes under the Programme, thereby rendering the Programme redundant. As a result, this event is not anticipated to have any impact on the financial statements of the Group.

Ghana investment in government securities

Reference is made to the audited financial statements for the year ended 31 December 2022, where it was indicated that the government of Ghana had announced a Domestic Debt Exchange Program in which an invitation to holders of domestic bonds was extended to exchange these for a set of new bonds maturing in 2027, 2029, 2032 and 2037. This resulted in the recognition of expected credit losses amounting to P12.5 million relating to the domestic bonds. At that stage, the government of Ghana was yet to announce a restructuring of US dollar denominated bonds, but the Group took a conservative approach and recognised expected credit losses amounting to P23.5 million in relation to its investment in US dollar denominated bonds. On 14 July 2023, the government of Ghana published an invitation to holders of US dollar denominated notes and bonds to exchange these for new benchmark government of Ghana bonds denominated in US dollars, maturing in August 2027 and August 2028. The new bonds will be exchanged at the same aggregate principal amount, plus applicable capitalised accrued and unpaid interest, but have a lower average coupon and an extended average maturity than the old bonds. The invitation period for eligible bondholders to submit an offer for exchange is between the launch date of 14 July 2023 and 18 August 2023. The announcement of the acceptance of offers by the government of Ghana is anticipated to be on or about 21 August 2023 and the settlement date for the issue of the new bonds is anticipated to take place on 25 August 2023, unless there is an extension of the indicated dates. The Group is currently holding US dollar denominated bonds with a face value amounting to an equivalent of P200.8 million and is still taking into consideration the invitation that has been extended by the government of Ghana. As a result, the likely impact of this on the financial statements is still being assessed.

There were no other events occurring after reporting date that have a material impact on the Interim Condensed Consolidated Financial Statements, which came to the attention of Management prior to the Publication Date.

31 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Group is exposed to the following risks (including the climate-related financial risks) from financial instruments:
- credit risk
- liquidity risk
- market risk
- operational risk

Approach to managing credit risk

The Board of Directors is ultimately responsible for the management of credit risk and has delegated responsibility for the oversight of credit risk to the Group Management Risk Committee and Country Management Committees. The Group has adopted a holistic approach to managing credit risk in line with its Group Enterprise Risk Management (ERM) Framework and ensures that credit risk management remains a key component of its integrated approach to the management of its financial risks.
In view of the above, the Group Credit Risk Management framework is implemented throughout the Group via Credit Risk Policies, Credit Risk Standards, Credit Risk Processes and systems designed and established according to the Group's nature of business and Target Operating Model. The credit risk management systems enable the Group and its subsidiaries to clearly identify, assess, monitor and control credit risk and ensure that adequate capital resources are available to cover the risks underwritten. Full details of the Group credit risk disclosures should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

Interest rate risk

Some governments, through their central banks, continued taking more restrictive monetary policy actions, with policy interest rates rising during the period under review in countries where the Group is present (including Ghana, Kenya, Nigeria, Rwanda and the CMA). The Group continues to monitor interest rate changes and put appropriate measures in place to mitigate the risks.

Liquidity risk

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. At the reporting date, none of the breaches in covenants outlined in Note 17 have had an impact on the ability of the Group to meet its obligations when they fall due.

Currency risk

The Group continues to face foreign exchange risks from most of its subsidiaries` currencies that weakened against the Pula in the first half of 2023. General sources of Foreign Exchange Risk includes:
1. Subsidiaries holding foreign currency positions on their balance sheets
2. Translation exposure, which arises from accounting-based changes in consolidated financial statements caused by changes in exchange rates.
3. Macroeconomic factors of each country or subsidiary;
4. Geo-political risks;

Insurance risk

The Group principally operates cell captive insurance structures in its Namibia subsidiary to cater for credit life and credit default implications of its lending arrangements. The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts under the cell captive arrangements. The risk of exposure in this area is mitigated by the insurance partners who manage the cell captives constantly monitoring the programs' performance and the impact of economic conditions on claims experience and ensuring that the programs maintain adequate claims reserves.

Other risks

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements. These should be read in conjunction with the Group's annual financial statements as at 31 December 2022. The Group ERM Framework, it is supporting Risk Type Frameworks, Policies, and Risk Appetite Statements and Metrics were refreshed during the first half of the year and approved by the Board. All subsidiaries are at various levels of customizing the same and obtaining local Board approvals by year-end.

31.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s Enterprise Risk Management Framework (ERMF). The following should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

The Board established the Group Audit Committee, (GAC), Group Risk, Social and Ethics Committee (GRSEC), Group Remuneration Committee (Remco), Group Governance and Nominations Committee, Investment Committee, Group Strategy and Investment Committee, Group Executive Committee (“Exco”) and subsidiary companies' Country Management Committees ("CMC") which are responsible for the implementation and embedding of the Group ERM Framework and its supporting policies across the Group. All Board committees have both executive and non-executive members, apart from the Exco which comprises of executive directors and senior management and reports regularly to the Board of Directors and its sub-committees on their activities.

The Group’s Enterprise Risk Management Framework sets out the principles and standards for management of risks across the Group and all its subsidiaries. It ensures that risks faced by the Group are managed in an integrated, consistent and comprehensive manner to support growth and enhance business performance. Applying ERM Framework across the Group helps to create trust and instil confidence in staff, management, Board and our key stakeholders in the current environment that demands greater scrutiny than ever before about how risk is proactively managed.

31 FINANCIAL RISK MANAGEMENT

31.2 Financial assets and liabilities measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It includes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

- Level 1 - Quoted (unadjusted) market prices in active markets for identifiable assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value is observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Reconciliation of fair value measurement categorises within level 3 of the fair value hierarchy

	30 June 2023 P'000	30 June 2022 P'000	31 December 2022 P'000
Financial assets - Level 3			
Opening balance	43,107	71,499	71,499
Total gain in other comprehensive income	-	-	(28,392)
	43,107	**71,499**	**43,107**

In December 2022 a company valuation of the financial services organisation was carried out for purposes of a proposed rights issue and based on this, the value of the Group's investment was P43.1 million. The Group has maintained the fair value of the investment at the indicated amount in light of the fact that the restructuring and recapitalisation of the entity was still pending at the Reporting Date, but is anticipated to be completed within 2023.

Financial instruments measured at fair value

Type	Valuation technique		Significant observable / unobservable inputs
Financial assets and liabilities at fair value through profit or loss	Valued by discounting the future cash flows using the market interest rate applicable at that time. The sum of the cash flows denoted in foreign currencies is converted with the spot rate applicable at the reporting date.	Level 2	Based on BWP, EURO and USD risk free rates.
Financial assets at fair value through OCI	Since market values are not available from an observable market, as this is an investment in private equity, recent prices in capital raising transactions by the company are considered as an approximation to fair value of the investment. The investment has been valued based on a independent valuation performed for ain imminent rights issue aimed at recapitalising and restructuring the entity. The inputs include the number of shares and the price per share	Level 3	Based on the value per share from a company valuation that was done for an imminent right issue transaction.

Financial instruments not measured at fair value

Type	Valuation technique		Significant observable / unobservable inputs
Financial assets and liabilities at amortised cost	Valued by discounting the future cash flows using market interest rate applicable at that time. The sum of the cash flows denoted in foreign currencies is converted with the spot rate applicable at the reporting date.	Level 2	Based on BWP, EURO and USD risk free rates.

30 June 2023	Carrying amount: Fair value through OCI P'000	Fair value through profit and loss P'000	Financial Assets at amortised cost P'000	Financial liability at amortised cost P'000	Total P'000	Fair value: Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Financial assets measured at fair value									
Financial assets at fair value through OCI	43,107	-	-	-	43,107	-	-	43,107	43,107
Financial assets at fair value through profit or loss	-	1,187,398	-	-	1,187,398	-	1,187,398	-	1,187,398
	43,107	1,187,398	-	-	1,230,505	-	1,187,398	43,107	1,230,505
Financial assets not measured at fair value									
Cash and cash equivalents	-	-	1,069,726	-	1,069,726	-	1,069,726	-	1,069,726
Advances to customers	-	-	12,848,875	-	12,848,875	-	12,848,875	-	12,848,875
Other receivables	-	-	159,954	-	159,954	-	159,954	-	159,954
	-	-	14,078,555	-	14,078,555	-	14,078,555	-	14,078,555
Financial liabilities measured at fair value									
Financial liabilities at fair value through profit or loss	-	1,219,465	-		1,219,465	-	1,219,465	-	1,219,465
	-	1,219,465	-	-	1,219,465	-	1,219,465	-	1,219,465
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	585,270	585,270	-	585,270	-	585,270
Customer deposits	-	-	-	1,336,735	1,336,735	-	1,336,735	-	1,336,735
Cash collateral	-	-	-	17,200	17,200	-	17,200	-	17,200
Borrowings	-	-	-	8,278,246	8,278,246	-	8,278,246	-	8,278,246
	-	-	-	10,217,451	10,217,451	-	10,217,451	-	10,217,451

The carrying amount of items measured at amortized cost approximate their fair values.

31 FINANCIAL RISK MANAGEMENT

31.2 Financial assets and liabilities measured at fair value (continued)

30 June 2022	Carrying amount					Fair value			
	Fair value -through OCI	Fair value -through profit and loss	Financial Assets at amortised cost	Financial liability at amortised cost	Total	Level 1	Level 2	Level 3	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Financial assets measured at fair value									
Financial assets at fair value through OCI	71,499	-	-	-	71,499	-	-	71,499	71,499
Financial assets at fair value through profit or loss	-	260,832	-	-	260,832	-	260,832	-	260,832
	71,499	260,832	-	-	332,331	-	260,832	71,499	332,331
Financial assets not measured at fair value									
Cash and cash equivalents	-	-	1,317,017	-	1,317,017	-	1,317,017	-	1,317,017
Advances to customers	-	-	12,199,779	-	12,199,779	-	12,199,779	-	12,199,779
Other receivables	-	-	266,553	-	266,553	-	266,553	-	266,553
	-	-	13,783,349	-	13,783,349	-	13,783,349	-	13,783,349
Financial liabilities measured at fair value									
Financial liabilities at fair value through profit or loss	-	1,109,563	-	-	1,109,563	-	1,109,563	-	1,109,563
Financial liabilities not measured at fair value									
Trade and other payables	-	-	-	750,354	750,354	-	750,354	-	750,354
Customer deposits	-	-	-	1,164,071	1,164,071	-	1,164,071	-	1,164,071
Cash collateral	-	-	-	20,303	20,303	-	20,303	-	20,303
Borrowings	-	-	-	7,889,354	7,889,354	-	7,889,354	-	7,889,354
	-	-	-	9,824,082	9,824,082	-	9,824,082	-	9,824,082

The carrying amount of items measured at amortized cost approximate their fair values.

31 FINANCIAL RISK MANAGEMENT

31.3 Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has significant exposure to IBORs on its financial instruments that were either already replaced, or will be reformed as part of these market-wide initiatives.

IBOR reform has had significant risk management and operational impacts for the Group. These included heightened interest rate risk arising from uncertainty over the timing and the methods of transition in some jurisdictions in which the Group operates, as well as increases in market illiquidity and volatility during the transition period.

The following tables summarise the contractual par amounts of non-derivative financial liabilities and nominal amounts of derivatives that have yet to transition to alternative benchmark rates at 30 June 2023.

	USD LIBOR P'000	JIBAR P'000	TOTAL P'000
Non-derivative financial liabilities			
Debt securities in issue	1,692,407	665,159	2,357,566
	1,692,407	**665,159**	**2,357,566**

	USD LIBOR P'000	JIBAR P'000	TOTAL P'000
Derivatives held for risk management			
Total return swap	-	334,626	334,626
Cross currency swaps	759,233	-	759,233
	759,233	**334,626**	**1,093,859**

Subsequent to the Reporting Date, the Group significantly reduced its exposures to IBORs that are subject to reform through the prior renegotiation of affected contracts with counterparties, which resulted in all US dollar LIBOR-linked exposures being modified to reference to the Secured Overnight Financing Rate (SOFR) with effect from July 2023. It is however anticipated that JIBAR will cease as a reference rate in 2024, or at a later date, as confirmed by the South Africa Reserve Bank (SARB) as the administrator of JIBAR.