LETSHEGO HOLDINGS (NAMIBIA) LIMITED

Registration number: 2016/0145
ISIN: NA000A2DVV41
SHARE CODE (NSX): LHN

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2023

COMPANY INFORMATION

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

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DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 December 2023

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 2023, 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 8 to 55, were approved by the directors on 20 March 2024 and signed on their behalf by:

Mansueta-Maria Nakale
Director

Ester Kali
Chief Executive Officer

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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 and its subsidiaries ("the group") set out on pages 8 to 55, which comprise the consolidated and separate statements of financial position as at 31 December 2023, 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2023, 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	

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Key Audit Matter	How the matter was addressed in the audit
	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	**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 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.	• The ECL is calculated on a modelled basis which incorporates observable data, assumptions and estimations. The development and execution of these model requires significant 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	**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.	• 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.

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Key Audit Matter	How the matter was addressed in the audit
• 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	

Other Information

The directors are responsible for the other information. The other information comprises the company information, the contents and the directors' responsibility statement, 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 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 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.

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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 Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Danica van Wyk
Partner

Windhoek
Namibia

14 June 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 2023.

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$224.5 million (44.89 cents per share) (2022: N$147.6 million, 29.50 cents per share) in respect of the year ended 31 December 2022 was paid in June 2023.

An interim ordinary dividend of N$171.5 million (34.39 cents per share) (2022: N$126.0 million, 25.20 cents per share) in respect of the year ended 31 December 2023 was declared and paid in November 2023.

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
Rosalia Martins-Hausiku**	Independent Non-Executive (resigned 31 July 2023)
Kamogelo Chiusiwa^^	Independent Non-Executive
Karl-Stefan Altmann**	Executive
Kudzai Chigiji*^	

** Namibian ^^ Motswana ^* German *^Zimbabwean

The secretary of the company is Mignon Klein.

Business address:	**Postal address:**
18 Schwerinsburg Street	P O 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 2023 are N$3 140 million (2022: N$2 601 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$3.5 million (2022: N$9.0 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.

11. Investment in subsidiaries

Subsidiaries of Letshego Holdings (Namibia) Limited	Number of shares held	Issued ordinary share capital and premium N$'000	Effective holding 2023 %	Effective holding 2022 %
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 2023 N$'000	Aggregate income of subsidiaries before tax 2022 N$'000	Total investment 2023 N$'000	Total investment 2022 N$'000
Letshego Bank (Namibia) Limited	88,863	77,988	1,344,154	1,344,154
Letshego Micro Financial Services (Namibia) (Pty) Ltd	87,640	201,310	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 dividend of 36.38 cents per ordinary share has been declared since the end of the reporting year.

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 2023 with the approval of the shareholders in accordance with the Namibian Companies Act.

LETSHEGO HOLDINGS (NAMIBIA) LIMITED
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

		Group			Company		
	Notes	**31 December 2023 Audited N$ '000**	31 December 2022 Restated[1] N$ '000	31 December 2021 Restated[1] N$ '000	**31 December 2023 Audited N$ '000**	31 December 2022 Restated[1] N$ '000	31 December 2021 Restated[1] N$ '000
ASSETS							
Cash and cash equivalents	7	**750,849**	320,815	287,048	**1,909**	499	329
Government and other securities	8	**913,074**	648,710	500,004	**-**	-	-
Other receivables[1]	9.1	**56,063**	46,922	56,340	**1,198**	3,095	3,630
Net insurance contract assets[1]	6	**143,997**	155,987	166,897	**99,240**	51,308	52,925
Intercompany receivable	9.2	**104,097**	-	-	**441,306**	458,617	200,590
Advances to customers	10	**4,740,307**	4,752,702	4,278,481	**-**	-	-
Current taxation	14.4	**67,950**	54,191	81,736	**-**	7,347	7,347
Investment in subsidiaries	28	**-**	-	-	**1,914,354**	1,914,354	1,914,354
Property, equipment and right-of-use asset	11	**17,858**	21,584	18,375	**-**	-	-
Deferred tax assets	14.3	**2,178**	6,252	3,488	**94**	124	538
Total assets		**6,796,373**	6,007,163	5,392,369	**2,458,101**	2,435,344	2,179,713
LIABILITIES AND EQUITY							
Liabilities							
Deposits due to customers	17	**827,978**	535,687	386,069	**-**	-	-
Trade and other payables[1]	12	**70,327**	68,572	109,682	**2,303**	569	463
Lease liabilities	13	**8,194**	8,886	7,639	**-**	-	-
Borrowings	15	**3,115,860**	2,524,208	1,980,798	**434,578**	434,009	233,012
Amounts due to parent company	16	**23,763**	76,974	191,728	**-**	-	-
Current taxation	14.4	**-**	-	-	**1**	-	-
Deferred tax liabilities	14.3	**6,717**	6,703	6,882	**-**	-	-
Total liabilities		**4,052,839**	3,221,030	2,682,798	**436,882**	434,578	233,475
SHAREHOLDERS' EQUITY							
Share capital	18	**100**	100	100	**100**	100	100
Retained earnings		**1,714,905**	1,791,614	1,750,906	**676,965**	656,512	601,984
Capital reorganisation reserve	27	**701,024**	701,024	701,024	**1,344,154**	1,344,154	1,344,154
Statutory credit risk reserve		**110,341**	76,187	40,080	**-**	-	-
Equity settled share based payment reserve	19	**2,079**	2,123	2,376	**-**	-	-
Total equity attributable to parent		**2,528,449**	2,571,048	2,494,486	**2,021,219**	2,000,766	1,946,238
Non-controlling interest		**215,085**	215,085	215,085	**-**	-	-
Total equity		**2,743,534**	2,786,133	2,709,571	**2,021,219**	2,000,766	1,946,238
Total liabilities and equity		**6,796,373**	6,007,163	5,392,369	**2,458,101**	2,435,344	2,179,713

[1] The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

LETSHEGO HOLDINGS (NAMIBIA) LIMITED
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

		Group		Company	
	Notes	31 December 2023 Audited N$ '000	31 December 2022 Restated[1] N$ '000	31 December 2023 Audited N$ '000	2022 Restated[1] N$ '000
Interest income calculated using the effective interest method	23	**787,250**	667,861	**56,226**	29,538
Interest expense	23	**(349,041)**	(214,435)	**(47,866)**	(28,210)
Net interest income	23	**438,209**	453,426	**8,360**	1,328
Credit impairment charge	10	**(11,985)**	(10,433)	**-**	-
Net interest income after impairment		**426,224**	442,993	**8,360**	1,328
Insurance revenue[1]	6	392,634	390,753	264,425	191,246
Insurance expense[1]	6	(116,913)	(142,321)	(62,594)	(69,617)
Net insurance result[1]		**275,721**	248,432	**201,831**	121,629
Dividend income	25	**-**	-	**213,172**	211,877
Fee income	24	**33,846**	46,595	**-**	-
Other income[1]	25	**4,297**	6,126	**265**	-
Employee benefits	21	**(94,672)**	(84,295)	**(11)**	(29)
Other operating expenses	22	**(262,301)**	(268,334)	**(4,971)**	(6,263)
Profit before taxation	20	**383,115**	391,517	**418,646**	328,542
Taxation	14	**(29,770)**	(41,102)	**(2,293)**	(414)
Profit for the year		**353,345**	350,415	**416,353**	328,128
Other comprehensive income, net of tax		**-**	-	**-**	-
Total comprehensive income for the year		**353,345**	350,415	**416,353**	328,128
Earnings per ordinary share					
Basic earnings per share (cents)	32	**71**	70	**83**	66
Fully diluted earnings per share (cents)	32	**71**	70	**83**	66

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

LETSHEGO HOLDINGS (NAMIBIA) LIMITED
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	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 N$ '000	Total equity N$ '000
GROUP								
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**
As at 1 January 2022	100	2,376	40,080	1,750,906	701,024	2,494,486	215,085	2,709,571
Total comprehensive income for the year								
Profit for the year	-	-	-	350,415	-	350,415	-	350,415
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend declared and paid	-	-	-	(273,600)	-	(273,600)	-	(273,600)
Transfer between reserves	-	-	36,107	(36,107)	-	-	-	-
Share based payment transactions	-	(253)	-	-	-	(253)	-	(253)
As at 31 December 2022	100	2,123	76,187	1,791,614	701,024	2,571,048	215,085	2,786,133
COMPANY								
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**
As at 1 January 2022	100	-	-	601,984	1,344,154	1,946,238	-	1,946,238
Total comprehensive income for the year								
Profit for the year	-	-	-	328,128	-	328,128	-	328,128
Other comprehensive income for the year	-	-	-	-	-		-	-
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend declared and paid	-	-	-	(273,600)	-	(273,600)	-	(273,600)
As at 31 December 2022	100	-	-	656,512	1,344,154	2,000,766	-	2,000,766
Notes	18	19			27			

LETSHEGO HOLDINGS (NAMIBIA) LIMITED
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	Group		Company	
		31 December 2023 Audited N$ '000	31 December 2022 Restated[1] N$ '000	**31 December 2023 Audited N$ '000**	31 December 2022 Restated[1] N$ '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**383,115**	391,517	**418,646**	328,542
Adjusted for:					
- Net interest income	23	**(438,209)**	(453,426)	**(8,360)**	(1,328)
- Dividend income[1]	25	**-**	-	**(213,437)**	(211,877)
- Depreciation	11	**12,403**	12,876	**-**	-
- Impairment allowance on advances	10	**(5,388)**	1,882	**-**	-
- Unrealized foreign exchange loss	22	**1,431**	558	**-**	-
- Equity settled share based payment transactions	19	**(44)**	(253)	**-**	-
Movement in advances to customers		**17,780**	(476,103)	**-**	-
Movement in other receivables		**(9,141)**	(23,873)	**2,162**	534
Movement in Net insurance contract assets[1]		**11,990**	44,199	**(47,932)**	1,617
Movement in trade and other payables		**2,085**	(41,109)	**1,734**	107
Movement in customer deposits	17	**292,291**	149,618	**-**	-
		268,313	(394,114)	**152,813**	117,595
Interest received [2]	6, 23	**672,251**	606,386	**293**	89
Interest paid - customer deposits	23	**(49,199)**	(25,370)	**-**	-
Net tax paid	14.4	**(39,441)**	(16,500)	**5,085**	-
Net cash flow generated from /(used in) operating activities		**851,924**	170,402	**158,191**	117,684
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment (excluding to right-of-use assets)	11	**(3,515)**	(8,951)	**-**	-
Interest received on loans to related parties	6, 23	**5,603**	-	**5,603**	29,449
Interest received - government and other securities	23	**45,546**	18,092	**-**	-
Amounts received from intercompany receivable [2]	6, 9.2	**-**	-	**522,677**	568,733
Amounts advanced from intercompany receivable [2]		**-**	-	**(352,953)**	(826,760)
Amounts received from parent company		**48,417**	-	**48,417**	-
Amounts advanced to parent company		**(150,500)**	-	**(150,500)**	-
Purchase of investment in securities [2]		**(406,015)**	(164,657)	**-**	-
Redemption of investment in securities [2]		**177,807**	35,077		
Dividend received [1]		**-**	-	**213,172**	211,877
Net cash (used)/ inflow in investing activities		**(282,657)**	(120,439)	**286,416**	(16,701)
CASH FLOWS FROM FINANCING ACTIVITIES					
Ordinary share dividend paid		**(395,900)**	(273,600)	**(395,900)**	(273,600)
Borrowings received	33	**631,888**	576,185	**-**	200,997
Borrowings repaid	33	**(41,667)**	(33,333)	**-**	-
Interest received on assets held to hedge long-term borrowings [2]		**26,852**	24,259	**-**	-
Interest paid - borrowings and amounts due to parent company	23	**(299,057)**	(188,367)	**(47,297)**	(28,210)
Interest paid - lease liabilities	13, 23	**(785)**	(699)	**-**	-
Amounts received from parent company	33	**-**	100,249	**-**	-
Repayment of amounts due to parent company	33	**(54,379)**	(215,003)	**-**	-
Principal element of lease payments	33	**(6,186)**	(5,887)	**-**	-
Net cash generated (used in)/from financing activities		**(139,234)**	(16,196)	**(443,197)**	(100,813)
Net movement in cash and cash equivalents		**430,034**	33,767	**1,410**	171
Movement in cash and cash equivalents					
At the beginning of the year		**320,815**	287,048	**500**	329
Movement during the year		**430,034**	33,767	**1,410**	171
At the end of the year	7	**750,849**	320,815	**1,910**	500

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

2 The Group and Company restated certain lines on the statement of cash flows. The restatement had no impact on the prior year total cash and cash equivalents. Details of the restatement are presented in note 35.

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 2023 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) 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.

c) 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.

d) 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. Information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Notes 5 and 10.

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.

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.

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.

3. Material accounting policy information (continued)

c) Revenue recognition (continued)

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.	Revenue from account service and servicing fees is recognised over time as the service is provided.
	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.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
	Transaction-based fees for interchange and overdrafts are charged to the customer's account 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.
	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.	

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
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

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 Interest-bearing loans and borrowings (see Note 5).

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.

3. Material accounting policy information (continued)

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.

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 recognized 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).

3. Material accounting policy information (continued)

f) Financial assets and liabilities (continued)

Measurement methods (continued)

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.

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);
• Fair value through other comprehensive income (FVOCI); 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.

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'other operating income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'other operating income'.

3. Material accounting policy information (continued)

f) Financial assets and liabilities

Measurement methods

i) Financial assets (continued)

***1.* Classification and subsequent measurement (continued)**

Debt instruments (continued)

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.

***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. Material accounting policy information (continued)

f) Financial assets and liabilities

Measurement methods

i) Financial assets (continued)

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.

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.

3. Material accounting policy information (continued)

f) Financial assets and liabilities

Measurement methods

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 dividends receivable and deposits and sundry debtors which arise during the normal course of business. Other receivables are recognised 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.

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.

3. Material accounting policy information (continued)

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
The carrying amounts of the Group and company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If any such indications exist, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds 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.

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.

3. Material accounting policy information (continued)

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 portiolios 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

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 amo ft 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.

3. Material accounting policy information (continued)

s) Insurance arrangements (continued)

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.

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

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

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.

4. New standards and amendments to standards

a) New standards and interpretations and amendments effective for the first time for 31 December 2023 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 2023 (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
IFRS 17 – Insurance contracts	Annual periods beginning on or after 1 January 2023	IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements.
Definition of Accounting Estimates - Amendments to IAS 8	Annual reporting periods beginning on or after 1 January 2023	The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.
Deferred Tax related to Assets and Liabilities arsing from a Single Transaction - Amendments to IAS 12	Annual reporting periods beginning on or after 1 January 2023	The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial
Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice statement 2	Annual reporting periods beginning on or after 1 January 2023	The amendments aim to help entities provide accounting policy disclosures that are more useful by: • Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies And • Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Impact assessments

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

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

Under IFRS 17, the Company's insurance contracts held under the cell captive arrangements are all eligible to be measured by applying the PAA in light of the coverage period for each contract in the group of contracts being one year or less. In application of the PAA to arrive at the net insurance contract assets, the Group has opted to use the following elections:

- not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. This is in light of the fact that, at initial recognition, the time between providing each part of the services and the related premium due date is no more than one year and the Group considers the contracts to therefore not have a significant financing component.
- not adjust the liability for incurred claims for the time value of money and the effect of financial risk since the cash flows are expected to be paid or received within one year or less from the date that the claims are incurred.
- insurance acquisition cash flows are expensed when incurred.

The Group's classification and measurement of insurance contracts is explained in the Material accounting policy information above.

(i) Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. The measurement principles of the PAA are also similar to the 'earned premium approach' used by the Group under IFRS 4 in light of the short-term nature of the insurance contracts and include:

- the computation of the asset for remaining coverage, which reflects the net amount of the obligation pertaining to premiums received less amounts recognised in revenue for insurance services provided and the estimated inflows anticipated from the cell captive structures, i.e. the estimated dividend to be received from the cell captive.
- the measurement of the liability for remaining coverage (previously claims outstanding and incurred-but-not reported (IBNR) claims), which include the Group's obligation to pay other incurred insurance expenses.

There are some distinct difference between the two approach such as:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-notreported (IBNR) claims) is determined on a discounted probability-weighted expected value basis (election applied not to discount), and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit and loss generally as they are incurred. They exclude repayments of investment components and comprise the following items. Incurred claims and other insurance services expenses and other incurred directly attributable insurance service expenses.

(ii) Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregates insurance contracts issued and presents separately:

- portfolios of insurance contracts issued that are assets
- portfolios of insurance contracts issued that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance expense

4. New standards and amendments to standards

a) New standards and interpretations and amendments effective for the first time for 31 December 2023 year-end (continued)

(ii) Transition

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

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

Group

Statement of financial - Extract	**At 31 December Audited - (as previously stated)**	**Reclassification**	**Remeasurement**	**At 31 December 2022 Restated**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Other receivables	375,887	(328,965)	-	46,922
Net Insurance contract asset	-	155,987	-	155,987
Total assests	**6,180,141**	**(172,978)**	**-**	**6,007,163**
Trade and other payables	241,550	(172,978)	-	68,572
Total liabilities	**3,394,008**	**(172,978)**	**-**	**3,221,030**

Statement of comprehensive income - Extract	**At 31 December Audited - (as previously stated)**	**Reclassification**	**Remeasurement**	**At 31 December 2022 Restated**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Other income	254,558	(248,432)	-	6,126
Insurance revenue	-	390,753	-	390,753
Insurance expense	-	(142,321)	-	(142,321)
Net insurance result	**-**	**248,432**	**-**	**248,432**

Statement of cash flows - Extract	**At 31 December Audited - (as previously stated)**	**Reclassification**	**Remeasurement**	**At 31 December 2022 Restated**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Cash flows from operating activities				
Dividend income	(248,432)	248,432		-
Movement in Net insurance contract assets	-	44,199		44,199
Net cash flow generated from /(used in) operating activities	**(78,846)**	**292,631**	**-**	**170,402**
Cash flows from investing activities				
Dividend received	292,631	(292,631)	-	-
Net cash (used)/ inflow in investing activities	**172,193**	**(292,631)**	**-**	**(120,439)**

Company

Statement of financial - Extract	**At 31 December Audited - (as previously stated)**	**Reclassification**	**Remeasurement**	**At 31 December 2022 Restated**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Other receivables	186,348	(183,253)	-	3,095
Net Insurance contract asset	-	51,308	-	51,308
Total assests	**2,567,289**	**(131,945)**	**-**	**2,435,344**
Trade and other payables	132,514	(131,945)	-	569
Total liabilities	**566,523**	**(131,945)**	**-**	**434,578**

Statement of comprehensive income - Extract	**At 31 December Audited - (as previously stated)**	**Reclassification**	**Remeasurement**	**At 31 December 2022 Restated**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Other income	121,629	(121,629)	-	-
Insurance revenue	-	191,246		191,246
Insurance expense	-	(69,617)		(69,617)
Net insurance result	**-**	**121,629**	**-**	**121,629**

Statement of cash flows - Extract	**At 31 December 2022 Audited - (as previously stated)**	**Reclassification**	**Remeasurement**	**At 31 December 2022 Restated**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Cash flows from operating activities				
Dividend income	(333,506)	121,629		(211,877)
Movement in Net insurance contract assets	-	1,617		1,617
Net cash flow generated from /(used in) operating activities	**(5,562)**	**123,246**	**-**	**117,684**
Cash flows from investing activities				
Dividend received	335,123	(123,246)	-	211,877
Net cash (used)/ inflow in investing activities	**106,545**	**(123,246)**	**-**	**(16,701)**

4. New standards and amendments to standards

a) New standards and interpretations and amendments effective for the first time for 31 December 2023 year-end (continued)

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

The amendments have not had an impact on the Group's disclosures of accounting policies have not had an impact on the measurement, recognition or presentation of any items in the Group's financial statements.

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

b) New standards and interpretations and amendments issued but not effective for 31 December 2023 year-end

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 clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
Presentation of Financial Statements—Non-current Liabilities with Covenants - Amendments to IAS 1	Annual reporting periods beginning on or after 1 January 2024	The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).
Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements - Amendments to IAS 7	Annual reporting periods beginning on or after 1 January 2024	The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	Annual reporting periods beginning on or after 1 January 2024	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.
Changes in Foreign Exchange Rates - 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.

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.

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.

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.

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:

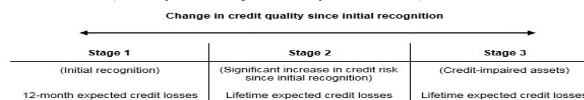
Collectability Status	No of Days overdue	Rating
01	Current	Minimal risk
02	Current	Low risk
03	31 – 60 days	Medium risk
04	61 – 90 days	Medium risk
05	91 – 180 days	Special monitoring
06	181 - 360 days	Doubtful
07	> 360 days	Doubtful

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):



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.

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued) -

Expected credit loss measurement (continued)

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.

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.

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.

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 97% 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 0.4% of the portfolio and expected to grow exponentially in 2024.
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.

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Expected credit loss measurement (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

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 Unemployment Rate (%)
2023 applied for 2022	5.0	3.7	23.0
2024 applied for 2023	5.9	4.0	20.4

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 at two points, in April and 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 and the company reduced outcome period for accounts in NPL 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 there was a model refinement that allowed for a more accurate incorporation of the timing and nature of recoveries for insured accounts. This led to a reduction in LGD for accounts with default insurance.

Probability of default (PD)
Since PD's are modelled using a Point-In-Time (PIT) approach, each account is assigned an individual PD. This creates a distribution of PDs for each portfolio. When creating shocks for a portfolio of PIT PD's, a standard margin of adding and subtracting static numbers would not be suitable for creating scenarios. Therefore an approach using percentiles is used to create a cap and a floor for the distributions. A lower percentile is used as the cap for upside, and a higher percentile is used as a floor for downside.
Inflation
Namibia's headline Inflation rates have seen a drop in 2023 in line with most countries around the world, and is forecast to decrease further in 2024.

Gross Domestic Product
Gross Domestic Product (GDP) has decreased Year on Year, and is forecast to decrease further in 2024.

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

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

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 following table shows a comparison of the Group's expected credit loss allowance under IFRS 9 as at 31 December 2023 based on the probability weightings (Base: 50%, Upside: 20%, Downside: 30%) of the above-mentioned three scenarios against the expected credit loss allowance resulting from simulations of each scenario being weighted at 100%.

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.

The following table shows a comparison of the Group's expected credit loss allowance under IFRS 9 as at 31 December 2022 based on the probability weightings (Base: 50%, Upside: 20%, Downside: 30%) of the above-mentioned three scenarios against the expected credit loss allowance resulting from simulations of each scenario being weighted at 100%.

NAD'000	Base case	Upside	Impact	Downside	Impact	Probability Weighted ECL	Weighted Impact
ECL	32,525	26,020	(6,505)	42,283	9,758	48,543	16,018

The total weighted impact is N$16.0 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			
	2023			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade	N$ '000	N$ '000	N$ '000	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**

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Credit risk exposure (continued)

	Advances to customers			
	2022			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
Credit grade	N$ '000	N$ '000	N$ '000	N$ '000
Minimal risk	4,481,638	-	-	4,481,638
Medium risk	-	82,380	-	82,380
Special Monitoring	-	-	237,227	237,227
Gross carrying amount	**4,481,638**	**82,380**	**237,227**	**4,801,245**
Loss allowance	(22,236)	(763)	(25,544)	(48,543)
Carrying amount	**4,459,402**	**81,617**	**211,683**	**4,752,702**

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-
- 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**	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N$ '000	N$ '000	N$ '000	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**
Loss allowance as at 1 January 2022	**12,863**	**839**	**32,959**	**46,661**
Transfers between stages				
Transfer from Stage 1 to Stage 2	(227)	227	-	-
Transfer from Stage 1 to Stage 3	(9,600)	-	9,600	-
Transfer from Stage 2 to Stage 3	-	(6,307)	6,307	-
Transfer from Stage 3 to Stage 1	1	-	(1)	-
Transfer from Stage 3 to Stage 2	-	1,356	(1,356)	-
Transfer from Stage 2 to Stage 1	272	(272)	-	-
New assets originated or purchased	294,218	38,023	255,135	587,376
Payments and assets derecognised	(293,395)	(116,249)	(575,471)	(985,116)
Changes to PD and LGD rates	18,104	83,146	375,743	476,993
Impaired accounts written off	-	-	(77,371)	(77,371)
Loss allowance as at 31 December 2022	**22,236**	**763**	**25,545**	**48,543**

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 NAD 95.1 million (2022: NAD 77.4 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**	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	Lifetime ECL	Lifetime ECL	
	N$ '000	N$ '000	N$ '000	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**	**107,282**	**302,601**	**4,783,462**
Gross carrying amount as at 1 January 2022	**4,054,993**	**98,275**	**171,874**	**4,325,142**
Transfers:				
Transfer from Stage 1 to Stage 2	(43,080)	43,080	-	-
Transfer from Stage 1 to Stage 3	(95,101)	-	95,101	-
Transfer from Stage 2 to Stage 3	-	(23,311)	23,311	-
Transfer from Stage 3 to Stage 1	188	-	(188)	-
Transfer from Stage 3 to Stage 2	-	3,481	(3,481)	-
Transfer from Stage 2 to Stage 1	24,007	(24,007)	-	-
New assets originated or purchased	5,465,371	283,515	84,236	5,833,122
Payments and assets derecognised*	(4,924,740)	(298,653)	(56,223)	(5,279,616)
Write-offs	-	-	(77,403)	(77,403)
Gross carrying amount as at 31 December 2022	**4,481,638**	**82,380**	**237,227**	**4,801,245**

* The financial assets were derecognised at a value that approximate its carrying amount, there were therefore no gains or losses.

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Loss allowance (continued)

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
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

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.

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 (2022: 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		***COMPANY***	
Analysis of credit quality	**31 December 2023 Advances N$ '000**	**31 December 2022 Advances N$ '000**	**31 December 2023 Advances N$ '000**	**31 December 2022 Advances N$ '000**
Financial assets that have minimal to low risk				
Stage 1	**4,373,580**	4,481,638	-	-
Financial assets that have medium risk			-	-
Stage 2	**107,281**	82,380	-	-
Financial assets that require special monitoring				
Stage 3	**302,601**	237,227	-	-
Total credit exposure	**4,783,462**	4,801,245	-	-
Total impairments				
Stage 1	**(7,066)**	(22,236)	-	-
Stage 2	**(1,633)**	(763)	-	-
Stage 3	**(34,456)**	(25,544)	-	-
Net advances	**4,740,307**	4,752,702	-	-
Impairment as a % of gross advances per respective stage				
Stage 1	**0.16%**	0.50%	-	-
Stage 2	**1.52%**	0.93%	-	-
Stage 3	**11.39%**	10.77%	-	-
Total impairment as a % of total gross advances	**0.90%**	1.01%	-	-
Reconciliation of allowance account				
Balance at the beginning of the year	**48,543**	46,661	-	-
Impairment provision raised	**89,794**	79,284	-	-
Impairment provision released upon write-offs of underlying exposure (note 10)	**(95,182)**	(77,402)	-	-
Balance at the end of the year	**43,155**	48,543	-	-

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Advances (continued)

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.

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

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 - Group						
< 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%**

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
2022 - Group						
< 5 000	6,475	6.96%	20,769	163	20,606	0.43%
5 000 - 10 000	13,298	14.30%	102,072	753	101,318	2.13%
10 000 -20 000	13,146	14.13%	194,111	1,853	192,258	4.05%
20 000 - 50 000	23,448	25.21%	785,232	8,324	776,907	16.35%
50 000 - 100 000	23,065	24.79%	1,658,639	15,900	1,642,740	34.56%
> 100 000	13,582	14.60%	2,040,422	21,550	2,018,873	42.48%
Total	93,014	100.00%	4,801,245	48,543	4,752,702	100.00%

The concentration risk per employer is as follows:
- Public sector 95% (2022: 96%)
- Other employers 5% (2022: 4%)

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.
At balance sheet date the international long-term credit rating, using Moody's ratings was as follows for cash and cash equivalents:

	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
2023 - Group						
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**
Net insurance contract assets	**143,997**	**106,834**	**-**	**-**	**-**	**143,997**
Intercompany receivable	**104,097**	**104,097**	**-**	**-**	**-**	**104,097**
Total	**1,949,433**	**939,976**	**1,655,597**	**-**	**-**	**293,836**
2022 - Group						
Cash and cash equivalents	248,648	99,799	248,648	-	-	-
Deposits with Bank of Namibia	66,873	66,873	66,873	-	-	-
Government and other securities	648,710	648,710	648,710	-	-	-
Other receivables[1]	41,944	-	-	-	-	41,944
Net insurance contract assets[1]	155,987	96,092	-	-	-	155,987
Total	1,162,162	911,474	964,231	-	-	197,931

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

	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
2023 - Company						
Cash and cash equivalents	**1,909**	**1,909**	**1,909**	**-**	**-**	**-**
Other receivables	**1,198**	**-**	**-**	**-**	**-**	**1,198**
Intercompany receivable	**441,306**	**214,673**	**-**	**-**	**-**	**441,306**
Net insurance contract assets	**99,240**	**73,427**	**-**	**-**	**-**	**99,240**
Total	**543,653**	**290,009**	**1,909**	**-**	**-**	**541,744**
2022 - Company						
Cash and cash equivalents	499	499	499	-	-	-
Other receivables[1]	3,095	183,253	-	-	-	3,095
Intercompany receivable	458,617	431,636	-	-	-	458,617
Net insurance contract assets[1]	51,308	42,384	-	-	-	51,308
Total	513,519	657,772	499	-	-	513,020

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

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 portfolios.

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.

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.

2023 - *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**
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**	**52,540**	**2,767,892**	**6,796,373**
On balance sheet interest sensitivity	**99,293**	**(608,373)**	**695,849**	**670,659**	**1,674,959**			

5.1 Financial risk factors (continued)

5.1.2 Market risk (continued)

5.1.2.1 Interest rate risk management (continued)

i) Re-pricing profile (continued)

2022 - ***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
Assets								
Cash and cash equivalents	320,815	-	-	-	-	-	-	320,815
Government and other securities	67,758	-	30,000	-	550,952	-	-	648,710
Other receivables[1]	-	-	-	-	-	41,944	4,978	46,922
Net insurance contract assets[1]	-	-	-	-	-	155,987	-	155,987
Net advances	160,393	287,900	1,266,932	1,169,245	1,868,232	-	-	4,752,702
Current taxation	-	-	-	-	-	-	54,191	54,191
Property, equipment and right-of-use assets	-	-	-	-	-	-	21,584	21,584
Deferred tax assets	-	-	-	-	-	-	6,252	6,252
Total assets	548,966	287,900	1,296,932	1,169,245	2,419,184	197,931	87,005	6,007,163
Liabilities and equity								
Deposits due to customers	176,767	54,700	304,220	-	-	-	-	535,687
Trade and other payables[1]	-	-	-	-	-	50,117	18,456	68,573
Lease liabilities	441	615	2,933	3,847	1,050	-	-	8,886
Borrowings	439,067	821,331	887,835	375,975	-	-	-	2,524,208
Intercompany payables	77,918	-	-	-	-	(944)	-	76,974
Deferred tax liabilities	-	-	-	-	-	-	6,703	6,703
Ordinary shareholders' equity	-	-	-	-	-	-	2,786,133	2,786,133
Total liabilities and equity	694,193	876,646	1,194,988	379,823	1,050	49,172	2,811,292	6,007,163
On balance sheet interest sensitivity	(145,227)	(588,746)	101,944	789,422	2,418,135			

2023 - ***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
Assets								
Cash and cash equivalents	1,909	-	-	-	-	-	-	1,909
Other receivables	-	-	-	-	-	1,198	-	1,198
Net insurance contract assests						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	-	-	-	-	-	-	-

2022 - ***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
Assets								
Cash and cash equivalents	499	-	-	-	-	-	-	499
Other receivables[1]	-	-	-	-	-	3,095	-	3,095
Net insurance contract assets[1]						51,308		51,308
Intercompany receivable	458,617	-	-	-	-	-	-	458,617
Current taxation	-	-	-	-	-	-	7,347	7,347
Deferred tax assets	-	-	-	-	-	-	124	124
Investment in subsidiaries	-	-	-	-	-	-	1,914,354	1,914,354
Total assets	459,116	-	-	-	-	54,403	1,921,825	2,435,344
Liabilities and equity								
Trade and other payables[1]	-	-	-	-	-	377	192	569
Borrowings	434,009	-	-	-	-	-	-	434,009
Ordinary shareholders' equity	-	-	-	-	-	-	2,000,766	2,000,766
Total liabilities and equity	434,009	-	-	-	-	377	2,000,958	2,435,344
On balance sheet interest sensitivity	25,107	-	-	-	-	-	-	-

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

5.1 Financial risk factors (continued)

5.1.2 Market risk (continued)

5.1.2.1 Interest rate risk management (continued)

ii) Potential effect of changes in the market interest rate on earnings for floating rate instruments.

Sensitivity analysis based on a 200 basis 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 200 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 200 basis point increase in interest rates would result in a corresponding decrease of N$44.0 million (2022: 43.3 million) net income (before tax). A decrease in the interest rates by 200 basis points will have an equal but opposite effect on the Group.

2023 - ***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
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	23,909	Namibia Prime	(478)
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	**3,967,747**		**(79,355)**
Net effect on the statement of total comprehensive income				**(43,995)**

2022 - ***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
Financial assets				
Cash and cash equivalents	320,815	320,815	Namibia Prime	6,416
Government and other securities *	648,710	648,710	Market rate*	12,974
Advances	4,752,702	-	Namibia Prime **	-
	5,722,227	**969,525**		**19,390**
Financial liabilities				
Amounts due to parent company	76,974	77,918	Namibia Prime	(1,558)
Borrowings	2,524,208	2,524,208	Namibia Prime, JIBAR and LIBOR	(50,484)
Deposits	535,687	535,687	Namibia Prime	(10,714)
	3,136,869	**3,137,813**		**(62,756)**
Net effect on the statement of total comprehensive income				**(43,366)**

2023 - COMPANY	Carrying amount at end of year N$	Amount exposed to market risk N$	Index to which interest rate is linked	Statement of profit or loss impact (pre-tax) N$
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**

2022 - COMPANY	Carrying amount at end of year N$	Amount exposed to market risk N$	Index to which interest rate is linked	Statement of profit or loss impact (pre-tax) N$
Financial assets				
Cash and cash equivalents	499	499	Namibia Prime	10
Intercompany receivable[2]	458,617	458,617	Namibia Prime	9,172
	459,116	**459,116**		**9,182**
Financial liabilities				
Borrowings	434,009	434,009	JIBAR	(8,680)
	434,009	**434,009**		**(8,680)**
Net effect on the statement of total comprehensive income				**502**

* 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.
2 Amount exposed to market risk was previously excluded in the prior year, now included.

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.

Transitioned during 2023
During the first half of 2023 all lending exposure to London Interbank Offered Rate (LIBOR) reference rate were successfully migrated onto the equivalent Secured Overnight Financing Rate (SOFR) based rate index. The Bank amended contractual terms and transitioned from LIBOR to SOFR.

Exposures at year end
It is anticipated that JIBAR will be discontinued in 2026. The South African Rand Overnight Index Average (ZARONIA) is the preferred interest rate benchmark to replace JIBAR. During the fourth quarter of 2022 the SARB began daily publication of the key ZARONIA rate in an observation only status (i.e. no active trading). Subsequently, 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 following table summarises the significant non-derivative exposures impacted by interest rate:

As at 31 December 2023	JIBAR N$ '000
Non-derivative financial liabilities	1,803,842
-Borrowings	**1,803,842**

5.1 Financial risk factors (continued)

5.1.2 Market risk (continued)

5.1.2.1 Interest rate risk management (continued)

Interest rate transition (continued)

As at 31 December 2022	USD LIBOR N$ '000	JIBAR N$ '000	Total N$ '000
Non-derivative financial liabilities	512,775	907,585	1,420,359
-Borrowings	**512,775**	**907,585**	**1,420,359**

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 2023 was N$1,431 million (2022: N$558 thousand).

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.

Assets and liabilities maturities as at 31 December 2023

2023 - ***GROUP***	Demand and up to 1 month N$	Greater than 1 month up to 3 months N$	Greater than 3 months up to 12 months N$	Greater than 12 months up to 24 months N$	Greater than 24 months N$	Non-financial assets and liabilities N$	Total N$
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)**	**-**	**-**

5.1 Financial risk factors (continued)

5.1.3 Liquidity risk (continued)

Assets and liabilities maturities as at 31 December 2022 (continued)

2022 - 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
Assets							
Cash and cash equivalents	320,815	-	-	-	-	-	320,815
Government and other securities	98,776	-	-	-	549,934	-	648,710
Other receivables[1]	-	41,945	-	-	-	4,978	46,922
Net insurance contract assets[1]	-	-	155,987				155,987
Net advances	114,731	196,573	855,963	2,611,251	974,184	-	4,752,702
Current taxation	-	-	-	-	-	54,191	54,191
Property, plant and equipment and right-of-use assets	-	-	-	-	-	21,584	21,584
Deferred tax assets	-	-	-	-	-	6,252	6,252
Total assets	534,322	238,518	1,011,950	2,611,251	1,524,118	87,005	6,007,163
Liabilities and equity							
Deposits due to customers	176,767	54,700	304,220	-	-	-	535,687
Trade and other payables[1]	50,117	-	-	-	-	18,456	68,573
Lease liabilities	500	719	3,315	3,283	1,069	-	8,886
Borrowings	-	338,158	729,456	540,330	916,264	-	2,524,209
Amounts due to parent company	-	-	-	-	76,974	-	76,974
Deferred tax liability	-	-	-	-	-	6,703	6,703
Ordinary shareholders' equity	-	-	-	-	-	2,786,133	2,786,133
Total liabilities and equity	227,384	393,577	1,036,991	543,613	994,307	2,811,292	6,007,163
Net liquidity gap	306,938	(155,059)	(25,041)	2,067,638	529,811	(2,724,287)	-

2023 - 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
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
Current taxation	-	-	-	-	-	-	-
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	-	-	-	-	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
On balance sheet interest sensitivity	(184)	11,407	232,680	40,833	-	-	-

2022 - 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
Assets							
Cash and cash equivalents	499	-	-	-	-	-	499
Other receivables[1]	-	3,095	-	-	-	-	3,095
Net insurance contract assets[1]	-	-	51,308				51,308
Intercompany receivable	458,617	-	-	-	-	-	458,617
Current taxation	-	-	-	-	-	7,347	7,347
Deferred tax assets	-	-	-	-	-	124	124
Investment in subsidiaries	-	-	-	-	-	1,914,354	1,914,354
Total assets	459,116	3,095	51,308	-	-	1,921,825	2,435,344
Liabilities and equity							
Trade and other payables[1]	-	377	-	-	-	192	569
Borrowings	-	-	-	233,844	200,165	-	434,009
Ordinary shareholders' equity	-	-	-	-	-	2,000,766	2,000,766
Total liabilities and equity	-	377	-	233,844	200,165	2,000,958	2,435,344
Net liquidity gap	459,116	2,718	51,308	(233,844)	(200,165)	(79,133)	(0)

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

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.

2023 - GROUP Financial liabilities	Carrying amount	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
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**

2022 - GROUP Financial liabilities	Carrying amount	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
Lease liabilities	8,886	500	719	3,315	4,081	1,069	-	9,684
Borrowings	2,524,208	33,119	422,042	711,736	1,173,402	564,970	-	2,905,269
Amounts due to parent company	76,974	-		-	-	76,974	-	76,974
Deposits due to customers[2]	535,687	176,767	54,700	304,220	-	-	-	535,687
Trade and other payables[1]	50,116	50,116	-	-	-	-	-	50,116
	3,195,871	260,502	477,461	1,019,271	1,177,483	643,013	-	3,577,730

2023 - COMPANY Financial liabilities	Carrying amount	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
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**

2022 - COMPANY Financial liabilities	Carrying amount	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
Borrowings	434,009	-	-	-	266,311	240,177	-	506,488
Trade and other payables[1]	377	377	-	-	-	-	-	377
	434,386	377	-	-	266,311	240,177	-	506,865

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.
2 This was previously excluded, now included.

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 Financial risk factors (continued)

5.1.4 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.

2023 - ***GROUP***	Amortised cost N$ '000	Total N$ '000	Up to 12 months N$ '000	Greater than 12 months N$ '000
Financial assets				
Cash and cash equivalents	**750,849**	**750,849**	**750,849**	**-**
Government and other securities	**913,074**	**913,074**	**614,443**	**298,631**
Other receivables	**45,742**	**45,742**	**45,742**	**-**
Net advances	**4,740,307**	**4,740,307**	**1,203,795**	**3,536,512**
Intercompany receivable	**104,097**	**104,097**	**40,834**	**63,263**
Total financial assets	**6,554,069**	**6,554,070**	**2,655,663**	**3,898,406**
Financial liabilities				
Deposits due to customers	**827,978**	**827,978**	**827,978**	**-**
Trade and other payables	**52,686**	**52,686**	**52,686**	**-**
Borrowings	**3,115,860**	**3,115,860**	**1,222,734**	**1,893,126**
Amounts due to parent company	**23,763**	**23,763**	**23,763**	**-**
Total financial liabilities	**4,020,287**	**4,020,287**	**2,127,161**	**1,893,126**

2022 - ***GROUP***	Amortised cost N$ '000	Total N$ '000	Up to 12 months N$ '000	Greater than 12 months N$ '000
Financial assets				
Cash and cash equivalents	320,815	320,815	320,815	-
Government and other securities	648,710	648,710	98,776	549,934
Other receivables[1]	41,944	41,944	41,944	-
Net advances	4,752,702	4,752,702	1,167,268	3,585,435
Total financial assets[1]	5,764,171	5,764,171	1,628,802	4,135,369
Financial liabilities				
Deposits due to customers	535,687	535,687	535,687	-
Trade and other payables[1]	50,117	50,117	50,117	-
Borrowings	2,524,208	2,524,208	1,067,614	1,456,594
Lease liabilities	8,886	8,886	3,989	4,897
Amounts due to parent company [2]	76,974	76,974	-	76,974
Total financial liabilities[1]	3,195,872	3,195,872	1,657,407	1,538,465

2023 - ***COMPANY***	Amortised cost N$ '000	Total N$ '000	Up to 12 months N$ '000	Greater than 12 months N$ '000
Financial assets				
Cash and cash equivalents	**1,909**	**1,909**	**1,909**	**-**
Other receivables	**1,198**	**1,198**	**1,198**	**-**
Intercompany receivable	**441,306**	**441,306**	**378,042**	**63,264**
Total financial assets	**444,413**	**444,413**	**381,149**	**63,264**
Financial liabilities				
Trade and other payables	**2,093**	**2,093**	**2,093**	**-**
Borrowings	**434,578**	**434,578**	**234,394**	**200,184**
Total financial liabilities	**436,671**	**436,671**	**236,487**	**200,184**

2022 - ***COMPANY***	Amortised cost N$ '000	Total N$ '000	Up to 12 months N$ '000	Greater than 12 months N$ '000
Financial assets				
Cash and cash equivalents	499	499	498.56	-
Other receivables[1]	3,095	3,095	3,095	-
Intercompany receivable	458,617	458,617	458,617	-
Total financial assets[1]	462,211	462,211	462,211	-
Financial liabilities				
Trade and other payables[1]	377	377	377	-
Borrowings	434,009	434,009	-	434,009
Total financial liabilities[1]	434,386	434,386	377	434,009

At year-end, the carrying amounts of financial assets and liabilities approximate their fair values.

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.
2 The prior year amount was restated to correct bucketing.

5.1 Financial risk factors (continued)

5.1.5 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.

5.1.6 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, non-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 unapporiated 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%

The Group and company has complied with these covenants throughout the reporting year.

Regulatory capital

	GROUP		LETSHEGO BANK (NAMIBIA) LIMITED	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	N$ '000	N$ '000	N$ '000	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	1,714,905	1,791,614	686,610	659,558
Ordinary shareholders' reserves	703,103	703,147	2,262	2,306
Total tier 1 capital	2,633,193	2,709,946	963,581	936,573
Tier 2 capital				
Current unappropriated profits	(42,555)	101,446	-	-
General allowance for credit impairments	29,481	29,246	27,572	29,462
	(13,074)	130,692	27,572	29,462
Total qualifying capital	2,620,119	2,840,638	991,153	966,035
Risk-weighted assets				
Credit risk	4,635,298	4,158,687	2,345,994	2,450,563
Market risk	29,582	12,561	29,582	12,561
Operational risk	1,102,888	1,048,933	441,332	359,917
Total risk-weighted assets	5,767,768	5,220,181	2,816,908	2,823,041

Capital adequacy ratios

	Minimum regulatory requirement %	Internal limit %	31 December 2023 %	31 December 2022 %
GROUP				
Total capital adequacy ratio	10%	15%	46%	53%
Tier 1 capital adequacy ratio	7%	9%	46%	51%
Tier 1 leverage ratio	6%	8%	38%	43%
BANK				
Total capital adequacy ratio	10%	15%	31%	34%
Tier 1 capital adequacy ratio	7%	9%	29%	33%
Tier 1 leverage ratio	6%	8%	20%	23%

* The balance relates to preference shares issued by the bank that are accounted for as non-controlling interest at Group level.

6. Insurance Contracts

6.1 Net insurance contract assets

Group

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 2023 N$'000	31 December 2022 N$'000
Credit life insurance	109,819	96,092
Credit default insurance	34,178	59,895
	143,997	155,987

Company

	31 December 2023 N$'000	31 December 2022 N$'000
Credit life insurance	74,488	42,360
Credit default insurance	24,752	8,948
	99,240	51,308

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 N$ '000	**Liabilities for incurred claims N$ '000**	**Total N$ '000**
At 1 January 2022	**177,101**	**(10,204)**	**166,897**
Insurance revenue	390,753	-	390,753
Insurance expense	-	(142,321)	(142,321)
Deemed Premiums received	(402,714)	-	(402,714)
Deemed claims paid	-	143,372	143,372
At 31 December 2022	**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**

Company

	Net Assets for remaining N$ '000	**Liabilities for incurred claims N$ '000**	**Total N$ '000**
At 1 January 2022	**67,388**	**(14,463)**	**52,925**
Insurance revenue	191,246	-	191,246
Insurance expense	-	(69,617)	(69,617)
Deemed Premiums received	(195,548)	-	(195,548)
Deemed claims paid	-	72,302	72,302
At 31 December 2022	**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**

There is no risk adjustment.

6. Insurance Contracts (continued)

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 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**

	Credit life insurance N$ '000	Credit default insurance N$ '000	31 December 2022 N$ '000
Insurance revenue	241,432	149,321	390,753
Insurance expense	(46,115)	(96,206)	(142,321)
Net insurance financial result	**195,317**	**53,115**	**248,432**

Company

	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**

	Credit life insurance N$ '000	Credit default insurance N$ '000	31 December 2022 N$ '000
Insurance revenue	113,028	78,218	191,246
Insurance expense	(26,037)	(43,580)	(69,617)
Net insurance financial result	**86,991**	**34,638**	**121,629**

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000
7. Cash and cash equivalents				
Cash and balances with banks	**110,520**	105,192	**1,909**	499
Money market placements	**539,395**	148,749	**-**	-
Balances with the central bank other than mandatory reserve deposits	**66,085**	40,381	**-**	-
Included in cash and cash equivalents	**716,000**	294,322	**1,909**	499
Mandatory reserve deposits with the central bank: restricted funds	**34,849**	26,493	**-**	-
	750,849	320,815	**1,909**	499

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 2023	Group 2022	Company 2023	Company 2022
Bank balances	**203,128**	166,772	**1,909**	499
Money market placements	**539,395**	148,749	**-**	-
Cash on hand	**8,326**	5,294	**-**	-
	750,849	320,815	**1,909**	499

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 (2022: N$6.7 million) have been pledged as collateral as at the reporting date.

8. Government and other securities

	Group 2023	Group 2022	Company 2023	Company 2022
Treasury bills	**336,228**	98,776	**-**	-
Investment in RSA Government Security Bonds	**526,017**	499,142	-	-
Investment in Namibian Government Security Bonds	**50,829**	50,792	-	-
Gross financial assets at amortised cost	**913,074**	648,710	**-**	-
Less expected credit loss allowance	**-**	-	**-**	-
Net financial assets at amortised cost	**913,074**	648,710	**-**	-
Current	**614,443**	98,776	**-**	-
Non-current	**298,631**	549,934	**-**	-
Gross financial assets at amortised cost	**913,074**	648,710	**-**	-

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 2023	Group 2022	Company 2023	Company 2022
Financial[1]				
- Deposits	**11,067**	9,939	**255**	331
- Sundry receivables	**8,347**	7,656	**-**	-
- Deferred fees	**26,328**	24,349	**943**	2,764
Non-Financial				
- Prepayments	**10,321**	4,978	**-**	-
	56,063	46,922	**1,198**	3,095
Current	56,063	46,922	1,198	3,095
Non-current	-	-	-	-
	56,063	46,922	**1,198**	3,095

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

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.

9.2 Intercompany receivable

	Group 2023	Group 2022	Company 2023	Company 2022
Financial				
- Intercompany current account - Letshego Micro Financial Services (Namibia) (Pty) Ltd	**-**	-	**214,673**	431,636
- Intercompany current account - Letshego Bank (Namibia) Ltd	**-**	-	**122,536**	26,981
- Letshego Africa Holdings Limited	**104,097**	-	**104,097**	-
	104,097	-	**441,306**	458,617
- Current	**40,833**	-	**378,042**	458,617
- Non-current	**63,264**	-	**63,264**	-
	104,097	-	**441,306**	458,617

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-
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.

	Group		**Company**	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$
10. Advances to customers				
Gross advances to customers	**4,783,462**	4,801,245	**-**	-
Less: Impairment allowance on advances	**(43,155)**	(48,543)	**-**	-
Net advances to customers	**4,740,307**	4,752,702	**-**	-
Impairment allowance on advances				
Balance at the beginning of the year	**48,543**	46,661	**-**	-
Bad debts written off [1]	**(95,182)**	(77,371)		
Impairment adjustment - increase/(decrease) for the year	**89,794**	79,253	**-**	-
Balance at the end of the year	**43,155**	48,543	**-**	-
The balance at the end of the year consists of the following:				
Stage 1 impairment	**7,095**	22,236	**-**	-
Stage 2 - 3 impairment	**36,060**	26,307	**-**	-
	43,155	48,543	**-**	-
(Reversals)/Charges in the profit or loss				
Impairment adjustment	**89,793**	79,284	**-**	
Recoveries during the year	**(77,808)**	(68,851)	**-**	-
	11,985	10,433	**-**	-
Exposure to credit risk				
Net advances to customers	**4,740,307**	4,752,702	**-**	-
Maximum exposure to credit risk	**4,783,462**	4,752,702	**-**	-

1 The balances for the bad debts written off and the impairment adjustment - increase for the year were combined in the prior year. The balances have been disclosed separately in the current year for better presentation. The presentation adjustment had no impact on the prior year total balances.

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 Group classifies its financial assets as at amortised cost only if both of the following criteria are met:
• the asset is held within a business model whose objective is to collect the contractual cash flows, and
• the contractual terms give rise to cash flows that are solely payments of principal and interest.
The carrying amounts of Advances approximate closely to their fair values at year end.

11. Property, equipment and right-of-use assets

	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**
GROUP							
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 2022	**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**
At 31 December 2022							
Cost	5,632	8,230	47,186	482	8,917	30,391	100,838
Accumulated depreciation	(5,118)	(6,785)	(39,013)	(482)	(5,381)	(22,475)	(79,254)
Carrying amount	514	1,445	8,173	-	3,537	7,916	21,584
At 31 December 2022							
Opening net amount at 1 January 2022	573	1,937	6,078	-	4,127	5,660	18,375
Additions	310	136	7,837	-	668	7,134	16,085
Depreciation charge	(369)	(628)	(5,742)	-	(1,259)	(4,878)	(12,876)
Carrying amount	514	1,445	8,173	-	3,536	7,916	21,584

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.

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000

12. Trade and other payables

	Group 2023	Group 2022	Company 2023	Company 2022
Financial[1]				
- Trade payables	**47,174**	40,550	**121**	40
- Accruals	**1,968**	2,676	**-**	43
- Other payables	**3,543**	6,890	**1,972**	294
Non-financial				
- Audit fee provision	**1,649**	1,486	**210**	192
- Staff provisions	**12,437**	13,204	**-**	-
- Value Added Taxation	**1,056**	1,360	**-**	-
- Withholding Tax	**2,500**	2,406	**-**	-
	70,327	68,572	**2,303**	569
Current	**70,327**	68,572	**2,303**	569
Non-current	**-**	-	**-**	-
	70,327	68,572	**2,303**	569

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.

1 The Group and Company restated certain lines due to implementation of IFRS 17. Details of the restatement are presented in note 4.

13. Lease liabilities

Amounts recognised in the statement of financial position

	Group 2023	Group 2022	Company 2023	Company 2022
Current lease liabilities	**5,054**	3,989	**-**	-
Non-current lease liabilities	**3,140**	4,897	**-**	-
	8,194	8,886	**-**	-

Reconciliation of lease liabilities

	Group 2023	Group 2022	Company 2023	Company 2022
Opening balance	**8,886**	7,639	**-**	-
Additions	**5,166**	7,134	**-**	-
Modifications	**328**	(641)	**-**	-
Interest expense	**785**	699	**-**	-
Payments	**(6,971)**	(5,945)	**-**	-
Closing balance	**8,194**	**8,886**	**-**	-

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$5.2 million (2022: N$7.1 million) to right-of-use assets during the 2023 financial year.

Amounts recognised in the statement of comprehensive income

	Group 2023	Group 2022	Company 2023	Company 2022
Depreciation charge on right-of-use assets - Buildings	**5,699**	4,878	**-**	-
Interest expense on lease liabilities	**785**	699	**-**	-
Expense relating to leases of low value assets	**1,564**	629	**-**	-
Expense relating to short-term leases	**1,443**	1,252	**-**	-
	9,491	7,458	**-**	-

The total cash outflows relating to leases is N$8.4 million (2022: N$7.1 million)

14. Taxation

14.1 Income tax expense

	Group 2023	Group 2022	Company 2023	Company 2022
Current tax expense	**25,682**	44,045	**2,263**	-
Current year	**25,569**	47,034	**2,150**	-
Prior years	**113**	(2,989)	**113**	-
Deferred tax (income)/expense :				
- Origination and reversal of temporary differences	**4,088**	(2,943)	**30**	414
Total Income tax expense	**29,770**	41,102	**2,293**	414

14.2 Reconciliation of current taxation

	Group 2023	Group 2022	Company 2023	Company 2022
Profit before taxation	**383,115**	391,517	**418,646**	328,542
Tax calculated at standard rate - 32%	**122,597**	125,286	**133,967**	105,133
Income not subject to tax - dividend income (cell captive) **	**(85,687)**	(115,086)	**(134,005)**	(110,977)
Income not subject to tax - interest on money market placements **	**(20,646)**	(12,942)	**-**	-
Prior year tax expense	**113**	(2,989)	**113**	-
Non-deductible expenses *	**13,393**	46,833	**2,218**	6,258
	29,770	41,102	**2,293**	414
Effective tax rate	**7.77%**	10.50%	**0.55%**	0.13%

* Non-deductible expenses relates to income tax apportionment ratio.
** Amendment to the disclosure. Income not subject to tax has been spilt between dividend income (cell captive) and interest on money market placements were disclosed separately to provide a clear distinction between the respective amounts.

	Group		Company	
	31 December	31 December	**31 December**	31 December
	2023	2022	**2023**	2022
	N$'000	N$'000	**N$'000**	N$'000

14.3 Deferred taxation

The Group has disclosed the deferred tax assets and the deferred tax liabilities separately.

	Group 2023 N$'000	Group 2022 N$'000	Company 2023 N$'000	Company 2022 N$'000
Deferred tax asset				
The balance comprises:				
- Property, equipment and right-of-use assets	**(4,099)**	(4,030)	**-**	-
- Prepayments	**(1,665)**	(592)	**94**	124
- Impairment allowance on advances	**1,516**	3,868	**-**	-
- Leave pay, bonus and other provisions	**4,726**	5,318	**-**	-
- Share based payments	**724**	738	**-**	-
- Lease liabilities	**2,622**	2,843	**-**	-
- EIR adjustment	**(1,646)**	(2,017)	**-**	-
- Assessed loss	**-**	124	**-**	-
	2,178	6,252	**94**	124
Current	**-**	-	**-**	-
Non-current	**2 178**	6 252	**94**	124
	2,178	**6,252**	**94**	**124**

	Group 2023 N$'000	Group 2022 N$'000	Company 2023 N$'000	Company 2022 N$'000
Deferred tax liabilities				
The balance comprises:				
- Prepayments and deferred expenses	**(5,239)**	(5,413)	**-**	-
- Impairment allowance on advances	**858**	1,817	**-**	-
- EIR adjustment	**(1,129)**	(2,190)	**-**	-
- Deferred arrangement fees	**(1,207)**	(917)	**-**	-
	(6,717)	(6,703)	**-**	-
Current	**-**	-	**-**	-
Non-current	**(6 717)**	(6 703)	**-**	-
	(6,717)	**(6,703)**	**-**	**-**

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 32% (2022: 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.

14.4 Current taxation

	Group 2023 N$'000	Group 2022 N$'000	Company 2023 N$'000	Company 2022 N$'000
Opening balance	**54,191**	81,736	**7,347**	7,347
Charge to profit or loss - Current year	**(25,569)**	(47,034)	**(2,150)**	-
Charge to profit or loss - Prior years	**(113)**	2,989	**(113)**	-
Payments made during the period	**46,884**	22,333	**2,149**	-
Refund received	**(7,443)**	(5,833)	**(7,234)**	-
Taxation asset / (Liability)	**67,950**	54,191	**(1)**	7,347
Current	**67,950**	54,191	**(1)**	7,347
Non-current	**-**	-	**-**	-
	67,950	**54,191**	**(1)**	**7,347**

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000

15. Borrowings

Commercial Bank 1

Facility 1	**-**	338,158	**-**	-
Facility 2	**256,844**	255,941	**-**	-
Facility 3	**256,967**	256,068	**-**	-
Facility 4	**169,517**	-	**-**	-
Facility 5	**169,599**	-	**-**	-
	852,927	850,167	**-**	-

Commercial Bank 1 are secured revolving credit facilities guaranteed by Letshego Namibia Holdings Limited and bear interest at Namibia Prime less 0.14% (facility 1), Namibia Prime less 0.32% (facility 2), Namibia Prime less 0.52% (facility 3), Namibia Prime less 0.52% (facility 4) and Namibia Prime less 0.32% (facility 5). Interest on the loans are repayable quarterly and the loans mature on 12 March 2023, 08 February 2024, 15 December 2024,10 March 2025 and 10 March 2026 respectively. The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.The agreement for facility 1 came to an end during the year and the loan was restructured and split into facility 4 and 5. There was no cash movement in the re-structuring.

Commercial Bank 2

Loan 1	**-**	50,357	**-**	-
Loan 2	**350,107**	203,324	**-**	-
Loan 3	**474,529**	473,576	**-**	-
	824,636	727,257	**-**	-

Commercial Bank 2 borrowings are secured term loans guaranteed by Letshego Holdings (Namibia) Limited and bear interest at Namibia Prime less 0.25% (loan 1), Namibia Prime less 0.3% (loan 2) and 3 month JIBAR plus 2.35% (loan 3) repayable in bi-annual instalments and mature on 7 June 2024, 31 January 2026 and 15 December 2024 respectively. The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

Commercial Bank 3	**166,830**	-	**-**	-

Commercial Bank 3 borrowings 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 2023 reporting period.

Development Finance loan

Tranche 1	**459,091**	512,775	**-**	-
Tranche 2	**377,798**	-	**-**	-
	836,889	512,775	**-**	-

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 2023 and 2022 reporting periods.

Listed Bond Programme

Listed Bond 1	**234,394**	233,905	**234,394**	233,905
Listed Bond 2	**200,184**	200,104	**200,184**	200,104
	434,578	434,009	**434,578**	434,009

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 29 June 2025. The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

Total borrowings	**3,115,860**	2,524,208	**434,578**	434,009
Current	**1,222,734**	1,067,614	**234,394**	-
Non-current	**1,893,126**	1,456,594	**200,184**	434,009
	3,115,860	2,524,208	**434,578**	434,009

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

16.1 Amounts due to parent company -Letshego Africa Holdings Limited	**23,909**	77,918	**-**	-

Reconciliation of Amounts due to parent company:

Opening balance	**77,918**	191,210	**-**	-
Movement in the current year	**(54,009)**	(113,292)	**-**	-
Closing balance	**23,909**	77,918	**-**	-

The loan from Letshego Africa Holdings Limited is unsecured and interest is calculated monthly in arrears at a variable rate of Namibia prime plus 2%. The loan is repayable in variable instalments and matures on 10 May 2024.

16.2 Intercompany payable - Erf 8585 (Pty) Ltd	**(146)**	(944)	**-**	-

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	**23,763**	76,974	**-**	-

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000
17. Deposits due to customers				
Current accounts	**97,860**	28,103	**-**	-
Term deposits	**730,118**	507,584	**-**	-
Total deposits due to customers	**827,978**	535,687	**-**	-
Current	**827,978**	535,687	**-**	-
Non-current	**-**	-	**-**	-
	827,978	535,687	**-**	-
18. Share capital				
Authorised share capital				
500 000 000 ordinary shares of 0.02 cents each (2022: 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 (2022: 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 and 2023 respectively. The vesting period of the share awards from grant date is three periods.

	Group			
	31 December 2023		**31 December 2022**	
	Number of share awards	Exercise price	Number of share awards	Exercise price
Granted during prior years	**5,552**	NAD0.97/1.02/1.92	**5,191**	NAD2.19/0.94/0.99
Granted in current year	**1,679**	NAD 1.71	**1,433**	NAD 1.87
Exercised during the year	**(899)**	NAD 0.97	**(589)**	NAD 2.19
				NAD 2.19
Forfeited during the period	**(1,080)**	NAD 0.97	**(483)**	
Exercisable and outstanding at the end of the year	**5,252**	NAD1.02/1.92/1.71	**5,552**	NAD0.94/0.99/1.87
Fair value of awards exercisable and outstanding at the end of the year	**2,079**		2,123	

	Group 2023	Group 2022	Company 2023	Company 2022
20. Profit before taxation				
The following items have been recognised in arriving at profit before taxation:				
Advertising and promotions	**5,264**	2,262	**422**	25
Auditors' remuneration	**2,741**	2,723	**352**	365
Consultancy costs - professional services	**16,274**	12,993	**1,849**	1,502
Computer services costs	**1,416**	1,693	**-**	-
Depreciation	**12,403**	12,876	**-**	-
Directors' emoluments				
- for services as director	**2,003**	1,770	**-**	-
- for management services	**8,216**	7,579	**-**	-
Rental - low value and short-term leases	**3,007**	1,881	**-**	-
Employee benefit expense (excluding directors' remuneration - for management services)	**86,456**	76,716	**11**	29
21. Employee benefit expense				
Salaries	**55,818**	44,021	**11**	29
Key management personnel	**18,280**	20,045	**-**	-
Pension fund contributions	**6,246**	5,723	**-**	-
Medical aid contributions	**5,340**	4,120	**-**	-
Social security	**172**	184	**-**	-
Share based payment expense	**965**	1,316	**-**	-
Incentive bonuses	**7,804**	8,817	**-**	-
Staff welfare	**47**	69	**-**	-
	94,672	84,295	**11**	29

	Group		Company	
	31 December	31 December	**31 December**	31 December
	2023	2022	**2023**	2022
	N$'000	N$'000	**N$'000**	N$'000
22. Operating expenses by nature				
Sales related expense	**9,388**	9,726	**-**	17
Advertising and promotions	**5,264**	2,262	**422**	25
Auditors remuneration - audit services	**2,741**	2,723	**352**	365
Collection fees	**38,488**	35,515	**-**	-
Consulting and secretarial	**16,274**	12,993	**1,849**	1,502
Management fees	**42,165**	34,936	**-**	-
Depreciation (note 11)	**12,403**	12,876	**-**	-
Directors' remuneration - for services as directors	**2,003**	1,770	**-**	-
Computer related expenses	**1,416**	1,693	**-**	-
Office rental	**3,007**	1,881	**-**	-
Travel and accommodation	**2,379**	1,672	**68**	43
Social responsibility projects	**738**	800	**10**	-
Telephone & Fax	**3,912**	4,654	**-**	-
Guarantee fees	**-**	16	**-**	-
Subscriptions	**20,531**	18,076	**283**	232
VAT expense	**11,062**	11,539	**-**	-
Security costs	**3,329**	3,681	**-**	-
Insurance	**58,901**	79,384	**1**	2,287
Bank charges	**9,741**	11,013	**1,826**	1,712
Repairs and maintenance	**5,353**	6,340	**-**	-
Other operational expenses	**11,775**	14,226	**160**	80
Unrealized foreign exchange loss	**1 431**	558	**-**	-
	262,301	268,334	**4,971**	6,263
23. Net interest income				
Interest income calculated using the effective interest income method - Advances to customers	**712,918**	631,382	**-**	-
Other interest income calculated using the effective interest income method				
- Interest income on short term bank deposits and money market placements	**29,753**	18,387	**293**	89
- Interest income on bonds and treasury bills	**36,962**	18,092	**-**	-
- Interest income on loans to related parties	**7,617**	-	**55,933**	29,449
Total interest income	**787,250**	667,861	**56,226**	29,538
Interest expense calculated using the effective interest rate method	**(349,041)**	(214,435)	**(47,866)**	(28,210)
- Borrowings	**(297,889)**	(177,611)	**(47,866)**	(28,210)
- Deposits due to customers	**(49,199)**	(25,370)	**-**	-
- Lease liabilities	**(785)**	(699)	**-**	-
- Shareholder's loan - LAHL	**(1,168)**	(10,755)	**-**	-
Net interest income	**438,209**	453,426	**8,360**	1,328
24. Fee income				
Postage fees	**371**	174	**-**	-
Fees and commission earned from services to customers	**33,475**	46,421	**-**	-
	33,846	46,595	**-**	-
25. Other income				
Dividend income *	**-**	-	**213,172**	211,877
Sundry Income	**4,297**	6,126	**265**	-
	4,297	6,126	**213,437**	211,877

* An ordinary dividend of N$213 million was earned from Letshego Micro Financial Services (Namibia) (Pty) Ltd during the current year. An ordinary dividend of N$212 million was earned from Letshego Micro Financial Services (Namibia) (Pty) Ltd and Letshego Bank (Namibia) during the prior year.

26. Related parties

	Letshego Micro Financial Services (Namibia) (Proprietary) Limited (Subsidiary)
	Letshego Bank (Namibia) Limited (Subsidiary)
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) James Damon (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) Natasha Winkler (Head of Marketing and Products)
Directors:	Maryvonne Palanduz (resigned 31 January 2024) Ester Kali Karl-Stefan Altmann Rosalia Martins-Hausiku (resigned 31 July 2023) Sven von Blottnitz Maria Nakale Kamogelo Chiusiwa Kudzai Chigiji

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000
26. Related parties (continued)				
26.1 Related party balances				
Loan accounts - Receivables from related parties				
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**-**	-	**214,673**	431,636
Letshego Bank (Namibia) Ltd	**-**	-	**122,536**	26,981
Letshego Africa Holdings Limited	**104,097**	-	**104,097**	-
	104,097	-	**441,306**	458,617

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.

	Group 2023	Group 2022	Company 2023	Company 2022
Loan accounts - Owing to related parties				
Letshego Africa Holdings Limited - loan	**23,909**	77,918	**-**	-
Erf 8585 (Pty) Ltd	**(146)**	(944)	**-**	-
	23,763	76,974	**-**	-

The loan from Letshego Africa Holdings Limited is unsecured and interest is calculated monthly in arrears at a variable rate of Namibia prime plus 2%. The loan is repayable in variable instalments and matures on 10 May 2024.

The intercompany loan with Erf 8585 (Pty) Ltd is unsecured and currently does not bear interest and is repayable on demand.

	Group 2023	Group 2022	Company 2023	Company 2022
Advances				
Advances to key management personnel	**426**	1,779	**-**	-

No impairment has been recognised in respect of loans granted to key management personnel in the current or prior year.

	Group 2023	Group 2022	Company 2023	Company 2022
Deposits				
Deposits from key management personnel and directors	**2,574**	770	**-**	-

Deposits include current and savings accounts.

26.2 Related party transactions

	Group 2023	Group 2022	Company 2023	Company 2022
Interest expense				
Letshego Africa Holdings Limited	**1,168**	10,755	**-**	-
Net interest (expense)/ income				
Key management personnel and directors	**(36)**	69	**-**	-
Interest income				
Letshego Bank (Namibia) Limited	**-**	-	**17,452**	15,210
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**-**	-	**30,864**	14,239
Letshego Africa Holdings Limited	**7,617**		**7,617**	-
	7,617	-	**55,933**	29,449
Rent expense				
Erf 8585 (Pty) Ltd	**2,264**	2,362	**-**	-
Guarantee fees expense				
Letshego Africa Holdings Limited	**-**	16	**-**	-
Management fees expense				
Letshego Africa Holdings Limited	**42,165**	34,936	**-**	-
Dividend income from related parties				
Letshego Bank (Namibia) Limited	**-**	-	**-**	51,695
Letshego Micro Financial Services (Namibia) (Pty) Ltd	**-**	-	**213,172**	160,182
	-	-	**213,172**	211,877

The amount classified as management fees under note 22 is made up as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
Fees payable to Letshego Africa Holdings Limited	**37,948**	31,442	**-**	-
Withholding tax paid on imported management services	**4,217**	3,494	**-**	-
	42,165	34,936	**-**	-

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000
26.2 Related party transactions (continued)				
Compensation expense to key management personnel				
Short-term benefits	**16,511**	17,582	**-**	-
Post employment benefits	**1,769**	2,464	**-**	-
	18,280	20,046	**-**	-
Compensation expense directors				
Sitting fees expense for non-executive directors	**2,003**	1,770	**-**	-
	2,003	1,770	**-**	-

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:

Carrying value of assets and liabilities acquired:	N$'000 **Group** As at 01 January 2015:	N$'000 **Company** As at 01 January 2015:
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	100	100

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	**31 December 2023 N$'000**	31 December 2022 N$'000
Capital reorganisation reserve	**701,024**	701,024	**1,344,154**	1,344,154
28. Investment in subsidiaries			-	
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				
Authorised but not contracted for	**41,000**	41,411	**-**	-

The capital commitments are for the purchase of property and equipment and will be funded by the Group's cash resources.

	Group		Company	
	31 December	31 December	**31 December**	31 December
	2023	2022	**2023**	2022
	N$'000	N$'000	**N$'000**	N$'000

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.

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 2023 N$'000	Group 2022 N$'000	Company 2023 N$'000	Company 2022 N$'000
Cash and cash equivalents	**750,849**	320,815	**1,909**	499
Amount due to parent company- repayable within one year	**(23,763)**	(76,974)	**-**	-
Borrowings repayable within one year (including lease liabilities)	**(1,251,550)**	(1,071,603)	**(234,394)**	-
Borrowings repayable after one year (including lease liabilities)	**(1,896,266)**	(1,538,466)	**(200,184)**	(434,009)
Net debt	**(2,420,730)**	(2,366,228)	**(432,668)**	(433,510)
Cash and cash equivalents	**750,849**	320,815	**1,909**	499
Gross debt - variable interest rates	**(3,171,579)**	(2,687,043)	**(434,578)**	(434,009)
Net debt	**(2,420,730)**	(2,366,228)	**(432,668)**	(433,510)

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 2023 N$'000	Group 2022 N$'000	Company 2023 N$'000	Company 2022 N$'000
Earnings				
Profit for the year	**353,345**	350,415	**416,353**	328,128
Headline adjustments	**-**	-	**-**	-
Headline earnings	**353,345**	350,415	**416,353**	328,128
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	**71**	70	**83**	66
Fully diluted	**71**	70	**83**	66
Headline earnings per ordinary share (cents)				
Basic	**71**	70	**83**	66
Fully diluted	**71**	70	**83**	66

	Group		Company	
	31 December	31 December	**31 December**	31 December
	2023	2022	**2023**	2022
	N$'000	N$'000	**N$'000**	N$'000

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 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)**

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 2022	7,639	191,728	1,980,798	(480,017)
Cash flows				
Financing cash inflow				-
-Capital *	-	100,249	576,185	
-Interest *	-	-	-	24,259
Financing cash outflow				
-Capital *	(5,887)	(215,003)	(33,333)	
-Interest *	(699)	(10,755)	(177,611)	
Non-cash flow changes				
Revaluation of foreign currency borrowing *			32,577	(32,019)
Interest *	699	10,755	145,592	(24,228)
Lease additions	7,134	-	-	-
Premium and Discount Income – Bond *				12,863
Balance at 31 December 2022	**8,886**	**76,974**	**2,524,208**	**(499,142)**

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**

COMPANY	**Interest bearing borrowings N$'000**
Balance at 01 January 2022	**233,012**
Cash flows	
Financing cash inflow	
-Capital *	200,997
-Interest *	-
Financing cash outflow	
-Capital *	-
-Interest *	(28,210)
Non-cash flow changes	
Movement in accrued interest	28,210
Balance at 31 December 2022	**434,009**

* Amendment to the disclosure. These amounts were disclosed separately to provide a clear distinction between the respective amounts.

	Group		Company	
	31 December	31 December	**31 December**	31 December
	2023	2022	**2023**	2022
	N$'000	N$'000	**N$'000**	N$'000

34. Analysis of Shareholding

Range of shareholders	**Number of shareholde**	**% of shareholders**	**Number of shares**	**% of shares**
1 - 99	4	0.11%	129	0.00%
100 - 499	2,008	54.88%	597,580	0.12%
500 - 999	646	17.66%	453,809	0.09%
1000 - 1999	452	12.35%	581,918	0.12%
2000 - 2999	228	6.23%	578,635	0.12%
3000 - 3999	51	1.39%	177,333	0.04%
4000 - 4999	18	0.49%	83,380	0.02%
5000 - 9999	101	2.76%	626,749	0.13%
over 10 000	151	4.13%	496,900,467	99.38%
	3,659	**100%**	**500,000,000**	**100%**

Geographic ownership				
Namibian Resident	3,644	99.59%	106,778,058	21.36%
Non-Resident of Namibia	15	0.41%	393,221,942	78.64%
	3,659	**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. Restatement of the Statement of Cash Flow

35.1 Restatement of prior year presentation

In prior year certain line items of the Statement of Cash Flow were combined. The combined amounts have been split for both the current year and the prior year. The adjustment had no impact on the total cash flow amounts.

Statement of cash flows - extract	**At 31 December 2022 Audited - (as previously stated) N$ '000**	**At 31 December 2022 Restated N$ '000**
Group		
Cash flows from investing activities		
Increase in government and other securities	**(129,581)**	**-**
Purchase of investment in securities	**-**	**(164,657)**
Redemption of investment in securities	**-**	**35,077**
	(129,581)	**(129,581)**
Company		
Cash flows from investing activities		
Increase in intercompany receivable	**(258,027)**	**-**
Amounts received from intercompany receivable		**568,733**
Amounts advanced from intercompany receivable		**(826,760)**
	(258,027)	**(258,027)**

35.2 Restatement of prior year presentation

In prior year year, the interest relating to assets held to hedge long term borrowings was included in interest from operating activities. This has been corrected in the current year and there has been no impact on the total cash flows.

Statement of cash flows - extract	**At 31 December 2022 Audited - (as previously stated) N$ '000**	**Effect of restatement N$ '000**	**At 31 December 2022 Restated N$ '000**
Group			
Cash flows from operating activities			
Interest received	649,769	(43,383)	606,386
Net cash flow generated from /(used in) operating activities	**(78,846)**	**(43,383)**	**170,402**
Cash flows from financing activities			
Increase in assets held to hedge long-term borrowings	(19,125)	19,125	-
Interest received on assets held to hedge long-term borrowings	-	24,259	24,259
Net cash generated (used in)/from financing activities	**(59,580)**	**43,384**	**(16,196)**

36. Events occurring after the reporting date

A dividend of 36.38 cents per ordinary share has been declared subsequent to the reporting date and will be paid on 14 June 2024.

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

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.