



# FINANCIAL RESULTS RELEASE 2023

## LETSHEGO HOLDINGS (NAMIBIA) LIMITED

Incorporated in the Republic of Namibia  
Registration Number 2016/0145  
ISIN: NA000A2DVV41  
SHARE CODE (NSX): LHN

## REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors of Letshego Holdings (Namibia) Limited ("LHN/the Group") is pleased to present the reviewed condensed consolidated financial results for the year ended 31 December 2023.

### OVERVIEW OF FINANCIAL PERFORMANCE

During the year under review, Letshego Holdings Namibia (LHN) showcased resilience and adaptability in the midst of recovering macroeconomic circumstances, characterized by persistently elevated interest rate environment aimed at stabilizing inflationary pressures within the Namibian economy. Despite the backdrop of global tensions and disruptions in supply chains, LHN remained resolute in its pursuit of sustainable growth, as evidenced by the effective execution of our 6-2-5 strategy, resulting in stable financial performance for the year concluding on 31 December 2023.

Throughout the year, our unwavering focus on digitalization and product diversification persisted, with a specific emphasis on enhancing the customer journeys through end-to-end solutions. Noteworthy progress was achieved in our digital transformation journey, with the incorporation of automated systems and functionalities across diverse business segments. Furthermore, the reassessment of operational models for Letshego Bank (LBN) and Letshego Micro Financial Services (LMFSN) prompted the refinement of our overall business model, leveraging the strengths of our microfinance arm while broadening our product spectrum within the banking domain. Our steadfast commitment to innovation and strategic advancement positions Letshego Namibia favorably for sustained success amidst fluctuating market dynamics and in meeting the evolving demands of our diverse customer base.

Total revenue surged by 14% year-on-year, propelled by growth in interest income, which rose by 18%, and robust expansion in insurance income to N\$ 275 million (2022: N\$ 248 million). Access to Letshego's expanding suite of LetsGo Insurance products was facilitated through an augmented Digital Mall product portfolio. The Group maintained strong asset quality, with a Loan Loss Ratio (LLR) of 0.25% for the year. Although the Non-performing loans ratio increased marginally to 6.02% (2022: 4.97%), it underscores the stability of the Group's credit and risk management framework.

Reference rates climbed during the review period, leading to a 63% year-on-year upsurge in interest expense. Net interest income experienced a slight decline of 3.4% to N\$ 438 million (2022: N\$ 453 million). While 72% of the Group's funding is based on floating-rate pricing, the asset side predominantly relies on fixed pricing, resulting in margin compression due to the slower repricing pace on the asset side.

### FINANCIAL HIGHLIGHTS

- Total revenue increased by 14% (2022: 17%), which is largely driven by the increase in the repo rate and strong growth in insurance income.
- Impairment charge for the year was N\$12m (2022: N\$10.4m), translating to a Loan Loss Ratio (against average gross advances) of 0.25% (2022: 0.22%). The increase is mainly due to write off of the uninsured book.
- Staff and operational expenses increased by 1.2% (2022: Decrease of 3.5%), due to strict cost control.
- Cost to income ratio remained stable at 47%.
- Profit after tax amounted to N\$353.3 million (2022: N\$350.4 million), an increase of 1% (2022: 16% increase).
- Return on average equity was 13% (2022: 13%) and Return on average assets was 6% (2022: 6%).
- Basic and Headline earnings per share 71 cents (2022: 70 cents) - an increase of 1% (2022: 15% increase).
- The bank remains well capitalized with a capital adequacy ratio of 35% (2022: 34%).

### NON-FINANCIAL HIGHLIGHTS

- Local borrowing based increased to N\$ 3.1billion to finance growth and decrease reliance on parent funding.
- Progressively implementing our digitalization strategy in line with our ambition to grow market share.
- Customer Deposit Mobilization continued in 2023 with growth from N\$536 million at the end of 2022 to N\$828 million at the end of 2023.

### OPERATIONAL RISK MANAGEMENT

The Group's approach to managing operational risk is anchored on the risk philosophy that risk is best managed

at inception, based on its Enterprise-wide Risk Management Framework (ERMF). This practice cuts across the Three Lines of Defense in order to increase the efficiency and effectiveness of the bank's resources, minimise losses and utilise opportunities.

### GOVERNANCE

**Maryvonne Palanduz**  
Independent Non-Executive Director  
(resigned 31 January 2024)

**Rosalia Martins-Hausiku**  
Independent Non-Executive Director  
(resigned 31 July 2023)

### PROSPECTS

The Group remains optimistic about early signs of economic recovery in the domestic economy and continues to be well aligned to grow our franchise through the diversification of our target segments in the market. Ensuring we remain focused on delivery of our strategic ambitions, our priorities are directed towards expanding our product continuum in line with a full-scale financial services provider, as well as enhancing our digital capabilities. Our commitment is anchored in sustainable development through ethical and responsible business practices and advancing our ESG agenda towards long term sustainability for all our stakeholders, as we continue improving lives.

### DIVIDENDS

A dividend of 36.38 cents per ordinary share has been declared since the end of the reporting period.

Important dates pertaining to the dividends are:

Last date to trade cum dividend - Friday 24 May 2024  
First date to trade ex-dividend - Monday 27 May 2024  
Last date to register - Friday 31 May 2024  
Dividend payment date - Friday 14 June 2024

### BASIS OF PREPARATION

The reviewed condensed consolidated financial results of the Group for the year ended 31 December 2023, from which this information is derived, have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting and the requirements of the Companies Act of Namibia, 28 of 2004.

### AUDITOR'S OPINION

The external auditor, Ernst & Young Namibia, have reviewed the condensed consolidated financial statements. The review has been conducted in accordance with the International Standard on Review Engagements 2410. A copy of the unqualified review report is available for inspection at the registered office of the Company.

For and on behalf of the Board of Directors:

**Mansueta-Maria Nakale**  
Chairperson

**Ester Kali**  
Chief Executive Officer

Windhoek, 29 February 2024  
Release date: 4 March 2024

### COMPANY INFORMATION

**Registration number:**  
2016/0145

**Registered address:**  
18 Schwerinsburg Street  
P. O. Box 11600  
Windhoek, Namibia

**Company Secretary:**  
Mignon Klein  
Letshego Holdings (Namibia)  
Limited 18 Schwerinsburg Street  
Windhoek, Namibia

**Auditor:**  
Ernst & Young Namibia  
P. O. Box 1857  
Windhoek, Namibia

**Sponsoring Broker:**  
IJG Securities (Pty) Limited  
P. O. Box 186  
Windhoek, Namibia

**Transfer Secretary:**  
Transfer Secretaries (Pty) Limited  
P. O. Box 2401  
Windhoek, Namibia

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	% change	(Reviewed) 31 Dec 2023 N\$'000	(Restated) 31 Dec 2022 N\$'000
<b>ASSETS</b>			
Cash and cash equivalents		750,849	320,815
Government and other securities		913,074	648,710
Other receivables		56,063	46,922
Net insurance contract assets		143,997	155,987
Intercompany receivable		104,097	-
Advances to customers	-0.3%	4,740,307	4,752,702
Current taxation		67,950	54,191
Property, equipment and right-of-use assets		17,858	21,584
Deferred tax assets		2,178	6,252
<b>Total assets</b>		<b>6,796,373</b>	<b>6,007,163</b>

<b>LIABILITIES AND EQUITY</b>			
Liabilities			
Deposits due to customers	54.6%	827,978	535,687
Trade and other payables		70,327	68,572
Lease liabilities		8,194	8,886
Borrowings	23.4%	3,115,860	2,524,208
Amounts due to parent company		23,763	76,974
Deferred tax liabilities		6,717	6,703
<b>Total liabilities</b>		<b>4,052,839</b>	<b>3,221,030</b>

<b>SHAREHOLDERS' EQUITY</b>			
Share capital		100	100
Retained earnings		1,714,905	1,791,614
Capital reorganisation reserve		701,024	701,024
Statutory credit risk reserve		110,341	76,187
Equity settled share based payment reserve		2,079	2,123
<b>Total equity attributable to equity holders of the parent company</b>		<b>2,528,449</b>	<b>2,571,048</b>
Non-controlling interest		215,085	215,085
<b>Total shareholders' equity</b>		<b>2,743,534</b>	<b>2,786,133</b>

<b>Total liabilities and equity</b>		<b>6,796,373</b>	<b>6,007,163</b>
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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	% change	(Reviewed) 31 Dec 2023 N\$'000	(Restated) 31 Dec 2022 N\$'000
Interest income calculated using the effective interest income method	17.9%	787,250	667,861
Interest expense	62.8%	(349,041)	(214,435)
<b>Net interest income</b>	<b>-3.4%</b>	<b>438,209</b>	<b>453,426</b>
Credit impairment charge	14.9%	(11,985)	(10,433)
<b>Net interest income after impairment</b>	<b>-3.8%</b>	<b>426,224</b>	<b>442,993</b>
Insurance revenue	0.5%	392,635	390,753
Insurance expense	-17.9%	(116,914)	(142,321)
<b>Net insurance result</b>	<b>11.0%</b>	<b>275,721</b>	<b>248,432</b>
Fee income	-27.4%	33,846	46,595
Other income	-29.9%	4,297	6,126
Employee benefits	12.3%	(94,672)	(84,295)
Other operating expenses	-2.2%	(262,301)	(268,334)
<b>Operating profit before taxation</b>	<b>-2.1%</b>	<b>383,115</b>	<b>391,517</b>
Taxation	-27.6%	(29,770)	(41,102)
Profit for the year	0.8%	353,345	350,415
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the year</b>	<b>0.8%</b>	<b>353,345</b>	<b>350,415</b>

Weighted average number of shares in issue during the year (millions)	500	500
Basic earnings per share (cents)	71	70
Basic earnings per share - diluted (cents)	71	70
Headline earnings per share (cents)	71	70
Headline earnings per share - diluted (cents)	71	70

### RATIOS

	(Reviewed) 31 Dec 2023 N\$'000	(Restated) 31 Dec 2022 N\$'000
Return on average assets (%)	6%	6%
Return on average equity (%)	13%	13%
Cost to income (%)	47%	47%
Debt to equity (%)	114%	93%

### PRIOR YEAR RESTATEMENT

On transition date, 1 January 2023, the Group has applied a full retrospective approach for transition to IFRS 17, the Group has restated comparative information for 2022. 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 31 December 2022 Audited - (as previously stated)	Restatement	At 31 December 2022 Restated
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<b>Statement of financial position - extract</b>	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>
Other receivables	375,887	(328,965)	46,922
Net Insurance contract assets	-	155,987	155,987
<b>Total assets</b>	<b>6,180,141</b>	<b>(172,978)</b>	<b>6,007,163</b>
Trade and other payables	241,550	(172,978)	68,572
<b>Total liabilities</b>	<b>3,394,008</b>	<b>(172,978)</b>	<b>3,221,030</b>

<b>Statement of comprehensive income - extract</b>			
Other income	254,558	(248,432)	6,126
Insurance revenue	-	390,753	390,753
Insurance expense	-	(142,321)	(142,321)
<b>Net insurance result</b>	<b>-</b>	<b>248,432</b>	<b>248,432</b>

### CAPITAL ADEQUACY

	(Reviewed) 31 Dec 2023	(Audited) 31 Dec 2022
Letshego Bank (Namibia) Ltd Capital Adequacy Ratio		
Tier 1	32%	33%
Tier 2	3%	1%
Total	35%	34%