LETSHEGO AFRICA HOLDINGS LIMITED

Audited full year results 2023

FINANCIAL HIGHLIGHTS

The Board of Directors of Letshego Africa Holdings Limited ("the Group"/"Letshego Africa") herewith presents an extract of the audited consolidated financial results for the year ended 31 December 2023. This publication serves to confirm Letshego Africa Holdings Audited 2023 Financial Results, following the initial publication of the Group's Preliminary Unaudited Full Year 2023 Results.

Interest income
up **9%**
yoy to P3.42 billion
(2022: P3.15 billion)

Insurance revenue
up **49%**
yoy to P373 million
(2022: P250 million)

Total income
up **7%**
yoy to P3.94 billion
(2022: P3.68 billion)

Interest expense
up **20%**
yoy to P1.65 billion
(2022: P1.38 billion)

Profit before tax
down **82%**
yoy to P121 million
(2022 Restated: P684 million)

Total assets
up **8%**
yoy to P18.11 billion
(2022 restated: P16.72 million)

Net customer advances
up **7%**
yoy to P13.49 billion
(2022: P12.65 billion)

EXECUTIVE SUMMARY

Sub Saharan Africa economic recovery slowed for the second year in a row, recording an estimated growth of 2.9% in 2023 relative to 3.6% in 2022. Growth is still and will remain uneven across the region. Monetary and fiscal policies varied materially across our presence markets as Sovereigns responded variously to local economic challenges and prevailing headwinds during the year. Economic outlook for the region is positive; GDP is projected to accelerate to 3.8% in 2024 and 4.1% in 2025. Ripples from the geopolitical tensions, rising risk of debt distress, and climate related shocks are the main risk vulnerabilities to the region's economic prospects in the near term.

Strong underlying business performance

Policy tightening continued during the year with monetary policy rates increasing in 7 out of our 11 presence markets. Currencies were under pressure throughout the year; Nigeria and Kenya recorded material currency depreciation in 2023. Currencies across our markets are projected to remain under pressure in 2024 through to 2025 potentially setting back the inflationary dampening experienced in 2023.

Our business fundamentals stayed strong despite these challenges with 7% growth in net advances year-on-year. This strong balance sheet momentum stemmed from our core Government Deduction at Source ("DAS") product growth which has been our mainstay over the years. Our Southern African markets, specifically Mozambique, Botswana, Namibia, and Lesotho supported the pleasing Deduction at Source performance with year-on-year net book growth of 7%. Deposit growth was strong at 37% year-on-year, albeit off a low base.

Together with DAS, positive mobile lending and insurance arrangements momentum continued to contribute positively to business performance. Non funded income was buoyed by income from insurance arrangements which increased by 49% year-on-year to P373 million. The Group's Mobile lending income increased by 307% year-on-year, with strong performance recorded in Ghana. The Group recorded strong top-line growth of 9% year on year, but due to continued interest rate pressure, a marginal decline was observed on operating income on a year-on-year basis.

However, certain one-offs affected the Group's results during the year. The Group's auditors determined that loans in the Stage 3 maturity bucket should not be discounted in the calculation of Expected Credit Losses ("ECLs"). While this is an area of judgement and subject to different interpretations, the Group agreed to accept the auditor's view of this estimate, to be more prudent in the calculation of ECLs. This was re-worked for 2023 and prior years and applied retrospectively as required by accounting standards, resulting in a P128 million ECL adjustment in the current year and a restatement of prior year financials. Further to this, in 2023, EY Global and other firms, determined Ghana to be a hyperinflationary economy, although this is disputed by the Institute of Chartered Accountants of Ghana ("ICAG"). EY required the Group to adjust for this, resulting in a net monetary loss of P149.9 million being included in the Group's performance. Moreover, foreign exchange volatility remained a concern, particularly in Nigeria where there was a sharp devaluation of the official exchange rate from 1USD: NGN 463 to 1USD: NGN 523 by June last year. The Naira lost further value in H2 2023, hovering between NGN 800–1 000 to the United States dollar and further movement has been seen in the current year. With the continued exchange rate volatility across our markets, foreign exchange losses moved by P143 million year-on-year from a gain of P91 million last year, to a loss of P52 million in the current year.

Against this backdrop, the Group achieved a profit before tax of P121 million, compared to a restated profit of P684 million in 2022. While the Group's strategy implementation to 2025 has been somewhat delayed by the headwinds that started during the Covid era, strong progress continues to be made on the 6-2-5 strategy. We are consolidating the business and transitioning to optimise structures, including digital self-service to further our sales growth and strengthen our collection and recoveries capabilities.

Regional Performance

(Southern Africa/East and West)

In early 2023, we restructured subsidiaries into two units: "Fit for Growth" (F4G) and "Turnaround Markets" (TAM). Fit for Growth markets include Botswana, Namibia, Mozambique, Uganda, Lesotho, and Eswatini. TAM countries encompass Ghana, Tanzania, Kenya, Nigeria, and Rwanda. This restructure aimed to prioritise resources for TAM markets to unlock their potential. Last year, the Group focused on revitalising its East and West Markets with a reset strategy for the MSE segment, streamlined operations, and growth in the Mobile lending portfolio and DAS business. Despite challenging economic conditions in some markets, often driven by increased food and energy prices, we achieved a marginal year-on-year net book growth of 2% to P3 billion (2022: P2.8 billion).

The Mobile lending product was a key growth driver, increasing the net loan book by 92% to P692 million. The MSE segment faced challenges due to high inflation levels, prompting the implementation of a strategic reset strategy with shorter loan tenors. This led to a 38% decrease in net loan book values for the MSE segment. However, we anticipate that this adjustment will pave the way for a more sustainable business in these markets in the coming year Southern African markets maintained steady 7% net loan book growth. In these markets, Mobile lending grew by 81% to P110 million, while the DAS loan portfolio increased by 3% to P10 billion. Mozambique's loan book grew by 24% to P2.5 billion, and Botswana's net loan book increased by 7% to P3.5 billion. Southern African markets also expanded the customer base by 14% to 967 522, driven by strong growth in Botswana's Mobile lending segment.

In our largest market, Botswana, strong underlying business performance led to a 15% growth in Gross Loans and Advances, driven mainly by Government Deduction at Source. However, this was offset by increased Expected Credit Losses for a newly introduced "test and learn" Individual Non-DAS loan portfolio, which experienced challenges in collections. Additionally, system migration at the central deductions clearing partner resulted in technical defaults on some loans, leading to increased impairments in the Government Deduction at Source portfolio. Key lessons were learnt from this portfolio, from which we expect to leverage going forward.

The business is leveraging lessons to enhance overall Group collection capability and technology, aiming for improved performance in this portfolio in full year 2024. Anticipated improvements are expected to deliver continuing business value. Botswana restructured its banking debt profile to support competitiveness in our core DAS product and diversified business growth with Mobile lending and Affordable Housing product lines. We are pleased to note improved local market liquidity due to changes in offshore investing regulations.

Looking Ahead

Baseline outlook for regional economic prospects for 2024/2025 is positive. The Regional GDP is projected to accelerate to 3.8% and 4.1% respectively for 2024 and 2025. Risks are to the downside. The region remains vulnerable to climate related shocks while a number of countries carry increasing risk of debt distress. Continuing geo-economic fragmentation and risk of escalation of geopolitical tensions and regional conflicts pose severe headwinds to the region. Five of our presence countries will hold their national elections this year. Social political risks from these elections are assessed as low. Policy continuity is rated high.

Business fundamentals remain sound despite the downside impact of adjustments to expected credit loss (ECL) that arose from material professional judgments in the year, and other once offs.

In 2023, our operations were affected by, once offs as well as foreign exchange fluctuations and inflation-induced volatility, especially in Nigeria and Ghana. We anticipate these challenges to persist in the first half of 2024 and expect it to taper off in the second half, contingent on macroeconomic conditions. We will navigate the macroeconomic landscape by executing our commercial strategy and improving our collections, including accelerated portfolio remediations.

Our core deduction at source product and insurance offerings remain steadfast in providing financial security to underserved customers. We are dedicated to offering accessible, competitive Mobile lending products, empowering individuals financially. We are enhancing our product portfolio leveraging insights from our test and learn programs of 2022/2023.

Despite headwinds in FY 2023, we are confident they are behind us, equipping us to navigate 2024's opportunities while managing ongoing challenges. We will continue to build on our digitalisation strategy to scale sales growth. Our goal remains to drive sustainable growth and deliver value to all stakeholders.

From a product focus perspective, our mobile lending portfolio is set for growth, supported by strong partnerships with mobile service providers. We are committed to providing accessible and competitive mobile lending products to empower individuals and businesses. Additionally, our core deduction product and insurance offerings will continue to provide financial security to underserved customers.

We aim to leverage lessons from our test and learn program to strengthen collections and recoveries, allowing us to write back adjusted amounts identified from the recalculation of ECL in 2023. Furthermore, we anticipate accelerating payment capabilities on our digital platform and continued momentum in our deposit services, meeting customers' digital needs for reliable and secure financial management.

With a focus on customer-centric innovation and digitalization, we strive to enhance the accessibility and convenience of basic financial services, reinforcing our position as a trusted financial partner that improves lives. Overall, we are confident in our ability to navigate the opportunities and challenges of 2024, leveraging a positive economic environment and the strength of our core product proposition to drive sustainable growth and deliver value to all stakeholders.

STATEMENT OF PROFIT AND LOSS REVIEW

TOP LINE GROWTH AND NET INTEREST INCOME

The Group recorded strong top line growth of 9%, but interest expense remained high and increased by 20%, impacted partly by the change in policy rates on the back-book and growth in funding. Market rate increases were more aggressive than expected, both in quantum and the length of the cycle. Regulatory changes in Mozambique increased liquid asset requirements from 11.5% to 28.5% in February 2023 and a further increase to 39.5% in May. Net Borrowings increased year-on-year by P1.6 billion while deposits increased by P417 million.

NON-FUNDED INCOME

Non funded income down overall by 3% to P514 million, However, excluding the net foreign exchange gain in 2022, non-funded income grew by 17%. Good traction continued on insurance arrangement income which was up 49% year-on-year to P373 million.

TOTAL OPERATING EXPENSES

Total operating expenses, comprise staff costs and other operating expenses, and went up by 23% year-on-year. Other operating expenses increased to 36% year-on-year but included the loss on net monetary position of P149.9 million referred to above and a net foreign exchange loss of P52 million. If these are stripped out, the year-on-year increase reduces to 11%. Similarly, staff costs carried a once-off restructuring cost of P70 million as the Group sought to right size its operations, while bringing in resources necessary for the strategy implementation. Excluding restructuring costs, staff costs were down by 8% year-on-year.

LOSS AFTER TAXATION

The Group posted a loss after tax of P149 million, largely caused by extraordinary items. While the underlying business fundamentals remain strong, major adjustments are as follows:

- During the second half of the year the Group classified Ghana as a hyperinflationary economy, following various global bodies assessment of the economy to be hyperinflationary for the 2023 financial year and thereafter. Consequently, the results of the Group's activities in Letshego Ghana Savings and Loans PLC were prepared in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". This impacted Group profitability through inflation adjustments amounting to P128 million.
- Additionally, in 2023, the Group determined that the calculation of the Expected Credit Loss Allowances for financial years 2019 to 2022, was not prudent due to the inclusion of a discount factor to Stage 3 exposures. This error was corrected retrospectively in accordance with IAS 8 "Accounting policies, Changes in accounting estimates and Errors" and has had the impact of reducing opening retained earnings by approximately P72.6 million and current year profitability by P128 million.

EFFECTIVE TAX RATE ("ETR")

ETR was 223% for the year ended 31 December 2023. The large ETR was primarily due to the significant decrease in profitability caused by the extraordinary items which saw PBT decreasing by 82% to P121 million from P684 million in the prior year. ETR is a function of PBT and the absolute tax charge. The tax charge of P270 million reduced by 19% year-on-year, despite including the write-off of deferred tax assets of P66 million relating to the merger of the Tanzania entities. The Group successfully extracted P799 million of dividends from subsidiaries, up 13% from prior year.

Asset Quality

Non-performing loans (NPLs) increased to 9.6% of gross loan book as at December 2023 (FY 2022: 6.5%) while PAR 30 increased to 14.4% from 9.2% in 2022. The movement was mainly driven by environmental risks and sub optimal performance of test and learn programs introduced since 2021. Increase in NPLs was more pronounced in Botswana driven mainly by Individual lending product that failed to meet product assumptions. In Kenya mobile loans test and learn program launched in 2023 faced early headwinds with collections bottlenecks and rapid shift in customer behaviour. Additionally, introduction of new statutory levies during the year eroded customer disposable income and affordability impacting loan deductions for the DAS book increasing the NPL. In Mozambique, transition to single central registry by the government was not smooth. A significant portion of our exposure to the army and the police dropped off payroll deductions. Remediation of this portfolio took much longer and was not complete as at year end 2023. The Group has put in place robust portfolio remediation strategy to accelerate collections and recoveries momentum in 2024. Our credit risk management capability is sound, our risk governance is strong, and our risk infrastructure is optimal.

Expected Credit Losses

During 2023, there was a reassessment of the discounting of Stage 3 ECLs. The prior years' treatment from financial year 2020 to 2022 was therefore deemed an error. The basis for the error is that the default date for Stage 3 exposures have already occurred and no discount factor should therefore be applied to Stage 3 ECLs.

Increase in Expected credit losses for the year was also driven by uptick in delinquencies on a test and learn program in Botswana and operational challenges from some central registries that impeded timely deduction and remittance of DAS Loan instalments. Provisioning levels are aligned with the Group's credit risk profile. Group portfolio mix remains flat with Deduction at Source accounting for 88% of the book in 2023 (FY2022: 88%). Deduction at Source portfolio is mainly composed of exposures to central and quasi government employees. Collections rates on the Group DAS portfolio is consistently above 90%.

Funding and Liquidity

Wholesale and Institutional Funding

Total debt increased to P9.6 billion (2022: P8.0 billion). Wholesale funding made up 49% of Letshego's total funding portfolio (2022:53%), while Development Finance Institution (DFIs) funding constituted 27% (2022: 26%).

Bonds constituted 24% of total funding, up from 21% in 2022. The Botswana Stock Exchange bond programme remained relatively stable at P1.65 billion up from P933 million in 2022. During the year, Mozambique had a landmark bond issuance on the Mozambique Stock Exchange with record corporate value of P281 million (MZN1.3 bilion). This was 2.6 times over-subscribed and brought diverse investorship. Namibian bonds stood at P277 million while Ghana bonds amounted to P221 million at the end of the year. Namibia and Ghana bonds decreased year-on-year, as the Group matured high-cost bonds in a bid to manage cost of funds.

In order to curb fluctuations in cost of funds and considering the tightening monetary policy cycle, the Group made every effort to secure fixed rate funding. Fixed or indexed debt structures increased from P3 billion to P4.4 billion year and year and made up 46% of total debt compared to 37% in 2022. Variable interest rate debt constituted 54% of total debt at P5.2 billion. This was an improvement from 63% in 2022; a year which saw significant volatility in exchange rates, contributing to the high interest expense. The Group actively hedged foreign currency floating rate facilities to fixed rate using Cross Currency Swaps.

Overall, the average cost of borrowings increased to 13.0% (2022: 11.6%) during the reporting period, driven by the above mentioned macro-economic factors which were mitigated by effective management actions to restructure the balance sheet.

Liquid assets increased to P1.4 billion (2022: P1.0 billion) as the Group managed balance sheet efficiencies amid rising cost of funds. Investment securities constitute bonds and bills used to meet regulatory requirements and secure collateralised debt in certain markets. The Group increased these holdings to P867 million from P692 million in 2022.

Asset Quality: Tabulated summary

Measure	FY2023	FY2022	FY2021	FY2020	FY2019
Gross Loan Book Balance in P'm	**14 346**	13 132	12 439	10 740	9 833
Portfolio at risk – 30 days	**14.4%**	9.2%	9.2%	8.3%	10.0%
Portfolio at risk – 90 days (NPL)	**9.6%**	6.5%	5.9%	5.3%	6.9%
Post Write-off Recoveries in the year in P'm	**162**	147	178	199	184
Loan loss rate – actual	**3.3%**	1.7%	(0.1%)	0.3%	1.7%
Loan loss rate – excluding once-off items	**2.0%**	0.5%	0.6%	1.8%	1.7%
Non-performing loan coverage ratio	**58%**	53%	73.0%	98%	112%

Impairments charge on loans and advances

Impairments charge increased by 111% to P 457 million. The loan loss ratio (LLR) increased to 3.3%, driven by increases in defaults in the open market test and learn portfolio and the correction of IFRS 9 stage 3 discounting error, which increases the coverage on new business and mature businesses, mostly in Non-deduction at source (DAS) portfolios.This was deteriorated further by the change in treatment of long dated defaults especially in the MSE space which are impacted by long foreclosure processes. These are secured portfolios. The core business (85% government DAS) continues with low LLRs reflecting growth and high quality of the portfolio across all our businesses despite external operational pressures such as change/upgrades of central registries.

Sustainable stakeholder value

The Group continues to pursue improved shareholder value through share buybacks which will improve the overall Return on Equity. Letshego Africa Limited Shareholders approved a share buyback at an Extraordinary General Meeting held on 11 August 2023.

We continue to appreciate the stakeholders support we have received throughout the year and the belief in our vision, through a trying year.

Achieving a tangible impact across regional communities

Letshego continues to differentiate its brand by demonstrating tangible social returns for its customers and communities. In 2024 Letshego expanded its commitment to Environmental and Social Governance by extending its commercial strategy to not only include social benefits, but also support the region's climate and environment. Letshego Ghana led the way by launching financing for 'Solar Taxis'- green-friendly electric scooters used to transport commuters while reducing carbon emissions by over 90%. In 2023 Letshego Nigeria launched the Group's first solar financing product, increasing access to simple and affordable solar products and solutions to help customers keep the lights on and operations running despite inherent power interruptions. Letshego's Affordable Housing has also evolved to include green benefits that include cost effective solar geysers and grey water products that save power and water for home and business owners. The eco-friendly options are available to customers who wish to build a new house or upgrade their current homes and businesses. During the last year, Letshego also strengthened its ESG commitments by converting country ESG Policies into action with expert training, policy and guideline upgrades and the appointment of ESG Champions across country divisions. This operationalisation of Letshego's Environmental & Social Management System (ESMS) into daily operations strengthen's the Group's risk management framework and reporting of potential environmental and social risks. Identification, monitoring and potential escalation ESG and sustainability matters has also been formalised with the establishment of Letshego's Group Sustainability Committee. Further details around the Group's impact, social, environmental and governance achievements will be detailed in the Group's next annual Impact Report.

Auditors report

The financial statements from which the financial information is set out in this announcement have been audited by Ernst & Young, Letshego Group's external auditors, who have issued an unmodified opinion. Their audit report is available for inspection at the Group's registered office and on the Group's website.

For and on behalf of the Board of Directors:

Philip Odera
Group Chairman
31 May 2024

Aobakwe Aupa Monyatsi
Group Chief Executive
31 May 2024

continued

Audited full year results 2023 *continued*

Consolidated statement of financial position

	31 Dec 2023 (Audited) P'000	31 Dec 2022 (Restated)* P'000	At 1 Jan 2022 (Restated)* P'000	Change %
ASSETS				
Cash and similar instruments	**1 401 824**	1 020 771	1 413 500	
Investment securities	**866 718**	692 101	859 496	
Financial assets at fair value through profit or loss	**952 610**	1 178 969	826 092	
Advances to customers	**13 487 892**	12 654 857	11 920 346	7
Insurance contract assets	**105 549**	92 150	125 344	
Other receivables	**333 672**	257 471	191 131	
Financial assets at fair value through other comprehensive income	**11 038**	43 107	71 499	
Income tax receivable	**108 436**	81 454	134 767	
Property and equipment	**104 812**	116 761	172 822	
Right-of-use assets	**89 241**	101 654	98 756	
Intangible assets	**398 710**	305 798	30 040	
Goodwill	**30 591**	31 910	67 715	
Deferred tax assets	**219 000**	142 685	80 990	
Total assets	**18 110 093**	**16 719 688**	**15 992 498**	**8**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities at fair value through profit or loss	**980 519**	1 201 095	808 621	
Customer deposits	**1 537 984**	1 120 827	1 175 586	37
Cash collateral	**15 853**	18 476	21 522	
Income tax payable	**116 133**	82 029	81 510	
Trade and other payables	**796 541**	585 578	868 924	
Lease liabilities	**97 972**	97 953	99 646	
Borrowings	**9 626 301**	8 027 840	7 380 768	
Deferred tax liabilities	**18 903**	339	5 168	
Total liabilities	**13 190 206**	**11 134 137**	**10 441 745**	
Shareholders' equity				
Stated capital	**917 909**	899 571	882 224	
Hyperinflation translation adjustment**	**83 920**	–	–	
Foreign currency translation reserve	**(662 550)**	(492 653)	(557 341)	
Legal reserve	**377 121**	313 780	265 244	
Fair value adjustment reserve	**–**	(13 144)	15 248	
Share based payment reserve	**34 832**	42 474	39 907	
Retained earnings	**3 725 824**	4 366 646	4 460 033	
Total equity attributable to equity holders of the parent company	**4 477 056**	**5 116 674**	**5 105 315**	
Non-controlling interests	**442 831**	468 877	445 438	
Total shareholders' equity	**4 919 887**	**5 585 551**	**5 550 753**	
Total liabilities and equity	**18 110 093**	**16 719 688**	**15 992 498**	**8**

* During the financial year under review, the Group corrected a prior period error related to the computation of expected credit losses. During the year, the Group also adopted IFRS 17: *Insurance contracts* for the first time.

** During the second half of the year, the Group adopted IAS 29: *Financial Reporting in Hyperinflationary Economies* in relation to its Ghana subsidiary. The indicated amount represents the difference between the closing equity and reserves of the Ghanaian subsidiary for the previous financial year (whereby the Ghanaian local currency was considered stable and the equity and reserves balances were not restated), and the effect of translating these at the closing price index and exchange rate at the reporting date.

Consolidated statement of profit or loss and other comprehensive income

	12 months ended 31 Dec 2023 (Audited) P'000	12 months ended 31 Dec 2022 (Restated) P'000	Change %
Interest income at effective interest rate	**3 424 947**	3 145 672	9
Interest expense at effective interest rate	**(1 646 268)**	(1 376 678)	20
Other interest expense	**(12 244)**	(12 524)	(2)
Net interest income	**1 766 435**	**1 756 470**	**1**
Fee and commission income	**57 028**	89 554	(36)
Other operating income	**256 141**	251 937	2
Insurance revenue	**286 519**	295 491	(3)
Insurance service expense	**(85 316)**	(107 625)	(21)
Insurance service result	**201 203**	**187 866**	**7**
Operating income	**2 280 807**	**2 285 827**	
Expected credit losses	**(456 591)**	(216 076)	
Net operating income	**1 824 216**	**2 069 751**	**(12)**
Employee costs	**(611 604)**	(585 939)	4
Other operating expenses	**(1 091 151)**	(799 927)	36
Total operating expenses	**(1 702 755)**	**(1 385 866)**	**23**
Profit before taxation	**121 461**	**683 885**	**(82)**
Taxation	**(270 260)**	(332 311)	
(Loss)/profit for the year	**(148 799)**	**351 574**	**(142)**
Attributable to:			
Equity holders of the parent company	**(201 049)**	287 875	
Non-controlling interests	**52 250**	63 699	
(Loss)/profit for the year	**(148 799)**	**351 574**	**(142)**
Other comprehensive income, net of tax			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Foreign currency translation differences arising from foreign operations	**(180 058)**	75 425	
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Fair value loss on financial asset designated at fair value through other comprehensive income	**(43 107)**	(28 392)	
Total comprehensive (loss)/income for the year	**(371 964)**	**398 607**	
Attributable to:			
Equity holders of the parent company	**(414 053)**	324 171	
Non-controlling interests	**42 089**	74 436	
Total comprehensive (loss)/income for the year	**(371 964)**	**398 607**	
Weighted average number of shares in issue during the year (millions)	**2 155**	2 147	
Dilution effect – number of shares (millions)	**114**	133	
Number of shares in issue at the end of the year (millions)	**2 175**	2 149	
Basic (loss)/earnings per share (thebe)	**(9.3)**	13.4	(169)
Diluted (loss)/earnings per share (thebe)	**(8.9)**	12.6	

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

Consolidated statement of cash flows

	Year ended 31 Dec 2023 (Audited) P'000	Year ended 31 Dec 2022 (Restated) P'000
OPERATING ACTIVITIES		
Profit before taxation	**121 461**	683 885
Adjustments for:		
– Interest income at effective interest rate	**(3 424 947)**	(3 145 672)
– Interest expense	**1 658 512**	1 389 202
– Amortisation, depreciation, and loss on disposals	**116 508**	90 029
– Impairment and write off charge – advances	**465 857**	362 619
– Impairment and write off (reversal)/charge – investment securities	**(9 266)**	36 027
– Impairment and write off charge – goodwill	**–**	35 805
Movement in working capital and other changes	**(1 002 397)**	(1 273 218)
Cash used in operations	**(2 074 272)**	(1 821 323)
Interest received	**3 424 947**	3 145 672
Interest paid	**(1 646 268)**	(1 376 678)
Income tax paid	**(320 889)**	(345 004)
Net cash flows used in operating activities	**(616 482)**	**(397 333)**
INVESTING ACTIVITIES		
Purchase of treasury bills and bonds	**(165 351)**	–
Proceeds from disposal of treasury bills and bonds	**–**	131 370
Purchase of equity securities in financial assets	**(11 038)**	–
Purchase of property and equipment	**(26 052)**	(71 520)
Purchase of intangible assets	**(120 026)**	(222 531)
Net cash flows used in investing activities	**(322 467)**	**(162 681)**
FINANCING ACTIVITIES		
Dividends paid to equity holders and subsidiary non-controlling interest	**(388 317)**	(383 723)
Repayment of principal portion of lease liabilities	**(35 556)**	(45 997)
Repayment of interest portion of lease liabilities	**(12 244)**	(12 524)
Proceeds from borrowings	**3 449 546**	3 425 610
Repayment of borrowings	**(1 919 648)**	(2 778 539)
Net cash flows generated from financing activities	**1 093 781**	**204 827**
Net movement in cash and similar instruments	**154 832**	(355 187)
Cash and similar instruments at the beginning of the period	**994 582**	1 355 294
Effect of exchange rate changes on cash and similar instruments	**(15 770)**	(5 525)
Cash and similar instruments at the end of the period	**1 133 644**	**994 582**

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Consolidated statement of changes in equity

	Stated capital P'000	Hyperinflation translation adjustment* P'000	Retained earnings P'000	Share based payment reserve P'000	Fair value reserve of financial assets at FVOCI P'000	Foreign currency translation reserve P'000	Legal reserve P'000	Non-controlling interest P'000	Total P'000
Balance at 1 January 2022	**882 224**	**–**	**4 421 568**	**39 907**	**15 248**	**(557 341)**	**265 244**	**439 152**	**5 506 002**
Adjustment on correction of error	–	–	38 465	–	–	–	–	6 286	44 751
Balance as at 1 January 2022 (restated)	**882 224**	**–**	**4 460 033**	**39 907**	**15 248**	**(557 341)**	**265 244**	**445 438**	**5 550 753**
Total comprehensive income for the year									
Profit for the year	–	–	287 875	–	–	–	–	63 699	351 574
Other comprehensive income, net of income tax									
Fair value adjustment on financial asset	–	–	–	–	(28 392)	–	–	–	(28 392)
Foreign currency translation reserve	–	–	–	–	–	64 688	–	10 737	75 425
Transactions with owners, recorded directly in equity									
Allocation to legal reserve	–	–	(48 536)	–	–	–	48 536	–	–
Recognition of share based payment reserve movement	–	–	–	19 914	–	–	–	–	19 914
New shares issued from long term incentive scheme	17 347	–	–	(17 347)	–	–	–	–	–
Dividends paid by subsidiary to minority interests	–	–	–	–	–	–	–	(50 997)	(50 997)
Dividends paid to equity holders	–	–	(332 726)	–	–	–	–	–	(332 726)
Balance as at 31 December 2022 (restated)	**899 571**	**–**	**4 366 646**	**42 474**	**(13 144)**	**(492 653)**	**313 780**	**468 877**	**5 585 551**
Total comprehensive income for the year									
Loss for the year	–	–	(201 049)	–	–	–	–	52 250	(148 799)
Other comprehensive income, net of income tax									
Fair value adjustment on financial asset	–	–	–	–	(43 107)	–	–	–	(43 107)
Foreign currency translation reserve	–	–	–	–	–	(169 897)	–	(10 161)	(180 058)
Hyper Inflation adjustment*	–	83 920	–	–	–	–	–	–	83 920
Transactions with owners, recorded directly in equity									
Allocation from legal reserve	–	–	(63 341)	–	–	–	63 341	–	–
Recognition of share based payment reserve movement	–	–	–	10 696	–	–	–	–	10 696
New shares issued from long term incentive scheme	18 338	–	–	(18 338)	–	–	–	–	–
Dividends paid by subsidiary to minority interests	–	–	–	–	–	–	–	(68 135)	(68 135)
Dividends paid to equity holders	–	–	(320 181)	–	–	–	–	–	(320 181)
Transfer to retained earnings	–	–	(56 251)	–	56 251	–	–	–	–
Balance at 31 December 2023 – Audited	**917 909**	**83 920**	**3 725 824**	**34 832**	**–**	**(662 550)**	**377 121**	**442 831**	**4 919 887**

* During the second half of the year the Group adopted IAS 29: Financial Reporting in Hyperinflationary Economies in relation to its Ghana subsidiary. The indicated amount represents the difference between the closing equity and reserves of the Ghanaian subsidiary for the previous financial year (whereby the Ghanaian local currency was considered stable and the equity and reserves balances were not restated), and the effect of translating these at the closing price index and exchange rate at the reporting date.

Segmental reporting

For the year ended 31 December 2023
The Group's geographical operating segments are reported below:

Reportable segments 31 December 2023	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Eswatini P'000	Kenya P'000	Rwanda P'000	Uganda P'000	Tanzania P'000	Nigeria P'000	Ghana P'000	Holding company or eliminations* P'000	Total P'000
Operating income	**696 771**	**543 276**	**475 566**	**91 178**	**112 438**	**132 200**	**22 472**	**176 403**	**145 918**	**67 734**	**217 819**	**(400 968)**	**2 280 807**
Profit/(loss) before taxation	**159 327**	**287 089**	**311 371**	**19 078**	**33 982**	**(37 489)**	**2 297**	**24 780**	**9 557**	**15 350**	**(62 880)**	**(641 001)**	**121 461**
Taxation – consolidated													(270 260)
Loss – consolidated													(148 799)
Gross advances to customers	3 845 720	3 506 060	2 542 221	507 733	628 914	602 407	177 103	579 435	502 204	145 898	1 308 094	–	14 345 789
Impairment provisions	(356 218)	(31 424)	(14 353)	(26 730)	(53 088)	(125 003)	(2 135)	(52 350)	(75 496)	(19 685)	(101 415)	–	(857 897)
Net advances	**3 489 502**	**3 474 636**	**2 527 868**	**481 003**	**575 826**	**477 404**	**174 968**	**527 085**	**426 708**	**126 213**	**1 206 679**	**–**	**13 487 892**
Total assets	**4 000 402**	**5 067 530**	**3 063 770**	**517 404**	**618 509**	**566 204**	**190 891**	**573 140**	**627 605**	**158 544**	**1 679 328**	**1 046 765**	**18 119 092**
Borrowings	**1 782 885**	**2 283 919**	**658 295**	**183 232**	**263 331**	**365 735**	**–**	**341 331**	**–**	**–**	**513 573**	**3 234 000**	**9 626 301**
Total liabilities	**2 278 883**	**3 093 005**	**1 299 354**	**205 392**	**300 161**	**424 637**	**68 394**	**357 894**	**67 480**	**46 189**	**1 323 866**	**3 724 951**	**13 190 206**
31 December 2022													
Operating income	**710 990**	**565 913**	**444 404**	**81 908**	**108 284**	**107 757**	**19 948**	**158 278**	**154 456**	**81 632**	**207 446**	**(355 189)**	**2 285 827**
Profit/(loss) before taxation	**474 781**	**320 083**	**264 490**	**39 779**	**55 928**	**5 109**	**2 555**	**36 136**	**16 976**	**11 240**	**3 419**	**(546 611)**	**683 885**
Taxation – consolidated													(332 311)
Profit – consolidated													351 574
Gross advances to customers	3 335 195	3 605 877	2 094 444	430 432	564 812	635 150	150 069	535 146	469 824	203 061	1 107 850	–	13 131 860
Impairment provisions	(125 566)	(14 592)	(10 095)	(17 097)	(34 597)	(59 265)	(1 369)	(26 396)	(68 831)	(26 596)	(92 599)	–	(477 003)
Net advances	**3 209 629**	**3 591 285**	**2 084 349**	**413 335**	**530 215**	**575 885**	**148 700**	**508 750**	**400 993**	**176 465**	**1 015 251**	**–**	**12 654 857**
Total assets	**3 839 752**	**4 535 745**	**2 408 945**	**424 478**	**564 534**	**655 665**	**174 657**	**589 361**	**661 923**	**239 528**	**1 398 338**	**1 226 762**	**16 719 688**
Borrowings	**1 802 404**	**1 895 734**	**259 818**	**62 670**	**221 105**	**394 747**	**–**	**322 640**	**–**	**–**	**686 142**	**2 382 580**	**8 027 840**
Total liabilities	**2 434 831**	**2 349 569**	**881 975**	**79 234**	**238 986**	**440 928**	**52 925**	**333 067**	**71 127**	**59 169**	**1 078 984**	**3 113 342**	**11 134 137**
Disaggregated revenue information 31 December 2023													
Interest income at effective interest rate	787 803	564 652	659 293	104 995	147 262	166 525	39 085	226 715	139 032	69 448	658 497	(138 360)	3 424 947
Interest expense at effective interest rate	(183 945)	(252 178)	(238 189)	(14 765)	(35 765)	(58 097)	(17 488)	(52 109)	(1 450)	(3 719)	(500 766)	(287 797)	(1 646 268)
Other interest expense	(1 125)	(568)	(5 198)	(214)	(463)	(815)	(309)	(255)	(390)	–	(166)	(2 741)	(12 244)
Net interest income	**602 733**	**311 906**	**415 906**	**90 016**	**111 034**	**107 613**	**21 288**	**174 351**	**137 192**	**65 729**	**157 565**	**(428 898)**	**1 766 435**
Fee and commission income	1 081	24 476	10 860	370	–	12 804	821	–	2 611	613	3 392	–	57 028
Other operating income	92 957	5 691	48 800	792	1 404	11 783	363	2 052	6 115	1 392	56 862	27 930	256 141
Net insurance service result	–	201 203	–	–	–	–	–	–	–	–	–	–	201 203
Operating income	**696 771**	**543 276**	**475 566**	**91 178**	**112 438**	**132 200**	**22 472**	**176 403**	**145 918**	**67 734**	**217 819**	**(400 968)**	**2 280 807**
31 December 2022													
Interest income at effective interest rate	756 665	504 165	558 649	102 964	133 886	147 381	24 411	193 550	136 662	85 379	654 527	(152 567)	3 145 672
Interest expense at effective interest rate	(167 656)	(160 660)	(170 734)	(12 091)	(28 525)	(60 465)	(8 693)	(39 492)	(514)	(5 090)	(540 692)	(182 066)	(1 376 678)
Other interest expense	(2 000)	(526)	(2 579)	(1 225)	(544)	(1 491)	(285)	(303)	(105)	–	(500)	(2 966)	(12 524)
Net interest income	**587 009**	**342 979**	**385 336**	**89 648**	**104 817**	**85 425**	**15 433**	**153 755**	**136 043**	**80 289**	**113 335**	**(337 599)**	**1 756 470**
Fee and commission income	(2)	34 906	16 416	–	–	8 966	1 994	–	395	1 098	25 699	82	89 554
Other operating income	123 983	162	42 652	(7 740)	3 467	13 366	2 521	4 523	18 018	245	68 412	(17 672)	251 937
Net insurance service result	–	187 866	–	–	–	–	–	–	–	–	–	–	187 866
Operating income	**710 990**	**565 913**	**444 404**	**81 908**	**108 284**	**107 757**	**19 948**	**158 278**	**154 456**	**81 632**	**207 446**	**(355 189)**	**2 285 827**

* Included in Holding Company or eliminations are intragroup charges between the Holding Company and subsidiary entities.