LETSHEGO HOLDINGS NAMIBIA

INTEGRATED ANNUAL REPORT

2024

Letshego

Letshego

www www.letshegoinvestor.com

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INTRODUCTION

ABOUT THIS REPORT

Letshego Holdings (Namibia) Limited (Letshego) has a clear mandate and is dedicated to improving lives and promoting financial inclusion through a diverse financial services offering. The Letshego integrated annual report, therefore, provides a balanced assessment of the strategic initiatives and financial performance for the financial year 1 January 2024 to 31 December 2024 to our stakeholders.

Letshego reflects its clear commitment to sustainability, improving lives and delivering value to key stakeholders. This report contains information relevant to all our key stakeholder groups to whom we are accountable to allow them to assess Letshego's ability to create value over time. Our key stakeholder groups include our customers, employees, investors and founders, strategic partners, governments and regulators, and members of the communities in which we operate.

Reporting to shareholders

The primary audience for this report is our investors, and we aim to continue to increase transparency and accountability in our reporting.

Our reporting suite, which includes the integrated report, annual financial statements and notice of the annual general meeting, is designed to comply with relevant reporting frameworks and standards. These standards include the Namibia Code of Governance Principles for Namibia 2014 (NamCode), International Financial Reporting Standards (IFRS®) Accounting Standards, the IFRS Foundation's International Integrated Reporting Framework (January 2021), the Companies Act of Namibia of 2004 (Companies Act), the Banking Institution Act, No 13 of 2023, as amended (Banking Act) and the Namibia Stock Exchange (NSX) Listing Requirements. Our commitment to compliance is unwavering, ensuring your confidence in our operations.

We continue to assess our reports to enhance the usability and usefulness of information to our shareholders as a suite of information.

This report is therefore split into three sections comprising:

Section 1 Integrated report

Section 2 Shareholder information

Section 3 Consolidated annual financial statements

Boundary and scope

The report covers all operating subsidiaries in Namibia, including Letshego Bank Namibia and Letshego Micro-Financial Services Namibia. It also encompasses the risks, opportunities and outcomes associated with our operating context, industry and stakeholders.

Disclosures

This integrated report provides balanced reporting by disclosing material constraints in our strategy and business model while omitting immaterial, confidential, legally privileged, or competitively sensitive data such as granular remuneration details. This report also contains information on the value outcomes for the period under review and forward-looking information. Material information that emerged subsequent to year end has also been included.

Unless otherwise specified, all monetary values used in this report are denominated in Namibian Dollars (N$).

Developments in corporate reporting

While our approach to reporting remains consistent, the Board remains cognisant of developments in global reporting standards, including the creation of the International Sustainability Standard Board (ISSB), which has published two sustainability reporting standards and taken on the responsibility for monitoring climate-related disclosures previously monitored through the Taskforce on Climate-related Disclosures (TCFD). We are committed to an ongoing journey in terms of ESG and sustainability-related disclosures as global and local standards evolve.

Forward-looking statements

Certain statements in our report are forward-looking. These beliefs and assumptions are based on the information currently available to Letshego's Board of directors and management. Forward-looking statements are subject to certain risks, uncertainties and assumptions, particularly in terms of general market conditions, our ability to manage growth, future performance and changes in the regulatory environment, among others. There can be no assurance that these statements will be accurate, and actual results could differ materially from those anticipated in such statements. The words 'believe', 'anticipate', 'estimate', 'expect', 'intend', and similar expressions identify forward-looking statements. Letshego Africa undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances or to reflect unanticipated events or developments.

Integrated thinking

Letshego's mandate is to provide inclusive financial services and products to under-served individuals, small business owners and communities. This mandate guides our strategy, underpins our purpose to improve lives, and informs the decisions and actions that will enable us to attain sustainable competitive advantage and long-term shareholder returns.

Integrated thinking is central to formulating our strategy and what strategic initiatives are needed to deliver it. The execution of our strategy is supported by robust corporate governance structures, processes and controls that have been developed in line with global best practice and are regularly reviewed to achieve continual improvement.

Our Sustainability Framework, including our environmental, social and governance (ESG) strategy, continues to evolve and, although still in the early implementation stages, will become an integrated asset and differentiator for how we do business.

Materiality

This report prioritises the matters, opportunities, and challenges likely to affect the delivery of our strategic intent and ability to create value for stakeholders in the short, medium, and long term as material. Materiality is a key concept in our reporting process, as it guides us in highlighting the most relevant and significant information for our stakeholders. Our strategic planning activities focus on five transformational conversations, which are considered our most material matters – product diversification, digitisation, geographic rebalancing, execution engine and sustainable stakeholder value.

Strategic outlook

Our strategic outlook covers three time horizons, namely:

SHORT TERM –
one year –
2025,

the year in which we aim to achieve the outcomes of our Transformation Strategy.

MEDIUM TERM –
two to five years –
2026 to 2030,

the period in which our new strategic intent is undertaken to achieve our purpose and improve lives.

LONG TERM –
over five years –
beyond 2030,

we will continue to drive positive impacts that contribute to the United Nations Sustainable Development Goals (UN SDGs).

Restatements or reporting changes

The nature of the content and structure in this year's report remains largely unchanged from that of 2023 to provide meaningful and consistent disclosures.

Process disclosure

A comprehensive process is followed in the preparation and approval of this report. These include the involvement of cross-functional teams that ensure effective report preparation, review and approval processes are followed. Information included in this report is sourced from a range of internal and external sources of information. Various internal committees and certain Board subcommittees review various sections to ensure their integrity and reliability.

Assurance

Ernest & Young Namibia (EY) has conducted independent external assurance on the consolidated annual financial statement and provided an unqualified opinion.

Approval

The Letshego Holdings (Namibia) Limited's Board of Directors (Board) is ultimately responsible for maintaining the integrity, accuracy, method and completeness of this report.

It has appropriately considered the accuracy and completeness of the material matters, as well as the reliability of all data and information presented in this report and has approved the consolidated annual financial statements for the year ended 31 December 2024.

The report has been prepared in accordance with the International Integrated Reporting Framework and adheres to governance best practice.

On behalf of the Board:

Mansueta-Maria Nakale
Group Chairman

Note – signatures are not included for digital security purposes.

Navigating this report

This report is an interactive PDF. It is best viewed in Adobe Acrobat for desktop, mobile or tablet.

This report has been designed with enhanced digital navigation capabilities to improve the readability and digital experience by assisting with moving between sections and connectivity of information across the report.

Icons to navigate in this report can be found on each page and within the report.

Previous page **Next page** **Menu**

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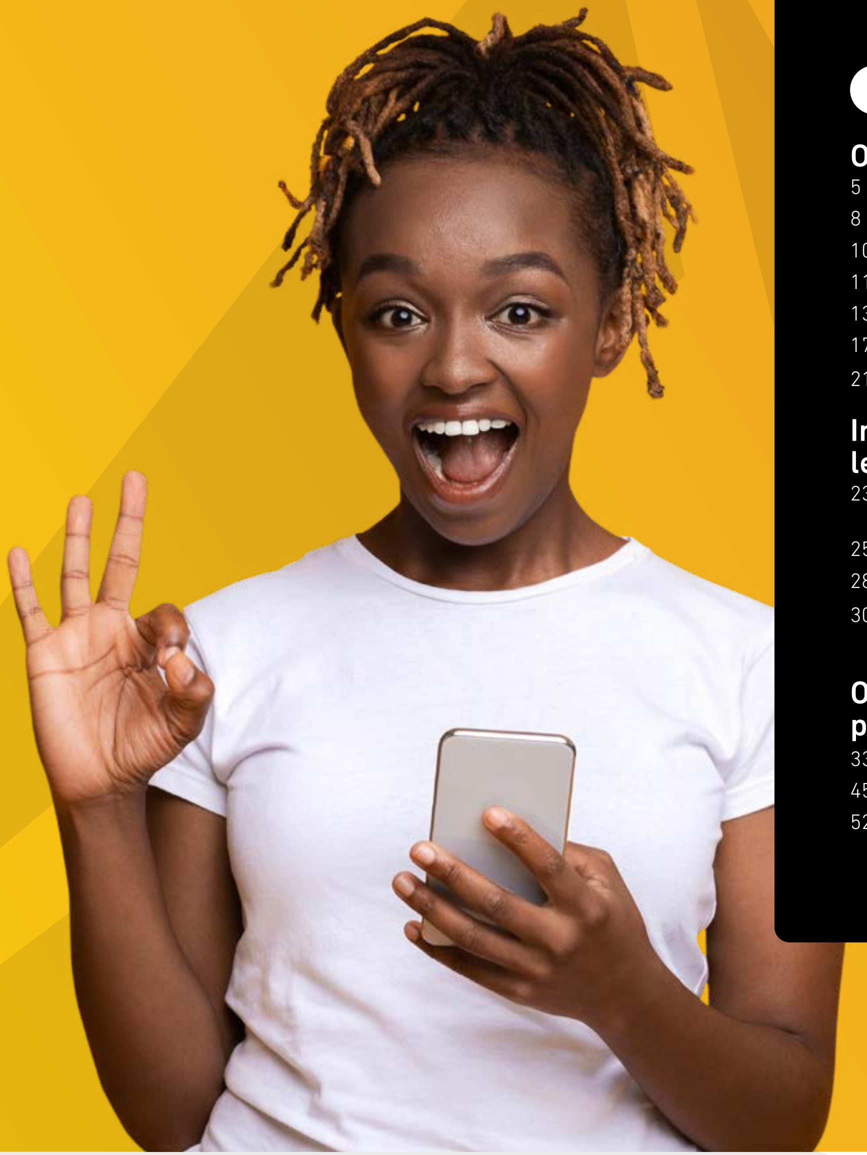
Feedback on this report

We welcome feedback on this report. Please email your comments to the Company Secretary, **Evast Kalumbu**, at **evastk@letshego.com**

Find this report online:
https://www.letshego.com/namibia

INTEGRATED REPORT



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Our business

Insights from leadership

Our strategic performance

OUR BUSINESS

WHO WE ARE

Our vision is to become a world-class retail financial services organisation serving mass and middle-income individuals, as well as micro to small enterprises (MSEs). We are dedicated to enhancing customer experience, promoting financial inclusivity, facilitating wealth creation, and fostering sustainable economic growth and prosperity.

As a company listed on the Namibian Stock Exchange, Letshego Holdings (Namibia) Limited, known as Letshego, is the parent company of Letshego Bank Namibia (LBN) and Letshego Micro Financial Services (LMFSN).

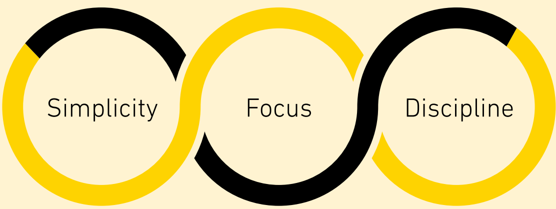
Letshego is deeply rooted in its brand promise of improving lives for over 24 years. Our focus remains on product diversification and addressing customer needs to reduce the gap in financial inclusion. Over the past four years, Letshego has been on a digital transformation strategy to enhance customer and employee experiences and enable customers to achieve financial stability and self-sufficiency, thereby making a meaningful impact in the lives of our customers.

Letshego prioritises good corporate governance, customer experience, innovation, stakeholder engagement, and people development. We believe in the power of collaboration and actively seek the input of our stakeholders in our decision-making processes. Our dedication to empowering Namibians is evident in our locally sourced workforce and investments in skills development.

Our vision

As we continue to uphold our culture, values and business mantra, Letshego remains committed to its vision of transforming lives and fostering financial prosperity for all Namibians.

Our business mantra



Our culture and values

Our values define our culture and ways of working. They are guiding principles for improving the lives of our customers.

- Ubuntu
- Thrive because of diversity
- Take full ownership
- Be curious and forward thinking

Our structure

Letshego Africa Holdings Limited	Kumwe Holdings	Retail and institutional investors
78.5%	12%	9.5%

Letshego Holdings Namibia
Group structure

Letshego Bank Namibia Limited	Letshego Micro Financial Services Namibia (Proprietary) Limited
100%	100%

Our milestones

We continue to reflect on the milestones in our journey of the past 24 years that demonstrate our contribution to creating a meaningful impact in the communities we serve.

2000

Edu Loan opens its doors, providing financial assistance to support students in the education sector

2008

Letshego Africa Holdings Limited (LAHL) acquires a 100% investment in Edu Loans and **introduces the Letshego brand to the Namibian market** as Letshego Financial Services Namibia

2009

LAHL sells 15% shareholding to Kumwe Investments

2011

Letshego **doubles its customer base** since LMFSN acquisition (220%)

2014

Letshego Bank Namibia is **granted a provisional banking licence** by the Bank of Namibia

2015

Letshego **moves into a new head office** building in Windhoek

2016

LBN is **granted a full banking licence** by the Bank of Namibia

2017

Letshego Namibia is **listed on the Namibian Stock Exchange (NSX)**

2018

Letshego **launches its LetsGo value proposition** in Windhoek and Tatutura branches

2020

Letshego **accelerates its digitalisation journey**, and WebForm applications become the de facto standard for applications for Deduction at Source (DAS) loans

2021

Launched the LetsGo Digital Mall

Letshego secures **USD50 million** from the International Finance Corporation (IFC) to develop the first Affordable Housing offering

2022

Letshego **opens its 17th branch in Windhoek's City Centre** and expanded **Affordable Housing offering** to serve more underbanked members of the community

2023

Recognised as the best locally listed company on the NSX in Namibia Top Company Awards by Cirrus Capital

- Personal Loan deducted via debit order is introduced
- expanded the personal loan offerings beyond government employees to serve all qualifying clients

2024

Successfully issued an **inaugural social bond listing of N$260 million** three-year senior unsecured notes across five investors

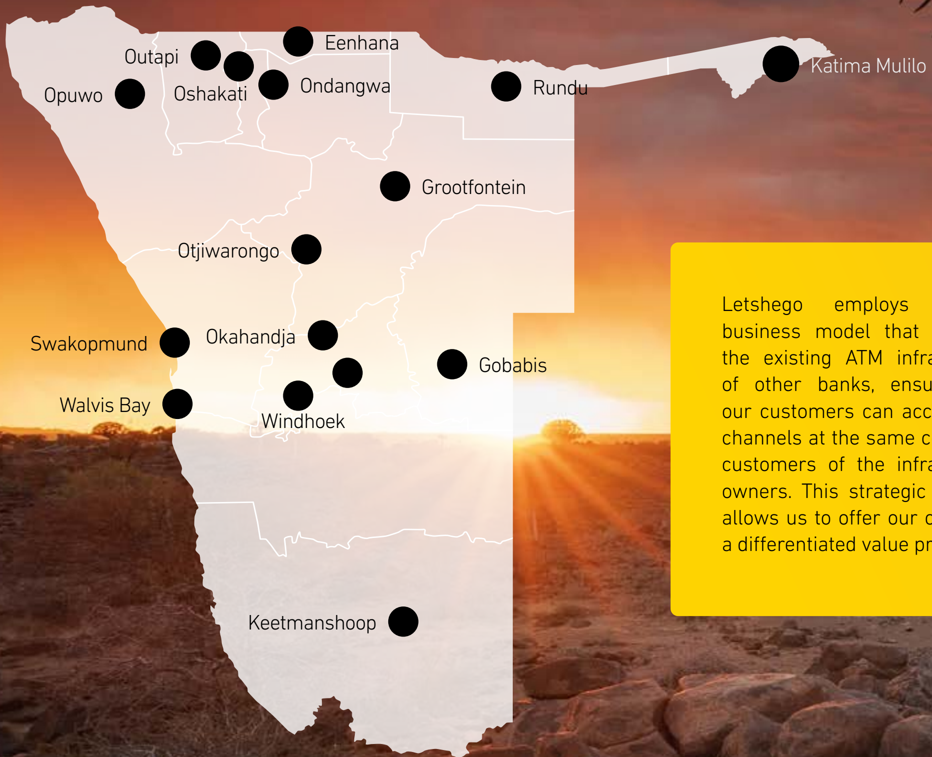
- Issued Social Financing Framework
- Hosted a Women's Conference, promoting diversity and inclusion
- Appointment of a new CEO for Letshego Micro Financial Services Namibia (LMFSN), Melvin Angula, to drive LMFSN business model forward and ensure sustained growth and innovation.

Recognition received in the year

- 2024 Global Banking & Finance Awards
  - **Banking CEO of the Year Namibia 2024:** Dr. Ester Kali, the dynamic leader at the helm of Letshego Holdings Namibia, has been recognised for her exceptional leadership and strategic vision. Under her guidance, Letshego has achieved remarkable growth and innovation.
  - **Best Social Bond Namibia 2024:** Letshego Holdings Namibia has been honoured for its pioneering efforts in social impact financing. The award for the Best Social Bond reflects Letshego's commitment to addressing social challenges through innovative financial solutions and is a testament to Letshego's dedication to improving the lives of ordinary Namibians by funding projects that promote economic development and social welfare.
  - **Best Micro Finance Bank Namibia 2024:** Letshego's recognition as the Best Micro Finance Bank underscores its pivotal role in providing accessible financial services to underbanked and under-served communities. By offering accessible microfinance solutions, Letshego empowers individuals and MSEs, fostering financial inclusion and economic growth.

Our distribution network

Letshego operates through a network of **16** branches nationwide, offering personalised assistance to customers, supported by a team of dedicated sales agents.



Letshego employs a lean business model that leverages the existing ATM infrastructure of other banks, ensuring that our customers can access these channels at the same cost as the customers of the infrastructure owners. This strategic approach allows us to offer our customers a differentiated value proposition.

The LetsGo Digital Mall is a key enabler of our customer value proposition. It is easy to download, registration is free and digital forms are concise and user friendly. It provides our customers with secure, convenient and easy access to banking services anytime, anywhere on multiple digital platforms, including mobile devices and unstructured supplementary service data (USSD).

We have strategic partnerships with Pick 'n Pay and Woermann Brock retail outlets countrywide, allowing customers to conduct cash transactions conveniently at these locations via WiCode. These partnerships expand our distribution network and provide customers with additional touchpoints to access our services.

COORDINATES
22°00'S 17°00'E

AREA SIZE TOTAL
825,615 km^2

POPULATION 2024
2,604,172

BUSINESS MODEL

RESOURCES	INPUTS	OUTPUTS		OUTCOMES	CONSTRAINTS
Financial The financial resources that sustain our business activities.	▶ **N$2.8 billion** equity capital (2023: N$2.7 billion) ▶ **N$2.9 billion** debt (2023: N$3.1 billion) ▶ **N$1.3 million** customer deposits (2023: N$828 million)	Net interest income of: **N$549 million** (2023: N$438 million) Profit before tax: **N$465 million** (2023: N$383 million) Dividends distributed of: **N$381 million** (2023: N$396 million)	Profit before tax: **N$419 million** (2023: N$353 million) Operational expenditure of: **N$292 million** (2023: N$262 million) Social bond listing of **N$260 million**	We use financial capital to enhance our competitive market standing and positively influence human, intellectual, social, and relationship capital. We invest in our digital transformation while maintaining the ongoing support of our capital providers.	▶ An uncertain economic environment ▶ Investing in digitisation and growth while retaining the long-term support of our providers of capital
Human Our workforce's capabilities, expertise, and inventive contributions propel our strategy's attainment.	▶ Experienced and ethical leadership team ▶ **185** skilled permanent employees (2023: 151), **30** part-time employees (2023: 33) and **57** direct sales agents (2023: 50) ▶ **N$641 thousand** spent on training and development (2023: N$291 thousand) ▶ Launch new Culture Blueprint	**36.3%** women in senior management **N$116 million** paid in salaries and benefits (2023: N$95 million) **60%** women employees (2023: 64%)	**8.6%** employee study sponsorships granted during 2024 **6.19%** turnover rate (2023: 14%) Improved employee engagement score **64.1%** (2023: 53.7%)	Substantial investment in human resources and enhancing the skillsets of our workforce is expected to yield long-term benefits for our operations. These investments primarily focused on recruiting and filling critical senior positions.	▶ Attracting and retaining scarce talent in an environment characterised by fierce skill competition ▶ Maintaining a motivated workforce when there is a risk of change fatigue among employees
Manufactured The tangible assets, including facilities and overall infrastructure that enable us to sustain business operations.	▶ 16 physical access points ▶ Partnerships with Pick 'n Pay and Woermann Brock retail outlets countrywide ▶ A Call Centre that operates 24 hours, 7 days a week. ▶ Online and mobile platforms ▶ Systems and technology hardware	A rise in the adoption of **digital banking platforms**.	**Enhanced customer experience** enabled by information technology Achieved a Net Promoter Score (NPS) of 40%.	We have adopted a service approach that integrates human interaction with technology. As the adoption of digital platforms has risen, this has supported the automation of processes to improve the overall customer experience. Physical access points enable face-to-face interactions with our customers.	▶ Balancing our physical footprint with digital customer access

RESOURCES	INPUTS	OUTPUTS		OUTCOMES	CONSTRAINTS
Intellectual Our competitive edge stems from intangible assets like innovations, systems, and reputation, which sustain the quality of our offerings. Institutional knowledge and experience also safeguard our reputation and fuel our competitive advantages.	▶ A trustworthy brand that resonates with consumers ▶ Product and services resonating with the customer ▶ Robust systems and enterprise architecture ▶ Balance sheet management ▶ Market and data analysis	Implementation of **strict control measures** Products and services **reinforce brand commitment** to the needs of the customer Improved systems and **brand awareness**	**Improved** business processes and practices Market communication to **manage reputation**	A complex regulatory environment, including new regulations protecting customers and businesses. Despite this, investments in processes and systems enhance our intellectual capital, albeit impacting financial capital in the short term. Automation may reduce certain job roles but improves efficiency.	▶ Regulation associated with new business development ▶ Automating routine tasks may reduce the need for certain roles as efficiencies are improved
Social and relationship We partner with key stakeholders to uplift the communities where we operate.	▶ Managing relationships with key stakeholders ▶ Collaborate with organisations to deliver positive social impact ▶ Implementing ESG practices in our business	**Balancing** the diverse interests of key stakeholders Commitment to corporate social investment, committing **N$1 million** (2023: N$0.6 million)	**Brand reinforcement** and reputation management Taxes paid to governments of: **N$46 million** (2023: N$30 million)	Investing in our key stakeholders and communities where we operate humanises and promotes trust and brand loyalty. 46% of DAS loans are productive lending and used towards industrious initiatives.	▶ Balancing the diverse interests of key stakeholder groups
Natural Renewable and non-renewable resources are used to carry out daily business activities.	▶ Electricity usage and investment in renewable power sources ▶ Water ▶ Fuel ▶ Land ▶ Waste collection and recycling efforts	**Responsible waste and emissions management** to reduce negative environmental impact	Increasing the use of **digital technology** in our operations to reduce our carbon footprint	High investment in seamless digital channels and environmentally friendly programmes can contribute to short-term financial constraints but positively impact the business in the longer term.	▶ Responsibly manage the impact of our business activities on the environment

OUR BUSINESS ACTIVITIES

LENDING

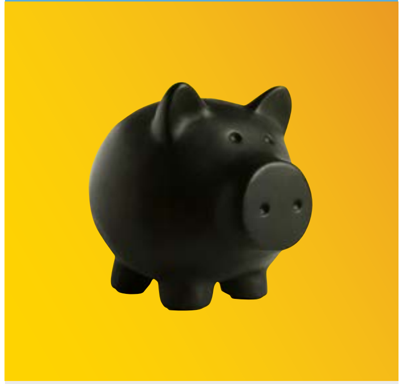
Access to funding

We offer loans at affordable interest rates.

LetsGo borrow

Gets funds to cover for important emergencies.

SAVINGS



Mobilising savings

Our savings accounts offer competitive interest rates, and customers are guaranteed access to their money whenever they need it.

LetsGo save

Keep something for the future you.

PAYMENTS

Simple and secure payments

We support access and safer transacting for customers to make payments, send and receive money and save and borrow at their convenience.

LetsGo pay

Make transactions from anywhere in the world.

INSURANCE

Protecting against risks

We also have a comprehensive range of insurance offerings, including digital insurance products in key markets, providing instant access to insurance.

LetsGo insure

Insure everything that matters to you.

2024 HIGHLIGHTS

Number of customers

Customers

64 928 ▲

(FY2023: 53 445)

Our **customers** are

Female: 46.85%

Male: 53.15%

Profit after tax (N$'000)

418 841 ▲ **19%**

(FY2023: 353 345)

Net advances to customers (N$'000)

5 385 539 ▲ **14%**

(FY2023: 4 740 307)

DAS loan book (N$'000)

5 167 943 ▲ **10%**

(FY2023: 4 701 948)

Customer deposits

N$1 302 million ▲

(FY2023: N$828 million)

Insurance revenue

N$434 million ▲

(FY2023: N$393 million)

Net interest income

N$549 million ▲

(FY2023: N$438 million)

Fee income

N$37 million ▲

(FY2023: N$34 million)

Affordable Housing book

N$159 million ▲

(FY2023: N$23 million)

Final dividend paid and declared

N$381 million ▼

(FY2023: N$396 million)

Earnings per share

84 cents ▲

(FY2023: 71 cents)

KEY ● Positive change ● Negative change ● Unchanged ▲ Increase ▼ Decrease ● Unchanged

Growth in advances year-on-year:

14% ▲

(FY2023: -0.26%)

Revenue growth:

15% ▲

(FY2023: 14%)

Cost-to-income ratio:

47% ○

(FY2023: 47%)

Capital adequacy ratio:

41% ▼

(FY2023: 46%)

Funding highlights

Social finance bond secured for

N$260 million

Deposit savings (N$'bn):

N$1.3 billion ▲

(FY2023: N$828 million)

Borrowings (N$ 'bn)

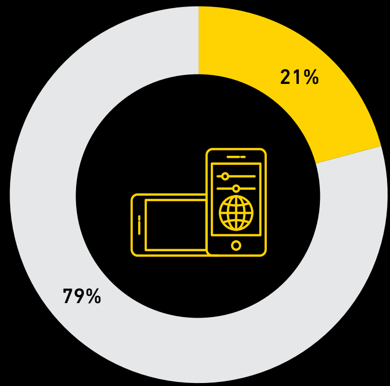
N$2.9 billion ▼

(FY2023: N$3.1 billion)

Other highlights

Digital channels

Transactional value growth



Mobile banking:

N$135 million

	N$ million
2024	**134.8**
2023	73.2
2022	145.9

Digital mall:

N$518 million

	N$ million
2024	**378.2**
2023	262.9
2022	100.5

Mobile banking volumes up 58% to 102 612 transactions

Digital mall volumes up 122% to 57 169 transactions

Cumulative social lending to customers from 2022 to 2024 valuing

N$1 578 million through over

30 000 loans

OPERATING ENVIRONMENT

A comprehensive understanding of the operating context is crucial for organisational success in a dynamic and interconnected business landscape.

A business's operations, performance, and sustainability can be affected by a wide range of external influences, including economic, political, social, technological, environmental, and regulatory factors. Management considers these factors in assessing, monitoring, and mitigating material matters and opportunities, which can significantly impact our ability to generate value over the short, medium, and long term by affecting our performance, sustainability, and legitimacy. By adeptly navigating these complexities, we bolster our capacity to anticipate and respond to challenges, seize opportunities, and foster sustainable growth.

FLUID MACROECONOMIC ENVIRONMENT

Significant challenges, including inflationary pressure and evolving regulatory frameworks, continue to influence the economic landscape.

Namibia's economic recovery continued, albeit slowly, with the Bank of Namibia forecasting 3.5% gross domestic product (GDP) growth for 2024 and 4% for 2025[1]. Moderation in GDP growth is expected to be driven by weak performance in primary industries, the ongoing drought's adverse effects, and weakened global commodity demand. The elevated cost of living continued to impose affordability challenges and dampened customers' credit appetite, with the consequent rise in the price of goods and services eroding purchasing power and placing strain on household disposable incomes. High inflation rates compounded living costs, making it difficult for individuals and businesses to meet financial obligations. However, the central bank implemented successful measures to contain inflation, which averaged 4.2% in 2024 and, by the second half of 2024, began to reduce interest rates to stimulate economic growth.

TIMEFRAME EXPECTED	Ongoing monitoring
LEVEL OF CHANGE	Year-on-year impact remains consistent

Opportunities and response

- Introduce strategic initiatives to mitigate risks and support customers, including enhancing risk management practices, diversifying financial solutions to improve affordability and continuing to introduce digital offerings to facilitate financial inclusion
- Strengthen partnerships with regulatory authorities to ensure compliance with evolving regulations
- Growing Affordable Housing offerings by introducing renewable energy solutions and water-saving initiatives
- Leverage our social bond financing.

Top business risks

- Credit risk
- Market risk
- IT and cybersecurity risk
- Compliance risk
- Operational risk

STAKEHOLDERS IMPACTED

1 *Bank of Namibia ECONOMIC OUTLOOK - DECEMBER 2024*

STAKEHOLDERS Customers Employees Investors, funders and shareholders Strategic partners Government and regulators Communities

RAPID TECHNOLOGICAL ADVANCES

Technological advances and digitisation are having a transformative impact on Namibia's financial services sector, creating opportunities for innovation, inclusion, and efficiency.

Digital technology has the potential to drive socio-economic growth, improve living standards, and address longstanding challenges across various sectors.

The Bank of Namibia has been proactive in regulating digital financial services, balancing innovation with consumer protection. Policies are evolving to accommodate fintech innovations, digital currencies, and electronic payment systems.

This has supported the introduction of digital banking platforms that enhance customer experiences by introducing online and mobile banking, allowing customers to manage their accounts, transfer funds, and access 24/7 financial services.

TIMEFRAME EXPECTED	Short, medium term monitoring
LEVEL OF CHANGE	Year-on-year impact increasing

Opportunities and response

- Partnering with fintech and mobile network operators to transform our business and improve our service to customers
- Cross-regional integration of our systems, products and services
- Intelligent decision-making supported by data analytics and data-led risk and compliance management
- Accelerating beyond the core by leveraging an improved landscape to achieve maximum value from the ecosystem, particularly in credit risk analytics and collections processes

Top business risks

- Operational risk
- People risk
- Compliance risk
- IT governance and cybersecurity risk
- Product risk
- Market/business risk

STAKEHOLDERS IMPACTED

LAGGING DEVELOPMENT PROGRESS

Financial inclusion, the access to and usage of financial services at affordable costs by individuals and businesses, can have significant social impacts not only for Namibians but across Africa.

By achieving our purpose of improving lives, we contribute to addressing poverty reduction through the simple, innovative products and services we provide to contribute to economic empowerment, gender equality, and social development.

TIMEFRAME EXPECTED	Ongoing monitoring
LEVEL OF CHANGE	Year-on-year impact remains consistent

Opportunities and response

- Developing innovative products and services that support financial inclusion, home ownership, healthcare, education, agriculture and gender equality
- Delivering digital channels that bring more people into the formal financial system
- Working with sector experts, our customers and governments on collective action that supports inclusive and sustainable socio-economic development
- Creating a connected community of like-minded Namibians to drive Namibia's growth

Top business risks

- Operational risk
- Strategic risk

STAKEHOLDERS IMPACTED

STAKEHOLDERS Customers · Employees · Investors, funders and shareholders · Strategic partners · Government and regulators · Communities

OPERATIONAL EFFICIENCY AND DIGITAL ADVANCEMENT

Financial service organisations are facing pressure from both established competitors and new entrants, including disruptive startups that use innovative technologies to offer products and services at reduced costs. Increased operational efficiency that leverages digital advancements can reduce the cost to serve and maintain competitiveness by lowering unnecessary costs and increasing productivity.

Letshego Namibia has continued to deliver process improvement and digital expansion to enhance efficiency and improve customer service. By focusing on enhancing operational efficiency through strategic cost management, process optimisation, and automation while maintaining regulatory compliance, Letshego has steadily reduced the cost-to-income ratio, enhanced risk management practices, and integrated green technology initiatives.

TIMEFRAME EXPECTED	Short, medium term monitoring
LEVEL OF CHANGE	Year-on-year impact increasing

Opportunities and response

- Automated in-loan processing capabilities to deliver faster turnaround times and increased accessibility to credit together with a deeper understanding of people and accountability across points of presence
- Introduced additional operational standards aimed at improving customer experience and further improving turnaround times
- Invested in technology to improve the reliability and stability of systems, enhancing cybersecurity capabilities and strengthening compliance with data privacy regulations
- Improved Digital Mall and mobile banking platforms to address service gaps

Top business risks

- Operational risk
- People risk
- Compliance risk
- IT governance and cybersecurity risk
- Product risk
- Market/business risk

STAKEHOLDERS IMPACTED

WORKFORCE DEVELOPMENT AND LEADERSHIP GROWTH

Countries, industries, and organisations are in intense competition to attract and retain skilled individuals in a more globalised labour market.

As the global economy shifts towards specialised and digital skills, the demand for talent has surged and increased international competition for skilled workers.

The ease of international travel and the interconnectedness of economies have made it easier for skilled workers to move across borders in search of better opportunities. This has led to a more globalised labour market and increased competition for talent on an international scale.

In response, organisations and governments are implementing various strategies to attract and retain skilled workers. This includes offering competitive salaries and benefits, providing opportunities for training and development, creating inclusive work environments, and investing in technology to improve productivity and employee satisfaction.

TIMEFRAME EXPECTED	Short, medium term monitoring
LEVEL OF CHANGE	Year-on-year impact increasing

Opportunities and response

- Strengthened operational and compliance capabilities through employee training and skill-building programmes
- Developing a future-fit skilled and engaged team, aligned with organisational goals through talent and leadership development programmes and succession planning
- Launched training programmes to capacitate young talent and build solid expertise to ensure long-term capability
- Embedded strong governance practices and ensured teams are coached for long-term regulatory excellence through regulatory compliance training and enhanced strategic approach that emphasised deep learning and leadership in compliance

Top business risks

- Operational risk
- People risk
- Compliance risk
- Market/business risk

STAKEHOLDERS IMPACTED

STAKEHOLDERS Customers Employees Investors, funders and shareholders Strategic partners Government and regulators Communities

OUTLOOK FOR 2025

Letshego Namibia will continue to prioritise and strengthen its mobile-first digital strategy and strategic partnerships, expanding its digital offerings to enhance accessibility and customer experience. This will be further supported by advanced analytics and credit risk models, enabling personalised financial solutions for consumers and MSEs in under-served markets.

A strong governance framework remains a key focus to ensure compliance, operational efficiency, and financial stability. Our investments in cybersecurity and IT resilience will reinforce a secure and adaptive digital infrastructure, while business intelligence tools will enhance risk forecasting and data-driven decision-making.

Key partnerships with critical stakeholders remain central to our approach, promoting responsible lending, financial inclusion, and sustainability initiatives. At the core of our digital transformation agenda is a steadfast commitment to safeguarding customer data and driving impactful innovation, positioning Letshego Namibia for sustained growth in 2025.

KEY RELATIONSHIPS

At Letshego, we prioritise building strong and trusting relationships with our stakeholders as we strive to improve lives.

Through open dialogue and understanding in addressing their feedback and concerns, we enhance our operations and deliver shared value through opportunities to collaborate and realise mutual benefits.

Our stakeholders have either a direct or indirect interest in our strategy and success and our ability to deliver tangible value.

CUSTOMERS

Why they are important

Our customers are the reason we are in business. We are committed to providing tailored communication and relevant solutions to meet their evolving needs in a competitive banking landscape. Our market insights and diverse engagement channels enable us to develop appealing products and services, always with the customer at the forefront of our strategy.

RELATED METRICS

Feedback received from over **1 000 customers**

Net promoter score **40%**

HOW WE ENGAGE

- Various channels, including newspapers, radio, social media, sponsored events, surveys and marketing campaigns
- Our network of physical branches, call centres and digital access channels

THEIR NEEDS AND EXPECTATIONS

- Simple, appropriate and accessible financial solutions beyond government employees
- Convenient access to fast, friendly and efficient service through physical and digital channels
- Offering helpful information, financial literacy and education initiatives to improve financial wellbeing
- Safeguarding data and personal information
- Transparent and open communication and increased product awareness
- Ethical and fair treatment

Our response

- Stable and secure systems and digital channels that offer an increasing range of relevant products and services
- Automated processes that shorten turnaround times and drive efficiencies to reduce costs
- Ongoing enhancement to digital channels, including the Digital Mall, to provide easy access to banking services and offerings
- Marketing campaigns that are intentional about information sharing
- Social impact initiatives, including financial literacy programmes to enhance financial wellbeing and inclusion
- Ethical and compliant market conduct

RELATED UN SDGS

EMPLOYEES

Why they are important

Our people deliver our value proposition and are central to our ability to create an exceptional customer experience. Their creativity and collaboration in delivering value to our stakeholders ensures our long-term success and sustainability. Our corporate culture sets us apart as an employer of choice.

RELATED METRICS

Employee survey outcome:
64.1%
(2023: 53.7%)

Invested in employee training and development:
N$614 thousand
(2023: N$291 thousand)

HOW WE ENGAGE

- Formal and informal mechanisms, including town hall meetings, team building events, newsletters, one-on-one discussions, training and development, surveys and performance management processes

THEIR NEEDS AND EXPECTATIONS

- Effective performance management with fair remuneration and recognition
- Clear and open communication
- A safe and healthy working environment
- We are committed to providing training, skills, and career development supported by transparent talent management, ensuring our employees feel supported and integral to our success
- An empowering culture that embraces diversity, equity, inclusion and belonging principles
- Consistent human resources policies and practices

Our response

- #PeopleFirst strategy and launch of new Culture Blueprint
- Learning and Development Strategic Skills Framework
- Clear employee value proposition
- Employee recognition and reward programmes
- Increasing digitisation, including online learning platforms and digitised performance management
- Employee wellness programmes

RELATED UN SDGS

4 Quality education, 5 Gender equality, 6 Clean water and sanitation, 7 Affordable and clean energy, 8 Decent work and economic growth, 10 Reduced inequalities, 12 Responsible consumption and production, 17 Partnerships for the goals

INVESTORS, FUNDERS AND SHAREHOLDERS

Why they are important

Earning and keeping the trust and confidence of our investors and funders provides us with access to the capital and funding we need to deliver on our strategy and growth ambitions.

RELATED METRICS

Return on equity:
15%
(2023: 13%)

Profit after tax:
N$419 million
(2023: N$353 million)

HOW WE ENGAGE

- Financial disclosures and publications, including financial and integrated reports, along with investor engagement activities such as events, meetings, and conference calls
- Annual general meeting (AGM)

THEIR NEEDS AND EXPECTATIONS

- Consistent financial performance that delivers long-term shareholder value
- An attractive and sustainable growth strategy
- Transparent reporting and disclosure
- Strong, ethical and experienced leadership
- Sound governance
- Business resilience and sustainability

Our response

- Responsible business practices and robust growth strategies
- Diversification of revenue streams through strategic partnerships
- Robust corporate governance structures supported by effective risk management frameworks
- Proactive balance sheet management and capital optimisation with strong liquidity management

RELATED UN SDGS

3 Good health and well-being, 4 Quality education, 5 Gender equality, 6 Clean water and sanitation, 7 Affordable and clean energy, 8 Decent work and economic growth, 10 Reduced inequalities, 11 Sustainable cities and communities, 12 Responsible consumption and production, 17 Partnerships for the goals

SUSTAINABLE AND STRATEGIC COMMERCIAL PARTNERSHIPS

Why they are important

We partner with leading-edge and well-established organisations to support a differentiated customer value proposition and experience, enabling us to expand our market presence and offering.

RELATED METRICS

Strategic partnerships with mobile network operators (MNOs), non-governmental organisations (NGOs) and others

HOW WE ENGAGE

- Early engagement and extension of health and safety protocols ensure strategic alignment

THEIR NEEDS AND EXPECTATIONS

- Mutual benefit and profitability, together with extending market reach
- Alignment on objectives that maximise benefits to stakeholders and positive social impact
- Clear agreement terms and adherence to agreements
- Ethical business principles and practices

Our response

- Selecting appropriate partners to maximise synergies and impact and grow market presence
- Sharing services with partners who have complementary customer segments to maximise benefits
- Partnering with businesses aligned with our purpose of improving lives
- Ethical and compliant market conduct

RELATED UN SDGS

4 Quality education; 5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 10 Reduced inequalities; 17 Partnerships for the goals

GOVERNMENTS AND REGULATORY AUTHORITIES

Why they are important

Government and regulators play critical roles as customers, overseers, and partners in enabling a positive impact. Robust relationships with these stakeholders enhance our reputation and build confidence and trust by ensuring we comply with current and upcoming regulations.

RELATED METRICS

Taxes paid to governments:

N$46 million

(2023: N$30 million)

HOW WE ENGAGE

- Ongoing regulatory compliance and reporting, including regular updates and submissions in line with statutory requirements
- Stakeholder and industry engagement, encompassing annual general meetings, investor events, and active involvement in industry and regulatory working groups.

THEIR NEEDS AND EXPECTATIONS

- Compliance with applicable legal and regulatory requirements and sound corporate governance practices
- Appropriate capital adequacy and liquidity
- Responsible tax practices
- Improve financial inclusion and access to banking services for under-served segments
- Risk and cybercrime management

Our response

- Robust compliance and risk management frameworks
- Proactive balance sheet management and capital optimisation
- Responsible taxpayer meeting obligations
- Robust cybersecurity frameworks and controls
- Active involvement in industry and regulatory forums and working groups

RELATED UN SDGS

1 No poverty; 3 Good health and well-being; 4 Quality education; 5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 10 Reduced inequalities; 12 Responsible consumption and production; 17 Partnerships for the goals

COMMUNITIES

Why they are important

Thriving communities are integral to our success and economic growth. We aim to address their needs through strategic engagement and support, ensuring that our products and services meaningfully deliver positive impacts.

RELATED METRICS

Investment in SSI: **N$1 million**

Social bond listing of: **N$260 million** in May 2024

HOW WE ENGAGE

- Open dialogue and interaction with communities and civil society organisations, including through social media, website and digital platforms, advertising and marketing campaigns and surveys

THEIR NEEDS AND EXPECTATIONS

- Access to financial advice, products and services that enhance their lives and contribute to their financial wellbeing
- Financial education and inclusion
- Meaningful social investment, community upliftment, and sustainable development

Our response

- Our corporate social investment initiatives address community needs
- The implementation of our Social Financing Framework
- Increase access to affordable housing, healthcare and education funding

Read more about our corporate social responsibility initiatives and strategic social investments on page 57.

RELATED UN SDGS

2 Zero hunger; 6 Clean water and sanitation; 7 Affordable and clean energy; 10 Reduced inequalities; 11 Sustainable cities and communities; 12 Responsible consumption and production; 17 Partnerships for the goals

OUR STRATEGY

Shifting our strategic focus

In 2021, Letshego committed to a new Transformation Strategy that outlined a clear path for the evolution of the Group to become a customer-led, future-fit organisation. Informed by the 6-2-5 Execution Roadmap, which focused on three distinct phases to strengthen Letshego's foundation, the Group embarked on a journey to transformation to December 2024.

We have transitioned from the 6-2-5 Strategy to the L.A.S.E.R Strategy and are now focused on driving 2025 with a robust execution framework that ensures sharp focus and impactful delivery.

6-2-5 EXECUTION ROADMAP

Our 6-2-5 execution roadmap sets out how we achieved our Transformation Strategy.

PLAN 6

Strengthening our foundation

June 2020 to December 2020

In the initial phase, lasting six months, the primary goal was to reinforce the core of our business operations. Key initiatives included enhancing digital channels to improve productivity and diversifying solutions and funding sources to ensure business sustainability.

PLAN 2

Become customer-led

January 2021 to December 2022

Over this phase, which lasted two years, the focus was shifted towards transformative technologies and a customer-centric business model. This phase emphasised investing in Customer Experience (CX), leveraging emerging transformative technologies, prioritising speed to market, and fostering enterprise agility as a methodology to serve our customers better.

PLAN 5

Create the future organisation

June 2020 to December 2024

The last phase of the strategic implementation was to enable the Group to embrace platform thinking to shape the future of our organisation. This phase involved initiatives such as talent mobility, nurturing a culture of relentless innovation, and embracing digital delivery.

TARGETS TO BE ACHIEVED BY 2024

Increase market share across all product segment combinations in existing markets.

Establish leadership positions leveraging our strengths.

Develop five value streams offering unique value propositions.

Expand our offerings beyond financial services to serve the needs of our three core customer segments: low and middle-income individuals and MSEs.

We improve lives of our customers, employees, stakeholders and shareholders

Our strategic intent

Vision

To be the leading pan-African retail financial services provider, transforming the lives of mass and middle-income individuals through inclusive and innovative financial solutions.

Purpose

Improving Lives

We provide access to simple and inclusive financial solutions for individuals, micro and small entrepreneurs (MSEs)

Leveraging **strategic partnerships and collaborations** to

Strategy

Enhance DAS offering

Strengthening and exploiting our leadership in DAS

Grow and scale short-term credit

Scale short-term credit by partnering with mobile network operators for micro loans and other micro financial services

Disruptive transactional and savings

Create a competitive advantage through incentivised transactional and savings offerings

Underpinned by world-class operational efficiency

- Cost optimisation
- Credit origination
- People and culture
- Capital management
- Tax efficiency
- ESG

Values

- **Ubuntu**
- **Thrive because of diversity**
- **Take full ownership**
- **Be curious and forward thinking**

Our long-term strategic priorities

Our long-term priorities remain consistent, and we will continue to direct our efforts as we progress with strategic planning that will steer the Group into the next chapter of sustainable growth.

Letshego Namibia remains committed to our strategic roadmap. Guided by our vision to become Namibia's preferred financial services provider, we are confident that we can achieve our long-term objectives and embed a sustainable business model. We aim to create lasting value for all our stakeholders through continuous innovation, a customer-centric approach, and an unwavering pursuit of excellence.

INSIGHTS FROM LEADERSHIP

GROUP CHAIRPERSON'S REFLECTIONS

"Letshego Holdings is committed to positively impacting the lives of Namibians. We maintain high governance standards, ensuring stability, building confidence in our business, and delivering long-term growth and sustainability. Our commitment to excellence and meeting stakeholders' needs underpins everything we do."

Mansueta-Maria Nakale
Group Chairperson

Operating environment

The global economic environment remained challenging throughout 2024, shaped by ongoing uncertainty and geopolitical tensions. Economic recovery has been slower than expected, with divergences across regions. In Namibia, economic recovery continued, with the Bank of Namibia forecasting 3.5% GDP growth for 2024 and 4% for 2025, impacted by weak performance in primary industries, the ongoing drought's adverse effects, and weakened global commodity demand.

Despite these challenges, we have continued to support our customers and the broader community while delivering the priorities of our Transformation Strategy.

Ethics and Governance

The Board continued to focus on enhancing sound governance, ethics, business conduct principles and codes of best practice across our operations to maintain our legitimacy. The Board's primary responsibility is to safeguard our brand promise.

We continue to focus on ensuring value creation for all stakeholders by enhancing our positive impact on the environment and society while mitigating risks. We have continued to increase access to essential financial services for financially under-served customers, contributing to Namibia's national efforts to encourage access to productive capital and thereby increase employment and wealth creation.

During the year, Letshego successfully issued its inaugural social bond listing of N$260 million in three-year senior unsecured notes across five investors and published its Social Financing Framework. The social bond received total bids of N$322 million with strong interest from investors.

The board remains committed to maintaining the highest standards of governance and strategic oversight.

Leadership transitions

During 2024, there were a few notable changes to the board. I was appointed Chairperson of the Board on 8 July 2024, following the resignation of Ms. Maryvonne Palanduz on 31 January 2024. Ms Kamogelo Chiusiwa also resigned on 1 July 2024. I want to thank them both for the wealth of experience and insight they brought to the Group during their tenures and wish them well in their future endeavours.

Messers Richard Ochieng, Jerome Mutumba and Jaco Esterhuyse were appointed to the board as Non-executive Directors on 1 July, 15 July and 17 July 2024, respectively. They bring extensive experience and skills, and I welcome them to the Board. We look forward to their contributions to the growth and success of the Group.

Strategic performance

Letshego's Transformation Strategy was initially launched in February 2020 and guided by our 6-2-5 execution roadmap. It concludes in December 2024, and the strategic planning to steer the Group into the next chapter of sustainable growth has progressed.

Throughout this journey, we have prioritised innovation and adaptability, ensuring our solutions meet the evolving needs of our customers. Our commitment to product diversification means we constantly explore new avenues to broaden our offerings to Namibian communities, providing more comprehensive and tailored financial solutions to our diverse customer base.

Letshego remains committed to maintaining a strategy and structure that deepens our impact, enables agility in ever-changing markets, and unlocks a tangible and measurable return for our customers and all valued stakeholders. As such, our focus will shift towards realising sustainable returns from recent investments as we build a future-fit business.

We will prioritise and strengthen our mobile-first strategic partnerships to drive impactful innovation while safeguarding customer data.

Financial Resilience and Adaptability

The financial performance remained solid, with total revenue up 15% year-on-year, primarily driven by an increase in advances to customers. Return on average equity increased to 15% and the cost to income ratio remained stable at 47%. The bank remains well capitalised, with a capital adequacy ratio of 30% (2023: 35%).

Prospects

With Letshego's solid business fundamentals and significant governance and sustainability framework advancements, we leverage automation and technical upgrades across channels, platforms, and infrastructure to drive our evolution towards a future-fit business.

We will continue to expand our digital offerings to enhance accessibility and customer experience, enabling personalised financial solutions and positioning Letshego Namibia for sustainable growth.

Acknowledgements

I would like to express my heartfelt gratitude to our Board members, management team, employees, shareholders, and customers for their unwavering support and dedication. Together, we are on a journey to create meaningful and sustainable value that drives our success and enriches the lives of many Namibians. As we navigate the complexities of future challenges and embrace new opportunities, I am confident that our collective efforts will lead to positive and lasting change in our communities, delivering our purpose of Improving Lives.

Mansueta-Maria Nakale
Group Chairperson

Note – signatures are not included for digital security purposes.

BOARD OF DIRECTORS

Independent non-executive directors

Mansueta-Maria Nakale 54
Board Chairperson and Independent Non-executive Director

NATIONALITY **NAMIBIAN**

APPOINTMENT BOARD: 2021 CHAIRPERSON: **2024**

BOARD COMMITTEES

QUALIFICATIONS

- Master's in business administration (University of Stellenbosch)
- Masters in corporate financial management (University of Cape Town)
- Bachelor of Commerce – Accounting & Economics (UNISA)
- Certificate in Project Management (University of Stellenbosch)

SKILLS AND EXPERIENCE

Ms Mansueta-Maria Nakale has over 20 years of experience in the financial sector, specialising in investment management and financial sector supervision. She has extensive knowledge of corporate governance, strategy formulation and implementation, and investment management and a strong ability to interpret legislative instruments. She has held several directorships in the private and public sectors over the past 17 years, including the former Chairperson of the NamPower Board, Guinas Investments (Pty) Ltd and Fides Bank. She also served as an Independent Non-executive Director at Namport and the Central Procurement Board of Namibia. She held senior executive positions in both the private and public sectors.

Kudzai Chigiji 37
Independent Non-executive Director

NATIONALITY **ZIMBABWEAN**

APPOINTMENT **2022**

BOARD COMMITTEES

QUALIFICATIONS

- Master's in business administration (Oxford University)
- Master's in development finance (University of Cape Town)
- Bachelor of Science (Honours) – Actuarial Science and Statistical Science (University of Cape Town)
- Qualified Actuary – Fellow of the Institute of Actuaries (United Kingdom) and Fellow of the Actuarial Society of South Africa (South Africa)
- Certified Director with the Institute of Directors South Africa
- Certificate in Climate Risk and Sustainability (Institute and Faculty of Actuaries)

SKILLS AND EXPERIENCE

Ms Kudzai Chigiji is a fully-qualified actuary with experience in life insurance, healthcare funding, social security, digital product development, management consulting and banking. She serves as a Non-Executive Director on the Board of the Institute and Faculty of Actuaries in the United Kingdom, the largest actuarial member association in the world. Previously, she has served as a Board Advisor for Movement Health 2030, a Roche Foundation initiative. She is currently the Founder and Managing Partner of Ishe Ventures, an early-stage venture capital fund focused on sub-Saharan Africa. Additionally, she provides actuarial consulting to players within the pharmaceutical and healthcare funding industries. Her previous work experience includes leading a digital research and development team with WesBank (South Africa), Actuary to the Government Employee Medical Scheme (South Africa), actuarial and management consulting with Deloitte (South Africa), and as the COO of an employee benefits startup.

Jerome Mutumba 55
Independent Non-executive Director

NATIONALITY **NAMIBIAN**

APPOINTMENT **2024**

BOARD COMMITTEES

QUALIFICATIONS

- Master's in business administration - Strategic Management (Maastricht School of Management, Netherlands)
- Senior Management Development Program (University of Stellenbosch)
- Certificate in Project Management (University of Stellenbosch)
- Master of Arts in Linguistics (MA: TESOL) (Southern Illinois University at Carbondale)

SKILLS AND EXPERIENCE

Mr Jerome Mutumba is a seasoned business executive and strategist with senior management experience across the financial and commercial sectors, including central banking, and development finance. As a well-rounded corporate executive and Business Management Strategist by training, Mr Mutumba possesses authoritative expertise in all relevant areas of business management. He has held high-level strategic responsibilities at both national and corporate levels, demonstrating a proven track record of leadership and strategic vision. He is currently the Head of Marketing & Corporate Communication at the Development Bank of Namibia

BOARD COMMITTEES Audit and Risk · Nomination · Remuneration · Social, Ethics and Sustainability

BOARD OF DIRECTORS CONTINUED

Independent non-executive directors

Richard Ochieng 50

Independent Non-executive Director

NATIONALITY **KENYAN**

APPOINTMENT **2024**

BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Scient (Mathematics and Physics) (Kenyatta University)
- Numerous specialised executive credit risk management courses, including CCRO Certification

SKILLS AND EXPERIENCE

Mr Richard Ochieng is a well-rounded and experienced banker with over 17 years in the regional financial services sector. He joined Letshego Group from his role at Standard Chartered Bank as Country Chief Risk Officer in Botswana and Cluster Credit Head Southern Africa – Retail Banking. Prior to this role, he worked as Cluster Credit Head, Southern Africa and CCH Botswana for Standard Chartered Bank with credit risk approval authority in the Retail and SME segments and with accountability for delivering the Operational Risk Framework for Retail Clients Credit functions in the four cluster countries of Botswana, Zimbabwe, Zambia and South Africa. Richard's previous roles were also at Standard Chartered Bank, where he worked as Africa Credit Initiation Head and Head of Retail Credit East Africa and Cluster Head of Credit, Retail Segments for East Africa.

Sven Bloch von Blottnitz 55

Independent Non-executive Director

NATIONALITY **GERMAN**

APPOINTMENT **2016**

BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Business Science (Business Finance) (University of Cape Town)
- B. Compt (Honours) (UNISA)
- Registered with the Institute of Chartered Accountants (Namibia and South Africa) (SAICA), Public Accountants and Auditors Board of Namibia, Institute of Chartered Secretaries and Administrators of Southern Africa (ICSA)

SKILLS AND EXPERIENCE

Mr Sven Bloch von Blottnitz is currently the General Manager of Finance at the Social Security Commission and previously served as the General Manager for Finance at Namib Desert Diamonds (Namdia). He is a financial professional with more than 20 years of experience in diverse industries such as accounting & auditing, banking, oil & gas and education sectors, and retirement fund administration. Sven worked as the Country Finance Manager at Vivo Energy Namibia (previously Shell Namibia), Chief Financial Officer of Standard Bank Namibia, Group Company Secretary and Compliance Officer of FNB Namibia Holdings, Manager Treasury and Manager Financial Controlling at Commercial Bank of Namibia and Audit Manager at Coopers & Lybrand after completing his articles at the firm. He has over 11 years of diverse banking experience. Sven served as Chairman of the Standard Bank Namibia Retirement Fund and the Shell Namibia Retirement Fund. He serves as a board member on the Public Accountants' and Auditors' Board and is President of the Windhoek Residents & Ratepayers Association.

Jaco Esterhuyse 46

Independent Non-executive Director

NATIONALITY **SOUTH AFRICAN**

APPOINTMENT **2024**

BOARD COMMITTEES

QUALIFICATIONS

- Chartered Accountant (Namibia and South Africa)
- Bachelors in Accounting Science (University of Stellenbosch)
- Challenge of Leadership Program (INSEAD)

SKILLS AND EXPERIENCE

Mr Jaco Esterhuyse is a qualified chartered accountant with over a decade of executive-level experience cross the financial sector, specialising in the formulation and implementation of group strategies. He has held several key positions at Capricorn Group, including Financial Director, Group Chief Financial Officer, and Group Financial Controller. He was instrumental in overseeing the financial operations, implementing strategic financial initiatives, and ensuring the overall financial health of the organisation.

BOARD COMMITTEES Audit and Risk · Nomination · Remuneration · Social, Ethics and Sustainability

BOARD OF DIRECTORS CONTINUED

Executive directors

Dr Ester Kali 57

Chief Executive Officer – Letshego Holdings Namibia

NATIONALITY **NAMIBIAN**

APPOINTMENT **2014**

BOARD COMMITTEES **STANDING INVITEE TO BOARD COMMITTEE MEETINGS**

QUALIFICATIONS

- Honorary Doctor of Philosophy from the Trinity International University of Ambassadors in the USA
- Honorary Doctorate in Financial Management from the University of South Africa (UNISA)
- Master of Business Administration from the Maastricht School of Management, Netherlands
- Financial Services Advanced Diploma: Credit (CAIB) through the Institute of Bankers South Africa

DEVELOPMENT PROGRAMMES:

- FNB Leadership Management Development Programme
- Haggai Leader Experience through Haggai International Institute for Advanced Leadership in the USA

SKILLS AND EXPERIENCE

Dr Ester Kali joined Letshego Bank (Namibia) in November 2014 as Chief Executive Officer from FNB Namibia, where she held the position of Head of Retail and Business Banking. She is responsible for leading the Namibian subsidiary in developing and executing the overall country strategy in line with the Group's strategic intent and brand promise. Under her leadership, Letshego Bank (Namibia) obtained its banking license. She has over 30 years of experience in the banking industry, of which 25 years were served in various management roles. Dr Kali is a respected member of the banking industry, having served as the Chairperson of the Payments Association of Namibia from August 2006 to May 2008. Moreover, she has served as a member of the Executive Committee for the Institute of Bankers Namibia from 2012 to 2014.

Karl-Stefan Altmann 48

Executive Director (Chief Financial Officer of LHN, LBN and LMFSN)

NATIONALITY **NAMIBIAN**

APPOINTMENT **2021**

BOARD COMMITTEES **STANDING INVITEE TO BOARD COMMITTEE MEETINGS**

QUALIFICATIONS

- Bachelor of Accounting (Stellenbosch)
- Chartered Accountant (Nam & SA)
- Certificate in Theory of Accounting (CTA) (UNISA)

SKILLS AND EXPERIENCE

Mr Karl-Stefan Altmann has over 20 years of experience in Accounting, 12 of which were at the Senior and Executive Management level in the banking sector. He also has experience in Corporate and Investment Banking and Treasury. Mr Altmann previously held executive roles at Nedbank Namibia and senior management roles at ABSA Namibia and Deloitte Namibia.

BOARD COMMITTEES Audit and Risk · Nomination · Remuneration · Social, Ethics and Sustainability

GROUP CHIEF EXECUTIVE OVERVIEW

"Letshego's leadership made significant progress in entrenching our culture values throughout the organisation.

This serves as the foundation for the success experienced in 2024, which built on the progress made in 2023. Our values are interconnected and work best when embodied as a collective. We thrive because of our diversity, embracing everyone regardless of who they are or where they come from.

By being curious and forward-thinking, we continuously challenge the status quo to find better and faster solutions for our customers. As proud Namibians, we live the values of Ubuntu - humanity, inclusiveness, and respect. We also take full responsibility, fostering an environment of accountability, trust, transparency, and collaboration to deliver to all our stakeholders. The entrenchment of our values has helped promote a healthy corporate culture in the Group resulting in a high level of staff engagement which speaks to our overall performance."

Ester Kali
Group Chief Executive Officer

Operating environment

Our operating environment has continued to be shaped by global economic trends driving ongoing uncertainty and geopolitical tensions. Sub-Saharan African countries are implementing reforms to restore macroeconomic stability, with regional growth remaining subdued and uneven at 3.6% for 2024. The credit environment remained constrained, compounded by a higher cost of living. In Namibia, economic recovery continued, with growth impacted by weak performance in primary industries, the adverse impact of the ongoing drought, and weakened global commodity demand, particularly from Asia.

The acceleration of technological advances has a transformative impact, creating opportunities for innovation, inclusion, and efficiency. Digitalisation also has the potential to drive socio-economic growth, improve living standards, and address longstanding challenges across various sectors.

The Bank of Namibia (BoN) has been proactive in regulating digital financial services, balancing innovation with consumer protection. The regulatory and policy environment is also shifting to accommodate fintech innovations, digital currencies, and electronic payment systems. We are committed to navigating this evolving landscape responsibly and will do so by harnessing technological advancements, prioritising data privacy, and safeguarding the integrity of our customer data.

The BoN introduced the PSD-9 regulation to significantly enhance the efficiency, safety, and transparency of electronic fund transfers (EFTs) within the National Payment System. Effective from April 2024, this regulation governs both domestic and cross-border EFT activities. These changes necessitate that Letshego invests in and upgrades its platform to remain competitive. As we move forward, our solid foundation, enhanced governance structures, and proactive alignment with regulatory priorities ensure that Letshego remains well-positioned to capitalise on growth opportunities while delivering sustainable value to our stakeholders.

Strategic performance

2024 marked the end of our 6-2-5 strategic cycle, which focused on implementing agile ways of working with a mantra "Simple-Focus-Discipline". Our new L.A.S.E.R strategy is steadfast in our continuing commitment to operational excellence and strategic advancement. Our focus remains on enriching our product portfolio, expanding our services and embracing technological advancements to serve our customers better while upholding strong corporate governance and risk management practices.

In 2024, Letshego Holdings Namibia made significant strides in enhancing its digital data capabilities. By upgrading our digital platforms, we have improved the accuracy and efficiency of our operations. These updates have enabled us to better understand customer needs, optimise our service delivery, and drive strategic decision-making. As a result, our performance metrics have shown marked improvement, with increased customer satisfaction and operational efficiency. These advancements position Letshego as a forward-thinking institution, committed to leveraging technology for sustained growth and competitive advantage.

Our commitment to sustainability and ESG principles is central to our purpose of improving lives and ensuring our products deliver measurable social impact. During the year, Letshego successfully issued its inaugural social bond listing of N$260 million in three-year senior unsecured notes across five investors and published its Social Financing Framework. The social bond received total bids of N$322 million and strong interest from investors.

Letshego's Transformation Strategy was initially launched in February 2020 and concluded in December 2024. The strategic planning for the L.A.S.E.R strategy has progressed to steer the Group into the next chapter of sustainable growth. Our focus will shift towards realising sustainable returns from recent investments as we build a future-fit business. We remain committed to deepening our impact by enabling organisational agility and resilience that creates value for our stakeholders.

Our people remained a priority and we introduced a range of policies in 2024 to provide a better work-life balance while contributing to higher productivity and retention. The success of our initiatives is seen in the improvement of our employee engagement score from 53.7% in 2023 to 64.1%.

Financial performance

For the year under review, Letshego Holdings Namibia demonstrated strong financial resilience and strategic adaptability, increasing profit after tax by 18.5% despite high-interest rates and global economic uncertainties. The disciplined execution of our 6-2-5 Strategy enabled stable financial performance through prudent risk management, operational efficiency, and customer-centric innovation. Significant advancements were made in our digital agenda, including automation of key processes and enhancements in digital customer journeys.

Our solid foundation, enhanced governance structures, and proactive alignment with regulatory priorities position Letshego to capitalise on growth opportunities while delivering sustainable value to stakeholders. The Group's net interest income increased by 25% to N$549 million, driven by a 14% growth in Net Advances to customers and repricing of low-interest loans. The non-performing loans ratio improved to 5.10%, reflecting stability in our credit and risk management framework.

Key Highlights

- **Total revenue increased by 15%** (2023: 14%), primarily driven by an increase in advances to customers.
- **Staff and operational expenses increased by 14.4%** (2023: 1.2%), which is mostly driven by an increase in headcount to enable our strategy.
- **The cost to income ratio remained stable at 47%**
- **Profit after tax amounted to N$418.8 million** (2023: N$353.3 million), an increase of 18.5%.
- **Return on average equity increased to 15%** (2023: 13%) and return on average assets remained stable at 6%.
- **Basic and headline earnings per share were 84 cents** (2023: 71 cents), an increase of 18.5%.
- **The bank remains well-capitalised with a capital adequacy ratio of 30%** (2023: 35%).
- **Customer deposit mobilisation grew from N$828 million (2023) to N$1.3 billion.**
- **The inaugural social listing on the NSX received total bids of N$322 million and successfully issued N$260 million in three-year senior unsecured notes across five investors.**
- **Successfully raised N$300 million through the first issue of the Letshego Bank Namibia listed bond program on 05 December 2024.** This successful fundraising initiative demonstrates the market's confidence in Letshego's financial performance and strategic direction.

Acknowledgements

I want to thank the Board and Executive team at Letshego for their strong leadership, valuable contributions, and unwavering support. I also want to extend my sincere appreciation to all our dedicated employees who consistently go above and beyond, playing a significant role in our long-term success. Lastly, I want to thank our stakeholders – including customers, investors, funders, partners, and regulators – for their ongoing partnership and support throughout the year.

We are dedicated to navigating the dynamic macroeconomic environment while prioritising our customers' needs and being focused on our risk management and regulatory compliance to deliver meaningful change and improve lives.

Ester Kali
Group Chief Executive Officer

Note – signatures are not included for digital security purposes.

COUNTRY MANAGEMENT COMMITTEE

Dr Ester Kali

Chief Executive Officer

Letshego Holdings Namibia

QUALIFICATIONS

- Honorary Doctor of Philosophy from the Trinity International University of Ambassadors in the USA
- Honorary Doctorate in Financial Management from the University of South Africa (UNISA)
- Master of Business Administration from the Maastricht School of Management, Netherlands

DEVELOPMENT PROGRAMMES

- FNB Leadership Management Development Programme
- Financial Services Advanced Diploma: Credit (CAIB) through the Institute of Bankers South Africa
- Haggai Leader Experience through Haggai International Institute for Advanced Leadership in the USA

NATIONALITY
NAMIBIA

Melvin Angula

Chief Executive Officer Letshego

Micro Financial Services Namibia

QUALIFICATIONS

- Executive MBA in Business Analytics from Eaton Business School in Dubai, UAE
- National Diploma in Information Systems Administration from Namibia University of Science and Technology

DEVELOPMENT PROGRAMMES

- Senior Management Development Programme (SMDP) from the University of Stellenbosch in South Africa
- Certificate in Telecommunication Policy, Regulation, and Management from the University of the Witwatersrand
- Numerous technology and management certifications

NATIONALITY
NAMIBIA

Karl-Stefan Altmann

Chief Financial Officer

QUALIFICATIONS

- Registered as a Chartered Accountant with SAICA and ICAN
- Advanced Certificate in Auditing from the University of Cape Town
- Bachelor of Accounting (Honours) from the University of South Africa
- Bachelor's degree in accounting from the University of Stellenbosch

DEVELOPMENT PROGRAMMES

- Duke\Nedbank Executive Business Transformation Programme
- ABSA Edge Leadership Programme
- Management Development Programme at Deloitte

NATIONALITY
NAMIBIA

Allvan Farmer

Chief Operating Officer

QUALIFICATIONS

- Executive MBA at Guglielmo Marconi University
- PGDip in Strategic Project Management at Eaton Business School, UAE
- BA Hons in Business Management from the University of Lincoln

DEVELOPMENT PROGRAMMES

- Various diplomas and certifications in technology and management

NATIONALITY
NAMIBIA

COUNTRY MANAGEMENT COMMITTEE CONTINUED

Kingsley Guiseb

Head: People & Culture

QUALIFICATIONS

- Master's Degree in Business Leadership (MBL), Elective Strategic Human Resources Management from the University of South Africa (UNISA)
- Postgraduate Diploma in Law (labour law) from the University of Namibia
- Bachelor's Degree (Honours) in Human Resources Management from the Namibia University of Science and Technology (NUST)

DEVELOPMENT PROGRAMMES

- Certified as a Balance Scorecard Professional with the Institute of Balance Scorecard (IBSC) USA, and accredited Master Human Resources Practitioner (MHRP) with the Institute of People Management (IPM) Namibia

NATIONALITY **NAMIBIA**

Mignon Klein

Head: Legal, Governance and Compliance & Company Secretary

QUALIFICATIONS

- Admitted Attorney & Conveyancer in Namibia and South Africa (Gauteng and Western Cape Province)
- Baccalaureus Juris (B Juris) from the University of Namibia (UNAM)
- Bachelor of Laws (Honours) (LLB) from the University of Namibia (UNAM)

NATIONALITY **NAMIBIA**

Barend Jacobus Kruger

Head: Sales & Distribution (LBN)

QUALIFICATIONS

- Bachelor's Degree in Electronic Engineering from the University of Pretoria

DEVELOPMENT PROGRAMMES

- Graduate Development Programme from ISO Swedish Management Group
- Leadership Development Programme from GIBS (Gordon Institute of Business Science) / University of Pretoria

NATIONALITY **NAMIBIA**

Grace Ntuli CA (NAM, SA)

Head: Internal Audit

QUALIFICATIONS

- Registered as a Chartered Accountant with ICAN, SAICA, PAAB Namibia and Associate member of the IIA
- Bachelor of Accounting Sciences (Honours/Certificate in Theory of Accounting) UNISA
- Bachelor's Degree in Accounting Sciences (UNISA)
- Higher National Diploma in Accounting (Bulawayo Polytechnic College)

NATIONALITY **ZIMBABWEAN**

COUNTRY MANAGEMENT COMMITTEE CONTINUED

Aletta K. Shifotoka (CIA)

Chief Risk Officer

QUALIFICATIONS

- Master of Business Administration from the University of Stellenbosch (completed)
- Certified Internal Auditor (CIA) from the Global Institute of Internal Auditors (IIA) South Africa
- Bachelor of Commerce (Accounting and Business Management) from the University of Namibia

DEVELOPMENT PROGRAMMES

- Leadership Development Programme (LDP) from Gordon Institute of Business Science – University of Pretoria
- Advanced Auditing and Taxation for Non-degree Purposes from the University of South Africa

NATIONALITY
NAMIBIA

Mbo Luvindao

Chief Commercial Officer

QUALIFICATIONS

- Master of Business Administration from the Management College of Southern Africa
- Postgraduate in Business Administration from the Management College of Southern Africa
- Certified International Retail Banker from the Retail Banking Institute in Ireland

DEVELOPMENT PROGRAMMES

- Senior Managers Development Programme from the University of Stellenbosch

NATIONALITY
NAMIBIA

Herwin Tsowaseb

Head: Credit

QUALIFICATIONS

- Master of Philosophy in Development Finance from the University of Stellenbosch Business School
- Bachelor of Commerce in Financial Management (Honours) from the University of Pretoria
- Postgraduate Diploma in Risk Management from the University of South Africa
- Bachelor of Commerce in Accounting from the University of Pretoria

NATIONALITY
NAMIBIA

OUR STRATEGIC PERFORMANCE

Our strategic PROGRESS

INTRODUCTION

The Group continued to deliver its Transformation Strategy.

five CONVERSATIONS

one PRODUCT DIVERSIFICATION

Read more about Product diversification on page 34.

Expanding our product portfolio to meet diverse customer needs and minimise concentration risk among government employees.

two DIGITALISATION

Read more about Digitalisation on page 38.

Embedding digital transformation to enhance customer experience and operational efficiency.

three REGIONAL REBALANCING

Read more about Regional rebalancing on page 39.

Ensuring balanced growth across our target markets and expanding our partnerships to serve customers better.

four EXECUTION ENGINE

Read more about Execution Engine on page 42.

Promoting an agile and adaptive organisational culture to drive innovation and growth.

five SUSTAINABLE STAKEHOLDER VALUE

Read more about Sustainable stakeholder value on page 43.

Delivering sustainable value to our stakeholders through responsible business practices.

one

PRODUCT DIVERSIFICATION

At Letshego Holdings Namibia, we implement a comprehensive product diversification strategy based on our commitment to financial inclusion. This strategy delivers customer-focused financial solutions that meet the changing needs of individuals, businesses, and communities across Namibia.

Letshego's product diversification strategy is built on three key areas.

1. **Innovative digital banking** expands our digital ecosystem to provide accessible and secure financial services that reach beyond traditional banking limits, bringing services to previously under-served populations.

2. **Diversified financial offerings** develop savings, lending, insurance, and lifestyle solutions tailored to our customer's various needs, creating stable revenue streams while increasing financial inclusion.

3. **Sustainable growth and inclusion** improve financial access for under-served communities while promoting responsible financial management, ensuring our growth benefits all stakeholders.

Our initiatives support our broader business objectives by reducing dependency on the traditional DAS loan portfolio and creating sustainable revenue streams across multiple financial service categories. This approach establishes Letshego as a comprehensive financial services provider rather than a specialised lender. It also builds long-term customer relationships through multiple touchpoints and strengthens our competitive position in an increasingly digital financial services landscape.

Over the past five years, our investment in financial technology, automation, and channel diversification have delivered significant results. The LetsGo Digital Mall platform provides a fully integrated digital system for seamless banking, financial education, and self-service transactions through web and mobile applications. Our USSD banking services have expanded financial access through our *140*555# code, allowing customers to transact without internet connectivity, particularly benefiting those in remote areas.

While advancing digital capabilities, we maintain our digital-human hybrid model by providing human touchpoints in communities where face-to-face interactions remain essential, creating a balanced approach that differentiates us from competitors.

FIVE VALUE STREAMS

Our product diversification strategy covers five key value streams, each designed to address specific customer needs while contributing to our overall growth and financial inclusion objectives.

LENDING SOLUTIONS

Our lending solutions provide access to affordable and responsible credit that helps individuals and micro businesses meet their financial needs while building credit history and financial stability.

Our core offerings include **Deduction at Source (DAS)** Loans for government and parastatal employees and selected private entities featuring secure payroll deduction repayments. We also offer flexible **Personal Loans** to all Namibians.

Our **Home Loan solutions** provide comprehensive mortgage offerings for purchasing properties, buying land, or renovating existing homes. For qualifying LetsGo account holders, we offer **overdraft facilities** to provide financial support when needed. Through our partnership with MTC we also offer **device loans for technology financing**, available to all customer segments.

In 2024, we expanded our lending services to reach private sector employees, entrepreneurs, and small businesses. The customer impact of our lending solutions includes enhanced access to capital for personal and business growth and improved living standards through access to affordable financing.

Looking to the future, we plan to expand digital lending solutions to reach more customers efficiently, enhanced financial literacy programs to ensure responsible borrowing, and strengthened partnerships to introduce more tailored solutions.

LetsGo borrow

LENDING

PERFORMANCE IN 2024

Total Loans and Advances

20.3%
Number of Loan Accounts
December 2024: 111,430
December 2023: 92,649

13.0%
Total Loan Book Value (N$'000)
December 2024: 5,404,109
December 2023: 4,783,462

DAS Loans

20.0%
Number of DAS Loan Accounts
December 2024: 110,607
December 2023: 92,443

10.0%
Total Book Value for DAS Loans (N$'000)
December 2024: 5,167,943
December 2023: 4,701,948

Personal Loans

255%
Number of Personal Loan Accounts
December 2024: 622
December 2023: 175

292%
Total Loan book value for Personal Loan (N$'000)
December 2024: 58,938
December 2023: 15,034

Affordable Home Loans

548%
Number of Home Loan Accounts
December 2024: 201
December 2023: 31

580%
Total Loan Book Value for Home Loan (N$'000)
December 2024: 158,658
December 2023: 23,325

Total Performing Loans

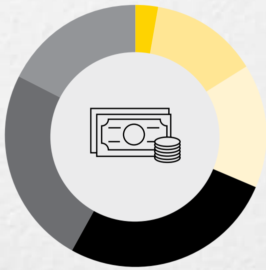
22.0%
Number of Performing Accounts
December 2024: 107,440
December 2023: 87,865

14.47%
Total Value of Performing Loans (N$'000)
December 2024: 5,128,963
December 2023: 4,480,861

Total Non-Performing Loans

17%
Number of Non-Performing Loan Accounts
December 2024: 3,990
December 2023: 4,784

9.1%
Total Value of Non-Performing Loans (N$'000)
December 2024: 275,146
December 2023: 302,601



Average loan value

< 5 000	2.85%	20 000 - 50 000	26.81%
5 000 - 10 000	13.43%	50 000 - 100 000	24.23%
10 000 - 20 000	15.19%	> 100 000	17.5%

SAVINGS AND DEPOSITS

Our savings solutions provide competitive, accessible options that promote financial security and wealth creation while providing the bank with stable funding for lending activities.

Core offerings include **Fixed Deposit Accounts** with guaranteed returns and fixed interest rates for predetermined periods, starting from one month. We also offer **Flexible Savings Accounts** that bear interest and allow customers to save regularly at their own pace. For customers with larger balances, our **LetsInvest Call Account**, launched in September 2024, offers premium savings with attractive returns and liquidity for balances above N$100,000.

Our savings products are designed to foster good money habits and financial discipline. Customers develop regular saving patterns that strengthen their overall financial health. This increases their financial security and helps them become more resilient to unexpected expenses.

With these savings habits in place, customers can better prepare for significant life events – whether that's education costs, home purchases, or retirement planning. This improved financial foundation gives them greater confidence and control over their financial future.

LetsGo save

SAVINGS

PERFORMANCE IN 2024

Deposits received via Letshego Bank Term and Flexible Savings accounts

N$1,302,114

Total Deposits (N$'000)

December 2023: 827,978

LetsGo pay

PAYMENTS

TRANSACTIONAL AND PAYMENTS

Our transaction and payment solutions provide simple, cost-effective, and secure options that facilitate daily financial activities while promoting financial inclusion and economic participation.

Core offerings include the **LetsGo Basic Account**, an affordable banking option with a minimum opening deposit of N$20, specially designed for low-income earners. Our **LetsGo Account** offers comprehensive banking services including access to overdraft and other credit facilities and full digital integration.

We also provide e-Wallet services for instant money transfers through a Blue Voucher system integrated with the LetsGo Digital Mall App, and USSD banking for essential banking services accessible via *140*555# for customers without internet access.

These solutions have reduced transaction costs and increased financial accessibility for our customers, enhanced convenience and security for daily financial activities, enabled greater participation in the formal financial system, and improved financial management through digital transaction tracking.

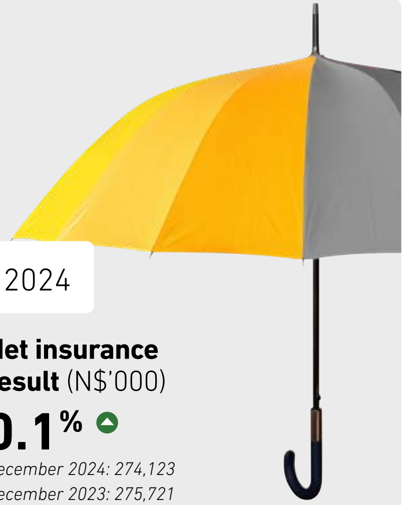
INSURANCE

LetsGo insure

INSURANCE

Our insurance products provide affordable protection solutions that offer financial security and peace of mind, safeguarding customers against unexpected life events, and reducing financial burden on families during difficult times.

Our core offering is currently **Funeral Cover Insurance**, which provides comprehensive protection for policyholders and their families, launched in March 2023 in partnership with Sanlam Namibia. This offering is easily accessible via our mobile banking app, ensuring a seamless and end-to-end experience.



PERFORMANCE IN 2024

Insurance revenue (N$'000)

10%

December 2024: 433,603
December 2023: 392,634

Net insurance result (N$'000)

0.1%

December 2024: 274,123
December 2023: 275,721

LetsGo live

LIFESTYLE

LIFESTYLE

We are refining our approach to blend traditional financial services with key lifestyle solutions, enhancing customer engagement and loyalty through tailored, impactful offerings.

IMPROVING LIVES

ESG integration

Our product diversification strategy advances our ESG commitments through various initiatives. Our Social Financing Framework promotes access to credit for renewable energy solutions, sustainable agriculture, and eco-friendly home improvements. Our digital transformation is helping us lowering our environmental impact while expanding service reach by limiting the need for physical branches' expansion.

Our social contribution reflects our mission of improving lives. Letshego's focuses in bringing formal financial services to under-served and unbanked Namibians. We aim to empower previously disadvantaged Namibians by prioritising lending to women and entrepreneurs—women now represent 44% of our lending customers. Our Financial Literacy initiatives and affordable banking products continuously foster responsible financial habits for every age group.

Our customer-centred policies place customer outcomes at the centre of our product governance framework, and through feedback loop mechanisms we are building a record of clarity and transparency on terms and pricing, ensuring no hidden fees for the customer. We maintain strict ethical data usage protocols for customer data protection while using analytics responsibly to enhance financial inclusion and product relevance.

Our diversification strategy strengthens our risk management capabilities and organisational resilience:

Revenue stream diversification has expanded beyond our traditional reliance on DAS lending, reducing concentration risk. Our expansion into private sector lending and the provision of other banking services reduces our exposure to public sector employment fluctuations and policy changes.

Digital channels enable **geographic risk distribution** by serving a geographically diverse customer base, reducing concentration in specific regions of Namibia. Growth in our deposits business improves funding stability and reduces reliance on external borrowing, strengthening our liquidity position through enhanced liquidity management.

LOOKING AHEAD

Our five value streams work together harmoniously, creating a comprehensive financial ecosystem that delivers more value than the sum of its individual parts. The integration of lending and insurance provides comprehensive financial security for borrowers. Savings accounts link to transactional services, enabling easy access to savings and efficient money management. The LetsGo Digital Mall serves as a central hub where customers can access all product categories through a single interface.

Customer data analysis across products is regularly being improved in order to offer tailored offerings and more relevant financial solutions. Our lifestyle solutions create regular engagement opportunities that strengthen overall customer relationships.

This integration creates significant cross-selling opportunities. We can introduce lifestyle services to transactional customers to deepen relationships, leverage data insights to identify the next best product for each customer, and create bundled offerings that address multiple financial needs simultaneously.

two

DIGITALISATION

Our transformation strategy prioritises the improvement of our digital touchpoints, with a key focus on the Digital Mall app.

This customer-centric banking app, accessible on smart devices and the web, has revolutionised our service offering. We aim to provide seamless access to essential services anytime, anywhere and transform the customer experience.

WiCode

WiCode is a unique feature that allows a Letshego customer using the Digital Mall app or USSD (cellphone banking) to generate WiCodes that are unique per transaction. These WiCodes can be used to withdraw or deposit money nationwide at Woermann & Brock and Pick n Pay outlets. This innovation underscores our commitment to making our services more accessible, a key pillar of our digital transformation initiatives.

Banking App

The use of the Digital Mall app grew in 2024 due to the user-friendly and efficient channel.

The app allows customers to:

- Send electronic wallets, which can be withdrawn at Standard Bank ATMs.
- Perform electronic transfers between Letshego accounts or to other banks.
- Purchase and pay for DSTV, electricity, water and airtime from MTC and Telecom.
- View account balances, statements, and proof of payments.
- Generate Wicodes for cash transactions at Woermann & Brock or Pick n Pay outlets.
- Get funeral cover.

Cellphone Banking

The Digital Mall app has driven user migration via cellphone banking due to its enhanced experience and reverse data usage. Cellphone banking remains a vital, easily accessible touchpoint for the customer segment Letshego serves. Customers can dial *140*555# to access our user-friendly cellphone banking services. This is particularly beneficial for customers who do not have a smart device, ensuring that all of our customers can conveniently manage their banking needs.

Our cellphone banking service enables customers to:

- Send electronic wallets for withdrawal from Standard Bank ATMs.
- Perform electronic transfers between Letshego accounts or to other banks.
- Purchase and pay for DSTV, electricity, water, and airtime from MTC and Telecom.
- View account balances.
- Generate Wicodes.

PERFORMANCE HIGHLIGHTS

Channel Contribution Value (N$'000)

84%

Mobile Banking

December 2024: 134,81

December 2023: 73,20

97%

Digital Mall app

December 2024: 518,156

December 2023: 262,851

Channel Volume

58%

Mobile Banking

December 2024: 102,612

December 2023: 64,882

122%

Digital Mall app

December 2024: 104,124

December 2023: 46,955

three

REGIONAL REBALANCING

Letshego Namibia remains committed to providing accessible services to all our customers and driving our inclusive finance agenda.

As part of our 'Regional Rebalancing' focus, we regularly review our footprint to balance physical and digital access for customers. The strategic distribution of our physical touchpoints ensures that our services are easily accessible to all our customers, regardless of their location. Recognising the need to re-evaluate our micro-lending and banking operating models and reposition our branch network to offer expansive value to customers, Letshego invested resources into this assessment in 2023, with implementation planned to start in 2024.

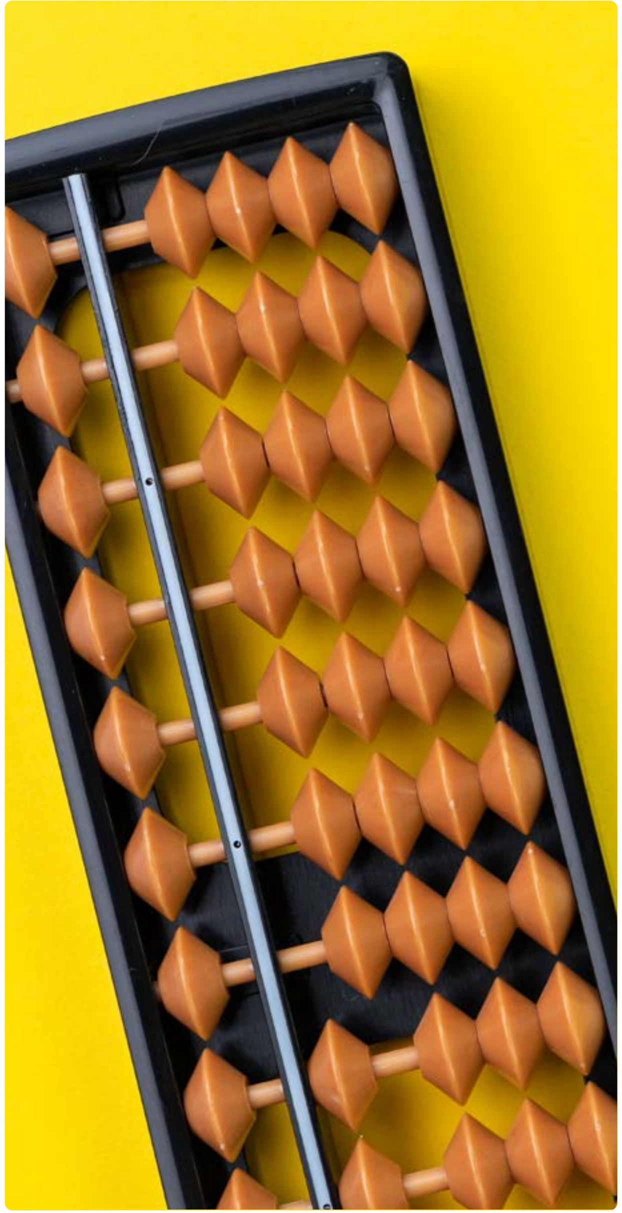
1 We operate across **16 branches** and through 57 Direct Sales Agents (DSAs) across Namibia.

2 The Group holds six deposit-taking and **10 non-deposit taking** branches.

3 Customers can also access any of the ATMs of all other banks and use **POS (swipe) devices for payments.**

4 We have strategically implemented **WiCode features** via the Digital Mall app and Cellphone Banking to increase deposit and withdrawal touchpoints, enabling cash transactions nationwide at Woermann & Brock and Pick n Pay outlets.

New branches will be able to service both banking and micro-lending customers. We have initiated recruitment efforts to address the shortage of DSAs in areas with high concentrations of government employees and recruited employees to service customers in the banking sector. These efforts reinforce our commitment to delivering a world-class service and improving lives.



PERFORMANCE HIGHLIGHTS ON CHANNEL SERVICE USAGE

Service Value (N$)

Inward EFT
76% ▲
December 2024: 296,991,755
December 2023: 168,322,129

Outward EFT
90% ▲
December 2024: 1,183,967,030
December 2023: 621,646,614

Internal Transfers
(4)% ▼
December 2024: 4,288,669
December 2023: 4,487,767

POS
64% ▲
December 2024: 124,170,474
December 2023: 75,813,482

ATM
41% ▲
December 2024: 267,809,288
December 2023: 189,805,386

Bank to Wallet
97% ▲
December 2024: 136,199,955
December 2023: 68,981,590

WICODE
125% ▲
Withdraw
December 2024: 14,687,761
December 2023: 6,515,811

72% ▲
Deposit
December 2024: 1,746,547
December 2023: 1,016,777

104% ▲
Payment
December 2024: 40,693
December 2023: 19,906

Own Accounts Transfers
212% ▲
December 2024: 8,310,620
December 2023: 2,665,652

Airtime Top Up
103% ▲
December 2024: 1,987,173
December 2023: 979,690

Bill Payments
82% ▲
December 2024: 1,651,142
December 2023: 905,700

Service Volume

Inward EFT
65% ▲
December 2024: 54,946
December 2023: 33,201

Outward EFT
95% ▲
December 2024: 83,060
December 2023: 42,659

Internal Transfers
62% ▲
December 2024: 2,502
December 2023: 1,542

POS
62% ▲
December 2024: 262,458
December 2023: 161,819

ATM
33% ▲
December 2024: 254,365
December 2023: 191,528

Bank to Wallet
80% ▲
December 2024: 95,284
December 2023: 52,867

WICODE
103% ▲
Withdraw
December 2024: 6,099
December 2023: 2,998

18% ▲
Deposit
December 2024: 1,457
December 2023: 1,238

67% ▲
Payment
December 2024: 80
December 2023: 48

Own Accounts Transfers
63% ▲
December 2024: 2,228
December 2023: 1,364

Airtime Top Up
92% ▲
December 2024: 38,9
December 2023: 20,281

Bill Payments
64% ▲
December 2024: 10,755
December 2023: 6,558

Branch network

Letshego Namibia has six fully integrated branches that offer a Letshego experience, including micro-lending, banking services, and deposit and withdrawal capabilities. Our 10 non-deposit-taking branches also provide micro-lending and limited banking services without cash deposit and withdrawal functions. Our focus for 2025 and beyond is to enhance our visibility in the communities we serve through improved service delivery of our branches and agencies, prioritising digital service delivery and forging strategic partnerships.

	Town	Location	Service level
1	Eenhana	Greenwell Complex	A
2	Gobabis	Tau Shopping Centre	A
3	Grootfontein	Hidipo Hamutenya Street	A
4	Katima Mulilo	Zambezi Shopping Centre	F
5	Keetmanshoop	Desert Plaza, Hampie Plichta Street	A
6	Okahandja	Brumou Building, Martin Neib Street	A
7	Ondangwa	Time Square Mall	A
8	Opuwo Champ Style Complex	Mbumbijazo Muharukua Street	A
9	Oshakati	Game Centre, C45	A
10	Otjiwarongo	Paresis Building Centre, Mark Plein Street	A
11	Outapi	Pick n' Pay Building, Tsandi Main Road	A
12	Rundu	Northgate Building, Eugene Kakururu Street	F
13	Swakopmund	Khomas Medical Center, Mondesa	F
14	Walvis Bay	Haus 2000, Sam Nujoma Avenue	F
15	Katutura	B1 City, Katutura	F
16	Windhoek	269 Independence Avenue, Shop 7-8	F

KEY A Agency F Full branch

Direct Sales Agents (DSA)

Our Direct Sales Agents DSAs are not confined to offices. Customers and companies can engage them to visit their premises, providing essential micro-lending services through a mobile services approach. This eliminates the need for customers to travel to Letshego branches, reducing stress and improving convenience.

	Agents	Towns
1	Aina Ekandjo	Divundu
2	Annely Dawid	Windhoek
3	Anton Domingos	Rundu
4	Bella- Feliz Gabriel	Oshakati
5	Bennetta Munango	Rundu
6	Cecilia Kahuika	Keetmanshoop
7	Daniel Kanimue	Katima Mulilo
8	Deon Klukoskwi	Mariental
9	Deserie Morkel	Gobabis
10	Donbosco Ngunga	Katima Mulilo
11	Emilie Angula	Ondangwa
12	Ever R.F Nangolo	Windhoek
13	Florian Sikongo	Rundu
14	Fredrika Namene	Ondangwa
15	Gisela Mbulu	Otjiwarongo
16	Hilma Jacobs	Ondangwa
17	Inno Junias	Grootfontein
18	Jakobina Booi	Eenhana
19	Jesca Sitali	Katima Mulilo
20	Josefine Petrus	Omaruru
21	Julandi Bamm	Khorixas
22	Julia Akwenye	Tsumeb
23	Kayunde Pachalius	Grootfontein
24	Lazarus Eiseb	Windhoek
25	Liina Pokola	Oshakati
26	Michael Hilengwa	Oshakati
27	Minga Sakarias	Outapi
28	Muwanei Maboni	Walvis Bay
29	Natasha Karokohe	Okahandja

	Agents	Towns
30	Ndapewoshali Shafuda	Eenhana
31	Oscar Madhimba	Otjiwarongo
32	Owen Ndiyavele	Windhoek
33	Peter Itepu	Rundu
34	Remejouy Groenewaldt	Windhoek
35	Remember Manuel	Opuwo
36	Roberth Nghwada	Rundu
37	Ruben Basson	Keetmanshoop
38	Salome Goliath	Keetmanshoop
39	Shamiela Swartbooi	Karasburg
40	Silvanus Nimengombe	Ondangwa
41	Sipora Katuta	Oshakati
42	Siranda Victorino	Katima Mulilo
43	Teofilus Nimengombe	Omuthiya
44	Theopolina Mwata	Nkurenkuru
45	Theresia Aribes	Swakopmund
46	Tuaemua Hembapu	Windhoek
47	Mbeha Sibela	Grootfontein
48	Miryam Frans	Grootfontein
49	Fernandu Immanuel	Eenhana
50	Armas Nikanor	Outapi
51	Kornelia Kuume	Outapi
52	Frieda Uugwangwa	Okahandja
53	Leonard Malima	Gobabis
54	Evana Davids	Swakopmund
55	Victor Kock	Luderitz
56	Ruusa Teodor	Windhoek
57	Elizabeth Iipinge	Opuwo

A list of contact details for our DSA agents countrywide is included in the additional information section on page 165.

four

EXECUTION ENGINE

In our pursuit of remaining relevant and resilient in an ever-evolving global landscape, we have embraced the Scaled Agile Framework (SAFe) methodology.

This strategic decision significantly enhances our operational capabilities and serves as a strong foundation for our ongoing digital transformation journey. By adopting SAFe, we are better positioned to respond rapidly to market changes, allowing us to deliver innovative and digitally-driven solutions tailored to our customers' needs.

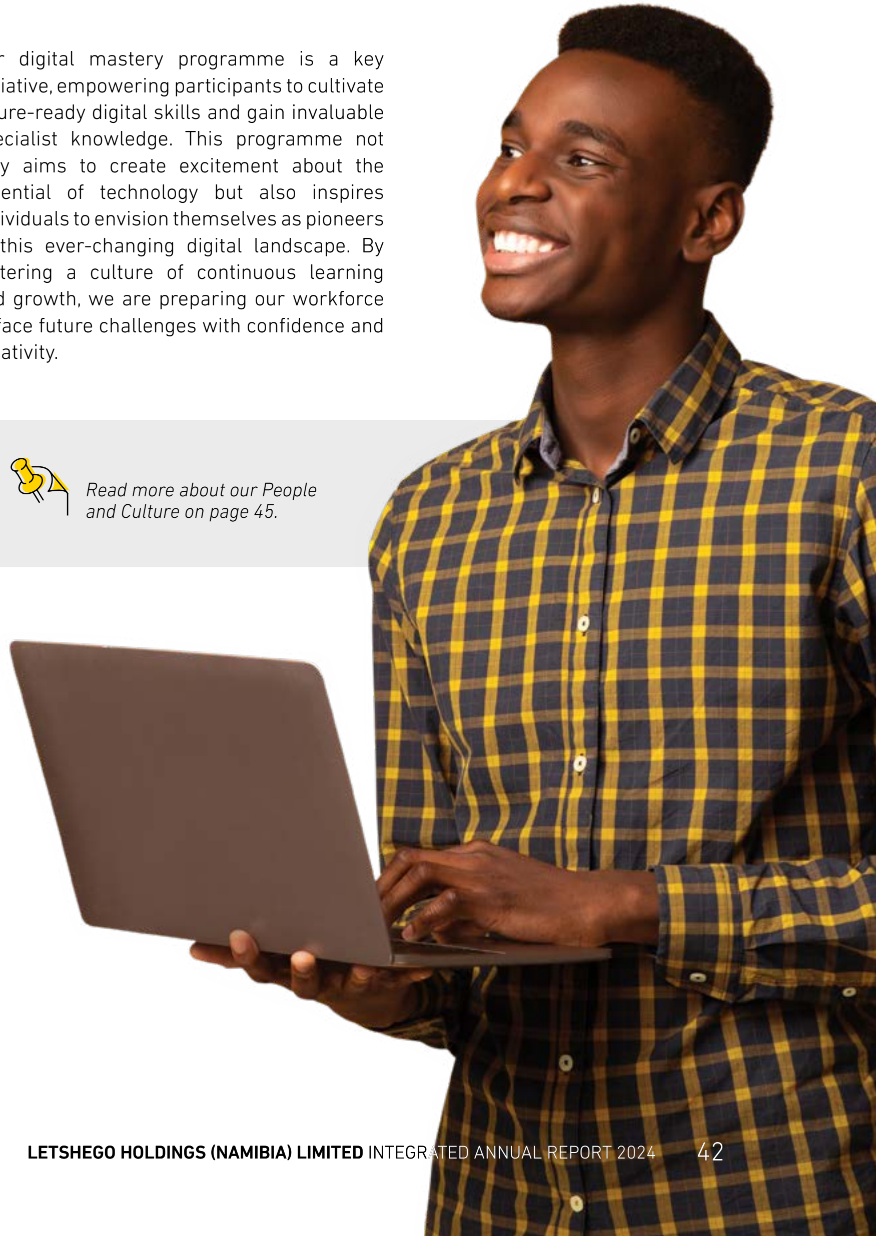
Our Agile Ways of Work programme, coupled with our digital transformation initiatives, has yielded remarkable results. We have observed a notable increase in customer satisfaction as products and services are delivered more swiftly. This efficiency has also led to significant cost reductions across various operations while simultaneously boosting employee engagement and morale. By fostering an environment where team members feel empowered and invested in their work, we create a motivated workforce to contribute to our success.

We are restructuring our workforce into multi-divisional, purpose-built agile squads as part of our commitment to adaptability and efficiency. These cross-functional, self-sufficient teams manage projects end-to-end, promoting efficient collaboration, shorter development cycles, increased productivity, and resource optimisation. Executives and team leaders now have clearly defined responsibilities and accountability for the profit and loss within their areas, ensuring a more streamlined and effective operating environment.

In today's dynamic environment, we recognise the importance of resilience, adaptability, and digital literacy. We are actively investing in our workforce by offering a variety of comprehensive training programmes designed to equip our employees with vital skills for the digital age. We are also focusing our efforts on attracting and retaining top-tier digital talent, ensuring that we have the expertise necessary to thrive amid rapid technological advancements.

Our digital mastery programme is a key initiative, empowering participants to cultivate future-ready digital skills and gain invaluable specialist knowledge. This programme not only aims to create excitement about the potential of technology but also inspires individuals to envision themselves as pioneers in this ever-changing digital landscape. By fostering a culture of continuous learning and growth, we are preparing our workforce to face future challenges with confidence and creativity.

Read more about our People and Culture on page 45.



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SUSTAINABLE STAKEHOLDER VALUE

Our unwavering commitment to sustainable shareholder value is at the core of our operations. We are dedicated to enhancing returns on equity and assets and ensuring robust dividend payouts.

This commitment extends to fostering mutually beneficial relationships with governments, regulators, tax authorities, partners, and customers.

We strive to deliver a compelling employee value proposition as part of our retention strategy, ensuring smooth business operations and positively impacting the communities in which we operate.

We have intentionally positioned Letshego Namibia as a competitive retail financial services organisation providing microlending and banking services. Our products and services (personal loans, home loans, overdraft facilities, and funeral coverage) are offered at affordable prices, diversify our revenue streams, attract new customers, and increase uptake among existing customers.

Our transformation strategy, which includes digitalisation, process optimisation, and talent development and management, drives efficiencies and provides the data necessary to enhance processes, thereby improving customer and employee experiences.

Letshego Namibia's key priority has been mobilising savings and customer transactional deposits to diversify our funding base, enhance transactability, and lower funding costs. In addition to customer deposits, our funding sources include bonds and financing from banks and Development Finance Institutions (DFIs). We also collaborate with our partners to raise funds through the local bond market to mitigate rising hedging costs and foreign exchange fluctuations.

We see immense potential to enhance further value creation for our stakeholders, including increasing shareholder returns. Our confidence is rooted in our Transformation Strategy, which will deliver sustainable returns and ensure Letshego Namibia's long-term resilience and sustainability. In the short term, ongoing investment in our people and technology is essential, and we are optimistic about the future this strategy will bring.

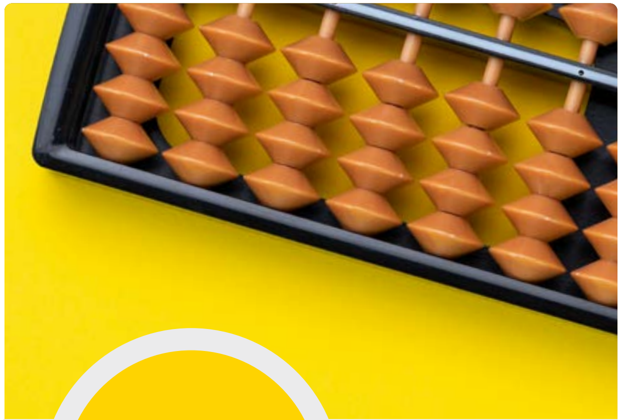
Our capital allocation is guided by our capital optimisation plan, which ensures that our investments are strategic, aligned with our Transformation Strategy, and support subsidiary growth initiatives. We are committed to maintaining a balanced approach to risk and return.

We are confident that our prudent capital management will drive growth in the business valuation and help improve our return on equity (ROE), aligning with our 2025 goals.

Our commitment to social impact is a cornerstone of our operations. Despite the changes we are implementing, our core mission of being an inclusive financial services provider remains unchanged, and we are responsible for our most significant societal impact. By making relevant financial products and services accessible to under-served markets, we can help alleviate significant community challenges, including poverty and inequality, while promoting economic growth, employment, entrepreneurship, and access to essential services like education and healthcare. This is a cause we are proud to champion.

Our financial inclusion efforts go beyond providing access to solutions such as affordable housing; we are also transforming the delivery of these solutions. For instance, our partnership with a fintech company improved turnaround times on loan applications and our ability to offer them through our Digital Mall app.

Read more about our ESG agenda on page 52.



2024 PERFORMANCE

Letshego Namibia remains well-capitalised, with a strong liquidity position to support future growth and sound liquidity buffers to ensure stability. Through strategic initiatives and robust governance, Letshego is committed to sustaining shareholder value and contributing positively to the Namibian communities.

Our enhanced credit risk management capabilities strengthened governance and improved risk infrastructure (including advanced data analytics for better credit risk scoring and reporting), helping to maintain the Group's asset quality despite macroeconomic pressures.

NPLs improved by 9.1%, driven by focused collection initiatives. Our financial performance remains strong, with a steady increase in revenue and a healthy ROE. We are confident in our ability to navigate these challenges and continue to deliver value to our shareholders.

Breakdown of Liquidity Portfolio (N$'000)

Bank Balances

125,435

December 2023: 203,218

Money Market Placements

617,158

December 2023: 539,395

Cash on Hand

7,972

December 2023: 8,326

Investment in Namibian Government Security Bonds

50,878

December 2023: 50,829

Treasury Bills

272,715

December 2023: 336,228

Investment in RSA Government Security Bonds

277,963

December 2023: 526,017

Stakeholder Value Highlights

Return on equity

15%

December 2023: 13%

Cost-to-income ratio

47%

December 2023: 47%

Total assets (N$'000)

7,117,945

December 2023: 6,796,373

Profit after tax (N$'000)

418,841

December 2023: 353,345

Capital adequacy ratio

41%

(2023: 46%)

Earnings per share

84 cents

(2023: 71 cents)

Deposit savings

N$1.3 billion

(2023: N$0.8 billion)

Borrowings

N$2.9 billion

(2023: N$3.1 billion)

* *Indicates no net change.*

Our people and culture

OVERVIEW

Our employees remain at the heart of our success, and their contributions are fundamental to achieving the organisation's strategic objectives.

In 2024, the People & Culture (P&C) Department made significant strides toward enhancing organisational culture, driving employee engagement, and improving operational efficiencies.

By fostering a supportive, inclusive, and dynamic work environment, we ensure that each employee has the tools, resources, and opportunities to thrive, grow, and contribute to the overall vision of the company.

Cultural values

The successful launch and integration of our new cultural values in 2024 was a transformative milestone for the organisation. We conducted a series of engagement and training sessions to ensure that employees across all levels understood and embraced these values. With 90% participation, we achieved widespread cultural buy-in, embedding the values into the fabric of the organisation.

Throughout the year, we reinforced our values through newsletters, town halls, and team meetings, consistently communicating their importance. This effort ensured that the values were not just abstract concepts but were actively influencing day-to-day business decisions.

We also established a Culture and Ethics Champion Committee, where selected employees championed the values within their teams. This grassroots initiative helped ensure that the values were embraced at every level, leading to stronger cultural cohesion and a more unified workforce.

CORE VALUES

UBUNTU

Ubuntu embodies a complex and rich concept that encompasses various aspects of human relation, ethics, and communal living . Ubuntu is often translated as "I am because we are" or "humanity towards others." It emphasises interconnectedness, empathy, and the idea that our individual well-being is inherently tied to the well-being of the community and the people around us.

THRIVE BECAUSE OFDIVERSITY

"We thrive because of diversity" means that our strength lies in our differences.

It involves actively promoting diversity and inclusivity in all aspects of our work.

This value emphasises the importance of respecting and valuing individuals from diverse backgrounds.

TAKE FULL OWNERSHIP

"We take full ownership" means that we are accountable for our actions and decisions.

It involves acknowledging and rectifying mistakes and keeping our commitments.

This value fosters trust, transparency, and open communication within the team.

BE CURIOUS AND FORWARD THINKING

"We are curious and forward thinking" means we constantly seek better, faster ways to serve our customers.

It involves challenging the status quo, embracing change, and encouraging innovation.

This value promotes a culture of continuous improvement and adaptability.

Employee demographics

Our employee demographics in 2024 reflect a diverse and inclusive workforce, balanced across gender, age, and seniority levels. The organisation employed 185 full-time employees, 30 part-time employees, and 57 DSAs, maintaining a strong gender balance with 112 female and 73 male employees.

Our workforce is distributed across different age groups, with 25% of employees under 29, 50% between the ages of 30 and 49, and 25% over the age of 50. This diverse age profile brings a range of perspectives and experiences to the organisation, fostering innovation and collaboration.

In terms of seniority, 20% of employees hold senior management roles, 30% are in middle management, and 50% are in non-management positions. This distribution highlights a robust organisational structure that supports growth and leadership development.

Total employees

Full-time
185
2023: 151

Part-time
30
2023: 33

Overall gender profile (%)

Female
112
2023: 97

Male
73
2023: 54

Number of direct sales agents

57
2023: 50

Overall employee age profile

47
Under 29 years
2023: 54

128
30 – 49 years
2023: 88

10
Over 50 years
2023: 9

Portfolio split by level of seniority

Senior Management:

10

36.3%
Female

63.6%
Male

Middle management

33
2023: 16

Employee

142
2023: 76

2024 Performance

We recognise that our people are our most valuable asset, and their individual and collective contributions directly drive the achievement of our goals. As a result, we have focused on nurturing talent, promoting wellbeing, and fostering a culture of collaboration and innovation. Through targeted initiatives in talent attraction & acquisition, compensation & benefits, performance management, cultural values, training & development, employee engagement, wellness programs, succession planning, and employee demographics, we aim to empower our workforce and align their efforts with the organisation's broader objectives.

The following pages outline the key achievements of 2024, reflecting our commitment to placing employees at the center of everything we do and ensuring their growth and satisfaction as we work together to meet the organisation's strategic goals.

Milestones achieved in 2024

We achieved several significant milestones in 2024. The successful integration of the SeamlessHR system across all functions on the system, streamlined our processes and improved efficiency. The launch of our new culture saw high employee participation and integration into daily operations and the appointment of Culture & Ethics Champions. Our management development program was a success, with 23% of our vacancies filled. Our innovative employee engagement initiatives maintained high engagement scores and satisfaction, demonstrating our commitment to creating a positive and productive work environment.

Talent attraction and acquisition

In 2024, our talent acquisition efforts saw remarkable progress through the integration of technology, increased diversity, and strengthened partnerships with educational institutions. The implementation of advanced driven recruitment tools reduced our average time-to-hire by 20%, allowing for more efficient recruitment cycles and improved candidate quality. These tools helped us better match candidates based on skills and cultural fit, leading to faster placements and higher success rates.

Our commitment to diversity and inclusion was evident, with 85% of new hires coming from previously disadvantaged groups. This not only fostered a more inclusive workplace but also encouraged innovation and creativity across teams. Furthermore, we deepened our partnerships with various industry entities, resulting in a 15% increase in graduate hires. Through our participation in career fairs, and our internship program, we ensure a continuous pipeline of young talent, fueling the future growth of our organisation.

The expansion of our employee referral program also contributed to recruitment success. This program encouraged employees to recommend high-quality candidates, leading to a 10% increase in hires through referrals that in line with our People & Culture Policies. This initiative helped ensure a better cultural fit and higher retention rate for new employees.

Compensation and benefits

Our approach to compensation and benefits in 2024 focused on ensuring that our packages were competitive, fair, and aligned with employee needs. The successful implementation of the SeamlessHR system improved operational efficiency across payroll, benefits, leave management, and performance management processes. By automating administrative tasks, the system allowed P&C teams to dedicate more time to strategic initiatives and employee development.

We ensured that our employees get assistance and access benefits, such as mental health support through Namibia Medical Care (NMC) medical aid services and financial wellness programs. These enhancements demonstrated our commitment to employee wellbeing, further boosting satisfaction and retention.

In addition to these new offerings, we introduced flexible benefits options that allowed employees to customise their benefits packages based on their individual needs. This initiative was particularly popular among younger employees and parents, contributing to increased satisfaction and a more engaged workforce.

Performance management

Our new performance management system, ProfitCo, has brought significant improvements in performance tracking, feedback mechanisms, and goal alignment. The system ensured that 100% of employees had clear, well-defined goals that were directly aligned with the organisation's overall objectives. This improved transparency around performance expectations and fostered more structured development conversations between managers and employees.

The introduction of real-time performance feedback enabled continuous development, allowing employees to receive actionable insights and adjust in real-time. This created a culture of ongoing improvement, which resulted in enhanced performance across all levels of the organisation.

Performance-linked career development plans were implemented, tracking employee progress and ensuring promotion readiness. This resulted in an increase in internal promotions, further demonstrating our commitment to employee growth.

Training and development

A critical aspect of the 'People First Strategy' in 2024 was the expansion of training and development initiatives, focusing on leadership development and career progression. We capacitated our employees through online Coursera and Udemy training, fostering a knowledge-sharing culture and empowering employees to take charge of their growth. Selected middle management employees went through the University of Stellenbosch Management Development program with 100% success rate with the intention to develop them as future leaders. Additionally, we crafted career pathways, with over 23% of vacancies filled internally, encouraging internal mobility and career advancement. The success of these initiatives reflects our commitment to continuous learning and talent development across all levels of the organisation.

Employee engagement initiatives

Employee engagement remained a priority in 2024, with several initiatives designed to improve satisfaction and foster a positive workplace environment. Quarterly engagement surveys were conducted to gather employee feedback and track progress. Our engagement score improved from 53.7% at the start of the year to 64.1% by year-end, reflecting the success of our initiatives.

We introduced flexible work arrangements, including remote work options and flexible hours, which led to an increase in employee satisfaction. These policies provided employees with a better work-life balance and contributed to higher productivity and retention.

Wellness programs were also expanded to include financial wellness, mental health support, and holistic well-being initiatives. These programs demonstrated our commitment to supporting employees in all aspects of their lives, leading to higher engagement and overall job satisfaction. Additionally, we increased the number of team-building and social events to foster camaraderie and strengthen team bonds.

Employee wellness

In 2024, we expanded our wellness programs to address physical, mental, and emotional health. Comprehensive wellness initiatives were launched, including annual health screenings, fitness challenges, and wellness check-ups for all employees. These programs aim to promote physical well-being and encourage healthy lifestyles.

Mental health support was another key focus, with our partnership with NMC provided employees with access to counseling services and mental health resources. These services were well received, with employees reporting improved mental well-being and reduced stress levels.

To further support employee well-being, introduce stress management initiatives and relaxation sessions to help employees manage work-related stress. These initiatives contributed to a healthier work environment and increased employee satisfaction.

Succession planning

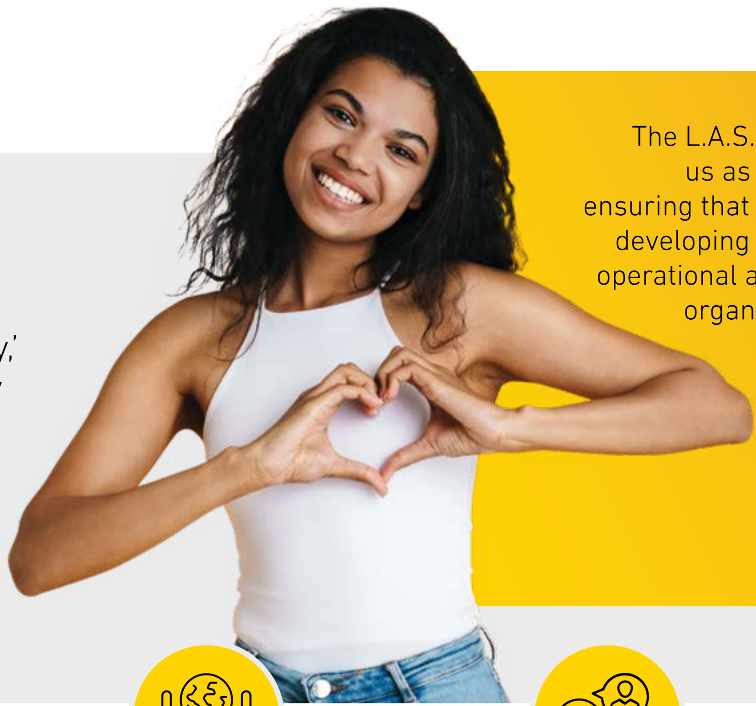
Succession planning was a critical focus area in 2024, as we worked to ensure business continuity and leadership readiness. By developing a strong internal talent pipeline, we achieved 86% bench strength across key and critical roles. This ensured that we had a ready pool of talent to step into leadership positions when needed, minimising the risk of operational disruptions.

We placed a strong emphasis on identifying high-potential employees and placing them on tailored development plans. This approach ensured that future leaders were well-prepared to take on key roles and provided a clear pathway for career advancement. Additionally, we conducted a thorough assessment (OPTO) of critical roles across the organisation, developing succession plans for each to ensure long-term sustainability and leadership continuity.

PEOPLE STRATEGY 2025–2027: MOVING FORWARD

As we transition from the 'People First Strategy,' we now set our sights on the L.A.S.E.R strategy for 2025-2027. This strategic approach will build on the foundation of our people-centered initiatives while preparing the organisation to navigate future challenges and opportunities.

We will focus an delivering:



The L.A.S.E.R strategy will guide us as we continue to evolve, ensuring that we remain focused on developing our people, enhancing operational agility, and maintaining organisational resilience for sustained success in the years to come.

LEADERSHIP

Continued investment in leadership development will equip future leaders with the skills to drive organisational success in an increasingly complex environment. We will expand leadership training programs to focus on strategic thinking, people management, and change leadership.

AGILITY

To remain competitive in a rapidly changing world, we will foster a culture of agility, empowering teams to be flexible, adaptive, and innovative. Cross-functional collaboration, swift decision-making, and continuous improvement will be central to our operational model.

SUSTAINABILITY

We will enhance our sustainability efforts by reducing our environmental impact and promote responsible initiatives. This includes optimizing resource use, minimizing waste, and embedding eco-friendly practices throughout the organisation.

ENGAGEMENT

Employee engagement will remain a priority, with a focus on enhancing wellbeing programs, fostering open communication, and creating a workplace where everyone feels valued and motivated. Continuous feedback mechanisms will ensure that we stay responsive to employee needs.

RESILIENCE

Resilience will be built through strategic risk management, innovation, and proactive planning, ensuring that we are well-prepared to navigate future economic, social, or environmental challenges.

Our ESG strategy

INTRODUCTION

Responsible financing ensures that financial products are tailored to the target audience's needs and do not lead to over-indebtedness or exploitation.

Therefore, our business model and strategy hinge on a strong social ethos that requires access to the right funding type to allow social impact to materialise at scale.

Our sustainability approach

Letshego Namibia strives to create a positive societal impact by increasing access to essential services (more specifically, financial services) for financially under-served low to middle-income customers. These efforts align with Namibia's national efforts to encourage access to productive capital, increasing employment and wealth creation, ultimately resulting in economic and sustainable development.

Furthermore, Letshego's wide range of financial services focused on the Namibian consumer also aims to advance the achievement of various UN SDGs (United Nations Sustainable Development Goals). We strive to maintain our value proposition of accessibility to customers by ensuring interest rates and other charges do not exceed regulatory maximums through the application of a strict pricing compliance mechanism.

ESG frameworks

We are committed to developing, implementing and continuously improving the management of environmental, social and governance issues in Namibia through the following principles:

- Developing structures, policies, targets and reporting systems to manage our employee performance
- Managing our in-country risks and adverse effects, understanding our customer base in Namibia, as well as maximising the environmental and social returns that sustainable development presents
- We view the management of material environmental and social risks in Namibia not in isolation but as a component of broader risk management and have developed ESG-related practices and procedures to that end
- Our employees share responsibility for identifying and managing ESG risks as part of normal business operations.

Letshego Namibia ensures that operations are reviewed and evaluated against the applicable requirements and international best practice guidelines.

Our ESG manual is tailored to fit our needs in Namibia. It is integrated into our existing risk management systems for credit, operational risk, financial, legal, compliance, and any other relevant system operating. This process has been used as a foundation on which we build the additional Environmental & Social (E&S) risk management elements.

Operationalising and implementing ESG

Having the systems, tools and data to manage our risks effectively and adhere to customer protection principles, maintain our social licence to operate in our market, and ensure that we maximise returns on investment to our shareholders, investors and society by extending access to inclusive finance solutions in under-served communities.

To ensure the continued advancement of our sustainability strategy and to demonstrate a further tangible commitment to the integration of sustainability, we have developed a well-articulated roadmap to incorporate ESG into operations and processes. The roadmap includes key focus areas, including:

Risk management

Adoption of the Letshego Group approved ESG Framework which will have implications on credit risk pricing models and product development. In addition, specific key performance indicators are to be developed and tracked. These developments will be supported by employee training and development.

Market intelligence

A customer insight survey in the Namibian market to better understand the social impact outcomes of business operations.

Customer insights will be used to further inform product development and service delivery.

Governance and reporting

Align reporting to further evolve integrated and impact reporting to adhere to global standards and facilitate stakeholder communications through thought leadership, financial literacy training and customer education campaigns.

Funding and partnerships

Efforts from marketing intelligence and enhanced impact reporting will be formalised as a basis to measure funds applied towards E&S as required by funding partners.

SUSTAINABLE DEVELOPMENT GOALS

OUR FOCUS AREAS AND IMPACT

SDG 1 No poverty

OUR FOCUS AREAS AND IMPACT

We provide finance for housing, health and agri-business. This promotes equal rights and equitable access to economic resources, including ownership and control over land. Overall, it reduces levels of inequality in society since it supports gender equality, skills enhancement, income generation, increased levels of security, health, self-confidence and human dignity.

SDG 2 Zero hunger

OUR FOCUS AREAS AND IMPACT

We provide finance for agri-business. By supporting agriculture and sustainable livelihoods, we contribute to food production, food security and the goal towards zero hunger.

SDG 3 Good health and wellbeing

OUR FOCUS AREAS AND IMPACT

We aim to contribute to the attainment of a better standard of living for our customers and the communities in which we operate. We achieve this through health financing as well as supporting sustainable livelihoods through the provision of innovative financial products.

SDG 4 Quality education

OUR FOCUS AREAS AND IMPACT

We aim to contribute to the attainment of a better standard of living for our customers and the communities in which we operate. This entails breaking the cycle of poverty and creating opportunities for individuals to develop themselves and become productive members of society. Education can make an important contribution towards this objective.

SDG 5 Gender equality

OUR FOCUS AREAS AND IMPACT

We foster equality of opportunity, inclusion and a healthy workplace through our people policies and practices. 60% of our workforce is female. In addition, we provide financial services that are aimed at fostering gender justice, based on the belief that microfinance services positively influence women's decision-making power and enhance their overall socio-economic status. These services can significantly contribute to gender equality and promote sustainable livelihoods and better working conditions for women.

SDG 8 Decent work

OUR FOCUS AREAS AND IMPACT

We contribute through skills and enterprise development programmes. In addition, women's empowerment through microfinance is key for promoting Decent Work, and is central to facilitating equitable, inclusive and sustainable development.

SDG 11 Sustainable cities and communities

OUR FOCUS AREAS AND IMPACT

We provide increased access to finance for affordable housing and is building economic infrastructure for a productive housing market for all. This contributes to inclusive growth by building asset wealth, facilitating job creation, equitable economic growth, reduced levels of poverty and improved living conditions.


ESG
IMPLEMENTATION METHODOLOGY
Measurement of social impact on existing products (flagship personal loans)
Incentivise productive loan use through discounted interest rates
Diversify market segment though MSE value proposition
Financial literacy programme directed towards consumptive lending base
Evaluate strategic partnerships to drive ESG agenda
Formalise and integrate ESG performance indicators into annual scorecards

Social impact

Background

Despite being classified as an upper-middle-income country, Namibia faces high poverty rates, significant inequality, and disparities between urban and rural areas. The Namibia Income and Expenditure Survey of 2015/2016 reported poverty rates of 17.4% overall and 10.7% for severe poverty, with higher rates among females and in rural regions. The GINI coefficient stands at 0.56, one of the highest globally, and many people live in traditional (32.9%) or improvised housing (20.2%), particularly in rural areas[1].

While Namibia's financial sector has evolved, financial exclusion remains an area for improvement. The 2017 Namibian Financial Inclusion Survey[2] Showed a decline in exclusion rates from 51% in 2007 to 22% in 2017, with urban rates at 17.5% and rural at 27.1%. The percentage of the eligible population taking out credit increased to 42.1%, yet only 17.4% borrowed from banks, with 24.7% relying on informal sources. Additionally, 30.2% of loan refusals were due to low income.

According to the World Bank Enterprise Survey of 2014[3], 52.9% of small firms identified access to finance as their biggest obstacle. This was slightly lower (50.7%) when the top manager was female. Only 19% of small firms had bank loans or credit lines, dropping to 11% for female managers. The 2024 SDG impact[4] Reports of increased collaboration and involvement from civil society, the private sector, and local communities have led to more inclusive and sustainable development initiatives with targeted strategies to reduce inequalities, particularly in education, healthcare, and economic opportunities.

Defining 'Social Impact'

Letshego Namibia's commitment to addressing financial inclusion in Namibia is to ensure that our responsible financial products and services remain accessible to low-income individuals and MSEs to improve customer pricing for existing and future financial products.

We have identified focus areas in our core offerings that would ensure optimal societal impact for the Namibian consumers, including:

- **Access to finance**
  Providing access to financial services to those formally excluded and underserved customers from the formal financial sector, whether individuals or MSEs.
- **Access to essential services**
  Providing individuals with access to finance to enable access to healthcare and education.
- **Agribusiness**
  The provision of access to finance for agriculture activity (including crop and livestock farming) for low to middle income farmers to enable food security poverty reduction and income generation.
- **Affordable housing**
  The provision of access to finance for affordable housing to contribute to inclusive growth for low to middle income customers and enabling asset wealth creation.
- **Women economic advancement**
  The provision of financial services focused particularly on women and women-owned businesses to reduce income inequalities.

Social Financing Framework

LHN's social financing framework outlines the guidelines under which Letshego intends to issue and raise repeated programmatic use of proceeds from financial instruments in the form of social bonds and/ or social loans.

Funding categories

LOAN GROUP	SOCIAL IMPACT	RELATED SDG
Qualifying MSMEs, including self-employed individuals and informal traders with under 100 full time employees and N$10 million annual turnover	Funding business growth and investment	1 No poverty; 10 Reduced inequalities; 8 Decent work and economic growth
Ultra-low and low income households earning under N$15 000 per month	Financing enables ▶ affordable housing and related activities ▶ SMEs, agribusinesses and small-scale farmers to grow ▶ access to healthcare ▶ access to education	1 No poverty; 5 Gender equality; 2 Zero hunger; 8 Decent work and economic growth; 3 Good health and well-being; 10 Reduced inequalities; 4 Quality education; 11 Sustainable cities and communities
Financially excluded or informally served individuals		
Previously disadvantaged and disabled individuals		
Women-owned businesses		

1 *Namibia Income and Expenditure Survey, 2015/2016. Plans to conduct a survey for the 2025/2026 period are underway.*
2 *Namibia Financial Inclusion Survey, 2017.*
3 *World Bank Enterprise Survey – Namibia data. Plans to conduct an updated survey are underway.*
4 *Namibia's Third Voluntary National Review Report on the Implementation of the SDGs towards Agenda 2030, 2024.*

USE OF PROCEEDS

Social loans provided to date valued at N$1,578 billion to qualifying population groups.

Of this, 2% is to women-owned MSMEs.

Ultra-low income households

	N$ million		Number of loans
Business growth	21.95	7%	399
Affordable credit	269.81	81%	8 938
Affordable housing	27.23	8%	885
Agribusiness	8.98	3%	397
Healthcare	3.26	1%	72

Low income households

	N$ million		Number of loans
Business growth	0	0%	0
Affordable credit	21.36	81%	21 359
Affordable housing	2.28	8%	2 278
Agribusiness	0.79	3%	798
Healthcare	0.15	1%	154

Social impact indicators

SOCIAL OBJECTIVE	ELIGIBLE USE OF PROCEEDS	INDICATIVE IMPACT INDICATOR
Financial inclusion	MSEs	Number of financial products and/ or services provided Number of jobs created Number of individuals funded vs MSEs
	Individuals' access to finance:	Number of financial products and/or services provided Breakdown of income brackets to whom such was provided
	Affordable Housing	Number of individuals to whom financial products and/or services were provided Breakdown of the applicable target populations Location of affordable homes per region
	Agribusiness	Number of farmers to whom financial products and/or services were provided Number of agribusinesses to whom financial products and/or services were provided Breakdown of the applicable target populations
	Healthcare	Number of individuals to whom financial products and/or services were provided Breakdown of the applicable target populations
	Education	Number of individuals to whom financial products and/or services were provided Breakdown of the applicable target populations
	Women-owned businesses	Number of women-owned businesses to which financial products and/or services were provided; a regional breakdown will be included where feasible Number of individuals to which financial products and/or services were provided Breakdown of the applicable target populations Number of jobs created

Our Strategic Social Investment (SSI)

At Letshego Holdings Namibia, we believe that financial empowerment extends beyond accessible financial services, it includes making a tangible impact in the communities we serve.

Our commitment to Ubuntu 'I am because you are', drives our strategic social investment (SSI) initiatives, ensuring that our contributions foster long-term, meaningful change.

At Letshego Holdings Namibia, we recognise that true success is not just measured in financial performance but in the lives, we uplift and the communities we empower. As a responsible corporate citizen, we will continue to prioritise sustainable business practices, ethical financial solutions, and community-driven initiatives.

As we reflect on our 2024 impact, we reaffirm our commitment to ensuring that Ubuntu remains at the heart.

Our focus areas

Letshego's SSI strategy is anchored in three key pillars:

Health – Supporting healthcare initiatives to improve access to medical resources and essential services.

Education – Investing in educational institutions and resources to empower the next generation.

Livelihood – Promoting sustainable income-generating activities that drive economic stability at the grassroots level.

In 2024, Letshego invested N$1 million in initiatives aimed at increasing educational resources, improving healthcare access, and supporting income-generating activities. These investments align with Namibia's national development goals and demonstrate our unwavering commitment to fostering economic growth and social sustainability.

As Letshego continues to expand its presence across Namibia, we remain dedicated to responsible lending, community empowerment, and sustainable development. Our forward-thinking approach focuses on providing accessible financial products, enhancing financial literacy, and driving positive social change.

Read more about our People and Culture on page 45.

2024 BENEFICIARIES

In 2024, Letshego Holdings Namibia proudly supported a range of institutions and initiatives across the country.

Healthcare & Community Support

Health – Supporting healthcare initiatives to improve access to medical resources and essential services.

Ministry of Health

We provided funding to the Ministry of Health for their inaugural Quality Management Conference.

We Care Foundation

We donated toiletries, cleaning items, and bedding to the We Care Foundation patients in Katutura Hospital.

Namibian Association of Occupational Therapists

We provided the Namibian Association of Occupational Therapists with a **N$50,000** donation for Mental Health sports day, hosted at the Windhoek Central Hospital.

Education & Youth Development

Education – Investing in educational institutions and resources to empower the next generation.

IndongoEdu-Lunch Foundation

Indongo Edu-Lunch Foundation helps to alleviate hunger and malnutrition among vulnerable learners in schools. The foundation provides learners with nutritional meals and training in self-discipline, have long term goals, and provides supplies with stationaries and sanitary pads. This encourages school attendance and reduce absenteeism.

Ombwana Combined School

The school requested funds to renovate one of the classroom blocks that is in a dilapidated condition to the extent that it cannot be used. We provided funds to be used to purchase building supplies.

Early learning development

In our commitment to early learning development, we provided substantial support to several schools, enhancing their infrastructure and sponsoring events aimed at improving teachers' well-being and facilitating access to tertiary education. Our total contribution amounted to N$274,500.

We supported early learning development by providing the following schools with assistance:

- Onambwebe Combined School
- Dordabis Primary School
- Elias A Mxab Combined School
- Oshuungu Combined School
- Festus Gonteb Primary School
- Chief Hosea Kutako Primary School
- Aranos Primary School
- UNAM Chancellor Annual Gala Dinner
- Omusati Regional Council
- Kavango Regional Council
- The Annual Khomas Region HODs Teacher's Conference

Livelihood Creation

Livelihood – Promoting sustainable income-generating activities that drive economic stability at the grassroots level.

The Association For Local Authorities in Namibia (ALAN)

Supported the ALAN 2024 Economic Development Indaba, hosted in Luderitz.

The ALAN deemed it critical to host a local economic indaba under the theme: "Promoting local economic development through inclusive strategic planning, innovation diversification of revenue streams." This is aimed to respond to this demand and help local authorities and their partners in the private, public and community sectors address these issues, by achieving economic growth and staying competitive in these hard-hitting times, benefits the marginalised and the poor.

Khomas HODs Teacher's Conference Empowers Educators

Letshego Bank generously sponsored **N$100,000** towards the Khomas Head of Departments (HODs) conference held in Windhoek at the end of March 2024. The conference is a vital platform fostering crucial conversations essential for advancing education. Esteemed officials within the Ministry of Education, Arts and Culture graced the event, which sought to boost communication, encourage interactions, and promote staff wellness.

Letshego Bank's contribution extended beyond sponsorship. The Bank also facilitated a Financial Wellness session emphasising fiscal health's importance for mental wellbeing.

Dr. Neshila stressed effective communication during the event, while Dr. Tubaundule highlighted emotional intelligence's role in school leadership. Dr Shakwa emphasised personalised learning and the use of technology, echoed by Mr Nkusi on embracing digital tools for education. Dr. Kudumo and Dr. Shikukuma addressed collaborative practices and staff wellness.

Key takeaways urged strategic planning, internal efficiency, and tech integration, guiding educators towards holistic growth. The conference served as a beacon for educational empowerment, reflecting Letshego Bank's enduring commitment to education advancement in Namibia.

Other SSI Initiatives

We provided additional SSI support to non-core initiatives, supporting sport **through donations to Municipality of Gobabis**

N$4,000

The MTC Nestor Sunshine Boxing Academy

N$20,000

Namibian Defense Force

N$20,000
Oshakati

N$10,000
WHK

DSA Netball tournament

N$5,000

Namibia University of Science and Technology

N$15,000

National Police Sports Championship

N$28,925

We also provided

N$100,000

towards the **Swakopmund International Trade Expo for 2024.**

Livelihood Creation

Youth Alliance for Leadership and Development in Africa (YALDA)

We provided **N$5,000** to YALDA to host an SRC Leadership Training workshop at Nghifikepunye Pohamba UNAM Campus, under the theme: “Empowering youth to shape their leadership skills to foster sustainable development across all sectors.

We further supported livelihoods by providing **N$100,000** to the Never Walk Alone Project for a fundraiser concert, **N$15,000** for a charity golf day hosted by Ongos Valley foundation, and **N$500,000** for the Women Empowerment Conference.

Celebrating and Investing in Women to Amplify Progress

Letshego Bank, in partnership with Exquisite Conferencing, hosted a celebration event for over 250 influential women on International Women’s Day at the Windhoek Country Club and Resort. The gathering served as a platform to reflect on the achievements, progress, and opportunities of women, inspiring solutions for the future. Through this event, Letshego Bank seeks to foster positive dialogue and invest in women’s progress for the betterment of our communities.

Minister in the Presidency, Hon. Christine //Hoabes, inaugurated the conference with a reflection on her career journey and the collective achievements of Namibian women, particularly in parliament, emphasising that “Women have consistently demonstrated resilience, creativity, and determination to drive positive change. Their voices have been crucial in shaping policies, influencing public opinion, and inspiring future generations to strive for a better tomorrow.”

Keynote speaker Ms. Karen Abercrombie, a highly respected and award-winning actress, producer, and singer-songwriter known for her iconic role in the acclaimed film War Room, was the highlight of the Letshego Women’s Conference.

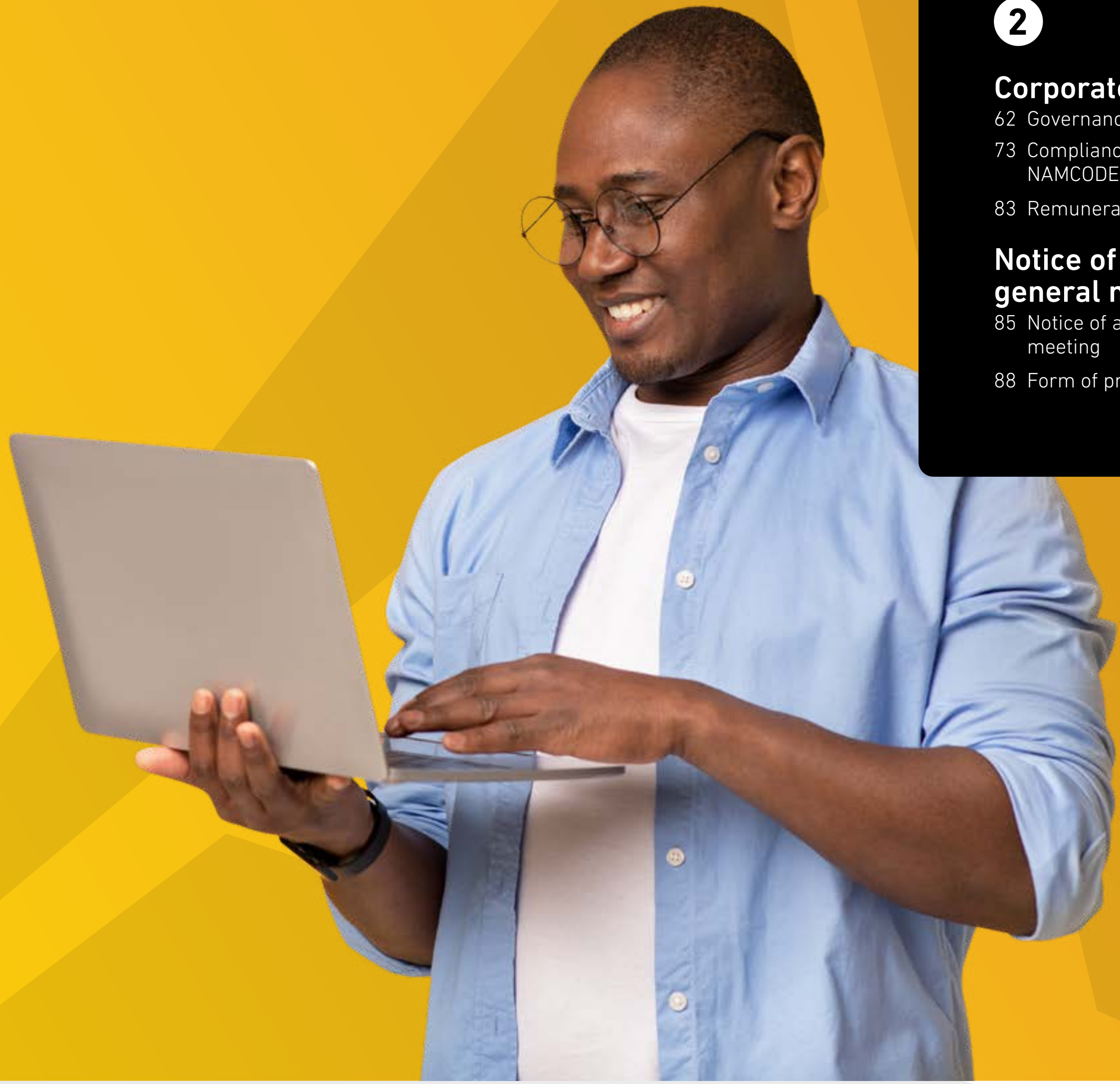
Joining her were six remarkable women who shared their expertise and experiences, each offering a unique perspective from their respective industries.

Letshego Holdings Namibia Sponsors SWAITEX with N$100,000

Letshego Holdings Namibia sponsored the Swakopmund International Trade Expo (SWAITEX) with **N$100,000**, supporting the theme “Promoting Efficient Connectivity and Resource Beneficiation for Sustainable Growth in Africa.” As an organisation dedicated to improving the livelihoods of Namibians, we are committed to investing in initiatives that foster connections, drive economic development, and promote sustainable growth in Namibia and across the African region.

In the photo: The esteemed Presidents of Namibia and Botswana, H.E. Dr. Nangolo Mbumba and H.E. Dr. Mokgweetsi Masisi and Letshego Namibia’s CEO, Dr. Ester Kail.

SHAREHOLDER INFORMATION



2

CORPORATE GOVERNANCE

GOVERNANCE REPORT

The Group operates in a highly regulated environment. The holding company Letshego Holdings (Namibia) Limited (Letshego) is listed on the Namibian Stock Exchange (NSX) and needs to comply with the NSX Listings Requirements (NSX LR).

Letshego has two subsidiaries, Letshego Bank (Namibia) Limited (LBN) and Letshego Micro Financial Services (Namibia) (Pty) Ltd (LMFSN). Letshego, as a banking institution holding company needs to comply with the provisions of the Banking Institutions Act, of 2023 and is regulated by Bank of Namibia Limited (BoN), while LMFSN needs to comply with the provisions of the Microlending Act, 2018 and is regulated by the Namibia Financial Institutions Supervisory Authority (Namfisa). The corporate governance framework is regulated by statute, developed, and adopted by the board. The Corporate Governance Code for Namibia (NamCode) and the Companies Act, of 2004, provide the base line for the group's development.

The board takes an active role in setting the ethical standard for the group. The board is committed to developing the highest standard of corporate governance and takes cognisance of the Environmental, Social and Governance (ESG) impact the board's decision would have.

The board is responsible for determining the ethos of the Company and sets the ethical standard, whilst ensuring the implementation thereof by executive directors and senior management. The board considers various ways to connect with all stakeholders.

The board's primary role and responsibilities are to:

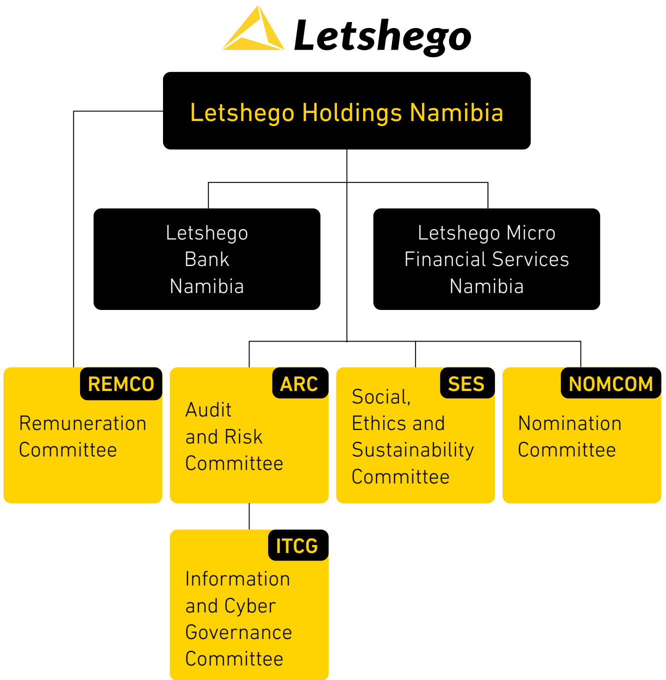
- act as the custodian of corporate governance
- appreciate that strategy, risk, performance and sustainability are inseparable
- provide effective leadership based on an ethical foundation
- ensure that the company is, and is seen to be, a responsible corporate citizen
- ensure that the company's ethics are managed effectively
- be responsible for the governance of risk including information technology (IT) risk
- appreciate that stakeholders' perceptions affect the company's reputation
- ensure that there is an effective risk-based internal audit and report on the effectiveness of the company's system and internal control; and
- most importantly act in the best interest of the company

The board sets and steers strategic direction regarding the group's strategy and how specific governance and regulatory areas are to be approached, addressed and conducted.

The board is responsible for setting the company's strategic direction, whilst taking into consideration the various risks. The group's risk appetite is determined and considered with every decision and guided by the policies the board adopted.

Letshego maintains a simple corporate governance structure with established board committees supporting the board in the execution of its duties, however, the board remains ultimately responsible and accountable to all its stakeholders.

There are certain responsibilities that have been delegated with specific authority to each board committee to enable effective control while preserving the accountability of the directors of the board.



Governance determinations during the reporting period

The board reviewed, approved and implemented the following terms of reference ("ToR"), and Charters:

- LHN Group Corporate Governance Framework
- LHN Board Charter
- LBN Board Charter
- LMFSN Board Charter
- Internal Audit Charter
- Audit and Risk Committee Terms of Reference
- Remuneration Committee Terms of Reference
- Social, Ethics and Sustainability Committee Terms of Reference

The board furthermore approved the establishment of the Information and Cyber Governance Committee ("ITCG Committee"), a sub-committee of the Audit and Risk Committee and approved its Terms of Reference.

The board reviewed, approved and implemented the following frameworks and policies:

- LHN Group Treasury Risk Framework and Policy
- LHN Group Credit Risk Framework and Policy
- LHN Group Code of Conduct
- LHN Group Insider Trading Policy
- LHN Group Conduct Risk Policy
- LHN Group Anti-Bribery and Corruption Policy
- LHN Group Data Risk Framework and Policy
- LHN Group Enterprise Risk Management Framework
- LHN Group Staff Loan Policy
- LHN Group Combined Assurance Framework
- LHN Group Digital Risk Framework and Policy
- LHN Group Outsourcing Policy
- LHN Group People Risk Policies
- LHN Group Mobile Device Policy
- LHN Third Party Risk Management Policy
- LHN Group Write-Off Policy
- LHN Group Delegation of Authority Policy
- LHN Group Procurement Policy
- LHN Group Information Security Policy
- LHN Group Acceptable Use Policy
- LHN Group Data Classification and Records Retention Policy
- LHN Group AI Governance Policy
- LHN Group Data Protection Policy

The board reviewed, approved and implemented the following programs and plans:

- LHN Group IT Disaster Recovery Plan
- LHN Group Third Party Contingency Program
- LBN Information Security Policy

Director development

The secretariat provides the board with constant updates and training material to keep them up to date on all the latest statutes and regulations. However, the board received formal training during 2024 on the following pertinent topics:

1. **Technology governance** training was presented to the board by the Institute of Directors of South Africa in August 2024. The IT Governance training was aimed a providing a strategic perspective on ICT, focusing on ICT governance and covered key issues such as systems/project failures, cyber-crime, and ICT risk management, emphasising the board's responsibilities under King III and King IV.

2. **BID-34** training was presented to the board by EMCON Consulting in September 2024. BID-34 is a regulatory directive on Outsourcing and Cloud Computing within a banking institution. The training was aimed at providing the board with an understanding of the requirements relating to outsourcing, the responsibilities of the board and covered key considerations that financial institutions need to consider when outsourcing material business activities and functions.

Changes to the board

During the reporting period, the following changes to the board were made:

- Ms Maryvonne Palanduz retired by rotation as an independent non-executive director of Letshego Namibia and its subsidiaries on 31 January 2024.
- Ms. Kamogelo Chiusiwa retired by rotation as non-executive director and majority shareholder representative of Letshego Namibia and its subsidiaries on 26 June 2024.Mr. Richard Ochieng was appointed as non-executive director and majority shareholder representative of Letshego Namibia and its subsidiaries on 26 June 2024.
- Mr. Jerome Mutumba was appointed as Independent Non-executive Director of Letshego Namibia and its subsidiaries on 15 July 2024.
- Mr. Jaco Esterhuyse was appointed as Independent Non-executive Director of Letshego Namibia and its subsidiaries on 17 July 2024 and chairperson of the LMFSN effective September 2024.

Changes to the board committees

During the reporting period, the following changes to the board committees were made following the appointment of the new board members:

- the board approved the establishment of the Information Technology and Cyber Governance Committee ('ITCG'), a subcommittee of the Audit and Risk Committee in Q2-2024. The ITCG is chaired by Ms. Chigiji, an independent non-executive director and member of the Audit and Risk Committee.
- Audit and Risk Committee: Mr. Ochieng and Mr. Esterhuyse joined the Audit and Risk Committee, effective Q3-2024, bringing the total composition of the committee to 4 members.
- Remuneration Committee: Mr. Jerome Mutumba assumed the position of chairperson from Q4-2024, taking over the helm from Ms. Chigiji, with Ms. Nakale and Mr. Ochieng completing the composition of the committee.
- Social, Ethics and Sustainability Committee: Mr. Mutumba and Mr. Ochieng joined the committee as members from Q3-2024 and Ms. Nakale, as chairperson of Letshego stepped down.

Board assessment

The board of directors conducted an evaluation of its own performance, the performance of its committees, the chairperson, the individual board members, the CEO, CFO and the company secretariat. The evaluations were conducted internally and through a formal process.

The evaluation determined that some remedial action was required. The board believes that the assessment process improved the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement and to implement the required remedial action.

During the same period, the board engaged the services of the Namibian Institute of Corporate Governance ("NICG") and conducted and independent skills assessment. The purposes of the assessment was to identify critical skill shortages to the board and was aimed at assisting the Nomination Committee in determining the skills required in potential board nominees.

Independent and unfettered advice

The board of directors is encouraged to seek independent advice, at the company's cost, to assist with the execution of its fiduciary duties and responsibilities. During the period under review, the board members sought independent advice.

The board engaged Deloitte to conduct a review on the organisational design of the company.

Board of directors' independence

The board carries out the review of director independence annually and has concluded that as at the end of the reporting period, the board consists of two executive directors, five independent non-executive directors and one non-executive director. The five directors meet the requirements for the test of independence. The majority of directors serving on the board are classified as independent non-executive directors. The composition of the board still remains compliant with legislation and in line with good corporate governance.

The board considered the indicators in the NamCode when assessing each director's independence for categorisation purposes. The board has conducted an assessment and has concluded that the independent non-executive members exercise objective judgement and there is no interest, position, association or relationship that, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making.

In accordance with the Companies Act, at least one third of non-executive directors shall retire from the board and if available, may be re-elected by the shareholders at the AGM, provided that the board has confirmed and verified the eligibility of such directors.

Board composition and structures

Directors are appointed through a formal process involving the whole board, and subject to the prior approval of the Bank of Namibia. Appointment to the board is made based on the appropriate balance of experience, knowledge, skills and diversity to objectively and effectively discharge its governance role and responsibilities.

There is a clear division of responsibilities at the board level where non-executive board members are rotated and appointed in line with their specific expertise to the various board committees.

Succession planning

The board, during the reporting period performed an extensive exercise to address any shortcomings on succession planning and to ensure any risk is mitigated. The succession planning would remain a key focus area.

Chief executive officer (CEO)

The CEO is responsible for the day-to-day management of Letshego and to execute the board's decisions, strategy and policies. The CEO acts as the focus communication point between board and senior management.

The CEO is a full-time employee and has no other professional commitments or directorships of governing bodies outside that of the company other than what was disclosed in terms of the company's policies for the report period.

The functions of the chairman of the board and the CEO are clearly separated in the board charter.

The succession planning for the CEO remains a key focus area.

Chairperson

The independence of the chairperson was reviewed and evaluated. The chairperson was found to be independent. The chairperson of the board is not a member of ARC, but a member of RemCo and the chairman of the NomCo.

Chief Financial Officer (CFO)

During the financial year under review, Mr Karl-Stefan Altmann continued to serve as the CFO on a full-time basis. The Audit and Risk Committee has satisfied itself with the expertise and experience of Mr. Altmann.

Company Secretary

The company secretary acts as the advisor to the board. During the period under review, Ms M Klein remains in the company secretariat. Ms Klein provides secretarial services to all the entities in the group. The board is satisfied that the company secretary maintained an arm's length relationship with the board and its directors during the period under review. The company secretary is not a director of the board. The board assessed the competence of the company secretary in accordance with best practice performance and evaluation criteria and found its services, experience and competence to be satisfactory.

Subsequent to the reporting period, Ms. Klein's resigned from the Company, effective 31 January 2025 and the board commenced with steps to find a suitable replacement.

Non-executive and Executive Directors attending the Annual General Meeting (AGM)

The annual general meeting for Group was held on 9 August 2024 and was attended by all independent non-executive directors, non-executive directors, executive directors and Letshego's Country Management Committee by invitation. The external auditor attended the AGM as scrutineers.

Attendees	9 August 2024
Maria Nakale	✓
Sven von Blottnitz	✓
Kudzai Chigiji	✓
Richard Ochieng	✓
Jerome Mutumba	✓
Jaco Esterhuyse	✓
Ester Kali	✓
Karl-Stefan Altmann	✓

KEY ✓ Attended A Apologies – Not available R Resigned

Board meeting attendance

Director	29 February 2024^	20 March 2024#	26 June 2024#	19 August 2024^	25 September 2024#	13 December 2024^
Maria Nakale	✓	✓	✓	✓	✓	✓
Kudzai Chigiji	✓	✓	✓	✓	✓	✓
Kamogelo Chiusiwa (Resigned 26 June 2024)	✓	✓	✓	R	R	R
Sven von Blottnitz	✓	✓	✓	✓	✓	✓
Jerome Mutumba (appointed 15 July 2024)				✓	✓	✓
Jaco Esterhuyse (appointed 17 July 2024)				✓	✓	✓
Richard Ochieng (appointed 26 June 2024)				✓	✓	✓
Ester Kali	✓	✓	✓	✓	✓	✓
Karl-Stefan Altman	✓	✓	✓	✓	✓	✓

 # Ordinary Board Meeting
^ Special Board Meeting

KEY ✓ Attended A Apologies – Not available R Resigned

BOARD COMMITTEES

The board established and operated an audit and risk committee ('ARC'), an information technology and cyber governance committee ('ITCG'), a subcommittee of the ARC, a remuneration ('REMCO'), a social, ethics and sustainability ('SES') and Nomination Committee (NOMCO) to whom certain functions were delegated. The chairpersons of the individual committees are non-executive independent directors. All the members of these standing committees are also non- executive directors.

The audit and risk committee (ARC)

The ARC provides independent oversight on the effectiveness of the group's internal audit and risk management process. The ARC also remains responsible for the appointment of the external auditor and overseeing the external audit process. The ARC must ensure that the appropriate financial reporting procedures exist, as well as accounting policies.

The ARC confirmed that appropriate financial reporting procedures exist, are applied, maintained and functioning effectively. The external auditor is invited to attend the ARC meetings and has access to the chairman of the ARC. The ARC is well informed of the responsibilities and duties of the external auditors and is satisfied that the external auditors are independent of the company. The ARC reviewed the financial statements of the company and is satisfied that the statements comply with IFRS and in the manner required by the Companies Act.

The members of the ARC have the necessary financial literacy, skills and experience and have executed their functions satisfactorily.

ARC mandate

The duties of the ARC include those assigned to it by the board and which have been documented in its charter. The ARC has, in the period under review, fulfilled its mandate and:

- Ensured the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial statements and reporting in compliance with all applicable legal requirements and accounting standards.
- Ensured corporate accountability and management of the associated risk in terms of management, combined assurance and integrated reporting. The Committee reviewed and assessed the integrity of the risk control systems and ensured that the risk policies and strategies continued to be effectively managed.
- Ensured the continued adherence to the risk management framework which includes the identification, measurement and monitoring of strategic and operational risks against an agreed risk appetite statement.
- Monitored and reviewed external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.

Members and meeting attendance

The committee held four meetings during the reporting period and fulfilled its mandate as prescribed.

Attendees	18 March 2024	24 June 2024	23 September 2024	11 December 2024
Sven von Blottnitz	✓	✓	✓	✓
Kudzai Chigiji	✓	✓	✓	✓
Kamogelo Chiusiwa	✓	✓	R	R
Richard Ochieng			✓	✓
Jaco Esterhuyse			✓	✓

KEY ✓ Attended A Apologies – Not available R Resigned

2024 PERFORMANCE AND FOCUS AREAS

The committee conducted an evaluation of its own performance, the performance of its members, the chairperson and the company secretariat. The evaluations were conducted internally and through a formal process.

The evaluation determined that some remedial action was required. The committee believes that the assessment process improved the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement and to implement the required remedial action.

Remuneration and nomination committees (REMCO and NOMCO)

It ensures compliance with applicable laws and codes of conduct and reviews benefits and performance incentive schemes after considering the group strategy and objectives to create stakeholder value while maintaining incentives and retaining essential skills.

The REMCO comprises of non – executive directors, the majority of whom are independent. The REMCO assists the board in setting and monitoring the remuneration policies and makes recommendations to ensure the company remunerates fairly.

REMCO mandate

The duties of the REMCO include those assigned to it by the board and which have been documented in its charter. The REMCO has fulfilled its mandate which includes inter alia:

- Reviewed the parameters which shall be applied for identifying those remuneration packages of individual employees over which it had discretion.
- Reviewed remuneration packages for employees over which it has discretion.
- Reviewed the remuneration, bonus and share incentive schemes policies and practices adopted in Letshego Namibia during the reporting period.

Members and meeting attendance

The committee held five meetings during the reporting period and fulfilled its mandate as prescribed.

Attendees	18 March 2024#	24 June 2024#	7 August 2024^	23 September 2024#	11 December 2024#
Kudzai Chigiji	✓	✓	✓	✓	R
Kamogelo Chiusiwa	✓	✓	R	R	R
Maria Nakale		✓	✓	✓	✓
Richard Ochieng				✓	✓
Jerome Mutumba			✓	✓	✓

 # Ordinary Board Meeting
^ Special Board Meeting

KEY ✓ Attended A Apologies – Not available R Resigned/rotated

2024
PERFORMANCE AND FOCUS AREAS

The committee conducted an evaluation of its own performance, the performance of its members, the chairperson and the company secretariat. The evaluations were conducted internally and through a formal process.

The evaluation determined that some remedial action was required. The committee believes that the assessment process improved the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement and to implement the required remedial action.

NOMCO mandate

The duties of the NOMCO include those assigned to it by the board and which have been documented in its charter. The NOMCO has fulfilled its mandate which includes inter alia:

- Identifying and participating in selecting board member.
- Overseeing a formal succession plan for the board members, Chief Executive Officer ("CEO") and senior management appointments, such as the Chief Financial Officer ("CFO").
- Recommending eligible members to the board for approval, (whilst considering past performance, contribution, the objective of business judgement calls and succession planning).
- Setting out the procedure for the appointment of directors.
- Investigating the directors' background along the lines of the approach required for listed entities.
- Ensuring directors are not disqualified to act as a director in terms of the Companies Act.
- Determining and evaluating the independence of the board members.
- Evaluating the performance of the board, the Chief Executive Officer ("CEO") and senior management appointments, such as the Chief Financial Officer ("CFO").
- Considering the composition of the board, taking into consideration the balance of skill, broader diversity, knowledge and expertise.

Members and meeting attendance

The committee held one meeting during the reporting period and fulfilled its mandate as prescribed.

Attendees	19 January 2024
Maria Nakale	✓
Kudzai Chigiji	✓
Maryvonne Palanduz	✓

KEY ✓ Attended A Apologies – Not available R Resigned

Social, ethics and sustainability (SES) committee

It ensures compliance with applicable laws and codes of conduct after considering the group strategy and objectives to create stakeholder value and maintain effective stakeholder relationships.

SES Mandate

The duties of the SES include those assigned to it by the board and which have been documented in its charter. The SES has, in the period under review, fulfilled its mandate and:

- Assisted the board in fulfilling its oversight responsibilities relating to ESG risks and opportunities, integrity in reporting compliance, social and ethics oversight and to establish sustainable stakeholder relationships as a responsible corporate citizen.
- Provided a forum for reviewing and discussing social and ethics issues and developing recommendations for the board consideration and approval.

Members and meeting attendance

The committee held four meetings during the reporting period and fulfilled its mandate as prescribed.

Attendees	19 March 2024	25 June 2024	24 September 2024	12 December 2024
Kudzai Chigiji	✓	✓	✓	✓
Maria Nakale	✓	✓	R	R
Jerome Mutumba			✓	✓
Richard Ochieng			✓	✓

KEY ✓ Attended A Apologies – Not available R Resigned/rotated

2024 PERFORMANCE AND FOCUS AREAS

The committee conducted an evaluation of its own performance, the performance of its members, the chairperson and the company secretariat. The evaluations were conducted internally and through a formal process.

The evaluation determined that some remedial action was required. The committee believes that the assessment process improved the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement and to implement the required remedial action.

Annual compliance certificate

The annual compliance certificate regarding the company's compliance with the NSX listing requirements was completed and submitted to the NSX.

Compliance statements

The company's primary listing on the NSX means the company is subject to the NSX listing requirements. The board satisfied itself, save as disclosed in this integrated report, that the company has complied with all NSX listing requirements during the reporting period.

Directors' dealings and conflicts of interest

Any trading in the securities of Letshego is performed in compliance with the NSX listing requirements and is regulated by the company secretariat's office. No director dealings occurred during a closed period.

Sponsor

IJG remained the company's NSX sponsor.

Governance enablers

IT Governance

The Group continues to enhance its information technology (IT) governance framework as the Group's operations and sustainability are critically dependent on IT. In addition, "digitalisation" is one of Letshego Namibia's strategic focus areas. Letshego Namibia continues to capacitate this function aligned to the revised organisational design and global IT standards and best practice. Specifically, IT supports the Group's innovation and technological competitive advantage, the management of IT related risks, and increased requirements for control over information security. The framework addresses the following, in line with best practice:

- The IT activities and functions of the organisation are aligned, to enable and support the priorities of the Group
- IT delivers the envisioned benefits against strategy, costs are optimised, relevant best practices are incorporated, and the value created for the Group by its IT investment is maximised.
- The optimal investment is made in IT and critical IT resources are responsibly, effectively and efficiently managed and employed.
- Compliance requirements are understood and there is an awareness of risk, allowing the organisation's risk appetite to be managed.
- Performance is optimally tracked and measured, and the envisioned benefits are realised, including implementation of strategic initiatives, resource use and the delivery of IT services.
- Synergies between IT initiatives are enabled and where applicable, IT choices are made in the best interest of the Group as a whole.

In 2024, the board, upon the recommendation of the ARC, approved the establishment of an Information Technology and Cyber Governance Committee (ITCG), which had its inaugural meeting in September 2024. The committee provides the ARC and subsequently the board with independent oversight on the effectiveness of the group's management of IT and Cyber Risks and reports into the ARC on a quarterly basis.

The ITCG is chaired by an independent non-executive director and ARC member.

ITCG Mandate

The duties of the ITCG include those assigned to it by board and ARC and which have been documented in its charter. The ITCG has fulfilled its mandate which includes inter alia:

- Introducing, managing and upholding Information Technology and Cyber Security standards and protocols within the company's operating environment.
- Aiding the company in creating and deriving optimal value from IT investments through maintaining a balance between realising benefits, managing risk and optimising resource use.
- Ensuring that stakeholders needs, conditions and options are evaluated to determine balanced agreed-upon enterprise objectives; setting direction through prioritisation and decision-making and monitoring performance and compliance against agreed-upon direction and objectives.
- Assisting the board in the implementation of Cyber objectives and ensuring compliance with required regulations relevant to information technology and cyber security.
- Reviewing the company's cyber maturity, through ongoing evaluations and risk management to ensure continued protection of the business and its customers.

Compliance

The Board is responsible for overseeing the bank's compliance with specific legislation, rules, codes and standards applicable to the business across its various jurisdictions. The Board has delegated responsibility for the management of the implementation of an effective governance, risk, legal and compliance framework, and processes, to the ARC, as envisaged by the NamCode.

Compliance frameworks and processes are revised annually, as and when any legislative changes occur, or when otherwise necessary.

Assets and liabilities management (ALM)

ALM is the responsibility of the Group Management Committee/EXCO. ALM deals with the management of capital adequacy, foreign currency, maturity, liquidity, interest rate and markets, and credit risks, ensuring that the regulatory prudential ratios are maintained.

Legal compliance

The Board has ultimate responsibility for overseeing the compliance with laws, rules, codes and standards in terms of the NamCode. The Board has delegated responsibility to management for the implementation of an effective Corporate Governance Framework and processes, as envisaged by the NamCode. Through the governance and compliance function, Letshego remains resolute in implementing and embedding the Compliance and Corporate Governance Frameworks premised on the following enablers:

- Corporate Governance Framework for the holding company and its subsidiary boards
- Relevant organisation-wide policies
- Group-wide Code of Ethical Conduct and Whistleblowing facility, and
- Commitment to the corporate strategy and brand promise

Combined Assurance Forum

The audit and risk committee has adopted a broader and more holistic approach to risk and how to manage it. The combined assurance forum is a critical component of corporate governance, designated to provide a structured approach to managing the internal control environment of the group. Through the combine assurance forum, the board is enabled to uncover risks and opportunities through a comprehensive process of testing and tracking internal control weaknesses or significant inherent risk mitigations, coordinated assurance efforts; minimising operational disruptions and possible reduction of assurance costs.

Risk governance

Our approach to risk and opportunity management

The Enterprise-wide Risk Management (ERM) Framework facilitates a consistent approach to risk management through the adoption of international best practice and local requirements. It is applied on an enterprise-wide basis and consists of the following five key elements that are used in the assessment of the bank institutions' Risk Profile and ERM Rating:

- Adequate Board oversight
- Adequate Senior Management oversight
- Sound risk management policies and operating procedure (including risk appetite)
- Strong risk measurement, monitoring and control capabilities
- Adequate internal controls and MIS

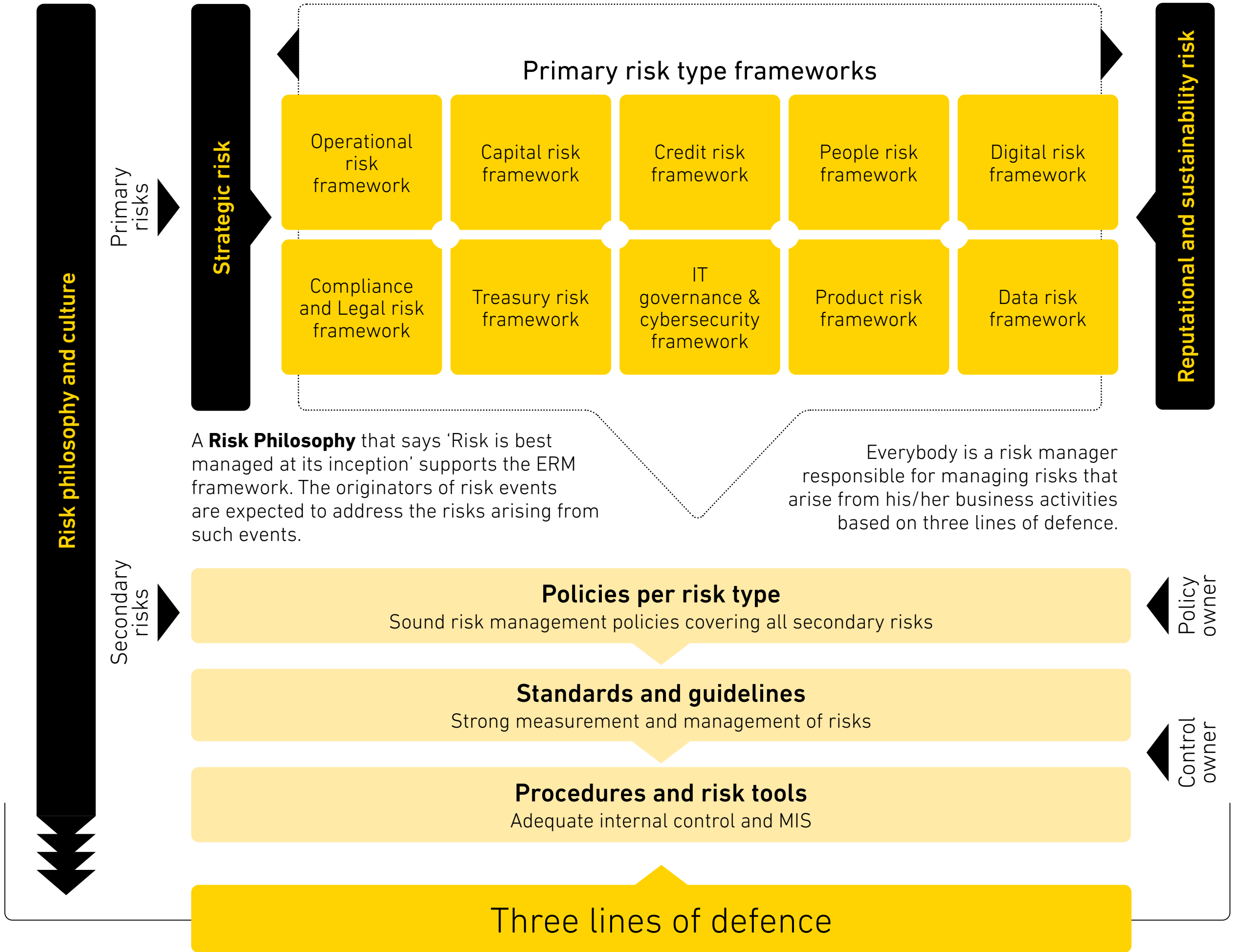
The Board continues to be responsible for reviewing and approving the ERM Framework with assurance provided by External Audit, Internal Audit and the Risk and Compliance Function from a third and second line of defence perspective respectively. The CEO is the owner of the ERM Framework and is assisted by the CRO to have oversight on all risk matters.

The following key major changes/enhancements were made to the 2023 ERM Framework approved by the Board in line with the bank's transformation strategy:

- Added our ESG approach to the ERMF
- Added our Risk Culture Maturity level
- Redefined the Three Lines of Defence
- Refined our Risk Appetite Statement

The ERM Framework is underpinned by an integrated framework of responsibilities and functions, driven from board level down to operational levels, covering all aspects of risk.

Enterprise-wide risk management framework (ERMF)



Risk policies and frameworks

Letshego subscribes to a risk philosophy that says, 'Risk is best managed at its inception'. The originators of risk events are expected to address the risks arising from such events. Hence everybody is a risk manager responsible for managing risks that arise from their business activities.

Three lines of defence

1ST LINE	*Management oversight*	Line management is accountable and responsible for the management of risk and business performance. A key element of this line of defence is the extent of management reviews and the actions that follow. Management must use a system of self-assessment that includes RCSAs, KRIs, Performance Indicators and Risk Registers to inform them of the adequacy of risk management activities. Risk activities include people and processes, management supervision and oversight. Line management is responsible and accountable for managing risk around business-as-usual.
2ND LINE	*Management of risk and compliance*	The second line of defence (i.e., Risk & Compliance, Legal, AML) works closely with the first line of defence to monitor, report and recommend to the Country Management Committee and ARC. Key risk activities include: ▶ Developing and maintaining risk management policies ▶ Promotion of risk awareness ▶ Advising on how to manage risks ▶ Monitoring of key risk and control indicators ▶ Monitoring of losses ▶ Performing targeted deep dives ▶ Tracking remediation/risk acceptance of issues ▶ Stress testing, etc
3RD LINE	*Internal and external audit or other independent assurance function*	Internal Audit focuses on internal risk-based audits that provide assurance over Letshego Namibia's controls, risk management and governance activities, as performed in lines one and two. Internal Audit also provides assurance with line two on activities in line one, or combined assurance with Independent Assurance functions such as External Auditors and Regulators on activities in line one and two. The internal auditors report directly to ARC.

Risk appetite

Letshego Namibia's risk appetite represents the amount and type of risk that the Group is willing to take to achieve its strategic objectives. Risk tolerance is the Group or stakeholders' readiness to bear the risk after risk treatment in order to achieve its objectives. In other words, risk tolerance is the level of risk that the Group can accept per individual risk, whereas risk appetite is the total risk the Group can bear in a given risk profile, usually expressed in aggregate.

The risk appetite statement is contained in the Enterprise Risk Management (ERM) Framework. The ERM Framework was approved by the Board during Q1 of 2022 and further implemented into the bank by senior management. The ERM framework and all the policies including risk appetite statement are reviewed every second year.

In view of the above considerations, the bank's risk appetite statement for 2024 included the following quantitative and qualitative measures:

- Maintaining capital ratios in excess of regulatory thresholds.
- Maintaining low exposure to stress events (such that capital levels should still be able to cover actual stress events).
- Maintaining stability of earnings (such that actual results are aligned to the budget or better).
- Ensuring sound management of liquidity and funding risk (in line with the set limits monitored at ALCO).
- Maintaining a generally acceptable regulatory risk and compliance control environment.
- Maintaining a risk profile that is no riskier than that of our average peers.
- Maintaining operational losses to a maximum of 1% of profit before impairment and tax. This is considered the risk tolerance level for the entire Group.

However, the qualitative appetites are then broken into measurable thresholds, which are monitored within the business. This will ensure timeous escalation and corrective action.

KEY FOCUS AREAS FOR 2025

The key risk focus areas going forward include the following:

- Strong focus on Affordable Housing and explore initiatives to improve affordability
- Simplify critical journeys to stabilise performance on the Digital Mall
- Prioritise products on Digital Mall that will close the gap on revenue uplift
- Localise Developmental Operational capability to expedite digital capabilities
- Ensure full implementation and roll-out of our reviewed Enterprise Risk Management Framework.

Managing environmental, social, and governance (ESG) risks

Letshego Namibia has a practical process for identifying pertinent ESG risks and potential negative effects, as covered by our Key Risk Indicator Policy. This process considers ESG risks and impacts generated directly by Letshego Namibia's operations, as well as those from contractors and supply chain, where possible. This will typically lead to the identification of opportunities for risk mitigation, and potential opportunities that can be leveraged for positive impact. The identification process is commensurate with the level of ESG risks and effects, and consistent with Good International Industry Practice (GIIP). Typical ESG Risk categories associated with Letshego's proposed sectors of interest include:

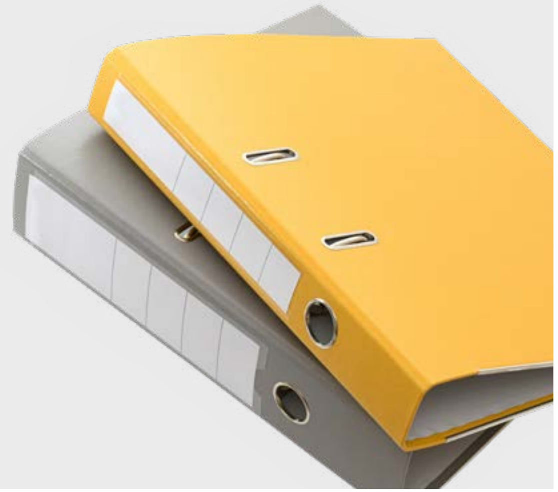
1. Customer welfare
2. Market communication
3. Execution and delivery into the market
4. Understanding and use of mobilisation platforms
5. Complexity of solutions on offer
6. Employee strategic alignment, motivation and communication

Other risk categories include Sales, Finance and Human Resources.

Internal audit

Internal Audit (IA) provides independent and objective assurance to the Board Audit, Credit & Risk Committee (ARC) in accordance with the international internal audit standards set by the Institute of Internal Auditors (IIA) and in line with Group Internal Audits (GIA's) audit methodology. The department reports functionally to the ARC and administratively to the CEO. The Head of Internal Audit (HIA) has unrestricted access to, and communicate and interact directly with, the ARC Chairman or ARC, including in private meetings without management presence.

The ARC is responsible for reviewing and approving the internal audit charter, the annual audit plan resourcing and financial plans of the internal audit department.



COMPLIANCE WITH THE NAMCODE

Letshego Namibia applies the principles of the NamCode across the organisation. The principles of King IV are fully contained within the NamCode, which therefore extends our compliance to the principles of King IV. The Board is satisfied with the manner in which Letshego Namibia applies the principles of the NamCode. What follows is a summary of our evaluation of where we are compliant, and if not, an explanation:

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
1. Ethical leadership and corporate citizenship			
1.1	**The Board should provide effective leadership based.**	Applied	Our Board Charter clearly outlines the responsibility for effective leadership based on an ethical foundation. The Board's performance with respect to this requirement will be evaluated on an annual basis.
1.2	**The Board should ensure that the Company is and is seen to be a responsible corporate citizen.**	Applied	Letshego Holdings (Namibia) Limited has a Strategic and Social Investment (SSI) Policy approved by the Board and remains committed towards sustainable development and improvement of lives in the communities within which Letshego Holdings (Namibia) Limited operates. Further, this policy ensures that Letshego Holdings (Namibia) Limited is a socially responsible corporate citizen and occupies a positive and impactful role in its subsidiaries and communities.
1.3	**The Board should ensure that the Company's ethics are managed effectively.**	Applied	Letshego Holdings (Namibia) Limited has a Code of Conduct approved by the Board and the responsibility to oversee the performance against the principles is delegated to the board SES Committee. Section 7 of the committee charter stipulates that the Board should determine and set the ethical tone of the Company values, including framework of the code for ethical conduct, ethical business principles and practices, requirements for responsible corporate citizen.
2. Boards and Directors			
2.1	**The Board should act as the focal point for and custodian of corporate governance.**	Applied	The Board Charter clearly sets out the Board responsibilities and the Board meets at least four times per year. According to section 5.2.2 of the Charter, the Board must satisfy itself that the Company and Subsidiary Companies are governed effectively in accordance with corporate governance best practices including risk management, legal compliance management, appropriate and relevant nonbinding industry rules, codes and standards.
2.2	**The Board should appreciate that strategy, risk, performance and sustainability are inseparable.**	Applied	The principle is recognised in the Board Charter and it is part of the Board's responsibility to determine the strategies and strategic objectives of the Company and ensure that the strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced. Strategy, risk, performance and sustainability are standing agenda items for board meetings.
2.3	**The Board should provide effective leadership based on an ethical foundation.**	Applied	Refer to principle 1.1 above.
2.4	**The Board should ensure that the Company is and is seen to be a responsible corporate citizen.**	Applied	Refer to principle 1.2 above

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
2.5	**The Board should ensure that the Company's ethics are managed effectively.**	Applied	Refer to principle 1.3 above.
2.6	**The Board should ensure that the Company has an effective and independent Audit Committee.**	Applied	An independent Board Audit & Risk Committee is in place and its main objectives are outlined in the section: 'Composition of the Board and its subcommittees'. The Committee's terms of reference outline the roles, powers, responsibilities and membership. The majority of members of the Board Audit & Risk Committee are Independent.
2.7	**The Board should be responsible for the governance of risk.**	Applied	The Board Audit & Risk Committee whose main purpose is outlined above under composition of the Board and its subcommittees assists the Board in executing its responsibility in terms of the governance of risk. The Committee meets on a quarterly basis and top risks are considered during the meetings and reported to the Board.
2.8	**The Board should be responsible for information technology (IT) governance.**	Applied	The Board Charter requires the Board to assume responsibility for IT governance. The Board has delegated responsibility to the Technology Management Committee (ITMC) for oversight and to ensure effective IT governance. The Board has further commissioned the IT Governance Committee to support Letshego's digitalisation strategy.
2.9	**The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.**	Applied	The Board Audit & Risk Committee assists the Board in ensuring that the Company's Governance, Risk, IT and Compliance Frameworks are maintained and that compliance to applicable laws and regulations are effectively monitored. Further, the RMC at management level will meet quarterly to consider the level of adherence of the Company to rules, codes and appropriate standards.
2.10	**The Board should ensure that there is an effective risk-based internal audit.**	Applied	In line with the NamCode, our Internal Audit Function reports directly to the Board Audit & Risk Committee. The Board Audit & Risk Committee approves a risk based internal audit plan each year and ensures that the Internal Audit function has adequate resources, budget standing and authority to enable it to discharge its functions.
2.11	**The Board should appreciate that stakeholders' perceptions affect the Company's reputation.**	Applied	The potential impact of stakeholders' perceptions on the reputation of Letshego Namibia is recognised and highlighted in the Board Charter. According to the Charter, only individuals with sound ethical reputations will be considered for appointment to the Board. Part of the Board's mandate in the Charter is to safeguard the human capital, assets and reputation of the entity.
2.12	**The Board should ensure the integrity of the Company's integrated report.**	Applied	This integrated annual report is approved by the Board after satisfying itself with respect to the accuracy and integrity of the report based on the recommendation from the Board Audit & Risk Committee.
2.13	**The Board should report on the effectiveness of the Company's system of internal controls.**	Applied	The Board's opinion on the effectiveness of the system of internal controls is expressed in the statement of the Board of Directors forming part of the annual financial statements. This opinion is based on the recommendation of the Board Audit & Risk Committee that reviews and satisfies itself with the adequacy of the controls in place.
2.14	**The Board and its Directors should act in the best interests of the Company.**	Applied	The Board makes decisions giving due regard to their fiduciary duties and duty of care with an independence of mind. Further, Directors are required to declare their direct and indirect interests at each Board meeting.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
2.15	**The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act.**	Applied	The Board considers the Company's going concern status at its interim and full year meetings. The Board continuously monitors the solvency and liquidity of the Company on a regular basis. This enables the Board to consider business rescue should the Company become financially distressed. Further, the deposit taking subsidiary (LBN) has developed a Liquidity Contingency Plan.
2.16	**The Board should elect a Chairman of the Board who is an Independent Non-executive Director. The MD of the Company should not also fulfil the role of Chairman of the Board.**	Applied	The Board is chaired by an Independent Non-executive Director and as covered under the section on composition of the Board and its committees above. The roles of the Chief Executive Officer and Chairperson are separate, in line with the Namcode.
2.17	**The Board should appoint the Company Chief Executive Officer and establish a framework for the delegation of authority.**	Applied	According to the Board Charter, the Chief Executive Officer is appointed by the Board. The Executive Management operates within the defined framework for the delegation of authority from the Board via the Chief Executive Officer. The delegation of authority is reviewed regularly to ensure that it is commensurate with the level of maturity of the Company.
2.18	**The Board should comprise a balance of power, with a majority of Non-executive Directors. The majority of Non-executive Directors should be independent.**	Applied	The Board membership as at end of 2024 is comprised of seven Directors of which four are Independent Non-executive Directors (INEDs), one Non-executive Director (NED) and two Executive Director (ED), being the Chief Executive Officer and Chief Financial Officer.
2.19	**Directors should be appointed through a formal process.**	Applied	The Board Charter acknowledges and sets out the Directors' appointment process. In considering whether the potential candidates are suitable for appointment, decisions are made by the Board in accordance with the criteria clearly stipulated in the Board Charter. All Non-executive Director appointments are voted on by Shareholders at Annual General Meetings by either ratification of appointments made by the Board or by voting on the re-election of Directors who retire by rotation.
2.20	**The induction of and on-going training and development of Directors should be conducted through formal processes.**	Applied	The role of the Chairperson includes the need to ensure that all Directors are appropriately made aware of their responsibilities through a tailored induction programme ensuring that a formal programme of continuing professional education is adopted at Board level. While an induction programme is in place and training is provided in specific areas to the Directors, ongoing training and development of Directors is conducted through a formal on-line process as well as in-person.
2.21	**The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.**	Applied	The decision to appoint or remove the Company Secretary is a Board decision. The Board ensures that a competent, suitably qualified and experienced person is appointed as Company Secretary.
2.22	**The evaluation of the Board, its Committees and the individual Directors should be performed every year.**	Applied	The Board Conducted its own procurement for the assessment was conducted for FY23.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
2.23	**The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities.**	Applied	According to the Board Charter, the Board has the power to establish Committees and to delegate its duties to such Committees as may have been set up having regard to what is appropriate for the Company. These committees review and recommend matters to the Board for final approval. The Board has created the following Committees with clearly defined terms of reference: ▶ SES ▶ ARC ▶ REMCO ▶ NOMCO ▶ ITCG
2.24	**A governance framework should be agreed between the Company and its subsidiary Boards.**	Applied	Letshego Holdings (Namibia) Limited and its Subsidiaries have a governance framework approved by the Board and supported by respective Charters. The governance charter is currently under review at LHL level, in consultation with independent parties. The Frameworks and Charters are reviewed annually to ensure continued alignment to regulatory changes.
2.25	**The Company should remunerate Directors and Executives fairly and responsibly.**	Applied	The Board is responsible for setting and administering remuneration of Directors and Executives with shareholders approving directors' remuneration at each Annual General Meeting. It has adopted remuneration practices governed by a Remuneration Policy which support the Company's growth, performance and returns strategy. the Remuneration Policy has adequate oversight of the Company's remuneration, reviews and recommends to the Board for approval.
2.26	**The Company should disclose the remuneration of each individual Director and Prescribed Officer.**	Applied	Full disclosure is included in this integrated annual report under Remuneration Policy section below.
2.27	**Shareholders should approve the Company's remuneration policy.**	Applied	In accordance with NamCode Principle 2.27, the Company recognises the importance of transparency and accountability in matters of executive and director remuneration. At each AGM, shareholders are afforded the opportunity to exercise an advisory, non-binding vote on the Company's remuneration policy and the implementation thereof.
3. Audit Committee			
3.1	**The Board should ensure that the Company has an effective and Independent Audit Committee.**	Applied	The Board has an independent and effective Board Audit & Risk Committee in place. All members of the Committee are suitably qualified and experienced with a majority of members being Independent Non-executive Directors.
3.2	**Audit committee members should be suitably skilled and experienced independent nonexecutive directors.**	Applied	As per 3.1 above.

KEY Applied | Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
3.3	**The Audit Committee should be chaired by an Independent Non-executive Director.**	Applied	The Board Audit & Risk Committee is chaired by an Independent Non-executive Director.
3.4	**The Audit Committee should oversee integrated reporting.**	Applied	The Audit and Risk Committee Charter requires the Committee to oversee and take responsibility for the integrity of the integrated annual report.
3.5	**The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.**	Applied	In line with the Audit and Risk Committee Charter, the Committee ensures that the combined assurance received from the external and internal auditors is appropriate to address all the significant risks facing the Company.
3.6	**The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function.**	Applied	The Audit and Risk Committee Charter requires the Committee to annually review the appropriateness of the expertise and adequacy of the resources on the finance function and the experience of the senior members of management responsible for the finance function.
3.7	**The Audit Committee should be responsible for overseeing of internal audit.**	Applied	The Audit and Risk Committee monitors and supervises the effectiveness of the Internal Audit function and ensures that the roles and functions of the External Audit and Internal Audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting.
3.8	**The Audit Committee should be an integral component of the risk management process.**	Applied	The Committee Charter of the Audit and Risk Committee requires the committee to oversee the Company's risk management process.
3.9	**The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.**	Applied	The Audit and Risk Committee recommends to the Board which firm(s) should be appointed in the event of change of external auditor(s), their reappointment and removal. In addition, the Committee evaluates the performance of the external auditor(s) and the engagement partner is rotated at least every 5 years or such other frequency deemed to be appropriate based on the external audit firm rules to enhance actual and perceived independence.
3.10	**The Audit Committee should report to the Board and Shareholders on how it has discharged its duties.**	Applied	The Chairman of the Audit and Risk Committee reports to the Board at all its meetings and minutes of the meeting are provided to the Board. The Chairperson of the Committee attends the Annual General Meeting to answer questions concerning matters falling within the ambit of the Committee and appropriate disclosures are made in the IAR.
4. The governance of risks			
4.1	**The Board should be responsible for the governance of risk.**	Applied	The Board Charter confirms the Board's responsibility for the governance of risk and has delegated this to the Board Audit & Risk Committee. The Committee is responsible for the development and implementation of the ERM Framework including the policies, systems and processes, induction programmes, and appropriate training to ensure effective governance of risk.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
4.2	**The Board should determine the levels of risk tolerance.**	Applied	The Audit and Risk Committee assists the Board in discharging its duties relating to the setting of Letshego Namibia levels of risk tolerance. The risk appetite and tolerance levels contained in the ERM Framework were approved by the Board. The Board review and approve recommendations to amend the risk appetite & tolerance levels by management committees.
4.3	**The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities.**	Applied	The Board Charter established the Board's responsibility for risk governance and delegated Letshego Namibia's risk management responsibilities to the Audit and Risk Committee.
4.4	**The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.**	Applied	The Audit and Risk Committee assists the Board in discharging its duties relating to the responsibility to design, implement and monitor the risk management plan. The Committee approves the risk policies, strategies and plans for the effective management of risk including the establishment of risk management committees and the delegation of matters to those committees.
4.5	**The Board should ensure that risk assessments are performed on a continual basis.**	Applied	The ERM Framework approved by the Board requires risk assessments to be performed on a continual basis across functions, subsidiaries, access channels, projects and new solutions.
4.6	**The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.**	Applied	Letshego Holdings (Namibia) Limited has its Governance Framework, ERM Framework, Legal, Compliance and Anti-Money Laundering Framework and IT Governance Framework all approved by the Board for the effective management of risks across Letshego Namibia Company and its Subsidiaries. The Board is updated quarterly on the level of embedding the risk frameworks, assessment of new or emerging risks and the tolerable level of residual risk amongst others.
4.7	**The Board should ensure that management considers and implements appropriate risk responses.**	Applied	The Audit and Risk Committee ensures that management develops adequate risk responses and that the Committee considers and evaluates such responses. Risks are identified, assessed and monitored in line with the ERM framework and reported to the Committee on a quarterly basis.
4.8	**The Board should ensure continual risk monitoring by management.**	Applied	The Audit and Risk Committee approves the risk strategy and plans on an annual basis for effective implementation by Management. The Country Management Committee and other management committees such as the Asset Liability Management Committee, Management Credit Committee, Procurement Committee and Information Technology Management Committee, will meet on a monthly and quarterly basis to review the risk reports with quarterly reviews being conducted by the Board Audit & Risk Committee.
4.9	**The Board should receive assurance regarding the effectiveness of the risk management process.**	Applied	The Board receives risk assurance reports from the Audit and Risk Committee on a quarterly basis after the committee reviews the report submitted by Management.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
4.10	**The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.**	Applied	A detailed risk management report forms part of the Annual Integrated Report to provide stakeholders with both adequate and accurate information on the risk management processes in Letshego and the effectiveness thereof. Further, Management provides assurance to the Board on a quarterly basis that the risk management plans are integrated in the daily activities of Letshego Namibia.
5. The Governance of IT			
5.1	**The Board should be responsible for information technology (IT) governance.**	Applied	The Board Charter recognises the Board's responsibility for IT governance and the Audit and Risk Committee ensures that an IT governance charter and policies are established and implemented. This is supported by the Information Technology Management Committee at management level.
5.2	**IT should be aligned with the performance and sustainability objectives of the Company.**	Applied	Letshego Holdings (Namibia) Limited's IT strategy is integrated with the Business strategy and business processes. The Board Audit & Risk Committee is responsible for the management of performance and sustainability objectives of Letshego Namibia, and ensures that IT is aligned to these objectives.
5.3	**The Board should delegate to management the responsibility for the implementation of an IT governance framework.**	Applied	The Audit and Risk Committee requires the Committee to ensure that management is responsible for the implementation of the structures, processes and mechanisms for the IT governance framework. This is supported by the Information Technology Management Committee (ITMC) and the board-commissioned IT Governance Committee.
5.4	**IT should form an integral part of the Company's risk management.**	Applied	The IT Governance Framework and the Enterprise Risk Management framework of Letshego Namibia includes the assessment and management of all significant IT risks. IT risk management includes disaster recovery planning, cyber security, system implementation of operational controls/ policies, IT legal risks and compliance to laws, rules, codes and standards that are an integral part of Letshego Namibia risk management.
5.5	**The Board should ensure that information assets are managed effectively.**	Applied	It is the responsibility of the Audit and Risk Committee to ensure that Letshego Namibia has systems in place for the management of information that include the protection of privacy of personal information and the continual monitoring thereof, irrespective of whether this information is at rest, in transmission, or at disposal of IT Assets.
5.6	**A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities.**	Applied	The Board Audit & Risk Committee Charter requires the Committee to ensure that IT risks are adequately addressed, and that assurance is given to confirm that adequate controls are in place. The Board Audit & Risk Committee reviews IT risks and controls, adequacy of business continuity management (including disaster recovery plans for IT), information security, privacy and authorised access.
6. Compliance with laws, rules, codes and standards			
6.1	**The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.**	Applied	Through the Audit and Risk Committee, the Board is able to address legal and compliance requirements of the institution, governed by a Legal, Compliance and Anti-money Laundering Framework. The Legal and Compliance update is a standing item in the Risk & Compliance report; in which the Board is appraised on legal and compliance risk and deliberates over the applicable legislations and the approach to the stated laws.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
6.2	**The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.**	Applied	Applicable laws are reported to the Board by the Legal and Compliance function. Any new legislation or rules which impact Letshego Namibia and its subsidiaries are notified to the Board, who are advised on the legal requirement applicability and how the same is being disseminated to the applicable areas of business which are impacted.
6.3	**Compliance risk should form an integral part of the Company's risk management process.**	Applied	The Compliance and Anti-Money Laundering framework is a sub-set of the Enterprise Risk Management framework. The Compliance risk and AML tools that include the Compliance Risk Monitoring Plans, Compliance Risk Monitoring Reviews and AML monitoring system are applied across all the head office functions and branch networks.
6.4	**The Board should delegate to Management the implementation of an effective compliance framework and processes.**	Applied	A Legal, Compliance and AML framework has been approved by the Board, which addresses the implementation of compliance controls and processes. The framework enhances and complements the Enterprise Risk Management Framework. Both documents delegate to management the effective ways we tackle compliance risks.
7. Internal audit			
7.1	**The Board should ensure that there is an effective risk based internal audit.**	Applied	An independent Internal Audit function is in place, governed by an approved Internal Audit Charter and reports functionally to the Board Audit & Risk Committee. The Board approves the Internal Audit Plan during the first quarter of the year before implementation.
7.2	**Internal audit should follow a risk-based approach to its plan.**	Applied	The Internal Audit Function follows a risk-based approach in its annual audit planning that is considered and approved by the Audit and Risk Committee. The risk-based planning direct time and effort toward the risks that most affect Letshego Namibia's ability to implement strategy and achieve goals. The plan is reviewed quarterly in response to changes in Letshego Namibia's business drivers, significant risks, operational programmes and systems.
7.3	**Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management.**	Applied	Internal Audit reports quarterly to the Audit and Risk Committee on its assessment of internal controls and overall control consciousness of Letshego Namibia. The trend analysis of Internal Audit ratings from engagements completed over the past three years is used to assess improvement in the control environment. Also, management issue an Annual Statement on Internal Controls to the Board Audit & Risk Committee that includes its commitment to resolve Letshego Namibia's Internal Audit findings.
7.4	**The Audit Committee should be responsible for overseeing internal audit.**	Applied	The Audit and Risk Committee is responsible for overseeing Internal Audit. The Committee approves the Internal Audit charter, the annual internal audit plan, the budget and the resource plan of the function. Also, the Committee receives communication on Internal Audit's performance and significant findings. The Committee approves the appointment, removal and remuneration of the Head of Internal Audit.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
7.5	**Internal audit should be strategically positioned to achieve its objectives.**	Applied	The Internal Audit function is independent and reports to the Audit and Risk Committee. The Head of Internal Audit is a permanent invitee to the Country Management Committee, has the respect and cooperation of both the Board and Management and has unrestricted access to the Board Audit & Risk Committee Chairman and members, including private meetings without management (executive sessions).
8. Governing stakeholder relationships			
8.1	**The Board should appreciate that stakeholders' perceptions affect a Company's reputation.**	Applied	The Board Charter recognises the Board's responsibility to manage stakeholder relations and perceptions considering the potential risk to Letshego Namibia reputation. The Board has put measures in place through the Committee and the Country Management Committee to promote a culture that focuses on a unique customer experience, innovation, anticipatory risk, people commitment and stakeholder engagement to protect Letshego Namibia reputation.
8.2	**The Board should delegate to management to proactively deal with stakeholder relationships.**	Applied	The Board has delegated the effective management of stakeholder relationships to the SES Committee and the Country Management Committee. To this end, the following policies were approved by the Board for implementation by management and staff: ▶ Reputational Risk Policy ▶ External Communication Policy ▶ Sustainability and Environmental, Social, Governance Policy ▶ Strategic Social Investment Policy
8.3	**The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.**	Applied	The Board strives to achieve an appropriate balance between the interests of various stakeholders in its decision making. The Country Management Committee assists the Board in achieving this objective.
8.4	**Companies should ensure the equitable treatment of Shareholders.**	Applied	In line with the Companies Act 28 of 2004 and the Namibian Stock Exchange (NSX) Listings Requirements regarding the treatment of Shareholders, the Board is aware of its duty to ensure that all Shareholders are treated equally and equitably.
8.5	**Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.**	Applied	Letshego Holdings (Namibia) Limited strives to provide complete, timely, relevant, accurate, honest and accessible information to its stakeholders whilst having regard to legal and strategic considerations. Further, independent consultants are engaged periodically to assess the level of stakeholder engagement in Letshego Holdings (Namibia) Limited and its subsidiaries.

KEY Applied Not applied

REFERENCE	NAMCODE PRINCIPLE(S)	2024	COMMENTARY
8.6	**The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.**	Applied	The Board Charter clearly addresses the issue of dispute resolution and the Board's approach in this regard. It is a policy of the Company to ensure that internal and external disputes are resolved as effectively and expeditiously as possible. To this end consideration is given in respect of each dispute whether settlement, litigation, arbitration, mediation or other forms of alternative dispute resolution would be the most effective mechanism to resolve a dispute in the best interest of the Company.
9. Integrated reporting and disclosure			
9.1	**The Board should ensure the integrity of the Company's integrated report**	Applied	The Board is ultimately responsible for this integrated annual report and has put adequate measures through the Board Audit & Risk Committee to enable it to verify and safeguard the integrity of the report. The Board Audit & Risk Committee reviews and considers the financial statements and any other information in the integrated report for Board approval prior to publishing.
9.2	**Sustainability reporting and disclosure should be integrated with the Company's financial reporting.**	Applied	In addition to Letshego Namibia financial reporting, sustainability reporting is treated as part of the Strategic Social Investment initiatives in the Integrated Annual Report. Ethics & Sustainability reporting is a standing agenda for board discussion going forward.
9.3	**Sustainability reporting and disclosure should be independently assured.**	Not applied	The Board does not have a formal process in place to obtain independent assurance over the sustainability reporting and disclosure in this Integrated Annual Report.

KEY Applied Not applied

REMUNERATION REPORT

Overview of the remuneration philosophy and policy

Letshego aims to remunerate its Board and employees adequately, fairly, and within industry norms. Non-executive Directors (NED) fees are fixed for two years.

Generally, the Directors of LHN and its subsidiaries are remunerated on a structure consisting of an annual retainer and sitting fees for meetings attended. NEDs do not receive any fees that are related to the performance of the Group and do not participate in any share-based payments or incentives.

The Board's structure balances the Directors' powers so that no individual has unfettered authority in discussions or decision-making.

The distinct roles of the Chief Executive Officer, Group Chairperson, and Non-executive Directors are defined in the Board Charter.

The Board Charter, which is aligned with the NamCode, sets out the following:

- The Board's responsibilities and functions, including safeguarding the Board's collective and individual members' independence.
- Role of the Board, as distinct from the roles of the Shareholders, the Chairperson, individual Board members, the Company Secretary and other executives of LHN.
- Powers delegated to various Board committees.
- Matters reserved for final decision-making or approval by the Board.

Policies and practices of the Board concerning matters such as corporate governance, trading by Directors in the securities of the Group, declaration and conflicts of interest, board meeting documentation, alternative dispute resolution, business rescue proceedings, and procedures.

Long-term incentive plans (LTIP)

Executive Management of LHN comprising LBN and LMFSN are eligible to be incentivised on the LAHL LTIP, which is an equity-settled conditional incentive plan where awards are granted to key employees based on non-market conditions, namely Earnings per Share and ROE of LAHL.

The LTIP grants incentives of between 75% and 200% of the basic salary of participants, which vest at the end of three years, based on achievement of targets. The Group also operates a deferred cash bonus scheme for selected members of the management team who do not participate in the aforementioned share scheme. The deferred cash bonus is paid over three years (50% at the end of the second year and 50% at the end of the third year) and is adjusted upwards for any increase in the Group's share price during the bonus period.

The Group remuneration and incentive schemes are designed to ensure that executive and management remuneration is driven by an increase in shareholder value and delivery of the Group's strategic objectives.

The key elements of the LTIP are:

Calculation of grants – ranges between 75% to 200% of basic salary for participants.

Grant term – vesting is at the end of three years.

Grant targets are based on earnings per share and ROE targets set at the start of each three-year period.

Surveys conducted by Independent consultants indicate that basic salaries paid by the Group to staff align with industry and market norms. In awarding annual increases to employees, consideration is given to an employee's performance and the impact of inflation.

Director's remuneration

Director	Status[1]	Retainer N$	Main board[2] N$	ARC N$	REMCO N$	SES N$	NOMCOM N$	ITCG N$	**Total N$**
M Nakale	INED	181,280	563,700	–	57,426	28,284	8,484		839,174
M Palanduz[3]	INED	12,167	–	–	–	–	–	–	12,167
S von Blottnitz	INED	146,000	311,975	143,539	–	–	–	–	601,514
K Chigiji	INED	146,000	258,944	92,628	82,881	90,508	8,484	21,213	700,658
J Mutumba[5]	INED	67,113	153,436	–	51,769	28,284	–	–	300,602
J Esterhuysen[5]	INED	66,328	253,995	42,426	–	–	–	–	362,749
K Chiusiwa[4]	NED	–	–	–	–	–	–	–	–
R Ochieng[5]	NED	–	–	–	–	–	–	–	–
E Kali	ED	–	–	–	–	–	–	–	–
K-S Altmann	ED	–	–	–	–	–	–	–	–

1 Status comprises Independent Non-executive Director (INED), Non-executive Director (NED) or Executive Director (ED)
2 Board of Letshego Holdings (Namibia) Limited (LHN), Letshego Bank Namibia Limited (LBN) and Letshego Micro Financial Services Namibia (LMFSN)
3 Resigned 31 January 2024
4 Resigned July 2024
5 Appointed July 2024

Board of Directors Meeting Attendance Fees

	Chairperson N$	Director N$
Board Retainer Fees	181,280	146,000
Letshego Holdings Namibia & Letshego Bank Namibia Board Fees	271,524	169,703
Letshego Micro Financial Services Board Fees	135,762	84,852
Board Committee Fees		
Audit & Risk (ARC)	135,762	84,852
Social, Ethics and Sustainability (SES)	90,508	56,568
Remuneration (RemCo)	90,508	56,568
NOMCO	90,508	56,568

Executive Director's remuneration and emoluments

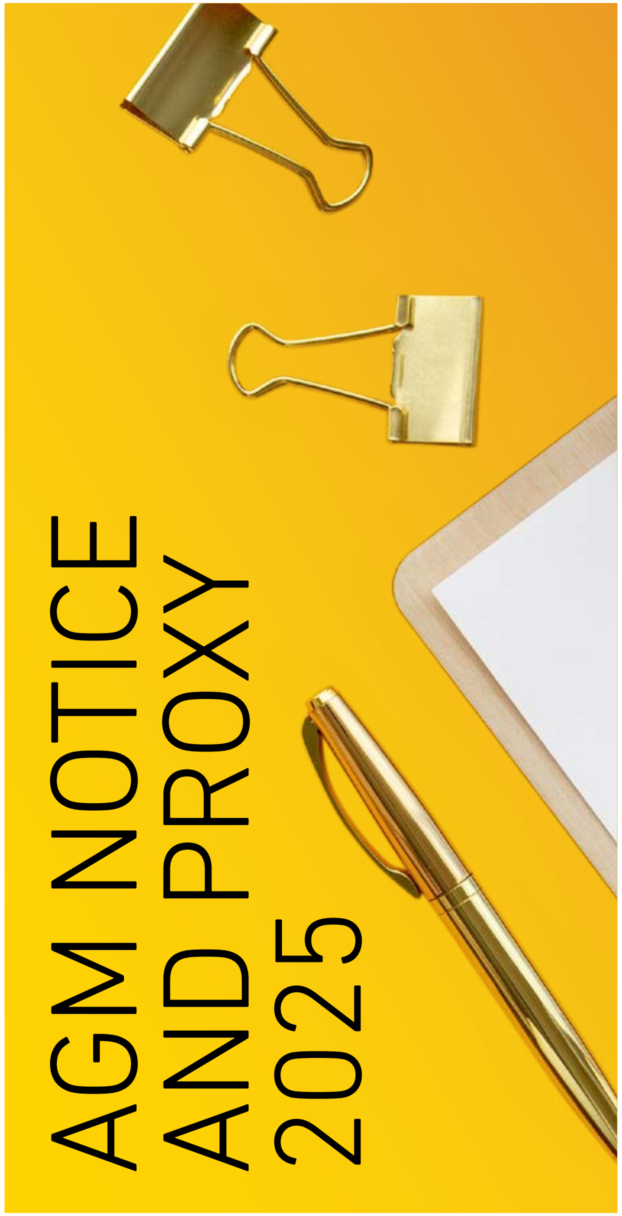
Executive Director's inventive bonuses are evaluated and recommended by the REMCO for the approval of the Board.

Director	Salary N$	Short-term incentives N$	Long-term incentive plan N$	Pension and medical contributions N	**Total N$**
E Kali (CEO)	2,860,133	–	–	377,495	3,237,628
K-S Altmann (CFO)	2,278,977	47,292	–	323,192	2,649,461
Total	5,139,110	47,292	–	700,687	5,887,089

Top three Country Management earners

as at 31 December 2024

	Annual income earned N$
Employee 1	2,736,041
Employee 2	2,348,481
Employee 3	2,214,220



NOTICE OF ANNUAL GENERAL MEETING

Notice to shareholders of the 9th Annual General Meeting (AGM) to be held on Friday, 27 June 2025 at 12h00.

Notice is hereby given to all shareholders of Letshego Holdings Namibia Limited ("the Company") in respect of the Annual General Meeting ("AGM") in respect of the financial year which ended 31 December 2024, which will be held at 1st floor of Letshego Bank Namibia Limited, 269, BPI House, Independence Avenue, Windhoek. The AGM will be accessible to shareholders through electronic communication via Microsoft Teams on Friday, 27 June 2025 at 12h00 (with registration to commence at 11h00), to deal with the business as stated in the AGM Notice, and to consider and if deemed fit, to pass the resolutions set out hereunder in the manner set out in the Namibian Companies Act, together with the Namibian Listings Requirements ("NSX LR") and the provisions of the Company's statutory documentation. The Microsoft Teams link will be circulated to Shareholders 5 (five) days before the meeting.

Shareholders are advised that the Integrated Annual Report for the year which ended 31 December 2024 together with the Annual Financial Statements will be available on the website of the Company https://www.letshego.com/namibia as of the date of this publication.

A Shareholder is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a shareholder. Proxy forms should be deposited at the office of the Transfer Secretary at 4 Robert Mugabe Avenue (entrance from Dr Theo-Ben Gurirab Street) or emailed to Carol-Ann Meintjies at carol-annm@nsx.com.na not less than 48 hours before the meeting.

The meeting will be convened for the following purposes:

Ordinary business – ordinary resolutions

To consider and pass the following resolutions:

1. Resolution 1: Annual Financial Statements

To receive, consider and adopt the Annual Financial Statements for the financial year which ended 31 December 2024, together with the Directors' and Independent External Auditors' reports thereon.

2. Resolution 2: Dividend Declaration

To ratify the dividends declared and paid since the previous Annual General Meeting:

2.1 An interim dividend of 39.89 cents (N$0.3989) per share was paid to shareholders in November 2024.

2.2 A final dividend of 43.88 cents (N$0.4388) per share to be paid to shareholders on 27 June 2025.

3. Resolution 3

To re-elect by separate resolution the independent non-executive director who retire in terms of Article 63 of the Company's Articles of Association, and in accordance with the provisions of the Companies Act, and the NSX LR:

3.1 To approve that Ms. Mansueta-Maria Nandjila Nakale, who retires by rotation, will be available for re-election.

Ms Nakale has over 20 years' experience in the financial sector with specialization in investment management and financial sector supervision. She possesses extensive knowledge on corporate governance, strategy formulation and implementation, investment management and strong ability to interpret legislative instruments. She has held several directorships in both the private and public sectors over the past 19 years.

4. Resolution 4

4.1 To approve the remuneration of the independent non-executive Directors for the financial year which ended 31 December 2024 as disclosed on page 84 in the Integrated Annual Report. The Board attendance and remuneration for each Director are disclosed in the Corporate Governance section of the Integrated Annual Report.

4.2 To approve the remuneration of the independent non-executive Directors for the financial year which ended 31 December 2024 to remain unchanged.

5. Resolution 5

5.1 To confirm the appointment of Ernst and Young Namibia ("EY Namibia") and the auditing partner Ms Fadzai M Madzamba as the Company's independent external auditor for the following financial year, subject to Bank of Namibia approval.

5.2 To authorise the Directors to determine the terms of engagement and the fees of the independent external auditor for the next financial year which ended 31 December 2025.

6. Resolution 6

The adoption of the aforementioned resolutions will authorise any director of the Company to execute all documentation and do all such further acts as he/she may in his/her discretion deem appropriate to implement and give effect to the resolutions mentioned above.

To transact other business which may be transacted at the Annual General Meeting

Voting will be by proxy only. The exact voting process is set out in the proxy form accompanying this document. Proxy forms can be downloaded from the website https://www.letshego.com/namibia. Shareholders are required to submit their votes by proxy to the Transfer Secretaries of the Company, who will submit their votes at the Annual General Meeting on their behalf. The holders of the ordinary shares will each be entitled to one vote for every ordinary share held.

By order of the Board

Evast Kalumbu
Company Secretary

Registered Office
18 Schwerinsburg Street
Windhoek
23 May 2025

IJG Securities (Pty) Ltd. Member of the NSX

FORM OF PROXY

Ordinary Business

For completion by holders of ordinary shares

(PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

The 9th Annual General Meeting of the Shareholders of Letshego Holdings Namibia Limited ('the Company') will be held in electronic form/ virtually via Conference Call on Friday, 27 June 2025 at 12h00. Registration commences at 11h00.

I/We (name/s in block letters) ____________________

of (address) ____________________ being a member of Letshego Holdings Namibia Limited hereby appoint (see note 2) below

1. ____________________ or failing him/her,

2. ____________________ or failing him/her,

3. The Chairman of the meeting,

as my/our proxy to act for me/us at the Annual General Meeting which will be held for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following instructions (see note 2):

			FOR	AGAINST	ABSTAIN
Ordinary resolution number	1	Annual Financial Statements			
Ordinary resolution number	2.1	Interim Dividend			
Ordinary resolution number	2.2	Final Dividend			
Ordinary resolution number	3	Directors Rotation			
Ordinary resolution number	4.1	Directors fees for 2024			
Ordinary resolution number	4.2	Directors fees for 2025			
Ordinary resolution number	5.1	Appointment of Auditors			
Ordinary resolution number	5.2	Board to determine terms of engagement and auditors fees			
Ordinary resolution number	6	Authority of Directors			

Signed at ____________________

on this day of ____________________ 2025

Signature ____________________

Assisted by (where applicable) ____________________

Notes to the form of proxy

Each Shareholder is entitled to appoint one or more proxies (who need not be Member/s of the Company) to attend, speak and vote in place of that shareholder at the Annual General Meeting.

Please read the notes hereof.

Notes

1. A Shareholder may insert the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

2. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the Annual General Meeting as he/she deems fit in respect of the Shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. Forms of proxy must Proxy forms should be deposited at the office of the Transfer Secretary at 4 Robert Mugabe Avenue (entrance from Dr Theo-Ben Gurirab Street) or emailed to Carol-Ann at carol-annm@nsx.com.na not less than 48 hours before the meeting.

4. The completion and lodging of this form will not preclude the relevant Shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.

5. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner which the Shareholder concerned wishes to vote.

6. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

7. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the Annual General Meeting or adjourned Annual General Meeting at which the proxy is to be used.

8. At a meeting of Shareholders, a poll may be demanded by:
   a) Not less than five shareholders having the right to vote at the meeting or
   b) a Shareholder or shareholders representing not less than 10% of the total voting rights of all Shareholders having the right to vote at the meeting;
   c) a Shareholder or Shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10% of the total.

9. The authority of a person signing the form of proxy under a power of attorney or on behalf of a company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

10. Where ordinary shares are held jointly, all joint Shareholders must sign.

11. A minor must be assisted by his/her guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

CONSOLIDATED ANNUAL **FINANCIAL STATEMENTS**

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Consolidated annual financial statements

COMPANY INFORMATION

Registration number:	2016/0145
Registered address:	18 Schwerinsburg Street PO Box 11600 Windhoek Namibia
Company secretary:	Mignon Klein Letshego Holdings Namibia 18 Schwerinsburg Street Windhoek Namibia
Auditor:	Ernst & Young Namibia PO Box 1857 Windhoek, Namibia
Sponsoring broker:	IJG Securities (Pty) Limited PO Box 186 Windhoek, Namibia
Transfer Secretary:	Transfer Secretaries (Pty) Limited PO Box 2401 Windhoek, Namibia

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 December 2024

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements and of Letshego Holdings (Namibia) Limited, comprising the statements of financial position as at 31 December 2024, the statements of comprehensive income, the statement of changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of material accounting policy information, other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Companies Act.

The directors are also responsible for such internal control as the directors determine whether it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and the group to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Companies Act.

Approval of the annual financial statements

The annual financial statements of Letshego Holdings (Namibia) Limited, as identified in the first paragraph, set out on pages 90 to 162, were approved by the directors on 27 March 2025 and signed on their behalf by:

Mansueta-Maria Nakale Director	**Ester Kali** Chief Executive Officer

Note – signatures are not included for digital security purposes.

INDEPENDENT AUDITOR'S REPORT

Shape the future
with confidence

Ernst & Young Namibia
Cnr Otto Nitzsche and Maritz Streets
Box 1857
Windhoek
10005
Namibia

Tel: +264 61 289 1100
Fax: +264 61 234991
www.ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LETSHEGO HOLDINGS (NAMIBIA) LIMITED

Opinion

We have audited the consolidated and separate annual financial statements of Letshego Holdings (Namibia) Limited ("the company") and its subsidiaries ("the group") set out on pages 94 to 162, which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including a summary of material accounting policy information and the directors' report.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements"* section of our report. We are independent of the group and company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matters apply only to the audit of the Consolidated Annual Financial Statements.

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses on advances to customers The disclosure associated with expected credit losses on advances to customers is set out in the consolidated annual financial statements in the following notes: Note 3.2 - Material accounting policy information - Impairment Note 5.1.1 - Credit risk Note 10 - Advances to customers	
Expected credit losses on advances to customers We identified the audit of expected credit losses (ECL) on advances to customers as a key audit matter which required significant audit effort and the support of our specialists when considering the following: • The Group's advances to customers represents 75.66% of the Group's total assets; • There is a high degree of estimation uncertainty, and significant judgements and assumptions are applied in estimating the ECL model on advances to customers; • Economic scenario forecasts used to estimate the ECL on advances to customers require subjective management judgement to reflect the current macroeconomic environment. 1. **Modelled ECL impairment loss** • We assessed the design and implementation of the ECL model, including assessing the significant assumptions applied with reference to the requirements of IFRS 9, *Financial instruments* and have tested the operating effectiveness of management's ECL modelling	The following audit procedures, amongst others, were executed with the involvement of our internal quantitative specialists: • We obtained an understanding of management's process over credit origination, credit monitoring and credit remediation and tested the relevant controls identified within these processes. In particular we have focused on the following areas of significant judgement and estimation which required the use of specialists: 1. **Modelled ECL impairment loss** • The ECL is calculated on a modelled basis which incorporates observable data, assumptions and estimations. The development and execution of these model requires significant

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Independent auditor's report continued

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controls around the assumptions used in determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) parameters included in the model. • We reperformed the model calculations using assumptions as per the model documentation, and recalculated the PD, EAD and LGD parameters, to test the accuracy of the ECL calculations. • We compared the reperformed ECL impairments to the Group's ECL impairments per stage. • We tested the completeness and accuracy of data inputs into the model by tracing a sample of data inputs back to information sourced by management from internal systems.	management judgement, including estimation of the probability of default (PD); exposure at default (EAD) and loss given default (LGD) model parameters.
2. **Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation** • We assessed the design and implementation and tested the operating effectiveness of controls over the approval of macroeconomic forecasts used within the model. • We assessed the appropriateness of the macroeconomic scenario forecasts and probability weightings by benchmarking these against external evidence and economic data. • We performed independent review of the methodology on economic forecasts, which incorporated the estimated economic impacts to assess if the macroeconomic scenario forecasts were correctly incorporated in deriving the LGD.	2. **Estimation and incorporation of multiple forward-looking macroeconomic scenarios and weightings into the ECL calculation** • These scenario forecasts are developed by the Group and require management judgement, given the uncertain macroeconomic environment, and the complexity of incorporating these scenario forecasts and probability weightings into the estimation of ECL. The judgement relates to the macroeconomic factors considered which include the Namibia CPI, Namibia GDP and Namibia Unemployment Rate.

Other Information

The directors are responsible for the other information. The other information comprises the company information, the contents, the directors' responsibility statement and the integrated annual report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the directors either intend to liquidate the group and company and/or to cease operations or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material

Independent auditor's report continued

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misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Danica van Wyk
Partner

Windhoek
Namibia

2 June 2025

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DIRECTORS' REPORT

for the year ended 31 December 2024

The directors present their report to the members, together with the audited consolidated and separate annual financial statements of Letshego Holdings (Namibia) Limited ("the company") and its subsidiaries ("the group") for the financial year ended 31 December 2024.

1. Reporting entity

Letshego Holdings (Namibia) Limited ('LHN') was incorporated in the Republic of Namibia on 24 February 2016.

2. Nature of business

Letshego Holdings (Namibia) Limited is a listed public company, which operates within the Republic of Namibia. Its main business is holding its investment subsidiaries, namely Letshego Bank Namibia Limited ("LBN") and Letshego Micro Financial Services Namibia (Pty) Ltd ("LMFSN"). LHN holds 99.99% of the issued share capital in LBN and 100% of the issued share capital in LMFSN. The Group provides banking and other financial services to Namibian residents.

3. Share capital

There was no change in the authorised and issued share capital of the group or company during the year under review.

4. Dividends

A final ordinary dividend of N$181.9 million (36.38 cents per share) (2023: N$224.5 million, 44.89 cents per share) in respect of the year ended 31 December 2023 was paid in June 2024.

An interim ordinary dividend of N$199.5 million (39.89 cents per share) (2023: N$171.5 million, 34.39 cents per share) in respect of the year ended 31 December 2024 was declared and paid in November 2024.

5. Directors and secretary

The following persons were directors during the year under review:

Mansueta-Maria Nakale**	Independent Non-Executive
Ester Kali**	Executive
Maryvonne Palanduz**	Independent Non-Executive (resigned 31 January 2024)
Sven von Blottnitz^*	Independent Non-Executive (resigned 06 March 2025)
Kamogelo Chiusiwa^^	Independent Non-Executive (resigned 01 July 2024)
Karl-Stefan Altmann**	Executive
Kudzai Chigiji*^	Independent Non-Executive
Richard Ochieng*^*	Independent Non-Executive Director (appointed 01 July 2024)
Jerome Mutumba**	Independent Non-Executive Director (appointed 15 July 2024)
Jaco Esterhuyse**	Independent Non-Executive Director (appointed 17 July 2024)

*** Namibian | ^^ Motswana | ^* German | *^Zimbabwean | *^* Kenyan*

The secretary of the company is Mignon Klein (resigned 31 January 2025) (vacant).

Business address:	**Postal address:**
18 Schwerinsburg Street	PO Box 11600
Windhoek	Windhoek
Namibia	Namibia

6. Holding company

As at year-end, Letshego Africa Holdings Limited (incorporated in the Republic of Botswana) holds 78.46% of the issued share capital, while Kumwe Investment Holdings Limited holds 12% of the issued share capital. The rest of the issued share capital is held by members of the public (retail investors) as well as corporate entities.

7. Financial results

The financial results of the Company and the Group are set out in these financial statements.

8. Borrowing powers

In terms of the Memorandum and Articles of Incorporation, the company has limited borrowing powers.

The total borrowings of the Group at 31 December 2024 are N$2 927 million (2023: N$3 140 million). Full details of the borrowings are shown in notes 15 and 16 of the consolidated and separate annual financial statements.

9. Major capital expenditures

The Group made additions to its capital assets of N$9.0 million (2023: N$3.5 million) excluding the right-of-use assets during the financial year.

10. Going concern

The directors have satisfied themselves that the Group and the separate company is in a sound financial position and that sufficient borrowing facilities are accessible in order to enable the Group and company to meet its foreseeable cash requirements. In addition, there has been no material change in the markets in which the Group and the separate company operates and it has the necessary skills to continue operations. On this basis the directors consider that the Group and the separate company has adequate resources to continue operating for the foreseeable future and therefore deem it appropriate to adopt the going concern basis in preparing the Group's and company's financial statements for this reporting year.

Directors' report continued

11. Investment in subsidiaries

Subsidiaries of Letshego Holdings (Namibia) Limited	Number of shares held	Issued ordinary share capital and premium N$'000	Effective holding 2024 %	Effective holding 2023 %
Letshego Bank (Namibia) Limited	999,994	100	**99.9**	99.9
Letshego Micro Financial Services (Namibia) (Pty) Ltd	1,000,000	140 100	**100**	100

Financial details of subsidiaries	Aggregate income of subsidiaries before tax 2024 N$'000	Aggregate income of subsidiaries before tax 2023 N$'000	Total investment 2024 N$'000	Total investment 2023 N$'000
Letshego Bank (Namibia) Limited	**124,245**	88,863	**1,344,154**	1,344,154
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**144,964**	87,640	**570,200**	570,200

12. Compliance with BID-2

The Group's annual financial statements comply with the Bank of Namibia's Determination On Asset Classification, Suspension of Interest and Provisioning (BID-2).

13. Material post reporting date events

A final dividend of 43.88 cents per ordinary share has been declared since the end of the reporting period.

No other matters which are material to the financial affairs of the group and company have occurred between year-end and the date of approval of the consolidated and separate annual financial statements.

14. Auditors

Ernst & Young Namibia was appointed as external auditor for 2024 with the approval of the shareholders in accordance with the Namibian Companies Act.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

		GROUP		COMPANY	
	Notes	31 December 2024 Audited N$'000	31 December 2023 Audited N$'000	31 December 2024 Audited N$'000	31 December 2023 Audited N$'000
ASSETS					
Cash and cash equivalents	7	**750,565**	750,849	**1,891**	1,909
Government and other securities	8	**601,556**	913,074	**–**	–
Other receivables	9.1	**57,668**	56,063	**2,799**	1,198
Net insurance contract assets	6	**165,896**	143,997	**122,507**	99,240
Intercompany receivable	9.2	**130,401**	104,097	**439,372**	441,306
Advances to customers	10	**5,385,539**	4,740,307	**–**	–
Current taxation	14.4	**–**	67,950	**–**	–
Investment in subsidiaries	28	**–**	–	**1,914,354**	1,914,354
Property, equipment and right-of-use assets	11	**22,151**	17,858	**–**	–
Deferred tax assets	14.3	**4,169**	2,178	**–**	94
Total assets		**7,117,945**	6,796,373	**2,480,923**	2,458,101
LIABILITIES AND EQUITY					
Liabilities					
Deposits due to customers	17	**1,302,113**	827,978	**–**	–
Trade and other payables	12	**88,353**	70,327	**3,698**	2,303
Lease liabilities	13	**9,885**	8,194	**–**	–
Borrowings	15	**2,899,467**	3,115,860	**463,527**	434,578
Amounts due to parent company	16	**27,517**	23,763	**–**	–
Current taxation	14.4	**2,860**	–	**898**	1
Deferred tax liabilities	14.3	**6,692**	6,717	**269**	–
Total liabilities		**4,336,887**	4,052,839	**468,392**	436,882
SHAREHOLDERS' EQUITY					
Share capital	18	**100**	100	**100**	100
Retained earnings		**1,720,194**	1,714,905	**668,277**	676,965
Capital reorganisation reserve	27	**701,024**	701,024	**1,344,154**	1,344,154
Statutory credit risk reserve		**142,543**	110,341	**–**	–
Equity settled share based payment reserve	19	**2,112**	2,079	**–**	–
Total equity attributable to parent		**2,565,973**	2,528,449	**2,012,531**	2,021,219
Non-controlling interest		**215,085**	215,085	**–**	–
Total equity		**2,781,058**	2,743,534	**2,012,531**	2,021,219
Total liabilities and equity		**7,117,945**	6,796,373	**2,480,923**	2,458,101

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

		GROUP		COMPANY	
	Notes	31 December 2024 Audited N$'000	31 December 2023 Audited N$'000	31 December 2024 Audited N$'000	31 December 2023 Audited N$'000
Interest income calculated using the effective interest method	23	**954,227**	787,250	**59,382**	56,226
Interest expense calculated using the effective interest method	23	**(404,940)**	(349,041)	**(50,799)**	(47,866)
Net interest income	23	**549,287**	438,209	**8,583**	8,360
Credit impairment charge	10	**12,148**	(11,985)	**–**	–
Net interest income after impairment		**561,435**	426,224	**8,583**	8,360
Insurance revenue	6.3	**433,603**	392,634	**280,203**	264,425
Insurance expense	6.3	**(159,480)**	(116,913)	**(86,177)**	(62,594)
Net insurance result		**274,123**	275,721	**194,026**	201,831
Dividend income	25	**–**	–	**179,509**	213,172
Fee income	24	**37,390**	33,846	**–**	–
Other income	25	**65**	4,297	**761**	265
Employee benefits	21	**(116,230)**	(94,672)	**(73)**	(11)
Other operating expenses	22	**(291,960)**	(262,301)	**(7,685)**	(4,971)
Profit before taxation	20	**464,823**	383,115	**375,121**	418,646
Taxation	14	**(45,982)**	(29,770)	**(2,459)**	(2,293)
Profit for the year		**418,841**	353,345	**372,662**	416,353
Other comprehensive income, net of tax		**–**	–	**–**	–
Total comprehensive income for the year		**418,841**	353,345	**372,662**	416,353
Earnings per ordinary share					
Basic earnings per share (cents)	32	**84**	71	**75**	83
Fully diluted earnings per share (cents)	32	**84**	71	**75**	83

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Share capital N$'000	Equity settled share based payment reserve N$'000	Statutory credit risk reserve N$'000	Retained earnings N$'000	Capital reorganisation reserve N$'000	Ordinary shareholders' reserve N$'000	Non-controlling interest[1] N$'000	Total equity N$'000
GROUP								
As at 1 January 2024	**100**	**2,079**	**110,341**	**1,714,905**	**701,024**	**2,528,449**	**215,085**	**2,743,534**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**418,841**	**–**	**418,841**	**–**	**418,841**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend declared and paid	**–**	**–**		**(381,350)**	**–**	**(381,350)**	**–**	**(381,350)**
Transfer between reserves			**32,202**	**(32,202)**		**–**		**–**
Share based payment transactions	**–**	**33**	**–**	**–**	**–**	**33**	**–**	**33**
As at 31 December 2024	**100**	**2,112**	**142,543**	**1,720,194**	**701,024**	**2,565,973**	**215,085**	**2,781,058**
As at 1 January 2023	100	2,123	76,187	1,791,614	701,024	2,571,048	215,085	2,786,133
Total comprehensive income for the year								
Profit for the year	–	–	–	353,345	–	353,345	–	353,345
Other comprehensive income for the year	–	–	–	–	–	–	–	–
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend declared and paid	–	–	–	(395,900)	–	(395,900)	–	(395,900)
Transfer between reserves	–	–	34,154	(34,154)	–	–	–	–
Share based payment transactions	–	(44)	–	–	–	(44)	–	(44)
As at 31 December 2023	100	2,079	110,341	1,714,905	701,024	2,528,449	215,085	2,743,534
COMPANY								
As at 1 January 2024	**100**	**–**	**–**	**676,965**	**1,344,154**	**2,021,219**	**–**	**2,021,219**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**372,662**	**–**	**372,662**		**372,662**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend declared and paid	**–**	**–**	**–**	**(381,350)**	**–**	**(381,350)**	**–**	**(381,350)**
As at 31 December 2024	**100**	**–**	**–**	**668,277**	**1,344,154**	**2,012,531**	**–**	**2,012,531**
As at 1 January 2023	100	–	–	656,512	1,344,154	2,000,766	–	2,000,766
Total comprehensive income for the year								
Profit for the year	–	–	–	416,353	–	416,353	–	416,353
Other comprehensive income for the year	–	–	–	–	–		–	–
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend declared and paid	–	–	–	(395,900)	–	(395,900)	–	(395,900)
As at 31 December 2023	100	–	–	676,965	1,344,154	2,021,219	–	2,021,219
Notes	18	19			27			

1 *The Non-controlling interest relates to the preference shareholders who do not share in the profit. As at 31 December 2024, the balance is made up of N$215,084,843 irredeemable, non cumulative preference shares (2023: N$215,084,843).*

STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Notes	GROUP 31 December 2024 Audited N$'000	GROUP 31 December 2023 Audited N$'000	COMPANY 31 December 2024 Audited N$'000	COMPANY 31 December 2023 Audited N$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**464,823**	383,115	**375,121**	418,646
Adjusted for:					
– Net interest income	23	**(549,287)**	(438,209)	**(8,583)**	(8,360)
– Dividend income	25	**–**	–	**(179,509)**	(213,437)
– Depreciation	11	**12,310**	12,403	**–**	–
– Impairment allowance on advances		**(24,585)**	(5,388)	**–**	–
– Unrealised foreign exchange loss	22	**574**	1,431	**–**	–
– Equity settled share based payment transactions	19	**33**	(44)	**–**	–
Movement in advances to customers		**(620,647)**	17,780	**–**	–
Movement in other receivables		**(1,605)**	(9,141)	**(1,601)**	2,162
Movement in Net insurance contract assets		**(21,899)**	11,990	**(23,267)**	(47,932)
Movement in trade and other payables		**18,026**	2,085	**1,395**	1,734
Movement in customer deposits	17	**474,135**	292,291	**–**	–
		(248,122)	268,313	**163,556**	152,813
Interest received		**827,929**	672,251	**349**	293
Interest paid – customer deposits		**(71,707)**	(49,199)	**–**	–
Tax refund/(paid)	14.4	**18,178**	(39,441)	**(1,200)**	5,085
Net cash flow from operating activities		**526,278**	851,924	**162,705**	158,191
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment (excluding to right-of-use assets)		**(8,973)**	(3,515)	**–**	–
Interest received on loans to related parties		**18,600**	5,603	**18,600**	5,603
Interest received – government and other securities		**91,452**	45,546	**–**	–
Amounts received from intercompany receivable		**–**	–	**490,022**	522,677
Amounts advanced from intercompany receivable		**–**	–	**(421,822)**	(352,953)
Amounts received from parent company		**74,167**	48,417	**74,167**	48,417
Amounts advanced to parent company		**(100,000)**	(150,500)	**(100,000)**	(150,500)
Purchase of investment in securities		**(262,159)**	(406,015)	**–**	–
Redemption of investment in securities		**322,871**	177,807	**–**	–
Dividend received		**–**	–	**179,509**	213,172
Net cash generated/(utilised) in investing activities		**135,958**	(282,657)	**240,476**	286,416

Statement of change in cash flows continued

		GROUP		COMPANY	
	Notes	**31 December 2024 Audited N$'000**	31 December 2023 Audited N$'000	**31 December 2024 Audited N$'000**	31 December 2023 Audited N$'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Ordinary share dividend paid		**(381,350)**	(395,900)	**(381,350)**	(395,900)
Borrowings received	33	**710,000**	631,888	**260,000**	–
Borrowings repaid	33	**(906,403)**	(41,667)	**(231,000)**	–
Amounts received from assets held to hedge long-term borrowings	33	**238,012**	–	**–**	–
Interest received on assets held to hedge long-term borrowings	33	**25,071**	26,852	**–**	–
Interest paid – borrowings	33	**(344,650)**	(299,057)	**(50,850)**	(47,297)
Interest paid – lease liabilities	13, 23	**(757)**	(785)	**–**	–
Amounts received from parent company	33	**3,754**	–	**–**	–
Repayment of amounts due to parent company	33	**–**	(54,379)	**–**	–
Principal element of lease payments	33	**(6,197)**	(6,186)	**–**	–
Net cash utilised in financing activities		**(662,520)**	(139,234)	**(403,200)**	(443,197)
Net movement in cash and cash equivalents		**(284)**	430,034	**(19)**	1,410
Movement in cash and cash equivalents					
At the beginning of the year		**750,849**	320,815	**1,910**	500
Movement during the year		**(284)**	430,034	**(19)**	1,410
At the end of the year	7	**750,565**	750,849	**1,891**	1,910

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. Reporting entity

Letshego Holdings (Namibia) Limited is a Company domiciled in Namibia. The address of the Company's registered office is 18 Schwerinsburg Street, Windhoek, Namibia. The consolidated and separate annual financial statements of Letshego Holdings Namibia Limited as at and for the year ended 31 December 2024 comprise the Company and the interest in its two subsidiaries, namely, Letshego Bank (Namibia) Limited and Letshego Micro Financial Services (Namibia) (Pty) Ltd. The Group is primarily engaged in the provision of banking and other financial services to members of the public.

2. Basis of preparation

a) The consolidated and separate annual financial statements have been prepared on a historical cost basis. The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the periods presented. New accounting policies were adopted in the current year, please see Note 4 for more details.

b) Statement of compliance

The annual financial statements have been prepared in accordance, and comply in all material respects, with International Financial Reporting Accounting Standards (IFRS Accounting Standards) and the requirements of the Namibian Companies Act.

c) Functional and presentation currency

These financial statements are presented in Namibia Dollar, which is the Group's and Company's functional currency and are rounded to the nearest 1000 Namibia Dollar.

d) Going concern

As stated in the directors' responsibility section, the annual financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

e) Key assumptions and critical judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 of which form the basis of making judgments about carrying amounts of assets and liabilities that are not apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

Impairment of advances to customers

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 5.1.1, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 5.1.1.

Current and deferred taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation in which the Group and company operates. The Group and company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Effective Interest Rate (EIR) method

The Group's EIR methodology, as explained in Note 3.f), recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the base rate and other fee income/expense that are integral parts of the instrument.

Notes to the annual financial statements continued

2. Basis of preparation continued

e) Key assumptions and critical judgements continued

Insurance contracts

The Group has cell captive insurance arrangements. 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. The Group and company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. Refer to Note 6 for the carrying amount of the Group's insurance contracts at the end of the reporting period.

3. Material accounting policy information

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Basis of consolidation

Interest in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The acquisition method of accounting is used to account for all business combinations meeting the definition of a business. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return. It is presumed that a business exists if goodwill is present in the acquired set of assets and activities. Evidence to the contrary would need to overcome this presumption. The consideration transferred for the acquisition comprises the:

- fair values of the assets transferred
- liabilities incurred to or assumed from the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Contingent consideration is classified either as equity, financial asset or a financial liability. Such amounts classified as a financial assets or financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

Acquisition-related costs are expensed as incurred

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase (negative goodwill).

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Material accounting policy information continued

a) Basis of consolidation continued

Capital re-organisation reserve accounting

In a capital reorganisation, the new company's consolidated financial statements include the existing entity's full results (including comparatives), even though the reorganisation may have occurred part of the way through the year. This reflects the view that the transaction involves two entities controlled by the same controlling party – the financial statements reflect the numbers from the perspective of that party and they reflect the period over which that party has had control.

b) Foreign currency transactions

Transactions in foreign currencies are translated to Namibia Dollar at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Namibia Dollar at the foreign exchange rate applicable for settlement as at that date. The foreign currency gain or loss on the monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Namibia Dollar at the foreign exchange rate ruling at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Namibian Dollar at foreign exchange rates ruling at the dates the fair values were determined. Differences arising on settlement or translation of monetary items are recognised in profit or loss. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c) Revenue recognition

Revenue comprises interest income and non-interest income.

i) Interest income

Interest income is recognised in profit or loss at amortised cost using the effective interest method.

Collection fees on loans granted and commission paid to sales agents

Collection fees on loans granted and commission paid to sales agents are charged upfront and capitalised into the loan. These fees are primarily based on the cost of granting the loan to the individual. In accordance with IFRS 9, these collection fees on loans granted and commission paid to sales agents are considered an integral part of the loan agreement and are therefore recognised as an integral part of the effective interest rate and are accounted for over the shorter of the original contractual term and the actual term of the loan using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group and company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and administration charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a collection of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income from cash and cash equivalents is earned on the effective interest method at the agreed interest rate with the respective financial institution.

ii) Fee income

Fees are measured based on consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. Fees are recognised on an accrual basis when the service has been rendered / control over a good or service has been transferred to the customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

TYPE OF SERVICE	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail banking and microlending services	The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities and servicing fees. Where applicable, fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates on an annual basis Transaction-based fees for interchange and overdrafts are charged to the customer's account when the transaction takes place. Where applicable, servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group. There is no financing component.	Revenue from account service and servicing fees is recognised over time as the service is provided. Revenue related to transactions is recognised at the point in time when the transaction takes place. Non-refundable up-front fees are recognised as revenue over the period for which a customer is expected to continue receiving the service or utilising the facility.

3. Material accounting policy information continued

c) Revenue recognition continued

iii) *Dividend income*

Dividends are recognised in profit in the period in which they are declared. Any dividends declared after the end of the reporting period and before the consolidated financial statements are authorised for issue, are disclosed in the subsequent events note.

iv) *Sundry income*

Sundry income are recognised in profit and loss as and when they are earned. Included in sundry income is items such as gain on disposal of fixed assets and other miscellaneous income.

d) Leases

Group and company acting as a lessee

The Group leases various office buildings. Rental contracts are typically made for fixed periods of 2 years to 5 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group and company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 13.

iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of property, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

e) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

3. Material accounting policy information continued

e) Taxation continued

i) Current taxation

Current taxation is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Taxable income is determined by adjusting the profit before taxation for items which are non-taxable or disallowed in terms of tax legislation.

Current tax is charged or credited to profit or loss, except to the extent that it relates to items charged or credited directly to the statement of changes in equity, in which case the tax is also dealt with in equity.

ii) Deferred taxation

Deferred taxation is provided using the statement of financial position liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date

The principal temporary differences arise from depreciation on property, equipment and right-of-use assets, allowances provisions for originated loans, deferred fees on borrowings, provisions for the equity settled share based payments scheme, prepayments, deferred expenses, lease liabilities, assessed losses, leave pay provision, bonus provision, other payroll related provisions and EIR adjustment. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis and their tax assets and liabilities will be realised simultaneously.

f) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired (see definition on Note 6.1.1) at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'Stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

3. Material accounting policy information continued

f) Financial assets and liabilities continued

Measurement methods continued

Initial recognition and measurement continued

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss in the Statement of Comprehensive Income (SCI).

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

i) Financial assets

1. Classification and subsequent measurement

The Group and company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

The classification of financial assets and financial liabilities depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's and company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Group and company classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 5.1.1. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.
- *Business model:* the business model reflects how the Group and company manages the assets in order to generate cash flows. That is, whether the Group's and company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group and company in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's business model for the advances book is to hold to collect contractual cash flows, with no intention to sell these loans under securitisation or similar arrangements.
- *SPPI:* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group and company subsequently measures all equity investments at fair value through profit or loss, except where the Group and company management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's and company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's and company's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'other operating income ' line in the statement of profit or loss.

3. Material accounting policy information continued

f) Financial assets and liabilities continued

Measurement methods continued

i) Financial assets continued

2. Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 5.1.1 provides more detail of how the expected credit loss allowance is measured.

Write-off

The Group and Company writes off a loan or an investment in debt securities, partially or fully, and any related provision for impairment loss, when it is determined that there is no realistic prospect for recovery. This is generally the case when the Group and company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

The Group write off loan balances, and any related allowances for impairment losses, when there is determination that the loan is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. All workable written off accounts are fully followed up for recovery through internal debt collection and third party collection partners. The Group writes off an account 90 days after 12 payments in arrears. Write off point analysis was done in view of write off being a derecognition under IFRS 9 and this resulted in no change in policy.

3. Modification of loans

When the Group renegotiates or otherwise modifies the contractual cash flows of loans to customers, the Group and company assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within other operating income (for all other modifications).

4. Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and company transfers substantially all the risks and rewards of ownership, or (ii) the Group and company neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group may enter into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

3. Material accounting policy information continued

f) Financial assets and liabilities continued

Measurement methods continued

i) Financial assets continued

4. Derecognition other than on a modification continued

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

When the contractual rights to receive the cash flows from the assets have been transferred, and the Group and company neither transfers nor retains substantially all the risks and rewards of ownership, and the Group has retained control of the transferred assets, the Group applies continuing involvement approach.

Under this approach, the Group continues to recognise the transferred asset to the extent of its continuing involvement and recognise the associated liability, to reflect the rights and obligations retained by the Group. The net carrying amount of the transferred asset and associated liability is: (a) the amortised cost of the rights and obligations retained by the Group, if the transferred asset is measured at amortised cost; or (b) equal to the fair value of the rights and obligations retained by the Group when measured on a stand-alone basis, if the transferred asset is measured at fair value.

ii) Financial liabilities

1. Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; when continuing involvement approach applies, see Note 5; and
- Financial guarantee contracts and loan commitments.

2. Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

iii) Offsetting

Financial assets and financial liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group and company has a legal right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

iv) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, restricted balances held with the Central Bank and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Group and company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

v) Other receivables

Financial instruments

Other receivables comprise prepayments, deposits and sundry debtors which arise during the normal course of business. Other receivables are classified as current assets when the Group and company obtains control of a resource as a result of past events and from which future economic benefits are expected to flow to the Group and company within the financial year.

Other receivables are initially measured at fair value, which include transaction costs. Subsequent to initial recognition, other receivables are measured at amortised cost using the effective interest method, less accumulated impairment losses.

3. Material accounting policy information continued

f) Financial assets and liabilities continued

Measurement methods continued

v) Other receivables continued

Non-financial instruments

Non-financial other receivables comprise of prepayments. Non-financial other receivables are recognised at cost.

vi) Trade and other payables

Trade and other payables are initially recognised at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Subsequently these are carried at amortised cost. Trade and other payables that are of a short-term nature are not discounted due to the insignificance of the amortisation charge. Trade and other payables are expected to be settled within twelve months.

g) Property, equipment and right-of-use assets

Property and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of equipment is capitalised as part of equipment.

If the significant parts of an item of property, equipment and right-of-use assets have different useful lives, these items are accounted for as a separate item of property, equipment and right-of-use assets.

Gains and losses on disposal are calculated by the difference between the net disposal proceeds and the carrying amount of the item determined by comparing the revenue obtained with the carrying amount and are recognised within other income in net profit or loss.

Subsequent costs are capitalised only when it is probable that the future economic benefits of expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as they are incurred.

The leasehold improvements are depreciated over the shorter of the lease contract term and their useful lives. The leasehold improvements relate to the improvements that are made in leased properties.

Depreciation is calculated to write-down the cost of items of property, equipment and right-of-use assets, less their estimated residual values, using the straight-line method over the estimated useful life, and it is generally recognised in profit or loss Qualifying leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful life of significant items of property, equipment and right-of-use assets are as follows:

Computer equipment	3 years
Furniture and fittings	4 years
Office equipment	5 years
Leasehold improvements	Shorter of useful life or lease term
Motor vehicles	4 years
Right-of-use assets – Buildings	Shorter of useful life or lease term

Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying value for its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is its fair value less cost to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

i) Employee benefit costs

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separately managed and owned pension fund and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due in respect of service rendered before the end of the reporting period.

Leave days

Employee entitlements to annual leave are recognised when they accrue to employees. A liability is recognised for the estimated obligation for annual leave as a result of services rendered by employees up to the reporting date.

Employee incentives and bonus schemes

The Group and company also operates an employee incentive and bonus scheme. The provision for employee bonus incentive is based on a predetermined Group and company policy and is recognised in trade and other payables. The accrual for employee bonus incentive is expected to be settled within twelve months.

Short-term benefits

The employees' short-term benefits are expensed as the related service is provided. A liability is recognised by the expected value to be paid if the Group has a current legal or constructive obligation to pay this amount on the basis of past service provided by the employee and if the obligation can be estimated reliably.

Notes to the annual financial statements continued

3. Material accounting policy information continued

j) Share based payment transactions

The Group and company operates an equity-settled conditional Long Term Incentive Plan (LTIP). Conditional share awards are granted to management and key employees. The number of vesting share awards is subject to achievements of certain non-market conditions. The grant date fair value of share awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become conditionally entitled to the share awards.

k) Provisions

Provisions represent liabilities of uncertain timing or amount and are measured at the expenditure or cash outflow required to settle the present obligation.

A provision is recognised if, as a result of a past event, the Group and company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Equity

Equity is the residual interest in the assets of the Group after deducting all liabilities of the Group.

All transactions relating to the acquisition and sale or issue of shares in the Group, together with their associated costs, are accounted for in equity.

m) Share capital and reserves

Share capital is recognised at the fair value of the consideration received and any excess amount over the nominal value of shares issued is treated as share premium.

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

n) Statutory credit risk reserve

The statutory credit risk reserve represents the amount by which Bank of Namibia require in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

o) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared and are accounted for as a movement in reserves in the statement of changes in equity. Dividends declared after the statement of financial position date are not recognised as a liability in the statement of financial position.

p) Contingent liabilities

The Group and company recognises a contingent liability where it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Group and company, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

q) Related parties

Related parties comprise directors and key management personnel of the Group and company and companies with common ownership and/or directors.

r) Investment in subsidiaries

In the company, investments in subsidiaries are accounted for at cost less impairment.

s) Insurance arrangements

The Group and company have cell captive insurance arrangements, under which they accepts significant insurance risk from its policyholders. These arrangements offer credit life and credit default protection over the Group's loan portfolios. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

A cell captive structure represents an agreement between an insurance entity and the Group to facilitate the writing of insurance business. The Group has entered into agreement with insurance providers under which the insurance provider set up an insurance cell within its legal entity, for example a corporate entity subscribes for a separate class of share. The arrangement provides that all claims arising from insurance contracts written by cell are paid out of the cell's assets, with any profit after deduction of the insurers' fees, allocation taxes and other costs payable to the Group.

Level of aggregation

Based on how the Group and the company manages its cell captive insurance arrangements, it disaggregates information to provide disclosure in respect of credit life insurance and credit default insurance.

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together, In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Some products issued by different entities within the Group are considered as being managed at the issuing entity level. This is because the management of the solvency capital management, which supports the issuance of these contracts, is ringfenced within these entities.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

3. Material accounting policy information continued

s) Insurance arrangements continued

Level of aggregation continued

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability weighted basis. The Group determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Group assesses each contract individually.

The composition of groups established at initial recognition is not subsequently reassessed.

For credit life and credit default insurance contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Group assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not » onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Group performs a quantitative assessment to assess whether the carrying amount of the lability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

Recognition

The Group assesses its lending products to determine whether they contain distinct components which must be accounted for under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) lending contract. Currently, the Group's lending products do not include any distinct components that require separation.

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Group and company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:
  - the entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Insurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues under its cell captive arrangements, since:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

3. Material accounting policy information continued

s) Insurance arrangements continued

Insurance contracts – initial measurement continued

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group chooses to expense insurance acquisition cash flows as they occur.

Insurance contracts – subsequent measurement

The Group measures the carrying amount of the asset or liability for remaining coverage at the end of each reporting period as the asset or liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and includes an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant asset or liability for remaining coverage.

Allocation of cash flows between LRC and LIC

The in substance reinsurance contract cash flows are received on a net basis. This inflow is grossed up and allocated to the net assets for remaining coverage and the liability for incurred claims. The allocation is done in such a way that the liability for incurred claim balance aligns with the balance within the cell captive.

Presentation

The Group and the company presents separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets and portfolios of insurance contracts issued that are liabilities.

The Group and the company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense. The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group and the company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

Notes to the annual financial statements continued

4. New standards and amendments to standards

a) New standards and interpretations and amendments effective for the first time for 31 December 2024 year-end

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

STANDARD/INTERPRETATION	Effective date	Executive Summary
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Annual reporting periods beginning on or after 1 January 2024	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
Changes in Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	Annual reporting periods beginning on or after 1 January 2024	The amendment aims to improve the statement of cash flows disclosures about an entity's financing activities. An entity is required to disclose changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash flows.
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	Annual reporting periods beginning on or after 1 January 2024	The amendment aims to clarify how to measure the right-of-use asset and lease liability if variable lease payments arise in a sale-and-leaseback transaction. The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Impact assessments

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments did not have a significant impact on the Group's financial statements.

Changes in Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments did not have a significant impact on the Group's financial statements.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The Group currently does not hold any sale-and-leaseback contracts that would be subject to IFRS 16. The Group will continue to assess the impact of IFRS 16 going forward.

Notes to the annual financial statements continued

4. New standards and amendments to standards continued

b) New standards and interpretations and amendments issued but not effective for 31 December 2024 year-end

STANDARD/INTERPRETATION	Effective date	Executive Summary
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	Annual reporting periods beginning on or after 1 January 2026	The amendments aim to provide clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. The amendment introduces a disclosure for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income.
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	Annual reporting periods beginning on or after 1 January 2026	The amendments aim to clarify the application of the 'own-use' requirements, the permittance of hedge accounting if these contracts are used as hedging instruments and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.
Changes in Presentation and Disclosure in Financial Statement – Amendments to IFRS 18	Annual periods beginning on or after 1 January 2027	The amendment aims to replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. An entity will be required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.
Subsidiaries without Public Accountability: Disclosures – IFRS 19	Annual periods beginning on or after 1 January 2027	The amendment aims to allow eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.
Lack of exchangeability- Amendments to IAS 21	Annual periods beginning on or after 1 January 2025	"The amendment aims to outline how to assess whether a currency is exchangeable and how to determine a spot exchange rate when exchangeability is lacking. An entity is required to determine a functional currency, based on the primary economic environment in which it operates using the spot conversion rate on the transaction date. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date.
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual periods beginning on or after 1 January 2026	The summary aims to improve IFRS accounting standards relating to hedge accounting by a first-time adopter, gain or loss on derecognition, clarity on the introductory guidance on implementing IFRS 7, disclosure of deferred difference between fair value and transaction price, credit risk disclosures, lessee derecognition of lease liabilities, replacement of transaction price as defined by IFRS 15, determination of a 'De Facto Agent' and the replacement of the term cost method in the statement of cash flows.

Impact assessments

The Group and the company do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

Effects of changes in Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
The amendment is not expected to have a significant impact on the annual financial statements of the Group.

Effects of changes in Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
The amendment is not expected to have a significant impact on the annual financial statements of the Group.

Effects of changes in Presentation and Disclosure in Financial Statement – Amendments to IFRS 18
The Group will assess the impact of IFRS 18 to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Effects of changes in Subsidiaries without Public Accountability – Disclosures – IFRS 19
The amendment is not expected to have a significant impact on the annual financial statements of the Group.

Effects of changes in Foreign Exchange Rates – Amendments to IAS 21
The amendment is not expected to have a significant impact on the annual financial statements of the Group.

Effects of Annual Improvements to IFRS Accounting Standards – Volume 11
The amendment is not expected to have a significant impact on the annual financial statements of the Group.

5. Financial risk management

The Group is exposed to market risks (interest rate risks and currency risks), credit risks and liquidity risks. The Board of Directors is responsible for the overall process of risk management, as well as forming an opinion on the effectiveness of the risk management process. Management is accountable to the Board of Directors for designing, implementing and monitoring the process of risk management.

5.1 Financial risk factors

5.1.1 Credit risk

Credit risk is the risk that a borrower or counterparty will fail to meet obligations in accordance with agreed terms. The Group is exposed to credit risk from the Group's loans and advances to customers and other banks, and investment debt securities.

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transaction, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Acceptance of settlement risk on free-settlement trades requires transaction-specific or counterparty-specific approvals from the Board of Directors.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit department, reporting to the Board Credit Committee, is responsible for managing the Group's credit risk, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by the Board Credit Committee, or the Board of Directors, as appropriate.
- Reviewing and assessing credit risk: The Credit function assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Group's risk gradings to categorise exposures according to the degree of risk of default. The current risk grading framework consists of 7 grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by the Risk function.
- Developing and maintaining the Group's processes for measuring incurred credit losses (ICL): This includes processes for:
  - initial approval, regular validation and back-testing of the models used; and
  - incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Group Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk. .

Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit Committee.

Regular audits of business units and Group Credit processes are undertaken by Internal Audit.

To mitigate credit risk, loans are covered under a cell captive insurance arrangements between Letshego Holdings (Namibia) Limited and the cell insurers, Hollard Alternative Risk Transfer (Pty) Limited and Sanlam Namibia Limited that covers credit default and credit life.

Credit risk measurement – Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to the "Expected credit loss" section below for more details.

Credit risk grading

The Group uses an internal CS ("Collectability Status") classification for the purposes of reflecting its assessment of the probability of default of individual counterparties. The CS is defined as the number of days that an account is in arrears. The credit grades are calibrated such that the risk of default increases exponentially as the credit grades deteriorate. After initial recognition, the payment behaviour of the borrower is monitored on a periodic basis in order to derive the CS.

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Management of credit risk continued

Credit risk grading continued

The Group's rating method comprises 7 rating levels. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of actually observed defaults. The Group's internal rating scale is set out below:

COLLECTABILITY STATUS	Number of Days overdue	Rating
01	Current	Minimal risk
02	Current	Low risk
03	31 – 60 days	Medium risk
04	61 – 90 days	Medium risk
05	91 – 180 days	Special monitoring
06	181 – 360 days	Doubtful
07	> 360 days	Doubtful

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model also referred to as the 'general model' for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to the "Significant increase in credit risk" section below for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to the "Definition of default and credit-impaired assets" section below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to the "Measuring ECL – Explanation of inputs, assumptions and estimation techniques" section below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. The "Forward-looking information incorporated in the ECL models" section below includes an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	**(Significant increase in credit risk since initial recognition)**	**(Credit-impaired assets)**
12-month expected credit losses	**Lifetime expected credit losses**	**Lifetime expected credit losses**

Expected Credit Loss (ECL) are categorised as either 'Performing – Stage 1', 'Underperforming -Stage 2', or 'Non-Performing-Stage 3'.

- **Stage 1: Performing**
  - when a significant increase in credit risk since initial recognition has not occurred, a 12-month ECL is recognised for all Stage 1 financial assets.
- **Stage 2 : Underperforming**
  - when a significant increase in credit risk since initial recognition has occurred, a lifetime ECL is recognised.
- **Stage 3: Non-Performing/Credit Impaired**
  - when objective evidence exists that an asset is credit impaired, a lifetime ECL is recognised. The Banks's definition of default is 90 days past due ("DPD") which is similar to the rebuttable presumption under IFRS 9.

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

Determining a significant increase in credit risk since initial recognition (SICR)

IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (Stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3). company will assess when a significant increase in credit risk has occurred based on quantitative and qualitative assessments.

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Management of credit risk continued

Expected credit loss measurement continued

Indicators of SICR include any of the following:

- 30 days past due rebuttable presumption;
- historical delinquency behaviour of accounts that are up to date and accounts in 1-30 days category;
- significant adverse changes in business, financial and/or economic conditions in which the client operates, including for example retrenchment of the customer, closure of the sponsoring employer, etc.

Two types of PDs are considered under IFRS 9:

- Twelve-month PDs – This is the estimated probability of a default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECL, which are applicable to Stage 1 financial instruments.
- Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument which is applicable to Stage 2 and 3.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.

Definition of default

Default is not defined under IFRS 9.The company is responsible for defining this for themselves and it should be based upon its own definition used in the company's internal risk management. Careful consideration of how default is defined is important as the definition impacts the calculation of PDs, LGDs and EADs, hence impacting the ECL results.

The simplest definition is that of failure to meet a scheduled payment of principal or interest, however, that definition has modifications depending upon the loan product. The definition of default has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument and has to consider qualitative indicators, e.g. breaches of covenants, when appropriate. Inability to pay may also be considered in making the qualitative assessment of default.

Indications of inability to pay include:

- the credit obligation is placed on non-accrued status;
- the company makes a specific provision or charge-off due to a determination that the obligor's credit quality has declined (subsequent to taking on the exposure);
- the company sells the credit obligation or receivable at a material credit related economic loss;
- the company agrees to a distressed restructuring resulting in a material credit related diminished asset stemming from such actions as material forgiveness or postponement of payments or repayments of amount owing;
- the company has filed for the obligor's bankruptcy in connection with the credit obligations; and
- the obligor has sought or been placed in bankruptcy resulting in the delay or avoidance of the credit obligation's repayment.

There is a rebuttable presumption within IFRS 9 that default does occur once a loan is more than 90 days past due. The Group has adopted this presumption.

Definition of credit impaired

Advances are considered credit-impaired if they meet the definition of default.

Write-off policy

The Group writes off loan balances, and any related allowances for impairment losses, when there is determination that the loan is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure. All workable written off accounts are fully followed up for recovery through internal debt collection and third party collection partners. The Group writes off an account when in Contractual delinquency 12 (CD12) i.e. 12 payments in arrears.

Discounting

Expected credit losses are discounted at the effective interest rate (EIR) at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is that rate that is expected to apply when the loan is drawn down and a financial asset is recognised.

Modelling techniques

Expected credit losses (ECL) are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original effective interest rate.

For the IFRS 9 impairment assessment, company Impairment Models are used to determine the PD, LGD and EAD. For Stage 2 and 3, company applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Renegotiated loans treatment

Both performing and non-performing restructured assets are classified as stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period is 6 months to move to cure state (Stage 1).

Forward-looking information

The IFRS 9 measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. IFRS 9 requires the use of forward-looking factors, or predictive indicators, in the calculation of ECL, including the staging assessment.

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Management of credit risk continued

Forward-looking information continued

Forward-looking information inherently involves management judgment in determining key inputs such as macroeconomic factors that affect PD, LGD and Exposure at Default (EAD) risk factors of a loan, rating category or portfolio, as the case may be, as well as the forecasted values of those risk factors in one, two or more years forward (depending on the expected life of the portfolio).

Source of the forward looking information and all macro economic factors used will be approved at high level by the Credit Committee. This is also based on the correlation exercises done.

In its ECL models, the company relies on a broad range of forward looking information as economic inputs, such as:

- Unemployment rates
- Consumer Price Index
- Gross Domestic Product (GDP)

The working company approved the three core factors as the starting point for all subsidiary regression calculations. Management overlays on macroeconomic variables will only apply in cases where the above three variables have no statistical significance and an alternative variable with a good correlation will then be applied. There were no overlays in the current year.

The forward looking economic expectations are updated on an annual basis or more regularly when deemed appropriate.

Resilience against external operational pressures

The Government Deduction at Source (DAS) portfolio is the largest portfolio and constitutes more than 95% of the total loan portfolio. The Group's Deduction at Source portfolio remained resilient with public sector jobs largely unaffected despite challenging external operational pressures and impact from Russia/Ukraine war. Affordable housing constitutes 3% of the portfolio and expected to grow exponentially in 2026. In an effort to mitigate risks associated with unpredictable pandemic environments, the company is prudent in curtailing new loan growth in higher risk segments and geographies, while prioritising portfolio remediation and collection efforts.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

Economic variables:

Consumer Price Index (CPI) – CPI is the rate at which the general price level for goods and services is rising and consequently, the purchasing power of money is falling. In periods of high inflation, goods and services often increase in price at a faster pace than wage growth. Borrowers can have a harder time paying back loans as inflation rises. Their living expenses go up during inflationary periods and if wages do not keep pace with inflation they may reach a point where they cannot pay all of their obligations. This scenario may lead to an increase in the probability of loan defaults as individuals experience a decrease in their relative purchasing power. CPI is thus the most significant economic variable affecting the ECL allowance for the retail portfolio.

Gross Domestic Product (GDP) and Interest rates – GDP and interest rates are considered significant for the retail portfolio. These variables also affect the ECL allowance for the wholesale portfolio given the significant impact these have on companies' performance, collateral valuations and companies' likelihood of default.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The following table shows the main macroeconomic factor used to estimate the expected credit loss allowance on loans.

Macroeconomic factors	Namibia CPI (%)	Namibia GDP (% p.a)	Namibia Unem-ployment Rate (%)
2024 applied for 2023	5.9	4.0	20.4
2025 applied for 2024	**3.7**	**4.1**	**19.6**

Stress testing and sensitivity analysis of IFRS 9 ECL

As a predominately Government Deduction at Source (DAS) retail business, Letshego Namibia has remained resilient given rising global inflation linked to the ongoing Russia-Ukraine war. This resilience is mainly driven by cushionary government policies.

Model recalibrations are performed in October every year. In addition, Macroeconomic factors are updated to align to Fitch Solutions revised forecasts on a monthly basis.

Loss Given Default (LGD)

LGD shocks for upside and downside were set at 10%, for prudence sake. The Group reduced outcome period for accounts in non-performing loans to be used for LGD by 12 months. This gives most recent defaults more time to collect. The LGD model uses the runoff triangle approach which allows for a granular analysis of loss patterns over time. In 2023 and 2024 there was a model refinement that allowed for a more accurate incorporation of the timing and nature of recoveries for insured accounts. The recovery rate used for the ECL model in 2024, is calculated using a 2 year average, whereas previously it was based on a 5 year average. This led to a reduction in LGD for accounts with default insurance.

Probability of default (PD)

Since PD's are now modelled using the Runoff Triangle Approach, the portfolio has marginal PDs for each arrears bucket. This provides a more granular view of each PD curve. When creating shocks for the portfolio, a scalar multiplier is applied to each marginal PD by respective arrears bucket.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Stress testing and sensitivity analysis of IFRS 9 ECL continued

Inflation

Namibia's headline Inflation rates have seen a drop in 2024 in line with most countries around the world, and is forecast to decrease further in 2025.

Gross Domestic Product

Gross Domestic Product (GDP) growth has decreased Year on Year, but it is forecast to increase in 2025.

Unemployment rate

Unemployment rates have seen a slight decrease for Namibia YoY and is forecast to reduce more in 2025.

The Government Deduction at Source (DAS) portfolio is the largest portfolio and constitutes more than 95% of the total loan portfolio. In general, the macroeconomic environment was on a downturn due to pressure from external operational pressures.

Influence of economic outlook 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%).

Expected credit losses: Forward looking

Macro economic forward looking factors were all stressed to downside heavy for Namibia Inflation, Gross Domestic Product (GDP) and unemployment rate in line with Fitch Solutions' revised outlook for 2024.

The probability weighted ECL is derived by assigning weights to the base, upside and downside scenarios based on management projections. The weights used are 50%, 20% and 30% respectively for Deduction at source portfolio that holds a low credit risk.

Dec-24 N$'000	Base case	Upside	Impact	Downside	Impact	Probability Weighted ECL	Weighted Impact
ECL	14,738	11,671	(3,067)	18,051	3,313	18,570	3,832

The total weighted impact is N$3.8 million for the Group based on the above scenarios.

Dec-23 N$'000	Base case	Upside	Impact	Downside	Impact	Probability Weighted ECL	Weighted Impact
ECL	34,846	27,877	(6,969)	45,300	10,454	43,155	8,309

The total weighted impact is N$8.3 million for the Group based on the above scenarios.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes. The delinquency status is used to determine the groupings.

Credit risk exposure

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Advances to customers			
	2024			
	ECL Staging			
Credit grade	**Stage 1 12-month ECL N$'000**	**Stage 2 Lifetime ECL N$'000**	**Stage 3 Lifetime ECL N$'000**	**Total N$'000**
Minimal risk	**5,035,783**	**–**	**–**	**5,035,783**
Medium risk	**–**	**93,180**	**–**	**93,180**
Special Monitoring	**–**	**–**	**275,146**	**275,146**
Gross carrying amount	**5,035,783**	**93,180**	**275,146**	**5,404,109**
Loss allowance	**(1,871)**	**(1,643)**	**(15,056)**	**(18,570)**
Carrying amount	**5,033,912**	**91,537**	**260,090**	**5,385,539**

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Credit risk exposure continued

Maximum exposure to credit risk – Financial instruments subject to impairment continued

	Advances to customers			
	2023			
	ECL Staging			
Credit grade	Stage 1 12–month ECL N$'000	Stage 2 Lifetime ECL N$'000	Stage 3 Lifetime ECL N$'000	Total N$'000
Minimal risk	4,373,580	–	–	4,373,580
Medium risk	–	107,281	–	107,281
Special Monitoring	–	–	302,601	302,601
Gross carrying amount	4,373,580	107,281	302,601	4,783,462
Loss allowance	(7,066)	(1,633)	(34,456)	(43,155)
Carrying amount	4,366,514	105,648	268,145	4,740,307

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period [see Note 5.f)i)].

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Advances to customers	**Stage 1 12-month ECL N$'000**	**Stage 2 Lifetime ECL N$'000**	**Stage 3 Lifetime ECL N$'000**	**Total N$'000**
Loss allowance as at 1 January 2024	**7,066**	**1,633**	**34,456**	**43,155**
Transfers between stages				
Transfer from Stage 1 to Stage 2	**(307)**	**307**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(1,124)**	**–**	**1,124**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(583)**	**583**	**–**
Transfer from Stage 3 to Stage 1	**1**	**–**	**(1)**	**–**
Transfer from Stage 3 to Stage 2	**–**	**10**	**(10)**	**–**
Transfer from Stage 2 to Stage 1	**14**	**(14)**	**–**	**–**
New assets originated or purchased	**1,505**	**1,451**	**170**	**3,126**
Payments and assets derecognised	**(1,574)**	**(683)**	**124,381**	**122,124**
Changes to PD and LGD rates	**(3,710)**	**(478)**	**(11,567)**	**(15,755)**
Impaired accounts written off	**–**	**–**	**(134,080)**	**(134,080)**
Loss allowance as at 31 December 2024	**1,871**	**1,643**	**15,056**	**18,570**

Advances to customers	Stage 1 12–month ECL N$'000	Stage 2 Lifetime ECL N$'000	Stage 3 Lifetime ECL N$'000	Total N$'000
Loss allowance as at 1 January 2023	22,236	763	25,545	48,544
Transfers between stages				
Transfer from Stage 1 to Stage 2	(1,244)	1,244	–	–
Transfer from Stage 1 to Stage 3	(7,509)	–	7,509	–
Transfer from Stage 2 to Stage 3	–	(2,335)	2,335	–
Transfer from Stage 3 to Stage 1	206	–	(206)	–
Transfer from Stage 3 to Stage 2	–	42	(42)	–
Transfer from Stage 2 to Stage 1	63	(63)	–	–
New assets originated or purchased	154,498	184	1,385	156,067
Payments and assets derecognised	(212,743)	(39,293)	(5,701)	(257,737)
Changes to PD and LGD rates	51,559	41,091	98,813	191,463
Impaired accounts written off	–	–	(95,182)	(95,182)
Loss allowance as at 31 December 2023	7,066	1,633	34,456	43,155

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Credit risk exposure continued

Maximum exposure to credit risk – Financial instruments subject to impairment continued

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- The write-off of loans with a total gross carrying amount of N$134.1 million (2023: N$95.1 million) which resulted in the reduction of the Stage 3 loss allowance by the same amount.

The following table further explains changes in the gross carrying amount of the advances portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Advances to customers	Stage 1 12–month ECL N$'000	Stage 2 Lifetime ECL N$'000	Stage 3 Lifetime ECL N$'000	Total N$'000
Gross carrying amount as at 1 January 2024	4,373,580	107,281	302,601	4,783,462
Transfers:				
Transfer from Stage 1 to Stage 2	(39,853)	39,853	–	–
Transfer from Stage 1 to Stage 3	(69,463)	–	69,463	–
Transfer from Stage 2 to Stage 3	–	(33,135)	33,135	–
Transfer from Stage 3 to Stage 1	2,559	–	(2,559)	–
Transfer from Stage 3 to Stage 2	–	2,520	(2,520)	–
Transfer from Stage 2 to Stage 1	22,673	(22,673)	–	–
New assets originated or purchased	3,056,580	41,894	12,409	3,110,883
Payments and assets derecognised*	(2,310,293)	(42,560)	(3,303)	(2,356,156)
Write-offs	–	–	(134,080)	(134,080)
Gross carrying amount as at 31 December 2024	5,035,783	93,180	275,146	5,404,109

Advances to customers	Stage 1 12-month ECL N$'000	Stage 2 Lifetime ECL N$'000	Stage 3 Lifetime ECL N$'000	Total N$'000
Gross carrying amount as at 1 January 2023	4,481,638	82,380	237,195	4,801,213
Transfers:				
Transfer from Stage 1 to Stage 2	(73,106)	73,106	–	–
Transfer from Stage 1 to Stage 3	(101,838)	–	101,838	–
Transfer from Stage 2 to Stage 3	–	(24,342)	24,342	–
Transfer from Stage 3 to Stage 1	269	–	(269)	–
Transfer from Stage 3 to Stage 2	–	2,488	(2,488)	–
Transfer from Stage 2 to Stage 1	3,977	(3,977)	–	–
New assets originated or purchased	4,579,271	70,350	60,511	4,710,132
Payments and assets derecognised*	(4,516,631)	(92,723)	(23,347)	(4,632,701)
Write-offs	–	–	(95,181)	(95,181)
Gross carrying amount as at 31 December 2023	4,373,580	107,281	302,601	4,783,462

* *The financial assets were derecognised at a value that approximate its carrying amount, there were therefore no gains or losses.*

The Group's exposure to credit risk can be divided into two categories:

- Advances
- Financial assets other than advances.

Balances with the central bank are regarded as having a low probability of default and the ECL in respect of these is considered immaterial due to the rigorous regulatory requirements of these transactions and its link to the underlying entities ability to operate as a bank. These amounts represent deposits placed in legal tender as issued by the central bank.

Due to historical experience intercompany receivables measured at amortised cost are regarded as a low probability of default and the ECL in respect of these is considered immaterial.

Due to the short term nature of cash and cash equivalents and other receivables as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

Due to the nature of Government and other securities as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Advances

The Group's principle business is to provide loans to individuals in both the formal and informal sector. Customers are assessed in full every time they apply for credit to determine if their credit profile remains acceptable in terms of the credit policies of the Group. All of the Group's business is conducted in the Republic of Namibia. The demographic credit characteristics of the customer base expose the Group to systemic credit risk. The Group mitigates this risk by applying the Group's application scorecard, a set of business rules and affordability assessments.

The nature of the loan book is such that it is made up of smaller sized loans across a spectrum of economic sectors and provinces. Loans granted at origination range from a minimum of N$1,000 to a maximum of N$300,000 and repayment periods ranging from a minimum of 6 months to a maximum of 60 months. By its nature, the carrying amount at year end for unsecured loans represents the Group's maximum exposure to credit risk. The Group does have insurance cover to credit events arising from the death of customers; permanent and temporary disability and retrenchments.

Credit philosophy

The credit philosophy of the Group is to pay primary emphasis of the credit decision on the borrower's ability to service the loan. It is therefore critical to establish the customer's ability to service their loan instalments.

The assessment of the customer affordability is done in two parts, the first ensuring compliance with the regulatory guidelines, and second the Group employs its own credit risk model affordability calculation, based on a repayment to income ratio model. A minimum of the affordability assessment and the credit risk model is used to determine the maximum instalment the customer can be offered, limited to the product maximum limits.

Credit risk assessment

The Group calculates credit scores for applicants and further groups these scores into risk groups (which have similar risk expectations). The credit scoring engine is configured with the credit policy parameters and is embedded in the system, preventing human intervention which can result in breach of policy. The verification and inputs into the credit score system include:

- Physical identification of the customer via their identification document and proof of address;
- The customer's 3 month income, monthly living expense, declaration of financial obligations, wage frequency, employer and bank details are captured;
- Electronic Credit Bureau data obtained;
- The captured details, the customer's bureau record, and the customers' historical performance on existing loans is used by the Application Scorecard to determine the customers' risk;
- The customer is then assessed against the business rules; and
- To mitigate against fraud, compliance and credit risk, the customer's completed application flows to the Quality Control Department.

Credit monitoring

The Group utilises various reporting and monitoring tools to engage in and control ongoing credit risk within the credit life-cycle. These include the following:

- Real time monitoring on application volumes, approval rates and processing quality;
- Credit efficiency reports;
- Vintage collection reports to establish the initial recovery process efficiency;
- Credit aging reports to manage and control loan delinquency and provisioning;
- Active payment, collection and integrity trend analysis to control and manage underlying risks and movement within the day to day operational procedures.

The Group's credit management team reviews exception reports produced by the reporting and monitoring tools on a daily, weekly and monthly basis, depending on the type of exception report produced by the credit monitoring system and acts as early warning indicators which the credit management team actively manages. The respective credit management team members report directly to the senior credit executive. Trends and early warning indicators identified are discussed at Risk Committee meetings and where necessary preventative action is initiated, if not done so already by the senior credit executive.

Collection and restructures

The collections function within the Group relates to the effective collections of any monies due and payable by the customer. Core to the collection function is the monitoring of the payment patterns of accounts and to encourage customers to pay their accounts timeously and pay their arrears in the shortest timeframe as possible. Deduction mandates are obtained from customers in their loan contracts and are made from their primary bank account (where the customer's salary is deposited). Where collection is unsuccessful, arrears follow up is performed initially through the call centre.

The Group operates two types of restructures – namely, informal indulgences and formal restructures. Informal indulgences are where customers request a lower repayment/instalment amount referred to as a promise to pay. Formal restructures relate to debt counselling, administration orders and court orders.

Notes to the annual financial statements continued

5. **Financial risk management** continued

5.1 **Financial risk factors** continued

5.1.1 **Credit risk** continued

Advances continued

Collateral

The Group has insurance cover against credit events arising from death, permanent or temporary disability, retrenchment and credit default of customers through a cell captive arrangement. Majority of stage 3 loans are fully covered by this insurance arrangement. The Group does not have any financial instruments for which the bank did not recognise a loss allowance because of collateral in the current year.

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is N$0 (2023: N$0).

External recovery

The Transfer Policy prescribes when an account will move into the Legal Collections division. Once an account has been transferred into Legal Collections, the account will be allocated to a department either in In-house or Outsourced Collections based on current internal business rules.

Credit quality

	GROUP	
Analysis of credit quality	**31 December 2024 Advances N$'000**	31 December 2023 Advances N$'000
Financial assets that have minimal to low risk		
Stage 1	**5,035,783**	4,373,580
Financial assets that have medium risk		
Stage 2	**93,180**	107,281
Financial assets that require special monitoring		
Stage 3	**275,146**	302,601
Total credit exposure	**5,404,109**	4,783,462
Total impairments		
Stage 1	**(1,871)**	(7,066)
Stage 2	**(1,643)**	(1,633)
Stage 3	**(15,056)**	(34,456)
Net advances	**5,385,539**	4,740,307

	GROUP	
Analysis of credit quality	**31 December 2024 Advances N$'000**	31 December 2023 Advances N$'000
Impairment as a % of gross advances per respective stage		
Stage 1	**0.04%**	0.16%
Stage 2	**1.76%**	1.52%
Stage 3	**5.47%**	11.39%
Total impairment as a % of total gross advances	**0.34%**	0.90%
Reconciliation of allowance account		
Balance at the beginning of the year	**43,155**	48,543
Impairment provision raised	**109,495**	89,794
Impairment provision released upon write-offs of underlying exposure (note 10)	**(134,080)**	(95,182)
Balance at the end of the year	**18,570**	43,155

Credit risk impacts

Credit quality of advances neither past due nor impaired:

For public sector employee loans the only credit risk being faced by loans in the group is default of the Namibian government and termination of employment on a voluntary basis or dismissal that cannot be seen as retrenchment. Insurance would cover losses in the event of death, permanent disability, involuntary retirement or retrenchment. The performing book (i.e. no instalments in arrears) is not further segmented into risk categories.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Advances continued

Concentration Risk

Credit concentration risk is the risk of loss to the Group arising from an excessive concentration of exposure to a single counterparty, industry, market, product, region or maturity. This concentration typically exits when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions.

Although the Group is exposed to unsecured personal loans, the Group's credit risk portfolio is well diversified across individuals who are geographically spread across the country's regions

The following table breaks down the Group's credit exposure at carrying amount as categorised by loan size and original loan advanced.

Loans

	GROUP					
Average loan value (at inception)	Number of loans	% of total number of loans	Gross carrying amount N$'000	ECL N$'000	Carrying amount (net of impairment) N$'000	% of total carrying amount
2024						
< 5 000	3,161	2.85%	10,530	9	10,521	0.21%
5 000 – 10 000	14,969	13.43%	91,142	59	91,083	1.69%
10 000 -20 000	16,928	15.19%	197,104	236	196,868	3.66%
20 000 – 50 000	29,874	26.81%	796,590	1,638	794,952	14.76%
50 000 – 100 000	26,998	24.23%	1,585,386	4,688	1,580,698	29.35%
> 100 000	19,500	17.50%	2,723,357	11,940	2,711,417	50.35%
Total	111,430	100.00%	5,404,109	18,570	5,385,539	100.00%

	GROUP					
Average loan value (at inception)	Number of loans	% of total number of loans	Gross carrying amount N$'000	ECL N$'000	Carrying amount (net of impairment) N$'000	% of total carrying amount
2023						
< 5 000	2,278	2.47%	7,318	30	7,288	0.16%
5 000 – 10 000	11,612	12.53%	71,816	276	71,540	1.51%
10 000 -20 000	12,124	13.09%	133,727	579	133,148	2.81%
20 000 – 50 000	22,780	24.59%	589,831	3,484	586,347	12.37%
50 000 – 100 000	28,708	30.99%	1,747,738	12,366	1,735,372	36.61%
> 100 000	15,147	16.35%	2,233,032	26,419	2,206,612	46.55%
Total	92,649	100.00%	4,783,461	43,154	4,740,307	100.00%

The concentration risk per employer is as follows:

- Public sector 95% (2023: 95%)
- Other employers 5% (2023: 5%)

Financial assets other than advances

All financial assets other than advances are made up of cash and cash equivalents, statutory assets, derivative assets and trade receivables. All financial assets other than advances, excluding trade receivables and loans to affiliate companies are placed with reputable counterparties.

The Group maintains cash and cash equivalents and short term investments with various financial institutions and in this regard it is the Group's policy to limit its exposure to any one financial institution. Cash deposits are placed only with banks which have an approved credit limit, as recommended by the ALCO and approved by the Board Audit and Risk Committee.

Trade receivables are evaluated on an entity by entity basis. The Group limits the tenure and size of the debt to ensure that it does not pose a material risk to the Group. For further information refer to Note 9.1.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.1 Credit risk continued

Financial assets other than advances continued

At balance sheet date the international long-term credit rating, using Moody's ratings was as follows for cash and cash equivalents:

	GROUP					
	Total carrying amount N$'000	Single largest exposure to a single counter–party N$'000	Aaa to A3 N$'000	Baa1 to Baa3 N$'000	Below Baa3 N$'000	Not rated N$'000
2024						
Cash and cash equivalents	**655,157**	**182,237**	**655,157**	**–**	**–**	**–**
Deposits with Bank of Namibia	**87,436**	**87,436**	**87,436**	**–**	**–**	**–**
Government and other securities	**601,556**	**277,963**	**601,556**	**–**	**–**	**–**
Other receivables	**45,907**	**4,026**	**–**	**–**	**–**	**45,907**
Intercompany receivable	**130,401**	**130,401**	**–**	**–**	**–**	**130,401**
Total	**1,520,457**	**682,063**	**1,344,149**	**–**	**–**	**176,308**
2023						
Cash and cash equivalents	641,589	102,094	641,589	–	–	–
Deposits with Bank of Namibia	100,934	100,934	100,934	–	–	–
Government and other securities	913,074	526,017	913,074	–	–	–
Other receivables	45,742	–	–	–	–	45,742
Intercompany receivable	104,097	104,097	–	–	–	104,097
Total	1,805,436	833,142	1,655,597	–	–	149,839

	COMPANY					
	Total carrying amount N$'000	Single largest exposure to a single counter-party N$'000	Aaa to A3 N$'000	Baa1 to Baa3 N$'000	Below Baa3 N$'000	Not rated N$'000
2024						
Cash and cash equivalents	**1,891**	**1,891**	**1,891**	**–**	**–**	**–**
Other receivables	**2,799**	**1,977**	**–**	**–**	**–**	**2,799**
Intercompany receivable	**439,372**	**308,971**	**–**	**–**	**–**	**439,372**
Total	**444,062**	**312,839**	**1,891**	**–**	**–**	**442,171**
2023						
Cash and cash equivalents	1,909	1,909	1,909	–	–	–
Other receivables	1,198	–	–	–	–	1,198
Intercompany receivable	441,306	214,673	–	–	–	441,306
Total	444,413	216,582	1,909	–	–	442,504

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.2 Market risk

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Group's income or the value of its holdings of financial instruments. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

5.1.2.1 Interest rate risk management

The Group separates its exposure to market risks between trading and non-trading portfolios. Trading portfolios include positions arising from market making, together with financial assets and financial liabilities that are managed on a fair value basis. Currently, the Group only has a non-trading portfolio.

Interest rate risk for the purposes of IFRS is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest rate risk arising in its financial assets and from its holdings in cash and cash equivalents. However the Group's most significant financial asset is its fixed rate advances portfolio.

For the purposes of IFRS 7, the Group is not exposed to interest rate risk on the fixed rate advance portfolio, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates. The Group seeks to achieve funding that is at a similarly fixed rate as that of the advances portfolio.

It is not always feasible to raise fixed rate funding and therefore the Group may have a mix of fixed and variable rate funding instruments. Variable rate funding instruments expose the Group to interest rate risk for the purposes of IFRS. Currently, the Group's funding is mainly from the variable interest rate loans.

Risk measurement and management

Overall authority for market risk is vested in the Asset and Liability Committee (ALCO). ALCO sets up limits for each type of risk in aggregate and for portfolios, with market and liquidity risks being primary factors in determining the level of limits set for trading portfolio

ALCO is the monitoring body for compliance with these limits and is assisted by Management in its day-to-day monitoring activities. These day-to-day activities include monitoring changes in the Group's interest rate exposures, which include the impact of the Group's outstanding or forecast debt obligations.

ALCO is responsible for setting the overall hedging strategy of the Group. Management is responsible for implementing that strategy by putting in place the individual hedge arrangements.

The ALCO views interest rate in the banking book to comprise of the following:

- Re-pricing risk (mismatch risk), being the timing difference in the maturity (for fixed) and re-pricing (for floating rate) of the Group's assets and liabilities; and
- yield curve risk, which includes the changes in the shape and slope of the yield curve.

ALCO monitors and manages these risks in adherence to the Group's risk appetite and meets on a monthly basis to analyse the impact of interest rate risk on the Group and reports directly to the Board Audit and Risk Committee on a quarterly basis. The techniques used to measure and control interest rate risk by the ALCO includes re-pricing profiles, sensitivity/scenario analysis and stress testing.

In the context of re-pricing profiles, instruments are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date. Instruments which have no explicit contractual re-pricing or maturity dates are placed in time buckets based on the most likely re-pricing behaviour.

Sensitivity and stress testing consists of a combination of stress scenarios and historical stress movements.

Given the extent of the risk and the current risk mitigants, a more sophisticated (e.g. value-at-risk) analysis is not considered necessary.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.2 Market risk continued

5.1.2.1 Interest rate risk management

Interest rate sensitivity analysis

Two separate interest rate sensitivity analyses for the Group are set out be in the table below, namely the re- pricing profile and the potential effect of changes in the market interest rate on earnings for floating rate instruments.

i) **Re-pricing profile**

The tables below summarise the re- pricing exposure to interest rate risk through grouping assets and liabilities into re-pricing categories, determined to be the earlier of the contractual re-pricing or maturity date, using the carrying amount of such assets and liabilities at balance sheet date.

	GROUP							
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-interest sensitive items N$'000	Non-financial instruments N$'000	Total N$'000
2024								
ASSETS								
Cash and cash equivalents	750,565	–	–	–	–	–	–	750,565
Government and other securities	–	98,544	316,305	97,455	89,252	–	–	601,556
Other receivables	–	–	–	–	–	45,907	11,761	57,668
Net insurance contract assets	–	–	–	–	–	165,896	–	165,896
Intercompany receivable	130,401							130,401
Net advances	317,214	581,064	2,514,251	1,549,176	423,834	–	–	5,385,539
Current taxation	–	–	–	–	–	–	–	–
Property, equipment and right-of-use assets	–	–	–	–	–	–	22,151	22,151
Deferred tax assets	–	–	–	–	–	–	4,169	4,169
Total assets	1,198,180	679,608	2,830,556	1,646,631	513,086	211,803	38,081	7,117,945
LIABILITIES AND EQUITY								
Deposits due to customers	474,791	284,198	543,124	–	–	–	–	1,302,113
Trade and other payables	–	–	–		–	58,727	29,626	88,353
Lease liabilities	565	1,614	2,548	2,971	2,187	–	–	9,885
Borrowings	1,293,783	1,322,139	283,545	–	–	–	–	2,899,467
Intercompany payables	–	–	–	–	–	27,517	–	27,517
Current taxation	–	–	–	–	–	–	2,860	2,860
Deferred tax liabilities	–	–	–	–	–	–	6,692	6,692
Ordinary shareholders' equity	–	–	–	–	–	–	2,781,058	2,781,058
Total liabilities and equity	1,769,139	1,607,951	829,217	2,971	2,187	86,244	2,820,236	7,117,945
On balance sheet interest sensitivity	(570,959)	(928,343)	2,001,339	1,643,660	510,898			

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.2 Market risk continued

5.1.2.1 Interest rate risk management continued

Interest rate sensitivity analysis continued

i) **Re-pricing profile** continued

	GROUP							
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-interest sensitive items N$'000	Non-financial instruments N$'000	Total N$'000
2023								
ASSETS								
Cash and cash equivalents	750,849	–	–	–	–	–	–	750,849
Government and other securities	–	–	336,228	–	576,846	–	–	913,074
Other receivables	–	–	–	–	–	45,742	10,321	56,063
Net insurance contract assets	–	–	–	–	–	143,997	–	143,997
Intercompany receivable	104,097							104,097
Net advances	219,064	396,998	1,758,840	1,266,701	1,098,705	–	–	4,740,307
Current taxation	–	–	–	–	–	–	67,950	67,950
Property, equipment and right-of-use assets	–	–	–	–	–	–	17,858	17,858
Deferred tax assets	–	–	–	–	–	–	2,178	2,178
Total assets	1,074,010	396,998	2,095,068	1,266,701	1,675,551	189,739	98,307	6,796,373
LIABILITIES AND EQUITY								
Deposits due to customers	515,660	249,738	62,580	–	–	–	–	827,978
Trade and other payables	–	–	–	–	–	52,686	17,641	70,327
Lease liabilities	570	842	3,642	2,548	592	–	–	8,194
Borrowings	434,578	754,791	1,332,996	593,494	–	–	–	3,115,860
Intercompany payables	23,909	–	–	–	–	(146)	–	23,763
Deferred tax liabilities	–	–	–	–	–	–	6,717	6,717
Ordinary shareholders' equity	–	–	–	–	–	–	2,743,534	2,743,534
Total liabilities and equity	974,717	1,005,371	1,399,218	596,042	592	52,539	2,767,892	6,796,373
On balance sheet interest sensitivity	99,293	(608,373)	695,849	670,659	1,674,960			

Notes to the annual financial statements continued

5. Financial risk management continued
5.1 Financial risk factors continued
5.1.2 Market risk continued
5.1.2.1 Interest rate risk management continued
Interest rate sensitivity analysis continued

i) **Re-pricing profile** continued

	COMPANY							
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-interest sensitive items N$'000	Non-financial instruments N$'000	Total N$'000
2024								
ASSETS								
Cash and cash equivalents	1,891	–	–	–	–	–	–	1,891
Other receivables	–	–	–	–	–	2,799	–	2,799
Net insurance contract assets	–	–	–	–	–	122,507	–	122,507
Intercompany receivable	–	439,372	–	–	–	–	–	439,372
Investment in subsidiaries	–	–	–	–	–	–	1,914,354	1,914,354
Total assets	1,891	439,372	–	–	–	125,306	1,914,354	2,480,923
LIABILITIES AND EQUITY								
Trade and other payables	–	–	–	–	–	3,309	389	3,698
Borrowings	–	463,527	–	–	–	–	–	463,527
Current taxation	–	–	–	–	–	–	898	898
Deferred tax liabilities	–	–	–	–	–	–	269	269
Ordinary shareholders' equity	–	–	–	–	–	–	2,012,531	2,012,531
Total liabilities and equity	–	463,527	–	–	–	3,309	2,014,087	2,480,923
On balance sheet interest sensitivity	1,891	(24,155)	–	–	–	–	–	–

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.2 Market risk continued

5.1.2.1 Interest rate risk management continued

Interest rate sensitivity analysis continued

i) **Re-pricing profile** continued

	COMPANY							
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-interest sensitive items N$'000	Non-financial instruments N$'000	Total N$'000
2023								
ASSETS								
Cash and cash equivalents	1,909	–	–	–	–	–	–	1,909
Other receivables	–	–	–	–	–	1,198	–	1,198
Net insurance contract assets	–	–	–	–	–	99,240	–	99,240
Intercompany receivable	441,306	–	–	–	–	–	–	441,306
Current taxation	–	–	–	–	–	–	–	–
Deferred tax assets	–	–	–	–	–	–	94	94
Investment in subsidiaries	–	–	–	–	–	–	1,914,354	1,914,354
Total assets	443,215	–	–	–	–	100,438	1,914,448	2,458,101
LIABILITIES AND EQUITY								
Trade and other payables	–	–	–	–	–	2,093	210	2,303
Borrowings	434,578	–	–	–	–	–	–	434,578
Current taxation	–	–	–	–	–	–	1	1
Ordinary shareholders' equity	–	–	–	–	–	–	2,021,219	2,021,219
Total liabilities and equity	434,578	–	–	–	–	2,093	2,021,430	2,458,101
On balance sheet interest sensitivity	8,637	–	–	–	–	–	–	–

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.2 Market risk continued

5.1.2.1 Interest rate risk management continued

Interest rate sensitivity analysis continued

ii) **Potential effect of changes in the market interest rate on earnings for floating rate instruments**

Sensitivity analysis based on a 100 basis (2023:200 basis points) point increase in interest rates

The sensitivity analyses have been determined based on the exposure to interest rates for financial instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at statement of financial position date was outstanding for the whole year. A 100 basis point movement for NAD exposures is used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity analysis below is based on an increase in rates. Given the structure of the Group's portfolio, a 100 basis point (2023:200 basis points) increase in interest rates would result in a corresponding decrease of N$27.5 million (2023: 44.0 million) net income (before tax). A decrease in the interest rates by 100 basis points (2023:200 basis points) will have an equal but opposite effect on the Group.

	GROUP			
	Carrying amount at end of year N$'000	Amount exposed to market risk N$'000	Index to which interest rate is linked	Statement of profit or loss impact (pre-tax) N$'000
2024				
Financial assets				
Cash and cash equivalents	750,565	718,152	Namibia Prime	7,182
Government and other securities	601,556	601,556	Market rate*	6,016
Intercompany receivable	130,401	130,401	JIBAR	1,304
Advances	5,385,539	–	Namibia Prime**	–
	6,868,061	1,450,109		14,502
Financial liabilities				
Amounts due to parent company	27,517	27,837	Namibia Prime	(278)
Borrowings	2,899,467	2,899,467	Namibia prime, JIBAR and SOFR	(28,995)
Deposits	1,302,113	1,302,113	Namibia Prime	(13,021)
	4,229,097	4,229,417		(42,294)
Net effect on the statement of total comprehensive income				(27,792)

Notes to the annual financial statements continued

5. Financial risk management continued
5.1 Financial risk factors continued
5.1.2 Market risk continued
5.1.2.1 Interest rate risk management continued
Interest rate sensitivity analysis continued

ii) Potential effect of changes in the market interest rate on earnings for floating rate instruments continued

Sensitivity analysis based on a 100 basis (2023:200 basis points) point increase in interest rates

	GROUP			
	Carrying amount at end of year N$'000	Amount exposed to market risk N$'000	Index to which interest rate is linked	Statement of profit or loss impact (pre-tax) N$'000
2023				
Financial assets				
Cash and cash equivalents	750,849	750,849	Namibia Prime	15,017
Government and other securities*	913,074	913,074	Market rate*	18,261
Intercompany receivable	104,097	104,097	JIBAR	2,082
Advances	4,740,307	–	Namibia Prime**	–
	6,508,327	1,768,020		35,360
Financial liabilities				
Amounts due to parent company	23,763	(54,009)	Namibia Prime	1,080
Borrowings	3,115,860	3,115,860	Namibia prime, JIBAR and SOFR	(62,317)
Deposits	827,978	827,978	Namibia Prime	(16,560)
	3,967,601	3,889,828		(77,797)
Net effect on the statement of total comprehensive income				(42,437)

	COMPANY			
	Carrying amount at end of year N$'000	**Amount exposed to market risk N$'000**	**Index to which interest rate is linked**	**Statement of profit or loss impact (pre-tax) N$'000**
2024				
Financial assets				
Cash and cash equivalents	**1,891**	**1,891**	**Namibia Prime**	**19**
Intercompany receivable	**439,372**	**439,372**	**Namibia Prime**	**4,394**
	441,263	**441,263**		**4,413**
Financial liabilities				
Borrowings	**463,527**	**463,527**	**JIBAR**	**(9,271)**
	463,527	**463,527**		**(9,271)**
Net effect on the statement of total comprehensive income				**(4,858)**

	COMPANY			
	Carrying amount at end of year N$'000	Amount exposed to market risk N$'000	Index to which interest rate is linked	Statement of profit or loss impact (pre-tax) N$'000
2023				
Financial assets				
Cash and cash equivalents	1,909	1,909	Namibia Prime	38
Intercompany receivable	441,306	441,306	Namibia Prime	8,826
	443,215	443,215		8,864
Financial liabilities				
Borrowings	434,578	434,578	JIBAR	(8,692)
	434,578	434,578		(8,692)
Net effect on the statement of total comprehensive income				172

* *The market rate is based on the auction process. The index to which interest rate is linked for prior year has been changed from fixed to market rate for better presentation.*

** *Interest on advances are based on Namibia prime rate however they remain fixed for the duration of the loan even when the prime rate changes, therefore there is no interest rate risk exposure.*

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.2 Market risk continued

5.1.2.1 Interest rate risk management

Interest rate transition

Overview

The Group has borrowings that reference to SOFR and JIBAR. The Group uses SOFR for its borrowings, however may also use any reference rate for the borrowings as deemed appropriate for its funding model and customer needs.

Exposures at year end

The South African Reserve Bank (SARB) has indicated that the Johannesburg Interbank Average Rate (JIBAR) replacement is likely to occur by the end of 2026, with a confirmation date expected in December 2025. SARB endorsed the South African Rand Overnight Index Average Rate (ZARONIA) as the preferred interest rate benchmark to replace JIBAR. As at November 2023, the observation period for ZARONIA has ended and market participants are now free to use the benchmark in financial contracts. The industry timeline published by the SARB includes significant milestones such as the introduction of ZARONIA for derivatives in November 2024, its first use in the cash market in June 2025, and the cessation of new JIBAR contracts scheduled for March 2026. No material impact on financial instruments quoted at JIBAR rates is expected.

The following table summarises the significant non-derivative exposures impacted by interest rate:

	JIBAR N$'000
As at 31 December 2024	
Non-derivative financial liabilities	**1,960,736**
– Borrowings	**1,960,736**

	JIBAR N$'000
As at 31 December 2023	
Non-derivative financial liabilities	1,803,842
– Borrowings	1,803,842

The table above represents the exposures to interest rate by balance sheet account. The exposure disclosed is for positions with contractual maturities after 31 December. Balances reported at amortised cost are disclosed at their gross carrying value, prior to any expected credit losses that may be held against them.

5.1.2.2 Foreign currency risk management

Foreign currency risk is the risk of financial loss resulting from adverse movements in foreign currency exchange rates. Currency risk in the Group arises as a result of holding foreign currency denominated borrowings and foreign currency in cash.

The Group's primary risk objective is to protect the net earnings against the impact of adverse exchange rate movements. ALCO is mandated to manage this risk by application of appropriate foreign currency derivatives, exposure limits and other appropriate strategies to ensure adherence to the Group's risk appetite.

Net foreign exchange loss for the year ended 31 December 2024 was N$574 thousand (2023: N$1,431 million).

5.1.2.3 Other price risk management

The Group has a low market risk appetite. For this reason, the Group does not typically trade in any marketable securities and holds any required marketable securities until maturity and is therefore is not exposed to price risk associated with these marketable securities.

5.1.3 Liquidity risk

The following tables analyse the Group's and company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The total ties back to the balance sheet.

The matching and controlled mismatching of the maturities and interest rates of financial assets and liabilities are fundamental to the management of risk within the Group. It is unusual for the Group ever to be completely matched since the business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of financial assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.3 Liquidity risk continued

Assets and liabilities maturities as at 31 December 2024

	GROUP						
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-financial assets and liabilities N$'000	Total N$'000
2024							
ASSETS							
Cash and cash equivalents	750,565	–	–	–	–	–	750,565
Government and other securities	–	98,544	316,305	148,333	38,374	–	601,556
Other receivables	–	45,907	–	–	–	11,761	57,668
Net insurance contract assets	–	–	165,896	–	–	–	165,896
Intercompany receivable	–	23,804	63,958	42,639	–		130,401
Net advances	121,637	213,355	928,355	2,889,549	1,232,643	–	5,385,539
Property, plant and equipment and right-of-use assets	–	–	–	–	–	22,151	22,151
Deferred tax assets	–	–	–	–	–	4,169	4,169
Total assets	872,202	381,610	1,474,514	3,080,521	1,271,017	38,081	7,117,945
LIABILITIES AND EQUITY							
Deposits due to customers	474,791	284,198	543,124	–	–	–	1,302,113
Trade and other payables	58,727	–	–	–	–	29,626	88,353
Lease liabilities	565	1,614	2,548	2,971	2,187	–	9,885
Borrowings	–	190,879	705,703	852,385	1,150,500	–	2,899,467
Amounts due to parent company	–	–	27,517	–	–	–	27,517
Current taxation	–	–	–	–	–	2,860	2,860
Deferred tax liability	–	–	–	–	–	6,692	6,692
Ordinary shareholders' equity	–	–	–	–	–	2,781,058	2,781,058
Total liabilities and equity	534,083	476,691	1,278,892	855,356	1,152,687	2,820,236	7,117,945
Net liquidity gap	338,119	(95,081)	195,622	2,225,165	118,330	–	–

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.3 Liquidity risk continued

Assets and liabilities maturities as at 31 December 2023 continued

	GROUP						
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-financial assets and liabilities N$'000	Total N$'000
2023							
ASSETS							
Cash and cash equivalents	750,849	–	–	–	–	–	750,849
Government and other securities	336,228	95,400	182,815	182,815	115,816	–	913,074
Other receivables	–	45,742	–	–	–	10,321	56,063
Net insurance contract assets	–	–	143,997	–	–	–	143,997
Intercompany receivable	–	10,209	30,625	40,833	22,430		104,097
Net advances	121,473	201,813	880,509	2,783,731	752,781	–	4,740,307
Current taxation	–	–	–	–	–	67,950	67,950
Property, plant and equipment and right-of-use assets	–	–	–	–	–	17,858	17,858
Deferred tax assets	–	–	–	–	–	2,178	2,178
Total assets	1,208,550	353,164	1,237,947	3,007,380	891,026	98,307	6,796,373
LIABILITIES AND EQUITY							
Deposits due to customers	515,660	249,738	62,580	–	–	–	827,978
Trade and other payables	52,686	–	–	–	–	17,641	70,327
Lease liabilities	570	842	3,642	2,547	593	–	8,194
Borrowings	–	256,844	965,890	169,517	1,723,609	–	3,115,860
Amounts due to parent company	–	–	23,763	–	–	–	23,763
Deferred tax liability	–	–	–	–	–	6,717	6,717
Ordinary shareholders' equity	–	–	–	–	–	2,743,534	2,743,534
Total liabilities and equity	568,916	507,424	1,055,875	172,064	1,724,202	2,767,892	6,796,373
Net liquidity gap	639,634	(154,260)	182,072	2,835,316	(833,176)	–	–

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.3 Liquidity risk continued

Assets and liabilities maturities as at 31 December 2024 continued

	COMPANY						
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-financial assets and liabilities N$'000	Total N$'000
2024							
ASSETS							
Cash and cash equivalents	1,891	–	–	–	–	–	1,891
Other receivables	–	2,799	–	–	–	–	2,799
Net insurance contract assets	–	–	122,507				122,507
Intercompany receivable	–	23,804	372,929	42,639	–	–	439,372
Investment in subsidiaries	–	–	–	–	–	1,914,354	1,914,354
Total assets	1,891	26,603	495,436	42,639	–	1,914,354	2,480,923
LIABILITIES AND EQUITY							
Trade and other payables	3,309	–	–	–	–	389	3,698
Borrowings	–	3,527	200,000	–	260,000	–	463,527
Current taxation						898	898
Deferred tax assets						269	269
Ordinary shareholders' equity	–	–	–	–	–	2,012,531	2,012,531
Total liabilities and equity	3,309	3,527	200,000	–	260,000	2,014,087	2,480,923
On balance sheet interest sensitivity	(1,418)	23,076	295,436	42,639	–	–	–

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.3 Liquidity risk continued

Assets and liabilities maturities as at 31 December 2023 continued

	COMPANY						
	Demand and up to 1 month N$'000	Greater than 1 month up to 3 months N$'000	Greater than 3 months up to 12 months N$'000	Greater than 12 months up to 24 months N$'000	Greater than 24 months N$'000	Non-financial assets and liabilities N$'000	Total N$'000
2023							
ASSETS							
Cash and cash equivalents	1,909	–	–	–	–	–	1,909
Other receivables	–	1,198	–	–	–	–	1,198
Net insurance contract assets	–	–	99,240				99,240
Intercompany receivable	–	10,209	367,834	40,833	22,430	–	441,306
Deferred tax assets	–	–	–	–	–	94	94
Investment in subsidiaries	–	–	–	–	–	1,914,354	1,914,354
Total assets	1,909	11,407	467,074	40,833	22,430	1,914,448	2,458,101
LIABILITIES AND EQUITY							
Trade and other payables	2,093	0	–	–	–	210	2,303
Borrowings	–	–	234,394	–	200,184	–	434,578
Current taxation	–	–	–	–	–	1	1
Ordinary shareholders' equity	–	–	–	–	–	2,021,219	2,021,219
Total liabilities and equity	2,093	–	234,394	–	200,184	2,021,430	2,458,101
Net liquidity gap	(184)	11,407	232,680	40,833	–	–	–

The Group is in an overall positive liquidity position however has a negative liquidity short-term gap (within 12 months), which represents a worst-case scenario and is therefore not representative of business as usual. There are policies and procedures in place to mitigate the liquidity risk. The Group has undrawn credit facilities that can be accessed to effectively mitigate liquidity risk in worst-case scenario.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.3 Liquidity risk continued

The following table represents the Group's undiscounted cash flows of liabilities per remaining maturity and includes all cash flows related to the principal amounts as well as future payments. The analysis is based on the earliest date on which the Group can be required to pay and is not necessarily the date at which the Group is expected to pay.

	GROUP							
	Carrying amount N$'000	**Up to 1 month N$'000**	**Greater than 1 month up to 6 months N$'000**	**Greater than 6 months up to 12 months N$'000**	**Greater than 1 year up to 2 years N$'000**	**Greater than 2 years up to 5 years N$'000**	**Greater than 5 years N$'000**	**Total N$'000**
2024								
Financial liabilities								
Lease liabilities	**9,885**	**630**	**1,779**	**2,888**	**3,258**	**2,269**	**–**	**10,824**
Borrowings	**2,899,467**	**–**	**46,713**	**782,442**	**1,434,130**	**1,078,143**	**–**	**3,341,428**
Amounts due to parent company	**27,517**	**–**	**27,517**	**–**	**–**	**–**	**–**	**27,517**
Deposits due to customers	**1,302,113**	**476,769**	**291,303**	**570,280**	**–**	**–**	**–**	**1,338,352**
Trade and other payables	**58,727**	**58,727**	**–**	**–**	**–**	**–**	**–**	**58,727**
	4,297,709	**536,126**	**367,312**	**1,355,610**	**1,437,388**	**1,080,412**	**–**	**4,776,848**

	GROUP							
	Carrying amount N$'000	Up to 1 month N$'000	Greater than 1 month up to 6 months N$'000	Greater than 6 months up to 12 months N$'000	Greater than 1 year up to 2 years N$'000	Greater than 2 years up to 5 years N$'000	Greater than 5 years N$'000	Total N$'000
2023								
Financial liabilities								
Lease liabilities	8,194	1,793	719	3,314	3,735	1,069	–	10,631
Borrowings	3,115,860	–	399,007	699,087	951,669	781,731	–	2,831,494
Amounts due to parent company	23,763	–	23,763	–	–	–	–	23,763
Deposits due to customers	827,978	515,660	249,738	62,580	–	–	–	827,978
Trade and other payables	52,685	52,685	–	–	–	–	–	52,685
	4,028,480	570,138	673,227	764,981	955,404	782,800	–	3,746,551

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.3 Liquidity risk continued

	COMPANY							
	Carrying amount N$'000	Up to 1 month N$'000	Greater than 1 month up to 6 months N$'000	Greater than 6 months up to 12 months N$'000	Greater than 1 year up to 2 years N$'000	Greater than 2 years up to 5 years N$'000	Greater than 5 years N$'000	Total N$'000
2024								
Financial liabilities								
Borrowings	**463,527**	**–**	**217,755**	**–**	**–**	**327,212**	**–**	**544,967**
Trade and other payables	**3,309**	**3,309**	**–**	**–**	**–**	**–**	**–**	**3,309**
	466,836	**3,309**	**217,755**	**–**	**–**	**327,212**	**–**	**548,276**

	COMPANY							
	Carrying amount N$'000	Up to 1 month N$'000	Greater than 1 month up to 6 months N$'000	Greater than 6 months up to 12 months N$'000	Greater than 1 year up to 2 years N$'000	Greater than 2 years up to 5 years N$'000	Greater than 5 years N$'000	Total N$'000
2023								
Financial liabilities								
Borrowings	434,578	–	–	–	243,520	222,400	–	465,920
Trade and other payables	2,093	2,093	–	–	–	–	–	2,093
	436,671	2,093	–	–	243,520	222,400	–	468,013

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.4 Assets and liabilities measured at fair value or for which fair values are disclosed

5.1.4.1 Valuation models

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group determines fair values using other valuation techniques.

The Group and company measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other factors used in estimating discounting rates, foreign currency exchange rates, bond and equity prices, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value for disclosure

For instruments measured and presented at amortised cost, in determining the fair value for disclosure purposes, the Group uses its own valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include advances and certain funding loans for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rate.

Fair value estimates obtained from models include adjustments to take account of the credit risk of the Group and company and the counterparty where appropriate.

General

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions and experiences. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair values, and management judgement is required to select the most appropriate point in the range.

5.1.5 Analysis of financial assets and liabilities

Financial assets and financial liabilities are measured at amortised cost. The principal accounting policies describe how the class of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

The following tables analyses the financial assets and financial liabilities in the balance sheet per class and category of financial instrument to which they are assigned.

	GROUP	
	Amortised cost N$'000	Total N$'000
2024		
Financial assets		
Cash and cash equivalents	750,565	750,565
Government and other securities	601,556	601,556
Other receivables	45,907	45,907
Advances to customers	5,385,539	5,385,539
Intercompany receivable	130,401	130,401
Total financial assets	6,913,968	6,913,968
Financial liabilities		
Deposits due to customers	1,302,113	1,302,113
Lease liabilities	9,885	9,885
Trade and other payables	58,727	58,727
Borrowings	2,899,467	2,899,467
Amounts due to parent company	27,517	27,517
Total financial liabilities	4,297,710	4,297,710

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.5 Analysis of financial assets and liabilities continued

	GROUP	
	Amortised cost N$'000	Total N$'000
2023		
Financial assets		
Cash and cash equivalents	750,849	750,849
Government and other securities	913,074	913,074
Other receivables	45,742	45,742
Advances to customers	4,740,307	4,740,307
Intercompany receivable	104,097	104,097
Total financial assets	6,554,069	6,554,069
Financial liabilities		
Deposits due to customers	827,978	827,978
Lease liabilities	8,194	8,194
Trade and other payables	52,686	52,686
Borrowings	3,115,860	3,115,860
Amounts due to parent company	23,763	23,763
Total financial liabilities	4,028,481	4,028,481

	COMPANY	
	Amortised cost N$'000	**Total N$'000**
2024		
Financial assets		
Cash and cash equivalents	**1,891**	**1,891**
Other receivables	**2,799**	**2,799**
Intercompany receivable	**439,372**	**439,372**
Total financial assets	**444,062**	**444,062**
Financial liabilities		
Trade and other payables	**3,309**	**3,309**
Borrowings	**463,527**	**463,527**
Total financial liabilities	**466,836**	**466,836**

	COMPANY	
	Amortised cost N$'000	Total N$'000
2023		
Financial assets		
Cash and cash equivalents	1,909	1,909
Other receivables	1,198	1,198
Intercompany receivable	441,306	441,306
Total financial assets	444,413	444,413
Financial liabilities		
Trade and other payables	2,093	2,093
Borrowings	434,578	434,578
Total financial liabilities	436,671	436,671

At year-end, the carrying amounts of financial assets and liabilities approximate their fair values.

Notes to the annual financial statements continued

5. Financial risk management continued

5.1 Financial risk factors continued

5.1.6 Insurance risk

Insurance risk is defined as risk, other than financial risk, that is transferred from the policyholder to the issuer of a contract. The Group uses cell insurance arrangements in order to mitigate against credit life and credit default risk over its loan portfolios in the jurisdiction. Credit life insurance is designed to cover both borrowers and lenders against the default of loan repayment because of death, permanent disability, critical illness or job loss of the borrower, whilst credit default insurance indemnifies the lender against a loss occurring as a result of the failure of the borrower to repay a loan for any other reason whatsoever. Refer to Note 6 for additional information on the Group's insurance contract arrangements. The coverage periods for the Group's insurance contract arrangements are less than one year and the insurance contract asset recognised on the statement of financial position is realisable within 6 months.

5.1.7 Capital management

Capital adequacy risk is the risk that the Group will not have sufficient reserves to meet materially adverse market conditions beyond that which has already been assumed within the impairment provisions and reserves.

The Group and company strives to maintain a strong capital base. Managed capital comprises of share capital, share premium, share based payment reserve, none-controlling interest/ irredeemable preference shares and retained earnings. The Group's and company's objectives when managing capital are to safeguard the Group's and company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Group's and company's strategic focus is to maintain an optimal mix of available financial resources, while continuing to generate sufficient capital to support the growth of the Group's and company's operations within the parameters of the risk appetite set by the Board. It is the Group's objective to safeguard the Group's and company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

External regulatory capital management – Banking Operations

Regulatory capital adequacy is measured by expressing available qualifying capital as a percentage of risk-weighted assets. The Banking Institutions Act (No 2 of 1998) and supporting regulations, read together with specific requirements for the banking operations, specify the minimum capital required to be held in relation to risk weighted assets. Ancillary regulatory requirements include the Basel II leverage ratio.

The banking operations regulatory capital is divided into two tiers:

- Tier 1 capital: Share capital, share premium, share based payment reserve, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, general loan loss provisions and current unappropriated profits.

The Bank of Namibia requires each bank or banking group to maintain the following capital adequacy ratios:

- Tier 1 capital to total assets, at a minimum of 6%, referred to as the leverage capital ratio;
- Tier 1 capital to the risk-weighted assets at the minimum of 7%, referred to as Tier 1 risk-based capital ratio; and
- The total regulatory capital to risk-weighted assets as a minimum of 10%, referred to as total risk-based capital ratio.

In addition to the above minimum capital requirements, the Bank of Namibia requires the bank to perform an internal capital adequacy and assessment process (ICAAP) in terms of Pillar II of Basel II, which has been documented and approved by the board. The process results in:

- The identification of all significant risk exposures to the banking group;
- The quantification of risk appetites for the major risks identified; and
- Control measures to mitigate the major risks.

ALCO is mandated to monitor and manage capital, which includes:

- meeting minimum Basel II regulatory requirements and additional capital add-ons and floors as specified by the Bank of Namibia ("BoN");
- ensure adequate capital buffers above the aforementioned criteria to ensure sustainability in both a systemic and idiosyncratic stress event as set out by the Group's risk appetite;
- test the Group's strategy against risk appetite and required capital levels;
- on an annual basis to review and sign-off the Group's Internal Capital Adequacy Assessment Process, prior to the submission to the Audit and Risk Committee, the Board and BoN; and
- to ensure compliance with other prudential regulatory requirements in respect of non-banking entities within the Group, most notably the capital requirements of these non-banking entities.

The debt covenant requirements attached to the Group's borrowings in note 15 are:

- Bad Debts Ratio does not exceed 10%
- Cash Collection Ratio exceeds 85%
- Capitalisation ratio exceeds 30%

Notes to the annual financial statements continued

5. **Financial risk management** continued

5.1 **Financial risk factors** continued

5.1.7 **Capital management** continued

External regulatory capital management – Banking Operations continued

The Group and company has complied with these covenants throughout the reporting year.

Regulatory capital

	GROUP		LETSHEGO BANK (NAMIBIA) LIMITED	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Tier 1 capital				
Ordinary share and premium	**100**	100	**59,624**	59,624
Non-controlling interest/ preference shares*	**215,085**	215,085	**215,085**	215,085
Retained earnings	**1,720,194**	1,714,905	**654,445**	686,610
Ordinary shareholders' reserves	**703,136**	703,103	**2,295**	2,262
Total tier 1 capital	**2,638,515**	2,633,193	**931,449**	963,581
Tier 2 capital				
Current unappropriated profits	**37,491**	(42,555)	**–**	–
General allowance for credit impairments	**32,023**	29,481	**31,820**	27,572
	69,514	(13,074)	**31,820**	27,572
Total qualifying capital	**2,708,029**	2,620,119	**963,269**	991,153
Risk-weighted assets				
Credit risk	**5,134,926**	4,635,298	**2,766,683**	2,345,994
Market risk	**3,732**	29,582	**3,743**	29,582
Operational risk	**1,330,028**	1,102,888	**581,922**	441,332
Total risk-weighted assets	**6,468,686**	5,767,768	**3,352,348**	2,816,908

Capital adequacy ratios

	Minimum regulatory requirement %	Internal limit %	**31 December 2024 %**	31 December 2023 %
GROUP				
Total capital adequacy ratio	10%	15%	**41%**	46%
Tier 1 capital adequacy ratio	7%	9%	**40%**	46%
Tier 1 leverage ratio	6%	8%	**35%**	38%
BANK				
Total capital adequacy ratio	10%	15%	**30%**	31%
Tier 1 capital adequacy ratio	7%	9%	**28%**	29%
Tier 1 leverage ratio	6%	8%	**21%**	20%

* *The balance relates to preference shares issued by the bank that are accounted for as non-controlling interest at Group level.*

Notes to the annual financial statements continued

6. Insurance Contracts

6.1 Net insurance contract assets

Based on how the Group and the company 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 Group's and company's insurance contracts issued that are in an asset position is set out in the table below:

	31 December 2024 N$'000	31 December 2023 N$'000
GROUP		
Credit life insurance	**119,487**	109,819
Credit default insurance	**46,409**	34,178
	165,896	143,997
COMPANY		
Credit life insurance	**83,070**	74,488
Credit default insurance	**39,437**	24,752
	122,507	99,240

6.2 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 incurred claims for the insurance arrangements, is disclosed in the table below:

	GROUP		
	Net Assets for remaining coverage N$'000	Liabilities for incurred claims N$'000	Total N$'000
At 1 January 2023	165,140	(9,153)	155,987
Insurance revenue	392,634	–	392,634
Insurance expense	–	(116,913)	(116,913)
Deemed Premiums received	(390,581)	–	(390,581)
Deemed claims paid	–	102,870	102,870
At 31 December 2023	167,193	(23,196)	143,997
Insurance revenue	**433,603**	**–**	**433,603**
Insurance expense	**–**	**(159,480)**	**(159,480)**
Deemed Premiums received	**(403,850)**	**–**	**(403,850)**
Deemed claims paid	**–**	**151,626**	**151,626**
At 31 December 2024	**196,946**	**(31,050)**	**165,896**

	COMPANY		
	Net Assets for remaining coverage N$'000	Liabilities for incurred claims N$'000	Total N$'000
At 1 January 2023	63,086	(11,778)	51,308
Insurance revenue	264,425	–	264,425
Insurance expense	–	(62,594)	(62,594)
Deemed Premiums received	(213,940)	–	(213,940)
Deemed claims paid	–	60,041	60,041
At 31 December 2023	113,571	(14,331)	99,240
Insurance revenue	**280,203**	**–**	**280,203**
Insurance expense	**–**	**(86,177)**	**(86,177)**
Deemed Premiums received	**(250,548)**	**–**	**(250,548)**
Deemed claims paid	**–**	**79,789**	**79,789**
At 31 December 2024	**143,226**	**(20,719)**	**122,507**

There is no risk adjustment.

6.3 Insurance service result and insurance finance income

Included in net insurance result are the following components, arising from cell captive arrangements in the Group and the company:

	GROUP		
	Credit life insurance N$'000	Credit default insurance N$'000	31 December 2024 N$'000
Insurance revenue	277,038	156,565	**433,603**
Insurance expense	(49,610)	(109,870)	**(159,480)**
Net insurance financial result	227,428	46,695	**274,123**

	Credit life insurance N$'000	Credit default insurance N$'000	31 December 2023 N$'000
Insurance revenue	249,870	142,764	392,634
Insurance expense	(35,291)	(81,622)	(116,913)
Net insurance financial result	214,579	61,142	275,721

Notes to the annual financial statements continued

6. Insurance Contracts continued

6.3 Insurance service result and insurance finance income continued

	COMPANY		
	Credit life insurance N$'000	Credit default insurance N$'000	**31 December 2024 N$'000**
Insurance revenue	176,033	104,170	**280,203**
Insurance expense	(19,064)	(67,113)	**(86,177)**
Net insurance financial result	156,969	37,057	**194,026**

	Credit life insurance N$'000	Credit default insurance N$'000	31 December 2023 N$'000
Insurance revenue	167,877	96,548	264,425
Insurance expense	(22,621)	(39,973)	(62,594)
Net insurance financial result	145,256	56,575	201,831

7. Cash and cash equivalents

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Cash and balances with banks	**45,971**	110,520	**1,891**	1,909
Money market placements	**617,158**	539,395	**–**	–
Balances with the central bank other than mandatory reserve deposits	**55,023**	66,085	**–**	–
Included in cash and cash equivalents	**718,152**	716,000	**1,891**	1,909
Mandatory reserve deposits with the central bank: restricted funds	**32,413**	34,849	**–**	–
	750,565	750,849	**1,891**	1,909

Money market placements constitute amounts held in money market unit trust with external financial institutions on a short-term basis. These placements are highly liquid, readily convertible and have an insignificant risk of change in value.

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Bank balances	**125,435**	203,128	**1,891**	1,909
Money market placements	**617,158**	539,395	**–**	–
Cash on hand	**7,972**	8,326	**–**	–
	750,565	750,849	**1,891**	1,909

Due to the short-term nature of cash and cash equivalents as well as historical experience, these balances measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

At year-end, the carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets. Cash and cash equivalents to the value of nil (2023: nil) have been pledged as collateral as at the reporting date.

Notes to the annual financial statements continued

8. Government and other securities

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Treasury bills	**272,715**	336,228	**–**	–
Investment in RSA Government Security Bonds	**277,963**	526,017	**–**	–
Investment in Namibian Government Security Bonds	**50,878**	50,829	**–**	–
Gross financial assets at amortised cost	**601,556**	913,074	**–**	–
Less expected credit loss allowance	**–**	–	**–**	–
Net financial assets at amortised cost	**601,556**	913,074	**–**	–
Current	**414,849**	614,443	**–**	–
Non-current	**186,707**	298,631	**–**	–
Gross financial assets at amortised cost	**601,556**	913,074	**–**	–

Due to the nature of these financial assets as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial. The RSA government security bonds have been pledged as security for Commercial loan 1 (refer to note 15).

There is no exposure to price risk as the investments will be held to maturity. The carrying amounts of these financial assets approximate their fair value.

9. Receivables

9.1 Other receivables

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Financial				
– Deposits	**7,291**	11,067	**678**	255
– Sundry receivables	**7,732**	8,347	**–**	–
– Deferred fees	**30,884**	26,328	**2,121**	943
Non-Financial				
– Prepayments	**11,761**	10,321	**–**	–
	57,668	56,063	**2,799**	1,198
Current	**57,668**	56,063	**2,799**	1,198
Non-current	**–**	–	**–**	–
	57,668	56,063	**2,799**	1,198

At year end, the carrying amounts of accounts receivable approximate closely to their fair values due to the short-term maturities of these assets.

Due to the short-term nature of other receivables as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

Notes to the annual financial statements continued

9. Receivables continued

9.2 Intercompany receivable

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Financial				
– Intercompany current account – Letshego Micro Financial Services (Namibia) (Pty) Ltd	**–**	–	**–**	214,673
– Intercompany current account – Letshego Bank (Namibia) Ltd	**–**	–	**308,971**	122,536
– Letshego Africa Holdings Limited	**130,401**	104,097	**130,401**	104,097
	130,401	104,097	**439,372**	441,306
– Current	**87,762**	40,833	**396,733**	378,042
– Non-current	**42,639**	63,264	**42,639**	63,264
	130,401	104,097	**439,372**	441,306

Letshego Africa Holdings Limited intercompany receivable is unsecured and bears interest at 3 month JIBAR plus 5.55%. The intercompany receivable is repayable in equal quarterly instalments over 36-months.

The other intercompany receivables are unsecured and bears interest at Namibian prime rate. These loans are of a short-term nature and are repayable on demand.

Due to historical experience intercompany receivables measured at amortised cost are regarded as a low probability of default and the ECL in respect of these is considered immaterial.

At year-end, the carrying amount of the intercompany receivables approximate their fair values due to the variable nature of the interest on the receivable.

10. Advances to customers

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Gross advances to customers	**5,404,109**	4,783,462	**–**	–
Less: Impairment allowance on advances	**(18,570)**	(43,155)	**–**	–
Net advances to customers	**5,385,539**	4,740,307	**–**	–
Impairment allowance on advances				
Balance at the beginning of the year	**43,155**	48,543	**–**	–
Bad debts written off	**(134,080)**	(95,182)		
Impairment adjustment – increase/(decrease) for the year	**109,495**	89,794	**–**	–
Balance at the end of the year	**18,570**	43,155	**–**	–
The balance at the end of the year consists of the following:				
Stage 1 impairment	**1,870**	7,095	**–**	–
Stage 2 – 3 impairment	**16,700**	36,060	**–**	–
	18,570	43,155	**–**	–
(Reversals)/Charges in the profit or loss				
Impairment adjustment	**109,495**	89,793	**–**	
Recoveries during the year	**(121,643)**	(77,808)	**–**	–
	(12,148)	11,985	**–**	–
Exposure to credit risk				
Net advances to customers	**5,385,539**	4,740,307	**–**	–
Maximum exposure to credit risk	**5,404,109**	4,783,462	**–**	–

Notes to the annual financial statements continued

10. Advances to customers continued

Advances are measured at amortised cost using the effective interest method as they are held to collect contractual cash flows which are solely payments of principle and interest.

Refer to note 5.1.1 for more information on credit risk management, credit quality, credit concentration risk and sensitivity of assumptions and estimates.

The Group performed a detailed assessment of the provision of the impairment allowance during the year. Actual historic write-off losses and wider credit risk associated with lending to public sector employees were considered and the credit impairment adjusted accordingly.

No loans have been ceded, pledged, encumbered or restricted in any way.

The carrying amounts of Advances approximate closely to their fair values at year end.

11. Property, equipment and right-of-use assets

	GROUP						
	Furniture and fittings N$'000	Office equipment N$'000	Computer equipment N$'000	Motor vehicles N$'000	Leasehold Improvements N$'000	Right-of-use assets – Buildings N$'000	Total N$'000
At 31 December 2024							
Cost	**5,513**	**11,654**	**20,329**	**1,941**	**11,403**	**29,788**	**80,628**
Accumulated depreciation	**(4,919)**	**(8,529)**	**(16,057)**	**(604)**	**(7,713)**	**(20,655)**	**(58,477)**
Carrying amount	**594**	**3,125**	**4,272**	**1,337**	**3,690**	**9,133**	**22,151**
At 31 December 2024							
Opening net amount at 1 January 2024	**331**	**2,724**	**5,034**	**–**	**2,386**	**7,383**	**17,858**
Additions	**415**	**1,328**	**3,358**	**1,459**	**2,413**	**7,630**	**16,603**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation charge	**(152)**	**(927)**	**(4,120)**	**(122)**	**(1,109)**	**(5,880)**	**(12,310)**
Carrying amount	**594**	**3,125**	**4,272**	**1,337**	**3,690**	**9,133**	**22,151**
At 31 December 2023							
Cost	5,714	10,326	48,170	482	8,981	26,052	99,725
Accumulated depreciation	(5,383)	(7,602)	(43,136)	(482)	(6,595)	(18,669)	(81,867)
Carrying amount	331	2,724	5,034	–	2,386	7,383	17,858
At 31 December 2023							
Opening net amount at 1 January 2023	514	1,445	8,173	–	3,536	7,916	21,584
Additions	82	2,097	1,272	–	64	5,166	8,681
Disposals	–	–	(4)	–	–	–	(4)
Depreciation charge	(265)	(818)	(4,407)	–	(1,214)	(5,699)	(12,403)
Carrying amount	331	2,724	5,034	–	2,386	7,383	17,858

Property, plant and equipment and right-of-use assets are of a long-term nature (non-current).

COMPANY

The company does not carry property, plant and equipment and right-of-use assets.

Notes to the annual financial statements continued

12. Trade and other payables

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Financial				
– Trade payables	**47,620**	47,174	**548**	121
– Accruals	**4,045**	1,968	**607**	–
– Other payables	**7,062**	3,543	**2,154**	1,972
Non-financial				
– Audit fee provision	**3,189**	1,649	**389**	210
– Staff provisions	**24,551**	12,437	**–**	–
– Value Added Taxation	**1,470**	1,056	**–**	–
– Withholding Tax	**416**	2,500	**–**	–
	88,353	70,327	**3,698**	2,303
Current	**88,353**	70,327	**3,698**	2,303
Non-current	**–**	–	**–**	–
	88,353	70,327	**3,698**	2,303

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

13. Lease liabilities

	Group		Company	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Amounts recognised in the statement of financial position				
Current lease liabilities	**5,287**	5,054	**–**	–
Non-current lease liabilities	**4,598**	3,140	**–**	–
	9,885	8,194	**–**	–

	Group		Company	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Reconciliation of lease liabilities				
Opening balance	**8,194**	8,886	**–**	–
Additions	**7,630**	5,166	**–**	–
Modifications	**258**	328	**–**	–
Interest expense	**757**	785	**–**	–
Payments	**(6,954)**	(6,971)	**–**	–
Closing balance	**9,885**	8,194	**–**	–
The Group leases various office buildings. Rental contracts are typically made for fixed periods of 2 years to 5 years but may have extension options.				
Refer to note 4(d)(i) for more information on the accounting policy for leases.				
There were additions of N$7.6 million (2023: N$5.2 million) to right-of-use assets during the 2024 financial year.				
Amounts recognised in the statement of comprehensive income				
Depreciation charge on right-of-use assets – Buildings	**5,880**	5,699	**–**	–
Interest expense on lease liabilities	**757**	785	**–**	–
Expense relating to leases of low value assets	**1,651**	1,564	**–**	–
Expense relating to short-term leases	**1,754**	1,443	**–**	–
	10,042	9,491	**–**	–

The total cash outflows relating to leases is N$8.7 million (2023: N$8.4 million).

Notes to the annual financial statements continued

14. Taxation

	Group		Company	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
14.1 Income tax expense				
Current tax expense	**47,997**	25,682	**2,097**	2,263
Current year	**47,997**	25,569	**2,097**	2,150
Prior years	**–**	113	**–**	113
Deferred tax (income)/expense :				
– Origination and reversal of temporary differences	**(2,015)**	4,088	**362**	30
Total Income tax expense	**45,982**	29,770	**2,459**	2,293
14.2 Reconciliation of current taxation				
Profit before taxation	**464,823**	383,115	**375,121**	418,646
Tax calculated at standard rate – 31% (2023: 32%)	**144,095**	122,597	**116,288**	133,967
Income not subject to tax – net insurance result (cell captive)	**(83,739)**	(85,687)	**(118,057)**	(134,005)
Income not subject to tax – interest on money market placements	**(15,089)**	(20,646)	**–**	–
Prior year tax expense	**–**	113	**–**	113
Non-deductible expenses*	**883**	13,393	**4,246**	2,218
Effect of change in tax rate	**(168)**	–	**(18)**	–
	45,982	29,770	**2,459**	2,293
Effective tax rate	**9.89%**	7.77%	**0.66%**	0.55%

* *Non-deductible expenses relates to income tax apportionment ratio.*

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
14.3 Deferred taxation				
The Group has disclosed the deferred tax assets and the deferred tax liabilities separately.				
Deferred tax asset				
The balance comprises:				
– Property, equipment and right-of-use assets	**(4,473)**	(4,099)	**–**	–
– Prepayments	**(3,961)**	(1,665)	**–**	94
– Impairment allowance on advances	**791**	1,516	**–**	–
– Leave pay, bonus and other provisions	**8,437**	4,726	**–**	–
– Share based payments	**689**	724	**–**	–
– Lease liabilities	**2,965**	2,622	**–**	–
– EIR adjustment	**(279)**	(1,646)	**–**	–
– Assessed loss	**–**	–	**–**	–
	4,169	2,178	**–**	94
Current	**–**	–	**–**	–
Non-current	**4 169**	2 178	**–**	94
	4,169	2,178	**–**	94
Deferred tax liabilities				
The balance comprises:				
– Prepayments and deferred expenses	**367**	(5,239)	**(269)**	–
– Impairment allowance on advances	**–**	858	**–**	–
– EIR adjustment	**(6,336)**	(1,129)	**–**	–
– Deferred arrangement fees	**(723)**	(1 207)	**–**	–
	(6,692)	(6,717)	**(269)**	–
Current	**–**	–	**–**	–
Non-current	**(6,692)**	(6 717)	**(269)**	–
	(6,692)	(6,717)	**(269)**	–

Notes to the annual financial statements continued

14. Taxation continued

14.3 Deferred taxation continued

Deferred income taxes for the Company and Group are calculated on all the temporary timing differences under the comprehensive method using a tax rate of 30% (2023: 32%) except where the initial recognition exemption applies. The profit or loss debits/credits are the result of timing differences between the accounting and tax treatments of items recognised in the statement of financial position.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised based on the assumption that the company will continue producing a taxable income in the foreseeable future against which it can be set off.

The applicable tax rate changed to 31% effective 01 January 2024 and to 30% 01 January 2025 in terms of the Income Tax Amendment Act, 2024. Income tax for the current year has been calculated at 31% while the Deferred Tax balance has been calculated at 30% as it will be realised at 30% in future periods.

14.4 Current taxation

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Current taxation				
Opening balance	**67,950**	54,191	**(1)**	7,347
Charge to profit or loss – Current year	**(47,997)**	(25,569)	**(2,097)**	(2,150)
Charge to profit or loss – Prior years	**–**	(113)	**–**	(113)
Payments made during the period	**47,533**	46,884	**1,200**	2,149
Refund received	**(65,711)**	(7,443)	**–**	(7,234)
Adjustment	**(4,635)**	–	**–**	–
Taxation asset/(Liability)	**(2,860)**	67,950	**(898)**	(1)
Current	**(2,860)**	67,950	**(898)**	(1)
Non-current	**–**	–	**–**	–
	(2,860)	67,950	**(898)**	(1)

15. Borrowings

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Commercial Bank 1				
Facility 1	**250,071**	256,844	**–**	–
Facility 2	**75,022**	256,967	**–**	–
Facility 3	**165,046**	169,517	**–**	–
Facility 4	**165,047**	169,599	**–**	–
	655,186	852,927	**–**	–
Commercial Bank 1 borrowings are secured revolving credit facilities guaranteed by Letshego Namibia Holdings Limited and bear interest at 3 month JIBAR plus 2.61% (facility 1), at 3 month JIBAR plus 2.81% (facility 2), Namibia Prime less 0.52% (facility 3) and Namibia Prime less 0.32% (facility 4). Interest on the loans are repayable quarterly and the loans mature on 02 March 2026, 16 December 2027, 10 March 2025 and 10 March 2026 respectively. The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.				
Commercial Bank 2				
Loan 1	**450,127**	350,107	**–**	–
Loan 2	**216,956**	474,529	**–**	–
Loan 3	**50,014**	–	**–**	–
	717,097	824,636	**–**	–

Notes to the annual financial statements continued

15. Borrowings continued

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Commercial Bank 2 borrowings are secured term loans guaranteed by Letshego Holdings (Namibia) Limited and bear interest at Namibia Prime less 0.45% (loan 1), 3 month JIBAR plus 2.35% (loan 2) repayable in bi-annual instalments and Namibia Prime less 0.5% (loan 3) and mature on 30 June 2027, 11 December 2025 and 13 September 2027 respectively. The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.				
Commercial Bank 3	**100,062**	166,830	**–**	–
Commercial Bank 3 borrowing is a secured revolving credit facility guaranteed by Letshego Holdings (Namibia) Limited and bear interest at 3 month JIBAR plus 3.55%. Interest and capital on the loan is repayable quarterly and the loans mature on 30 June 2026. The Group has complied with the financial covenants of its borrowing facility during the 2024 and 2023 reporting periods.				
Development Finance loan				
Tranche 1	**283,545**	459,091	**–**	–
Tranche 2	**377,833**	377,798	**–**	–
	661,378	836,889	**–**	–

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Development Finance borrowings are secured term loans guaranteed by Letshego Holdings (Namibia) Limited and bears interest at SOFR plus 0.43% (tranche 1) and 3 month JIBAR plus 3.55% plus a swap rate of 0.80% (tranche 2). Interest on the loans are repayable bi-annually and the loan matures on 15 June 2026 (tranche 1) and quarterly and the loan matures on 15 June 2028 (tranche 2). The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.				
Listed Bond Programme				
Listed Bond 1	**–**	234,394	**–**	234,394
Listed Bond 2	**200,116**	200,184	**200,116**	200,184
Listed Bond 3	**263,411**	–	**263,411**	–
Listed Bond 4	**302,217**	–	**–**	–
	765,744	434,578	**463,527**	434,578

Notes to the annual financial statements continued

15. Borrowings continued

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Listed Bond 1 is a medium term loan guaranteed by Letshego Micro Financial Services (Namibia) (Pty) Ltd and bears interest at 3 month ZAR-JIBAR-SAFEX plus 3.55%. Interest on the loan is repayable quarterly and the loan matures on 17 May 2024. Listed Bond 2 is a medium term loan guaranteed by Letshego Micro Financial Services (Namibia) (Pty) Ltd and bears interest at 3 month ZAR-JIBAR-SAFEX plus 2.80%. Interest on the loan is repayable quarterly and the loan matures on 30 June 2025. Listed Bond 3 is a medium term loan guaranteed by Letshego Micro Financial Services (Namibia) (Pty) Ltd and bears interest at 3 month ZAR-JIBAR-SAFEX plus 2.95%. Interest on the loan is repayable quarterly and the loan matures on 17 May 2027. Listed Bond 4 is a medium term loan, bears interest at 3 month ZAR-JIBAR-SAFEX plus 2.20%. Interest on the loan is repayable quarterly and the loan matures on 28 November 2029.The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting periods.				
Total borrowings	**2,899,467**	3,115,860	**463,527**	434,578
Current	**896,582**	1,222,734	**203,527**	234,394
Non-current	**2,002,885**	1,893,126	**260,000**	200,184
	2,899,467	3,115,860	**463,527**	434,578

Risk exposures

Details of the group's and company's exposure to risks arising from current and non-current borrowings are set out in note 5.

The carrying amounts of borrowings approximate closely to their fair values at year end.

16. Amounts due to Parent Company

		GROUP		COMPANY	
		31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
16.1	**Amounts due to parent company – Letshego Africa Holdings Limited**	**27,837**	23,909	**–**	–
	Reconciliation of Amounts due to parent company:				
	Opening balance	**23,909**	77,918	**–**	–
	Movement in the current year	**3,928**	(54,009)	**–**	–
	Closing balance	**27,837**	23,909	**–**	–
	The intercompany payable with Letshego Africa Holdings Limited is unsecured and currently does not bear interest and is repayable on demand. At year end, the carrying amount of the intercompany payable approximates closely to its fair value due to the short-term nature of the balance.				
16.2	**Intercompany payable – Erf 8585 (Pty) Ltd**	**(320)**	(146)	**–**	–
	The intercompany loan with Erf 8585 (Pty) Ltd is unsecured and currently does not bear interest and is repayable on demand. At year end, the carrying amount of the intercompany payable approximates closely to its fair value due to the short-term nature of the balance.				
	Total intercompany payables	**27,517**	23,763	**–**	–

Notes to the annual financial statements continued

17. Deposits due to customers

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Current accounts	**50,218**	97,860	**–**	–
Term deposits	**1,251,895**	730,118	**–**	–
Total deposits due to customers	**1,302,113**	827,978	**–**	–
Current	**1,302,113**	827,978	**–**	–
Non-current	**–**	–	**–**	–
	1,302,113	827,978	**–**	–

18. Share capital

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Authorised share capital				
500 000 000 ordinary shares of 0.02 cents each (2023: 500 000 000 ordinary shares of 0.02 cents each)	**100**	100	**100**	100
Issued share capital				
500 000 000 ordinary shares of 0.02 cents each (2023: 500 000 000 ordinary shares of 0.02 cents each)	**100**	100	**100**	100

19. Equity settled share based payment reserve

Under the conditional Long Term Incentive Plan (LTIP), conditional share awards are granted to management and key employees. The number of vesting share awards (currently outstanding) is subject to certain non-market conditions. Shares are issued and settled in the holding company, Letshego Africa Holdings Limited, which is listed on the Botswana Stock Exchange. The fair value of the shares is valued according to the listed price on the Botswana Stock Exchange at grant date. Letshego Africa Holdings Limited is liable to fulfil the obligation to the employees on the awards granted.

Shares granted in terms of the plan may not exceed 10% of the issued ordinary shares of the holding company, Letshego Africa Holdings Limited. The maximum number of shares which can be allocated to any individual participant under the scheme is 1% of the issued ordinary shares of the holding company.

The allocation of share awards under the plan relating to management of Letshego Bank (Namibia) Limited was made on 1 January 2021, 2022, 2023 and 2024 respectively. The vesting period of the share awards from grant date is three periods.

	GROUP			
	31 December 2024		31 December 2023	
	Number of share awards	**Exercise price**	Number of share awards	Exercise price
Granted during prior years	**5,252**	**NAD1.02/1.92/1.71**	5,552	NAD0.97/1.02/1.92
Granted in current year	**789**	**NAD 1.66**	1,679	NAD 1.71
Exercised during the year	**–**	**–**	(899)	NAD 0.97
Forfeited during the period	**(2,141)**	**NAD 0.99**	(1,080)	NAD 0.97
Exercisable and outstanding at the end of the year	**3,900**	**NAD1.01/1.90/1.67**	5,252	NAD1.02/1.92/1.71
Fair value of awards exercisable and outstanding at the end of the year	**2,112**		2,079	

Notes to the annual financial statements continued

20. Profit before taxation

	Group		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	31 December 2024 N$'000	31 December 2023 N$'000
The following items have been recognised in arriving at profit before taxation:				
Advertising and promotions	**7,536**	5,264	**1,707**	422
Auditors' remuneration	**3,483**	2,741	**446**	352
Consultancy costs – professional services	**16,617**	16,274	**3,501**	1,849
Computer services costs	**1,287**	1,416	**–**	–
Depreciation	**12,310**	12,403	**–**	–
Directors' emoluments				
– for services as director	**2,817**	2,003	**–**	–
– for management services	**8,775**	8,216	**–**	–
Rental – low value and short-term leases	**3,405**	3,007	**–**	–
Employee benefit expense (excluding directors' remuneration – for management services)	**107,455**	86,456	**73**	11

21. Employee benefit expense

	Group		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	31 December 2024 N$'000	31 December 2023 N$'000
Salaries	**67,983**	55,819	**73**	11
Key management personnel	**22,139**	18,280	**–**	–
Pension fund contributions	**8,079**	6,246	**–**	–
Medical aid contributions	**6,732**	5,340	**–**	–
Social security	**196**	172	**–**	–
Share based payment expense	**33**	965	**–**	–
Incentive bonuses	**10,948**	7,804	**–**	–
Staff welfare	**120**	48	**–**	–
	116,230	94,672	**73**	11

22. Operating expenses by nature

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	31 December 2024 N$'000	31 December 2023 N$'000
Sales related expense	**10,595**	9,388	**–**	–
Advertising and promotions	**7,536**	5,264	**1,707**	422
Auditors remuneration – audit services	**3,483**	2,741	**446**	352
Collection fees	**41,042**	38,488	**–**	–
Consulting and secretarial	**16,617**	16,274	**3,501**	1,849
Management fees	**43,333**	42,165	**–**	–
Depreciation (note 11)	**12,310**	12,403	**–**	–
Directors' remuneration – for services as directors	**2,817**	2,003	**–**	–
Computer related expenses	**1,287**	1,416	**–**	–
Office rental	**3,405**	3,007	**–**	–
Travel and accommodation	**3,492**	2,379	**–**	68
Social responsibility projects	**723**	738	**–**	10
Telephone & Fax	**4,066**	3,912	**–**	–
Subscriptions	**25,105**	20,531	**430**	283
VAT expense	**14,013**	11,062	**–**	–
Security costs	**3,233**	3,329	**–**	–
Insurance	**65,897**	58,901	**–**	1
Bank charges	**11,864**	9,741	**1,396**	1,826
Repairs and maintenance	**1,298**	5,353	**–**	–
Other operational expenses	**19,270**	11,775	**205**	160
Unrealised foreign exchange loss	**574**	1 431	**–**	–
	291,960	262,301	**7,685**	4,971

Notes to the annual financial statements continued

23. Net interest income

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Interest income calculated using the effective interest income method – Advances to customers	**836,961**	712,918	**–**	–
Other interest income calculated using the effective interest income method				
– Interest income on short term bank deposits and money market placements	**58,913**	29,753	**349**	293
– Interest income on bonds and treasury bills	**39,281**	36,962	**–**	–
– Interest income on loans to related parties	**19,072**	7,617	**59,033**	55,933
Total interest income	**954,227**	787,250	**59,382**	56,226
Interest expense calculated using the effective interest rate method	**(404,940)**	(349,041)	**(50,799)**	(47,866)
– Borrowings	**(318,383)**	(297,889)	**(50,799)**	(47,866)
– Deposits due to customers	**(85,800)**	(49,199)	**–**	–
– Lease liabilities	**(757)**	(785)	**–**	–
– Shareholder's loan – LAHL	**–**	(1,168)	**–**	–
Net interest income	**549,287**	438,209	**8,583**	8,360

24. Fee income

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Postage fees	**102**	371	**–**	–
Fees and commission earned from services to customers	**37,288**	33,475	**–**	–
	37,390	33,846	**–**	–

25. Other income

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Dividend income*	**–**	–	**179,509**	213,172
Sundry Income	**65**	4,297	**761**	265
	65	4,297	**180,270**	213,437

* *An ordinary dividend of N$180 million was earned from Letshego Micro Financial Services (Namibia) (Pty) Ltd and Letshego Bank (Namibia) during the current year. An ordinary dividend of N$213 million was earned from Letshego Micro Financial Services (Namibia) (Pty) Ltd during the prior year.*

26. Related parties

Subsidiaries:	Letshego Micro Financial Services (Namibia) (Proprietary) Limited Letshego Bank (Namibia) Limited
Lease agreements:	Erf Eight Five Eight Five (Proprietary) Limited (Subsidiary of Ultimate Parent Company)
Management services agreements:	Letshego Africa Holdings Limited (Ultimate Parent Company)
Key management personnel:	Ester Kali (Chief Executive Officer) Melvin Angula (Chief Executive Officer) (LMFSN) Karl-Stefan Altmann (Chief Financial Officer) Allvan Farmer (Chief Operating Officer) Herwin Tsowaseb (Head of Credit) Aletta Shifotoka (Chief Risk Officer) Barend Kruger (Head of Consumer Division) Kingsley Guiseb (Head of People and Culture) Mignon Klein (Head of Legal, Governance and Compliance and Company Secretary) Mbo Luvindao (Chief Commercial Officer)
Directors:	Maryvonne Palanduz (resigned 31 January 2024) Mansueta-Maria Nakale Ester Kali Karl-Stefan Altmann Sven von Blottnitz Kamogelo Chiusiwa (resigned 01 July 2024) Kudzai Chigiji Richard Ochieng Jerome Mutumba Jaco Esterhuyse

Notes to the annual financial statements continued

26 Related parties continued

26.1 Related party balances

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Loan accounts – Receivables from related parties				
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**–**	–	**–**	214,673
Letshego Bank (Namibia) Ltd	**–**	–	**308,971**	122,536
Letshego Africa Holdings Limited	**130,401**	104,097	**130,401**	104,097
	130,401	104,097	**439,372**	441,306
The above intercompany receivables are unsecured and bears interest at Namibian prime rate. These loans are of a short-term nature and are repayable on demand.				
Amounts due to/(from) related parties				
Letshego Africa Holdings Limited – loan	**27,837**	23,909	**–**	–
Erf 8585 (Pty) Ltd	**(320)**	(146)	**–**	–
	27,517	23,763	**–**	–

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
The intercompany payable with Letshego Africa Holdings Limited is unsecured and currently does not bear interest and is repayable on demand.				
The intercompany loan with Erf 8585 (Pty) Ltd is unsecured and currently does not bear interest and is repayable on demand.				
Advances				
Advances to key management personnel	**530**	426	**–**	–
The impairment in respect of loans granted to key management personnel in the current or prior year is considered immaterial.				
Deposits				
Deposits from key management personnel and directors	**1,076**	2,574	**–**	–

Deposits include current and savings accounts.

Notes to the annual financial statements continued

26 Related parties continued

26.2 Related party transactions

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Interest expense				
Letshego Africa Holdings Limited	**–**	1,168	**–**	–
Net interest (expense)				
Key management personnel and directors	**(47)**	(36)	**–**	–
Interest income				
Letshego Bank (Namibia) Limited	**–**	–	**30,593**	17,452
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**–**	–	**9,370**	30,864
Letshego Africa Holdings Limited	**19,072**	7,617	**19,070**	7,617
	19,072	7,617	**59,033**	55,933
Rent expense				
Erf 8585 (Pty) Ltd	**2,517**	2,264	**–**	–
Management fees expense				
Letshego Africa Holdings Limited	**43,333**	42,165	**–**	–

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Dividend income from related parties				
Letshego Bank (Namibia) Limited	**–**	–	**41,647**	–
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**–**	–	**137,862**	213,172
	–	–	**179,509**	213,172
The amount classified as management fees under note 22 is made up as follows:				
Fees payable to Letshego Africa Holdings Limited	**39,000**	37,948	**–**	–
Withholding tax paid on imported management services	**4,333**	4,216	**–**	–
	43,333	42,165	**–**	–
Compensation expense to key management personnel				
Short-term benefits	**20,323**	16,511	**–**	–
Post employment benefits	**1,816**	1,769	**–**	–
	22,139	18,280	**–**	–
Compensation expense directors				
Sitting fees expense for non-executive directors	**2,817**	2,003	**–**	–
	2,817	2,003	**–**	–

Notes to the annual financial statements continued

27. Capital reorganisation reserve

The capital reorganisation reserve arose on 5 July 2016 when Letshego Holdings (Namibia) Limited acquired 99,999% of the issued share capital of Letshego Bank Namibia Limited.

This transaction was a capital re-organisation in the form of a common control combination. As a result, for purposes of consolidation, the transaction was treated as if the combination had taken place at the beginning of the earliest comparative period presented at the time, which was 01 January 2015. Details of the purchase consideration, the net assets acquired and negative goodwill are as follows:

	GROUP	COMPANY
Carrying value of assets and liabilities acquired:	As at 01 January 2015: N$'000	As at 01 January 2015: N$'000
Cash	48,033	45,762
Other receivables	63,970	112,825
Intercompany receivable	20,517	53,552
Advances to customers	1,607,218	1,932,258
Deferred taxation	3,343	1,251
Current taxation	(14,819)	6,728
Property, plant and equipment	5,904	10,814
Trade and other payables	(53,894)	(32,263)
Intercompany payable	–	(1,198)
Borrowings	(764,064)	(785,476)
Non-controlling interest – Preference shares attributable to Ultimate Parent Company	(215,085)	–
Capital reorganisation reserve	(701,024)	(1,344,154)
Net assets acquired	99	99

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Capital reorganisation reserve	**701,024**	701,024	**1,344,154**	1,344,154

28. Investment in subsidiaries

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Investment in Letshego Micro Financial Services Namibia (Pty) Ltd at cost	**–**	–	**570,200**	570,200
Investment in Letshego Bank Namibia Limited at cost	**–**	–	**1,344,154**	1,344,154
	–	–	**1,914,354**	1,914,354

29. Capital commitments

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Authorised but not contracted for	**24,000**	41,000	**–**	–

The capital commitments are for the purchase of property and equipment and will be funded by the Group's cash resources.

30. Segment information

The Group considers its banking and other financial services operations as one operating segment. There are no other components. This is in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Chief Executive Officer of the Group. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segment(s) of an entity.

In assessing the performance of the banking and other financial services operation, the Chief Executive Officer reviews the various aggregated revenue streams, the total costs and the assets and liabilities related to the banking activity, which have been disclosed in the various notes to the consolidated and separate financial statements.

Notes to the annual financial statements continued

30. Segment information continued

30.1 Entity-wide disclosures

30.1.1 Products and Services

Operating segment

- Banking operations

Brand

- Letshego

Description

- Regulated financial services provider, focusing on the low to middle income earners in Namibia.

Products and services

- Letshego conducts business as a registered bank and provides micro-lending services.

30.1.2 Geographical segments

There are no segment operations outside Namibia as the group operates within the borders of Namibia.

30.1.3 Major customers

Segment reporting requires the disclosure of an entity's reliance on its major customers, if revenue from transactions with a single customer is ten percent or more of the entity's revenue. The group does not have customers that contribute ten percent or more to its revenue and is therefore not reliant on a single major customer.

31. Net debt reconciliation

The net debt is made up of cash, borrowings and lease liabilities. Other changes include non-cash movements which will be presented as operating cash flows in the statement of cash flows when paid. At year-end, net debt is constituted as follows:

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Cash and cash equivalents	**750,565**	750,849	**1,891**	1,909
Amount due to parent company-repayable within one year	**(27,517)**	(23,763)	**–**	–
Borrowings repayable within one year (including lease liabilities)	**(901,869)**	(1,251,550)	**(203,527)**	(234,394)
Borrowings repayable after one year (including lease liabilities)	**(2,007,483)**	(1,896,266)	**(260,000)**	(200,184)
Net debt	**(2,186,304)**	(2,420,730)	**(461,636)**	(432,669)
Cash and cash equivalents	**750,565**	750,849	**1,891**	1,909
Gross debt – variable interest rates	**(2,936,869)**	(3,171,579)	**(463,527)**	(434,578)
Net debt	**(2,186,304)**	(2,420,730)	**(461,636)**	(432,669)

32. Earnings and headline earnings per share

Basic earnings per share is calculated by dividing the Group's and company's profit for the year by the weighted average number of ordinary shares in issue during the year/period, excluding ordinary shares purchased by the company and held as treasury shares.

Headline earnings per share is calculated by dividing the Group's and company's profit for the year, after excluding identifiable remeasurements, net of tax, by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

	GROUP		COMPANY	
	31 December 2024 N$'000	31 December 2023 N$'000	**31 December 2024 N$'000**	31 December 2023 N$'000
Earnings				
Profit for the year	**418,841**	353,345	**372,662**	416,353
Headline adjustments	**–**	–	**–**	–
Headline earnings	**418,841**	353,345	**372,662**	416,353
Number of ordinary shares in issue at year end (note 18)	**500,000**	500,000	**500,000**	500,000
Weighted average number of ordinary shares in issue during the year	**500,000**	500,000	**500,000**	500,000
Diluted weighted average number of ordinary shares in issue during the year	**500,000**	500,000	**500,000**	500,000
Earnings per ordinary share (cents)				
Basic	**84**	71	**75**	83
Fully diluted	**84**	71	**75**	83
Headline earnings per ordinary share (cents)				
Basic	**84**	71	**75**	83
Fully diluted	**84**	71	**75**	83

Notes to the annual financial statements continued

33. Changes in cash flows arising from financing activities

The table below details changes in the cash flows arising from the financing activities, including both cash and non-cash changes. Cash flows arising from the financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	GROUP			
	Lease liabilities N$'000	**Amount due to parent company N$'000**	**Interest bearing borrowings N$'000**	**Assets held to hedge long-term borrowings N$'000**
Balance at 01 January 2024	**8,194**	**23,763**	**3,115,860**	**(526,017)**
Cash flows				
Financing cash inflow				
– Capital	**–**	**3,754**	**710,000**	**238,012**
– Interest	**–**	**–**	**–**	**25,071**
Financing cash outflow				
– Capital	**(6,197)**	**–**	**(906,403)**	**–**
– Interest	**(757)**	**–**	**(344,650)**	**–**
Non-cash flow changes				
Revaluation of foreign currency borrowing	**–**	**–**	**6,277**	**(5,535)**
Lease modifications	**258**	**–**	**–**	**–**
Premium and Discount Income – Bond	**–**	**–**	**–**	**11,270**
Interest	**757**	**–**	**318,383**	**(20,764)**
Lease additions	**7,630**	**–**	**–**	**–**
Balance at 31 December 2024	**9,885**	**27,517**	**2,899,467**	**(277,963)**

	GROUP			
	Lease liabilities N$'000	Amount due to parent company N$'000	Interest bearing borrowings N$'000	Assets held to hedge long-term borrowings N$'000
Balance at 01 January 2023	8,886	76,974	2,524,208	(499,142)
Cash flows				
Financing cash inflow				
– Capital	–	–	631,888	–
– Interest	–	–	–	26,852
Financing cash outflow				
– Capital	(6,186)	(54,379)	(41,667)	–
– Interest	(785)	(1,168)	(297,889)	–
Non-cash flow changes				
Revaluation of foreign currency borrowing	–	–	42,953	(41,522)
Lease modifications	328	–	–	–
Premium and Discount Income – Bond	–	–	–	14,255
Interest	785	2,336	256,367	(26,460)
Lease additions	5,166	–	–	–
Balance at 31 December 2023	8,194	23,763	3,115,860	(526,017)

Notes to the annual financial statements continued

33. Changes in cash flows arising from financing activities (continued)

	COMPANY
	Interest bearing borrowings N$'000
Balance at 01 January 2024	**434,578**
Cash flows	
Financing cash inflow	
– Capital	**260,000**
– Interest	**–**
Financing cash outflow	
– Capital	**(231,000)**
– Interest	**(50,850)**
Non-cash flow changes	
Movement in accrued interest	**50,799**
Balance at 31 December 2024	**463,527**

	COMPANY
	Interest bearing borrowings N$'000
Balance at 01 January 2023	434,009
Cash flows	
Financing cash inflow	
– Capital	–
– Interest	–
Financing cash outflow	
– Capital	–
– Interest	(47,297)
Non-cash flow changes	
Movement in accrued interest	47,866
Balance at 31 December 2023	434,578

34. Analysis of Shareholding

Range of shareholders	Number of shareholders	% of shareholders	Number of shares	% of shares
1 – 99	5	0.14%	177	0.00%
100 – 499	1,991	54.82%	592,694	0.12%
500 – 999	640	17.62%	448,820	0.09%
1000 – 1999	450	12.39%	579,478	0.12%
2000 – 2999	225	6.19%	571,308	0.11%
3000 – 3999	52	1.43%	180,446	0.04%
4000 – 4999	17	0.47%	78,184	0.02%
5000 – 9999	100	2.75%	619,397	0.12%
over 10 000	152	4.19%	496,929,496	99.39%
	3,632	100%	500,000,000	100%
Geographic ownership				
Namibian Resident	3,617	99.59%	107,366,444	21.47%
Non-Resident of Namibia	15	0.41%	392,633,556	78.53%
	3,632	100%	500,000,000	100%
Largest shareholders – more than 5% of share capital				
Letshego Africa Holdings Limited			392,300,832	78.46%
Kumwe Investment Holding Limited			59,866,632	11.97%
			452,167,464	90.43%

35. Events occurring after the reporting date

A final dividend of 43.88 cents per ordinary share has been declared since the end of the reporting period.

Last date to trade cum dividend – Friday 06 June 2025
First date to trade ex-dividend – Monday 09 June 2025
Last date to register – Friday 13 June 2025
Dividend payment date – Friday 27 June 2025

No other matters which are material to the financial affairs of the group and company have occurred between year-end and the date of approval of the consolidated and separate annual financial statements.

Additional information

ADDITIONAL INFORMATION

Glossary

AGM	Annual general meeting
AI	Artificial intelligence
ALM	Assets and liabilities management
AML	Anti-money laundering
ARC	Audit and Risk Committee
ATM	Automated teller machine
Banking Act	Banking Institution Act, No 13 of 2023
Board	The Letshego Holdings (Namibia) Limited's Board of Directors
BoN	Bank of Namibia
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Companies Act	Companies Act of Namibia 2024
CPI	Consumer Price Index
DAS	Deduction at Source
DPD	Days past due
DSA	Direct sales agent
E&S	Environmental & Social
EAD	Exposure at default
ECL	Expected credit losses
EFT	Electronic fund transfers
EIR	Effective Interest Rate
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance
EY	Ernest & Young Namibia
FPL	Fair value through profit or loss
FVOCI	Fair value through other comprehensive income
GDP	Gross domestic product
GIA	Group Internal Audit
GIBS	Gordon Institute of Business Science
ICT	Information, communication and technology
IFC	International Finance Corporation
INED	Independent Non-executive Director
ISSB	International Sustainability Standard Board
IT	Information technology
ITCG	Information and Cyber Governance Committee
JIBAR	Johannesburg Interbank Average Rate
KPI	Key performance indicators
LAHL	Letshego Africa Holdings Limited
LBN	Letshego Bank Namibia Limited
Letshego	Letshego Holdings (Namibia) Limited
LFSN	Letshego Micro Financial Services Namibia (Proprietary) Limited
LGD	Loss given default
LLR	Loan loss ratio
LTIP	Long-term incentive plan
MGO	Non-governmental organisations
MNO	Mobile network operators
MSEs	Micro to small enterprises
N$	Namibian Dollars
NAMCODE	Namibia Code of Governance Principles for Namibia 2014
Namfsa	Namibia Financial Institutions Supervisory Authority
NED	Non-executive Director
NICG	Namibian Institute of Corporate Governance
NMC	Namibia Medical Care
NOMCOM	Nomination Committee
NPL	Non-performing loans
NSX	Namibia Stock Exchange
OCI	Other comprehensive income
P&C	People and culture
PD	Probability of default
POCI	Purchased or originated credit-impaired
POS	Point of sale
REMCO	Remuneration Committee
ROE	Return on equity
SAFe	Scaled Agile Framework
SARB	South African Reserve Bank
SCI	Statement of Comprehensive Income
SES	Social, Ethics and Sustainability Committee
SICR	Significant increase in credit risk
SSI	Strategic social investments
TCFD	Taskforce on Climate-related Disclosures
ToR	Terms of Reference
UN SDG	United Nations Sustainable Development Goals
USSD	Unstructured supplementary service data
ZARONIA	South African Rand Overnight Index Average Rate

Appendix

Direct Sales Agents (DSA)

Our Direct Sales Agents DSAs are not confined to offices. Customers and companies can engage them to visit their premises, providing essential micro-lending services through a mobile services approach. This eliminates the need for customers to travel to Letshego branches, reducing stress and improving convenience.

	Agents	Contact Details	Email Adress	Towns
1	Aina Ekandjo	+264 81 466 6069	Ainae@Letshego.com	Divundu
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