LETSHEGO HOLDINGS NAMIBIA

INTEGRATED ANNUAL REPORT 2023

Letshego

Our Structure

Letshego

Letshego Holdings Namibia Group Structure

LETSHEGO HOLDINGS LIMITED
78.5%

KUMWE HOLDINGS
12%

RETAIL AND INSTITUTIONAL INVESTORS
9.5%

Letshego Bank Namibia Ltd
100%

Letshego Micro Financial Services Namibia (Pty) Ltd
100%

Contents

About this report

Letshego Holdings Namibia (Letshego) is dedicated to improving lives and promoting financial inclusion through diverse financial services. As such, the Letshego Holdings Namibia Integrated Report comprehensively reflects the strategic initiatives and financial performance for the financial year commencing 1 January 2023, ending 31 December 2023. It mirrors the Group's commitment to sustainability, improving lives, and delivering value to key stakeholders, including customers, employees, investors, partners, governments, regulators, and communities.

Integrated Thinking

Letshego's mandate and purpose guide the strategy, informing decisions and actions to attain sustainable competitive advantage and long-term shareholder returns. The strategy is fortified by robust corporate governance structures, processes, and controls adhering to best practices. While the Environmental, Social and Governance (ESG) framework is still evolving, particularly in its early implementation stages, Letshego strives for a more integrated approach across all subsidiaries to drive enterprise value creation and preservation.

Strategic Outlook

SHORT-TERM: **2023** continue to drive digital transformation.

MEDIUM-TERM: **2024-2025** aim to achieve strategic targets.

LONG-TERM: **2026** and beyond United Nations Sustainable Development Goals (UN SDGs).

Scope and Boundaries

Letshego Holdings Namibia ensures balanced reporting by disclosing material constraints in our strategy and business model while omitting immaterial, confidential, legally privileged, or competitively sensitive data such as granular remuneration details. This report covers all operating subsidiaries in Namibia, including Letshego Bank and Letshego Micro Financial Services Namibia. It encompasses the risks, opportunities, and outcomes associated with our operating context, industry, and stakeholders. The primary audience for this report is our investors, and our purpose is to increase transparency and accountability. Unless otherwise specified, all monetary values in this report are denominated in Namibia Dollar (N$).

Materiality

This report prioritises information relevant to stakeholders, highlighting the sustainability, relevance, and completeness of the Group's operational activities. Letshego's strategic planning activities focus on five transformational conversations, namely:

- Product diversification,
- Digitalisation,
- Geographic rebalancing,
- Execution engine and
- Sustainable stakeholder value.

Reporting Suite

Our reporting suite includes the integrated report, annual financial statements, and notice of annual general meeting, complying with relevant reporting frameworks and standards.

Reporting Changes

This year's report differs in its content structure and flow compared to the 2022 report. It has been revised to enhance clarity and streamline disclosure. A notable addition is a standalone section offering comprehensive insights into Letshego Holdings Namibia Environmental, Sustainability Goals (ESG) agenda.

Process Disclosure

A comprehensive process involving cross-functional teams ensures the adequacy of information shared and approval of this report. Various internal committees are vital in reviewing sections, ensuring integrity and reliability.

Assurance

Ernst & Young has conducted independent external assurance on consolidated financial information in this report, ensuring credibility.

Approval

The report aligns with the International <IR> Framework and adheres to King IV recommendations. The ultimate responsibility for maintaining the integrity, accuracy, method, and completeness of the annual report lies with Letshego Holdings Namibia's Board of Directors.

Mansueta-Maria Nakale
Group Chairperson

Find this report online

https://www.letshego.com/namibia

Feedback on this report

We welcome feedback on this report. Please email your comments to the Group's Company Secretary:

Mignon Klein, at mignonk@letshego.com

Who We Are

As a listed company on the Namibian Stock Exchange, Letshego Holdings Namibia (known as Letshego) is the parent company of Letshego Bank Namibia and Letshego Micro Financial Services. The Group is deeply rooted in its brand promise of improving lives. Over the past 23 years, our focus remains on product diversification and addressing customer needs to reduce the gap in financial inclusion.

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

Over the past four years, Letshego Holdings Namibia has embarked on a digital transformation strategy to enhance the customer and employee experience. Our goal is to enable customers to achieve financial stability and self-sufficiency.

Letshego prioritises good corporate governance, customer experience, innovation, stakeholder engagement, and people development. Our dedication to empowering Namibians is evident in our locally sourced workforce and investments in skills development.

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

Our culture values

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

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

Our business mantra

- **Simplicity**
- **Focus**
- **Discipline**

Join us on this reflective journey that mirrors our contribution to creating a meaningful impact in the communities we serve.

Our milestones

2000

Edu Loan opens its doors as provider of financial assistance to support students in the education sector.

2008

LAHL acquires 100% stake in Edu Loan and introduces the Letshego brand in the Namibian market as Letshego Financial Services Namibia (LSFN).

2009

15% shareholding sold to Kumwe Investments.

2011

Letshego doubles its customer base since LFSN acquisition (220%).

2014

LBN granted a Provisional Banking License by Bank of Namibia.

2015

Letshego moves into new head office building in Windhoek.

2016

LBN granted a Full Banking License by Bank of Namibia.

2017

LHN is listed on the Namibian Stock Exchange.

2018

Letshego Namibia launches its LetsGo value proposition in Windhoek and Katutura branches.

2020

Letshego Holdings Namibia accelerates digitalisation journey and WebForm applications become the de facto standard for applications of DAS loans.

2021

- Letshego Namibia launches LetsGo Digital Mall.
- Letshego Namibia secures USD50 million from the International Finance Corporation (IFC) to kick start development of the Group's first Affordable Housing offering.

2022

- LHN opens its 17th branch in Windhoek's City Centre.
- Expanded Affordable Housing offering to serve more underbanked members of the community.

2023

- Recognised as the best locally listed company on the NSX (Namibia Top Company Awards by Cirrus Capital).
- Personal Loan deducted via debit order is introduced.
- Expand the personal loan offerings beyond government employees to serve all qualifying clients.

TRUST

SELF-SUSTENANCE

LIFE IMPROVEMENT

In 2023, Letshego celebrated 23 years of improving lives in Namibia.

Distribution Network

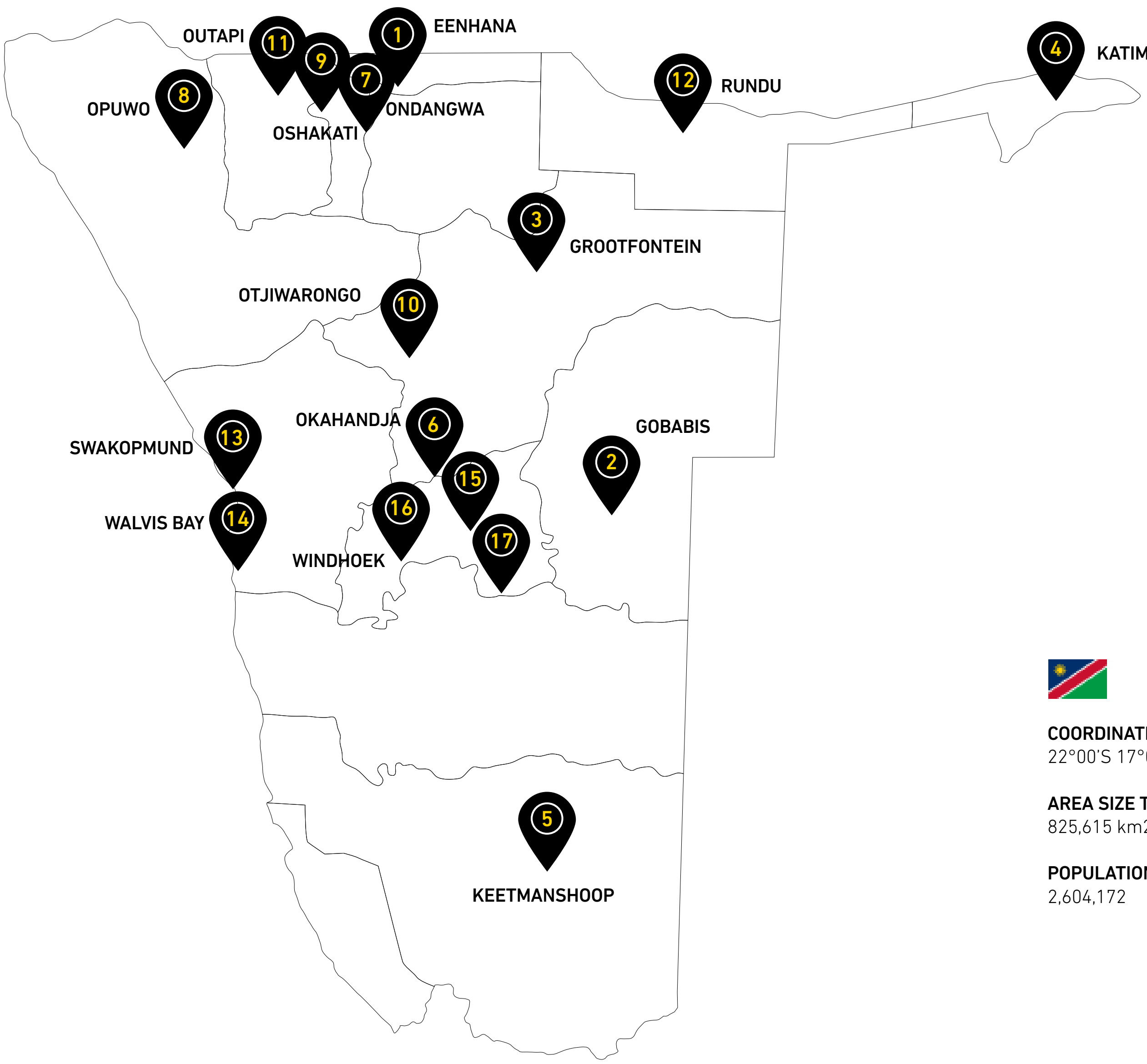
Letshego Holdings Namibia operates through a network of 17 branches nation wide, offering personalised assistance to customers, supported by a team of dedicated sales agents.

In addition to our physical presence, the LetsGo Digital Mall and Cellphone (USSD) banking channels provide convenient access to banking services anytime, anywhere.

Efforts to enhance Letshego's digital channels and streamline processes have resulted in steady improvements in uptake, while our straight-through processing capabilities have improved overall customer experience.

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

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



COORDINATES
22°00'S 17°00'E

AREA SIZE TOTAL
825,615 km2

POPULATION 2023
2,604,172

Business Model

Resources		Inputs
Financial Resources	**The financial resources that sustain our business activities.**	▶ N$2.7 billion equity capital (2022: N$2,8 billion). ▶ N$3.1 billion debt (2022: N$2,5 billion). ▶ N$828 million customer deposits (2022: N$536 million).
Human Resources	**Our workforce's capabilities, expertise, and inventive contributions propel our strategy's attainment.**	▶ Experienced and ethical leadership team. ▶ 154 skilled permanent employees (2022: 150). ▶ N$291 thousand spent on training and development (2022: N$29.6 thousand).
Manufactured Resources	**The tangible assets, including facilities and overall infrastructure that enable Letshego to sustain business operations.**	▶ 17 physical access points. ▶ Partnerships with Pick 'n Pay and Woermann Brock retail outlets countrywide. ▶ A Call Centre that operates 24 hours, 7 days a week. ▶ Online and mobile platforms. ▶ Systems and technology hardware.
Intellectual Resources	**Our competitive edge stems from intangible assets like innovations, systems, and reputation, which sustain the quality of our offerings. Institutional knowledge and experience also safeguard our reputation and fuel our competitive advantage.**	▶ A trustworthy brand that resonates with consumers. ▶ Product and services resonating with the customer. ▶ Robust systems and enterprise architecture. ▶ Balance sheet management. ▶ Market and data analysis.
Social And Relationship Resources	**We partner with key stakeholders to uplift the communities where we operate.**	▶ Managing relationships with key stakeholders. ▶ Collaborate with organisations to deliver positive social impact. ▶ Implementing ESG practices in our business.
Natural Resources	**Renewable and non-renewable resources used by Letshego to carry out daily business activities.**	▶ Electricity. ▶ Water. ▶ Fuel. ▶ Land.

Outputs	Outcomes
Net interest income of: N$438 million (2022: N$453 million). Operating profit of: N$383 million (2022: N$392 million). Dividends distributed of: N$396 million (2022: N$273 million). Operational expenditure of: N$262 million (2022: N$268 million). Tax expense of: N$30 million (2022: N$41 million).	**We use financial capital to enhance our competitive market standing and positively influence human, intellectual, social, and relationship capital. Despite a challenging economic landscape, we persist in investing in our digital transformation while maintaining the ongoing support of our capital providers.**
Improved systems and brand awareness. N$94.7 million paid in salaries and benefits. 14 staff study sponsorships granted during FY23. 14% turnover rate (2022: 15.8%). Enhanced workforce skillset.	**The Group made substantial investments in human resources expected to yield long-term benefits for our operations. These investments primarily focused on recruiting and appointing critical senior positions, including the Chief Executive Officer of LMFSN, Chief Operations Officer, Fraud Manager, Deposits Mobilisation Manager, and Communications Manager.**
A rise in the adoption of digital banking platforms. Enhancement of customer experience through information technology.	**We have adopted a service approach that integrates human interaction with technology. As the use of our digital platform has risen, this has propelled the Group to automate processes to improve the overall customer experience. Moreover, Letshego has preserved physical access points to enable face-to-face interactions with our customers.**
Implementation of strict control measures. Products and services reinforce brand commitment to the needs of the customer. Improved business processes and practices. Market communication to manage reputation.	**Tighten regulations protecting customers and business. Despite this, investments in processes and systems are boosting our intellectual capital, albeit impacting financial capital in the short term. Automation may reduce certain job roles but improves efficiency.**
Balancing the diverse interests of key stakeholders. Commitment to corporate social investment. Brand reinforcement and reputation management.	**Investment in our key stakeholders and communities where we operate humanises and stimulates trust and loyalty towards our brand. 46% of Deduction at Source loans are productive lending, thereby used towards industrious initiatives.**
Responsible waste and emissions management to reduce negative environmental impact. Increasing the use of digital technology in our operations to reduce our carbon footprint.	**High investment in seamless digital channels and environmentally friendly programmes can contribute to short-term financial constraints but positively impact the business in the longer term.**

Five Value Streams

At Letshego Holdings Namibia, our primary focus is to provide diverse products tailored to our clients' needs and preferences. We aim to improve lives, facilitate wealth creation, and empower clients to improve their financial well-being.

Over the past four years, our ongoing digital transformation strategy, scheduled for completion in 2024, has significantly expanded our value streams, broadened our customer base, and enhanced the delivery of inclusive financial services.

Central to these strategic initiatives is the LetsGo Digital Mall mobile app and our cellphone banking dialstring, self-banking channels accessible to all our transactional clients.

Letshego Holdings Namibia offers solutions clustered in five key value streams: Lending, Transactional and Payments, Savings, Insurance, and Lifestyle.

1. Lending

We offer loans with competitive inflation-linked and fixed interest rates, prioritising funding for productive purposes. Our data-driven, customised credit scoring tools assess credit risk across all lending portfolios, enabling us to extend loans to more individuals and micro, small, and medium-sized enterprises (MSEs). By granting access to capital, we empower our customers to enhance their living standards, expand their businesses, and fulfil their life aspirations and objectives. Our credit facilities are accessible as follows:

Letshego Bank Namibia (LBN)

Affordable Housing (Home Loan)

Our solution enables customers to acquire existing residential properties, land to erect homes and renovate existing residential properties. It comes with complimentary insurance coverage underwritten by Hollard Short Term Insurance Company Limited, available at no extra cost to qualifying clients for three years (36 months) from the registration date of the mortgage bond.

2. Savings

We mobilise savings to increase deposits for Letshego Bank while offering competitive interest rates on savings accounts. Our savings accounts include:

3. Transactional and Payments

Through Letshego Bank, we offer LetsGo Basic and LetsGo transactional accounts underpinned by the Digital Mall banking channel.

4. Insurance

We provide various insurance products, such as credit insurance integrated into our personal loans offering, a standalone short-term funeral as well as free home owners insurance on our affordable housing solution.

5. Lifestyle

We invest in financial literacy, empowering customers to be financially savvy. Our interest is vested beyond conventional financial services. We provide versatile lifestyle materials that enhance well-being, education, and personal finance.

Personal Loan
This solution is offered to all qualifying customers, government and non-government employees, helping them achieve their aspirations, such as paying for their children's education, funding small business ventures, purchasing vehicles, renovating their homes, and more. The installment is deductible via the debit order or at source via the payroll system.

Overdraft Facility
This service is exclusively available to clients who receive their monthly income through a LetsGo account. The Overdraft facility is offered at a fixed fee with no annual reviewing fees associated.

Device Loan
Offered in partnership with the network provider MTC, this option allows clients to acquire various devices such as smartphones, tablets, laptops, and smartwatches. The loan is available to anyone, not just government employees

Letshego Micro Financial Services Namibia (LMFSN)

Deduction at Source Loan (Micro Loan)
This loan is available at a fixed interest rate to employees whose employers have a Memorandum of Understanding (MOU) with Letshego Micro-Financial Services Namibia (LMFSN). While this loan can be used for various purposes, our sustainability agenda focuses on educating our customer base on responsible loan use. Our credit scoring and affordability models are designed to meet the standards set by the prevailing Micro-lending Act.

Term Savings Account:
Clients can invest a fixed amount for a predetermined period, starting from 1 month to more, at a fixed interest rate.

Flexible Savings Account:
This interest-bearing deposit account enables clients to save money regularly, allowing them to make regular deposits of any amount without limitations.

Transactional

LetsGo Basic Bank Account
Designed as a low-cost transactional solution, this account empowers customers with modest incomes to efficiently manage their day-to-day financial activities. With a minimum opening deposit requirement of N$20.00, it complies with the PSD-5 determination, section 9.9, which mandates accessibility for individuals earning less than N$30,300 annually. This initiative aims to foster greater inclusion within the formal financial landscape, particularly in the banking sector, by encouraging more Namibians to participate.

LetsGo Bank Account
The LetsGo transactional account is designed with various benefits such as overdraft and access to vast credit facilities meeting the diverse needs of customers nationwide. This account allows customers to transact via the Digital Mall (LBN's Banking App), Mobile Banking (USSD), WiCode, and Mastercard debit cards, providing an enhanced user experience.

Payments: Self-banking Digital Services

Digital Mall
This platform prioritises convenient access to banking services and financial wellness articles and videos, empowering clients to enjoy banking on the go and embrace financial management. It offers fast, secure access through the website and mobile App, prioritising simplicity, affordability, and inclusivity.

Cellphone Banking (USSD)
This is accessible via cellphone through the *140*555# code, allowing clients to transfer funds between accounts, purchase airtime and electricity, pay bills, and more.

Electronic Wallet
Letshego customers can send money using Blue Vouchers on our Digital Mall App, with funds available for withdrawal at any Standard Bank ATM.

Spotlight on 2023

Financial Performance

Profit after Tax (NAD '000)
353 345
(FY2022: 350 415)

NFI to Total Income (%)
35%
(FY2022: 40%)

Net Advances (NAD '000)
4 740 307
(FY2022: 4 752 702)

Revenue Growth
14%
(FY2022: 17%)

*Cost to Income Ratio (%)
47%
(FY2022: 47%)

Capital Adequacy Ratio (%)
46%
(FY2022: 53%)

*Return on Equity (%)
13%
(FY2022: 13%)

Earnings per Share (NAD cents)
71
(FY2022: 70)

Financial Highlights

Growth in Advances year-on-year
-0.26%
(FY2022: 11%)

Year-on-Year Fee and Commission Income
-28%
(FY2022: 95%)

Affordable Housing
N$23 million
(FY2022: N$12 million)

Diversifying Our Funding

IFC tranch II facility secured for Affordable Housing
US$20 million

Deposit Savings (NAD '000)
827 978
(FY2022: 535 687)

Borrowings (NAD '000)
3 115 860
(2022: 2 525 208)

Non Financial Highlights

- Approval by regulator to NAMFISA sandbox.
- A dividend of 36.38 cents per ordinary share was declared since the end of the reporting period.

Digital Channels Transactional Value Growth

	Mobile Banking	Digital Mall
2022	N$ 145,952,837	N$ 100,482,043
2023	N$ 73,200,526	N$ 262,851,145
Growth	**-49.85%**	**161.59%**

*indicates no net change.


Letshego













Operating Environment

Navigating Economic Challenges

Significant challenges, including inflationary pressures as well as evolving regulatory frameworks, marked the macroeconomic landscape of 2023.

The rising cost of living posed affordability challenges and dampened customers' credit appetite. The consequent rise in the cost of goods and services eroded purchasing power and strained household disposable incomes. High inflation rates compounded living costs, making it difficult for individuals and businesses to meet financial obligations. This resulted in decreased discretionary spending and reduced demand for credit and financial services.

Regulatory Changes

Alongside economic challenges, Namibia witnessed evolving regulatory frameworks, particularly in the financial sector. These changes aimed to address emerging issues and enhance stability but introduced complexities for financial institutions. The introduction of key regulations, including replacing the 1998 Banking Institutions Act, reshaped the regulatory landscape. While promoting compliance, these regulations also heightened compliance risk and introduced complexities. Additionally, the Micro-Lending Act implemented two years prior, continued to impact affordability assessments and credit accessibility, emphasising the need to balance regulatory compliance with financial inclusion.

The Bank of Namibia's Banking Institutions Determination 34 (BID 34) had a dual impact: it influenced the materiality of contracts and set benchmarks for engagements with third-party vendors, with a strong emphasis on local empowerment and ownership. Adapting to regulatory changes required significant investments in compliance measures and operational adjustments.

Despite these challenges, the Bank of Namibia's new Loan to Value regulation for home loans was a positive development, providing relief by relaxing deposit requirements and broadening customers' access to housing.

Impact on Operations

The inflationary environment and affordability concerns affected Letshego's operations. The Group had to navigate a challenging lending environment, with customers exhibiting reduced credit appetite due to economic uncertainties. Additionally, managing credit risk became increasingly critical as affordability constraints affected loan repayment capabilities.

In response to these challenges, Letshego Namibia implemented strategic measures to mitigate risks and support customers. These included enhancing risk management practices, diversifying financial solutions to address affordability issues while facilitating inclusion, and strengthening partnerships with regulatory authorities to ensure compliance with evolving regulations.

Looking Ahead

Despite challenges, positive indicators, such as developments in the mining sector and initiatives focused on renewable energy, signal a more favourable economic landscape. Letshego Namibia remains committed to navigating the dynamic macroeconomic landscape while prioritising customer needs, risk management, and regulatory compliance. By adopting a proactive approach and leveraging its expertise, the Group aims to sustainably navigate economic challenges and contribute to the financial well-being of its key stakeholders.


Letshego Bank

Our Key Relationships

At Letshego, we prioritise building strong and trusting relationships with our stakeholders as we strive to improve lives. Through open dialogue and understanding, we enhance our operations and deliver shared value through collaborations.

Customers

To meet the evolving needs of our customers in a competitive banking landscape, we focus on tailored communication and relevant solutions. Our market insights and diverse engagement channels enable us to develop appealing products and services.

Expectations

- Inclusive products beyond government employees.
- Financial literacy initiatives.
- Friendly and efficient service.
- Increased product awareness.

Our Response

- Introduction of the Personal Loan solution open to all qualifying Namibians.
- Enhancements to the Digital Mall for easy access to banking services.
- Maintenance of secure IT systems.
- Implementation of financial literacy programmes.
- Intentional dissemination of information about Letshego.

Engagement Approach:
We engage through various channels, including newspapers, radio, social media, sponsored events, branches, and surveys.

Employees

Our employees are instrumental in delivering our value proposition and ensuring business sustainability. Letshego's corporate culture sets us apart as an employer of choice.

Expectations

- Fair remuneration.
- Positive work environment.
- Transparent communication.
- Training opportunities.
- Recognition and career growth.

Our Response

- Learning and Development Strategic Skills Framework.
- Collaboration between departments.
- Team-building sessions.
- Regular communication.
- Leadership development training.
- Employee engagement surveys.

Engagement Approach:
We use formal and informal mechanisms such as town hall meetings, newsletters, one-on-one discussions, and performance management processes.

Investors and Funders

Earning the trust of our investors and funders is essential for securing the capital needed to execute our growth strategy.

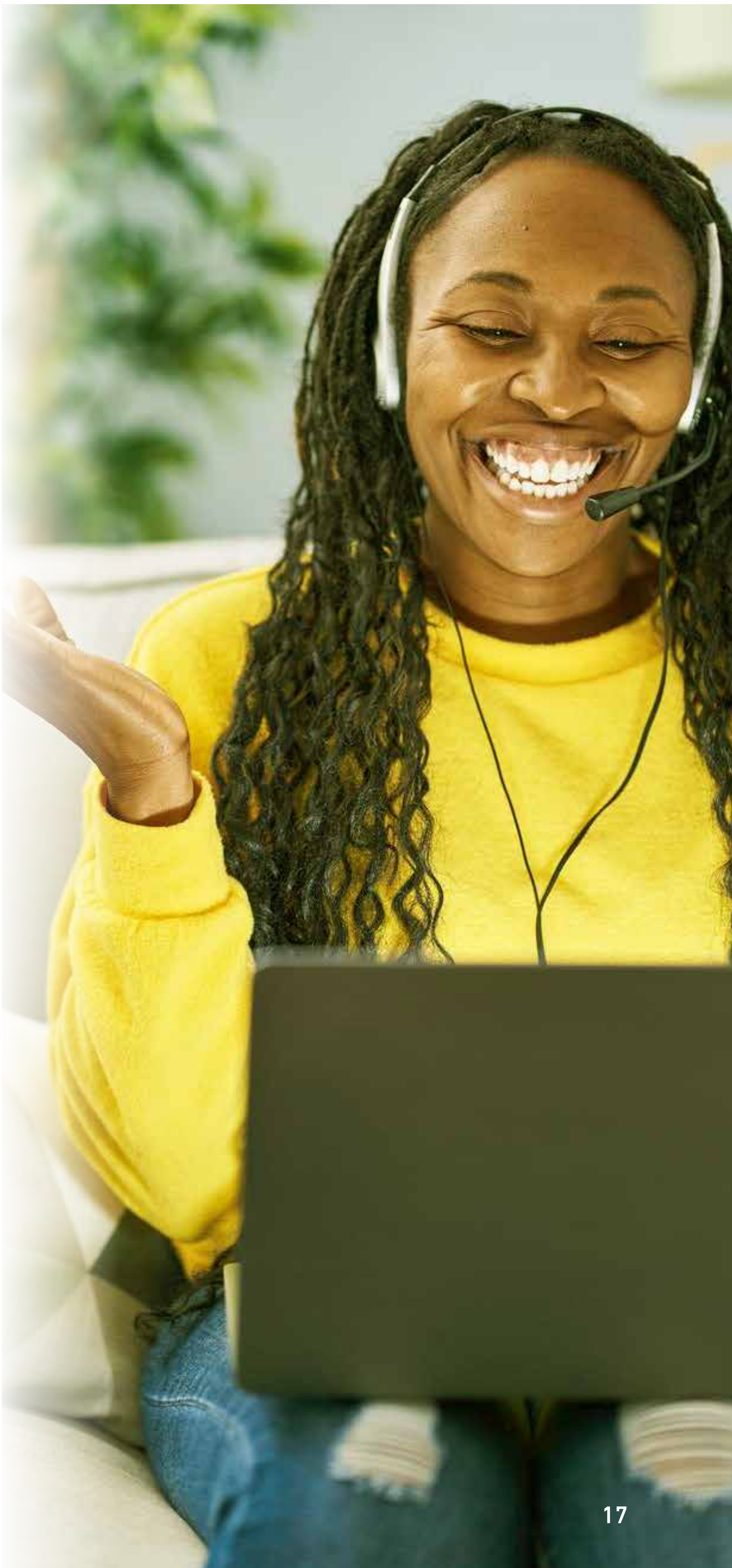
Expectations

- Consistent financial performance.
- Asset value growth.
- Long-term stability.
- Strong governance.
- Transparent reporting.

Our Response

- Robust growth strategies.
- Proactive balance sheet management.
- Strong liquidity management.
- Upholding corporate governance.
- Providing updates at AGMs.

Engagement Approach:
We engage through meetings, disclosures, and conferences to ensure effective communication.



Our Key Relationships Continued

Government and Regulatory Authorities

Government and regulators play critical roles as customers, overseers, and partners in enabling our impact.

Expectations

- Compliance with regulations.
- Capital adequacy and liquidity.
- Risk and cybercrime management.

Our Response

- Responsible tax obligations.
- Compliance with legal mandates.
- Active involvement in industry forums.

Engagement Approach:
We provide regular updates through various channels to ensure transparency and compliance.

Sustainable and Strategic Commercial Partnerships

Strategic partnerships are vital for delivering exceptional customer value and expanding our market presence.

Expectations

- Aligned objectives.
- Stakeholder benefits maximisation.
- Expanded market reach.

Our Response

- Synergy-driven partnership selection.
- Alignment with our mission.
- Shared services for mutual benefits.
- Collaboration with entities for market expansion.

Engagement Approach:
Early engagement and extension of health and safety protocols ensure strategic alignment.

Communities

Thriving communities are integral to our success, and we aim to address their needs through strategic engagement and support.

Expectations

- Sustainable development.
- Corporate social investment.
- Financial inclusion.
- Fairness and transparency.

Our Response

- Structured Corporate Social Investment Framework.
- Engagement with stakeholders.
- Implementation of initiatives addressing community needs.

Engagement Approach:
Open dialogue and partnerships with communities and civil society organisations drive our community initiatives.

Our Leadership

Group Chairperson's Reflection

"Letshego Holdings remains dedicated to upholding strict governance standards, ensuring stability, and instilling confidence in our business for long-term growth. With a majority of our customers expressing trust in us through the outcomes of our Net Promoter Score Survey, we are fulfilling our mission to positively impact lives. Our commitment to excellence and meeting stakeholders' needs drives our actions."

Mansueta-Maria Nakale
Group Chairperson

Operating Environment

The year under review has witnessed significant global monetary and fiscal policy changes, leading to unprecedented fluctuations in exchange rates and financial market conditions. Despite these challenges, our robust risk management and governance practices have enabled us to seize opportunities amidst crises. The Quarterly Combined Assurance Forum, led by the internal audit department, serves as a pivotal platform for collaborative risk management initiatives, ensuring comprehensive oversight and adherence to best practices.

Ethics, Governance, and Leadership

The Board's primary responsibility is to safeguard our brand promise and ensure value creation for all stakeholders. The Board continues to enhance sound governance, ethics, business conduct principles and codes of best practice across our operations. In 2023, we held the inaugural meeting of the Social, Ethics, and Sustainability Committee to address global Environmental, Social, and Governance (ESG) considerations, which are pivotal to understanding and shaping the ethical culture within our operations.

The committee's mandate includes overseeing initiatives that promote ethical behavior, environmental sustainability, and social equity. It evaluates our policies and practices to ensure they are in line with international standards and best practices, addressing issues such as social issues, resource efficiency, and community engagement. Furthermore, the committee is tasked with integrating ESG principles into our corporate strategy, driving initiatives that enhance our positive impact on the environment and society while mitigating risks.

Transitions in Leadership

In 2023, we experienced a few notable changes in board composition, as Ms. Rosalia Martins-Hausiku resigned at the end of July. During her tenure, Ms. Martins-Hausiku brought a wealth of experience and strategic insight to the board, significantly contributing to Letshego's growth and governance frameworks. Her expertise were instrumental in shaping key policies and driving initiatives that enhanced operational efficiency and stakeholder value. The board remains committed to maintaining the highest standards of governance and strategic oversight.

Strategic Performance

Letshego's Transformation Strategy, guided by our '6-2-5' execution roadmap, maintains forward momentum. Scheduled to conclude by the end of 2025, this strategy focuses on driving a customer-centric business model through product diversification, system automation and leveraging emerging transformative technologies to streamline operations.

Throughout this journey, we have prioritised innovation and adaptability, ensuring our solutions meet the evolving needs of our customers. Our commitment to product diversification means we are constantly exploring new avenues to broaden our offerings to Namibian communities, providing more comprehensive and tailored financial solutions to our diverse customer base. Beyond 2024, our focus will shift towards realising sustainable returns from recent investments as we build a future-fit business.

Financial Resilience and Adaptability

Despite economic uncertainties, interest rate hikes, and technological disruptions, Letshego Holdings Namibia demonstrated remarkable resilience and adaptability in the face of challenges. This proactive approach resulted in a profit after tax of N$353.3 million for the year ended 31 December 2023, marking a 0.8% growth from the previous financial year. Additionally, we maintained a robust Return on Equity (ROE) at 13%, underscoring our commitment to delivering consistent and sustainable financial performance.

Our ability to navigate these turbulent times is a testament to our strategic planning and execution. We are focused on enhancing our operational efficiencies, investing in transformative technologies, and diversifying our product offerings to meet the evolving needs of our customers.

Future Prospects

With Letshego's solid business fundamentals and significant advancements in governance and sustainability frameworks, we are focused to capitalise on the benefits and future potential generated by the initial phases of our 6-2-5 execution roadmap.

Now in the final stage, our efforts are closely aligned with our sustainability goals, emphasising the integration of our expanding ecosystem. This ecosystem has been developed through our Transformation Strategy, leveraging automation and technical upgrades across channels, platforms, and infrastructure to drive our evolution towards a future-fit business.

Acknowledgements

I extend gratitude to our Board members, management team, employees, shareholders, and customers for their unwavering support. Together, we will continue creating meaningful and sustainable value as we navigate future challenges and opportunities, positively impacting the lives of many Namibians.

Mansueta-Maria Nakale
Group Chairperson

Board of Directors

Maryvonne Palanduz

Nationality: Namibia
Chairperson of LHN and LBN Boards (Outgoing)

Qualifications: Executive MBA (University of Cape Town), Fellow of the Chartered Institute of Management Accountants (CIMA UK), Bachelor of Commerce (UNISA).

Ms Maryvonne Palanduz has held several senior management positions in the risk and finance domains across large Namibian and South African organisations over the past 20 years. She spearheaded the implementation of innovative risk and financial intelligence solutions for MMI Retail in 2007. In 2015, her experience and expertise were focused across the broader MMI Group to galvanise an operational risk capability and champion the Group's combined assurance model. She was chairperson of the CIMA Africa Board in 2010 and served on various international policy committees for the Institute from 2007 to 2014. She joined the Actuarial Society of South Africa in January 2017 as an Operations and Finance Executive.

Board committees:
REMCO member
Chairperson of Nomination Committee

Dr Ester Kali

Nationality: Namibia
Executive Director (Chief Executive Officer for LHN and LBN)

Qualifications: Advanced and Credit Diploma (Institute of Bankers South Africa), MBA (Maastricht School of Business Holland), Financial Services Advanced Diploma in Credit (Institute of Bankers South Africa), FNB Leadership Development Programme, Honorary Doctorate in Financial Management (UNISA).

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

Board committees:
None. The CEO is a standing invitee to the Board committee meetings.

Karl-Stefan Altmann

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

Qualifications: Bachelor of Accounting (Stellenbosch), Chartered Accountant (Nam & SA), Certificate in Theory of Accounting (CTA) (UNISA).

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

Board committees:
None. The CFO is a standing invitee of the Audit, Risk and Credit Committee.

Rosalia Martins-Hausiku

Nationality: Namibia
Independent Non Executive Director

Qualifications: Master in Business Leadership (Unisa), Master of Art Comm and Media (UKZN), Master of Philosophy in Management Coaching (University of Stellenbosch), BA Media (UNAM), Certificate Programme in Finance and Accounting Programme for Management Excellence.

Mrs Rosalia Martins-Hausiku is the Chief Executive Officer of the Motor Vehicle Accident (MVA) Fund, with extensive experience in the third-party compensation system. Before her appointment as Chief Executive Officer, she held various executive positions, including Chief Operations Officer. Mrs Martins-Hausiku has served on multiple boards, including the Namibia Chamber of Commerce, as Vice-Chairperson of the University of Namibia and Chairperson of Quanta Insurance, and at the African Leadership Institute.

Board committees:
Chairperson of Remuneration Committee (RemCo) and
Member of the Social, Ethics and Sustainability Committe (SES).

Board of Directors

Sven Bloch von Blottnitz

Nationality: Namibia
Independent Non Executive Director

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

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

Board committees:
Chairperson of Audit, Risk & Credit (ARC) Committee.

Mansueta-Maria Nakale

Nationality: Namibia
Independent Non-Executive Director (Incoming Chairperson)

Qualifications: Master of Business Administration (University of Stellenbosch), Masters in Corporate Financial Management (University of Cape Town), Bachelor of Commerce - Accounting & Economics (UNISA), Certificate in Project Management (University of Stellenbosch).

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

Board committees:
Member of the Social, Ethics and Sustainability Committe (SES)

Kudzai Chigiji

Nationality: Zimbabwe
Independent Non-Executive Director

Qualifications: Masters in Business Administration (Oxford University), Masters in Development Finance (University of Cape Town), Bachelor of Science—Actuarial Science & Statistics, Qualified Actuary—Fellow of the Institute of Actuaries (United Kingdom) and Fellow of the Actuarial Society of South Africa (South Africa), Certified Director with the Institute of Directors South Africa.

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

Board committees:
Chairperson of the Social, Ethics and Sustainability Committee and Audit, Risk & Credit Committee member.

Kamogelo Chiusiwa

Nationality: Botswana
Non-Executive Director

Qualifications: Bachelor of Social Sciences - Public Administration (University of Botswana), Certified Strength Coach, Investment in Excellence Trainer, Global Remuneration Professional, A Total Reward Perspective (World at Work), numerous Human Resources specialised courses.

Ms Kamogelo Chiusiwa is a seasoned human resources professional with over 22 years of experience in the field. She serves as the Group Chief People and Culture Officer at Letshego Holdings Limited.

She is proficient in Strategic Management, Organisational Development & Change, Talent Management, Coaching and Reward Management.

Other positions held in the past include:
- General Manager Human Resources at Botswana Power Corporation (2016-2019)
- Head of Human Capital at Botswana Postal Services (2011-2015)
- Head of Human Resources at Standard Chartered Bank Botswana (2008-2011)

Board committees:
Remuneration Committee member and Audit, Risk & Credit Committee member.

Group Chief Executive Overview

"Letshego's leadership made significant progress in defining the Culture Blueprint and have commenced with implementation. Our values are interconnected and work best when embodied as a collective. We thrive because of our diversity, embracing everyone regardless of who they are or where they come from. By being curious and forward-thinking, we continuously challenge the status quo to find better and faster solutions for our customers. As proud Namibians, we live the values of Ubuntu - humanity, inclusiveness, and respect. We also take full responsibility, fostering an environment of accountability, trust, transparency, and collaboration to fully deliver to all our stakeholders."

Ester Kali
Group CEO

Operating Environment

Over the past few years, the operating environment has been significantly shaped by global economic trends. Throughout 2023, central banks continued to tighten monetary policies, creating challenges for consumer-facing businesses amidst higher inflation and interest rates. Despite these ongoing challenges, the Namibian economy has demonstrated remarkable resilience in the face of these global shifts, impacting both our local operations and the disposable incomes of our customers.

Furthermore, the rapid evolution of technology has transformed our operational landscape. While technology presents substantial efficiency and innovation benefits, it also raises concerns regarding job displacement and cybersecurity threats. We are committed to navigating this evolving landscape responsibly by harnessing technological advancements, prioritising data privacy, and safeguarding the integrity of our customer data.

Additionally, the regulatory and policy environment in Namibia is evolving, influencing our business operations and customer service strategies. Changes such as revisions to the Banking Institutions Act necessitate meticulous compliance and strategic adaptation. Similarly, positive developments like the Bank of Namibia's new Loan to Value regulation reflect our commitment to supporting community housing needs. By navigating these complex regulatory impacts with integrity and transparency, we reaffirm our dedication to serving as a trusted partner for our customers and stakeholders.

Strategic Performance

Diversifying our product continuum remains a key strategic priority as we expand our offerings aimed at growing the non-government sector and aligning our banking and micro-lending offerings accordingly. In this regard, Letshego has experienced robust growth in deposits book, with our deposit portfolio increasing by 55% year on year. We have maintained a strong focus on cultivating strategic partnerships through franchise agreements with leading mobile network operators (MNOs) and fintechs, expecting these partnerships to yield long-term benefits.

Our emphasis on digital transformation has continued to yield positive results, with 162% growth in transactional values on our LetsGo Digital Mall compared to the previous year. Additionally, we have continued to invest in enhancing our internal IT infrastructure to bolster cybersecurity measures. Letshego maintains a robust balance sheet and remains well capitalised, while nurturing strong stakeholder relationships. Our commitment to sustainability and ESG principles is central to our mission of enhancing lives and ensuring our products deliver measurable social impact.

Financial Performance

In 2023, Letshego Holdings Namibia achieved notable financial milestones, highlighted by a 14% year-on-year increase in total revenues, primarily fueled by an 18% rise in interest income and significant growth in insurance income, which reached N$275 million compared to N$248 million in 2022. Profit after tax showed resilience with a modest 0.8% increase, amounting to N$353.3 million. The Group maintained robust asset quality throughout the year, evidenced by a low Loan Loss Ratio (LLR) of 0.25%.

Our strategic priorities continue to focus on innovation, digitisation, and delivering sustainable shareholder value. Investments in Human Resources and our business model bolster our operational capabilities, positioning us for continued growth. Key executive appointments in 2023, including the CEO of LMFSN, Chief Operations Officer, and Head of People and Culture, underscore our commitment to driving organisational strategy forward.

Acknowledgements

Letshego Holdings Namibia pays tribute to the late Dr. Hage Geingob, a visionary leader whose commitment to gender equality and societal progress resonates deeply with our values, leaving a lasting legacy for us to uphold.

I would also like to express sincere gratitude to Letshego's Board and the Executive team for their steadfast leadership, invaluable contributions, and unwavering support. Additionally, I extend sincere appreciation to all our dedicated employees who consistently go above and beyond, contributing significantly to our long-term success.

Lastly, I extend sincere thanks to our stakeholders, including customers, investors, funders, partners, and regulators, for their continued partnership and support throughout the year.

Ester Kali
Group CEO

Country Management Committee

Ester Kali

CEO: Letshego Holdings Namibia
Nationality: Namibia

Qualifications:

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

Melvin Angula

CEO: Letshego Micro Financial Services Namibia
Nationality: Namibia

Qualifications:

- Executive MBA in Business Analytics from Eaton Business School in Dubai, UAE
- Senior Management Development Programme (SMDP) from the University of Stellenbosch in South Africa
- Certificate in Telecommunication Policy, Regulation, and Management from the University of the Witwatersrand
- National Diploma in Information Systems Administration from Namibia University of Science and Technology
- Numerous technology and management certifications

Natasha Winkler

Head: Marketing, Products and Communications
Nationality: Namibia

Qualifications:

- Post Graduate Diploma in Business Administration from the University of Stellenbosch
- Executive Coaching Programme under Christine Chichi Kere, Leadership Development Coach and Organisational Development Consultant at Watershed Global Institute
- Senior Management Development Programme (SMDP) from the University of Stellenbosch
- Bachelor of Accounting Science from the University of South Africa (UNISA)
- ASM Communication from Development and Implementation of Communications Plan & Strategy
- Hyperion Essbase Database Administration from Hyperion Bootcamp
- Basic Property Programme from the University of Pretoria

Allvan Farmer

Chief Operating Officer
Nationality: Namibia

Qualifications:

- Executive MBA at Guglielmo Marconi University
- PGDip in Strategic Project Management at Eaton Business School, UAE
- BA Hons in Business Management from the University of Lincoln
- Various diplomas and certifications in technology and management

Kingsley Guiseb

Head: People & Culture
Nationality: Namibia

Qualifications:

- Master's Degree in Business Leadership (MBL), Elective Strategic Human Resources Management from University of South Africa (UNISA).
- Bachelor's Degree (Honours) in Human Resources Management from the Namibia University of Science and Technology (NUST)
- Postgraduate Diploma in Law (labour law) from the University of Namibia
- Certified as a Balance Scorecard Professional with the Institute of Balance Scorecard (IBSC) USA, and accredited Master Human Resources Practitioner (MHRP) with the Institute of People Management (IPM) Namibia

Aletta K. Shifotoka (CIA)

Chief Risk Officer
Nationality: Namibia

Qualifications:

- Masters of Business Administration from the Stellenbosch Business School (in progress)
- Leadership Development Programme (LDP) from Gordon Institute of Business Science – University of Pretoria
- Certification in Internal Audit (CIA) from the Global Institute of Internal Auditors (IIA) South Africa
- Advanced Auditing and Taxation for Non-degree Purposes from the University of South Africa
- Bachelor of Commerce (Accounting and Business Management) from the University of Namibia

Country Management Committee Continued

Barend Jacobus Kruger

Head: Sales & Distribution (LBN)
Nationality: Namibia

Qualifications:
- Graduate Development Programme from ISO Swedish Management Group
- Leadership Development Programme from GIBS (Gordon Institute of Business Science) / University of Pretoria
- Bachelor's Degree in Electronic Engineering from University of Pretoria

Mignon Klein

Head: Legal, Governance and Compliance, and Company Secretary
Nationality: Namibia

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

Karl-Stefan Altmann

Chief Financial Officer
Nationality: Namibia

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

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

Grace Ntuli CA (NAM & SA)

Head: Internal Audit
Nationality: Zimbabwe

Qualifications:

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

James Damon

Head: Credit
Nationality: Namibia

Qualifications:

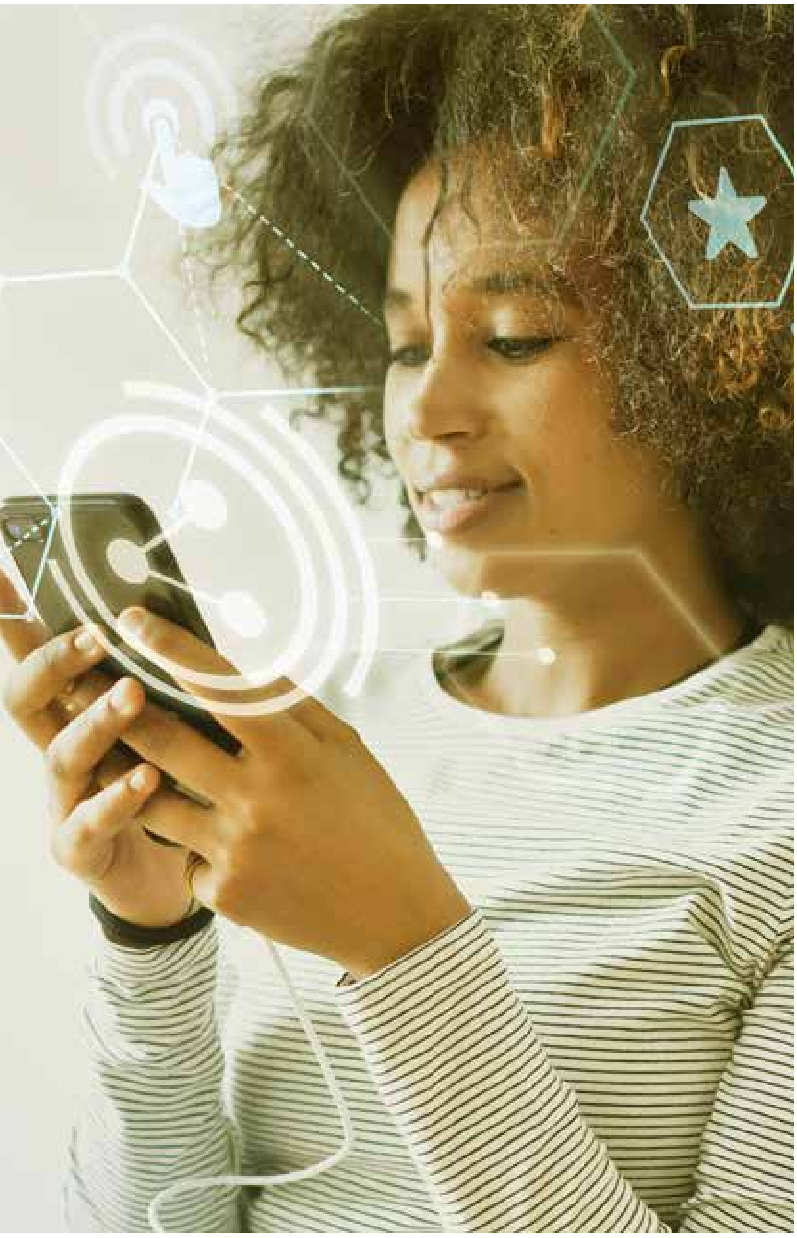
- Associate Member of the Institute of Chartered Secretaries and Administrators (ACIS), South Africa
- Senior Management Programme (MMP) through Gordon's Institute of Business Science at the University of Pretoria
- Middle Management Programme (MMP) through Gordon's Institute of Business Science at the University of Pretoria
- Chartered Institute of Secretaries and Administrators Diploma through South Africa Institute of Chartered Secretaries and Administrators
- National Diploma in Business Accounting from the Cape Peninsula University of Technology

Letshego

Our Strategy and Performance

Navigating Towards Future Success: 6-2-5 Execution Roadmap

In 2021, Letshego Holdings Namibia embarked on an enterprising journey towards transformation by implementing the 6-2-5 Execution Roadmap. Designed to span until December 2025, this strategic roadmap outlines a clear path for the organisation to evolve, focusing on three distinct phases to strengthen Letshego's foundation, become customer-led, and create a future-fit organisation.



Strategic Phases

6 Months

Strengthening Our Foundation

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

2 Years

Becoming Customer-Led

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

5 Years

Creating the Future Organisation

Looking ahead at the year five ambitions of Letshego's 6-2-5 roadmap, the Group aims to embrace platform thinking to shape the future of our organisation. This phase involves initiatives such as talent mobility, nurturing a culture of relentless innovation, and embracing digital delivery.

Five Conversations Guiding Our Strategic Efforts:

Product Diversification	Expanding our product portfolio to meet diverse customer needs and minimise concentration risk among government employees.
Digitalisation	Embedding digital transformation to enhance customer experience and operational efficiency.
Regional Rebalancing	Ensuring balanced growth across our target markets and expanding our partnerships to serve customers better.
Execution Engine	Promoting an agile and adaptive organisational culture to drive innovation and growth.
Sustainable Stakeholder Value	Delivering sustainable value to our stakeholders through responsible business practices.

Targets to achieve by 2025

- Increase market share across all product segment combinations in existing markets.
- Establish leadership positions leveraging our strengths.
- Develop five value streams offering unique value propositions.
- Expand our offerings beyond financial services to serve the needs of our three core customer segments: low and middle-income individuals and Micro and Small Enterprises (MSEs).

Strategic Progress and Future Vision

For the financial period from January to December 2023, Letshego successfully concluded phase two of our strategic plan, which focused on transforming the organisation to become more customer-centric. The Group has made tangible progress towards the ambitions set for year three of its five-year plan and is pleased with its performance against its established strategic goals.

As we continue to navigate the complexities of the financial landscape, Letshego Namibia remains steadfast in our commitment to our strategic roadmap. Guided by our vision to become Namibia's preferred financial services provider, we are confident in our ability to achieve our long-term objectives and embedding a sustainable business model. Through continuous innovation, a customer-centric approach, and an unwavering pursuit of excellence, we aim to create lasting value for all our stakeholders.

Strategic Performance Review 2023

Product Diversification

For years, Letshego Holdings Namibia's core offering has been the Deduction At Source (DAS) loans offered predominantly to government and parastatal employees. DAS enables loan repayments to be deducted from the payroll before salaries are paid, making these loans fairly low-risk. This solution is offered primarily through our micro-lending entity known as Letshego Micro Financial Services Namibia (LMFSN) as well as through Letshego Bank.

Our Transformation Strategy, particularly related to our digital enablement priorities, data analytics and agile ways of work, have translated to improved and tailored credit scoring models, enabling us to broaden our lending beyond DAS loans. Consequently, in September 2023, Letshego introduced a new and inclusive product at the Bank level (Letshego Bank Namibia) in the form of a personal loan product where installments are collectible via the debit order capability to complement our lending portfolio. This move has enhanced our banking services to serve all Namibians that meet the individual qualifying criteria, whether they work for the government or the private sector. This new lending solution at bank level has complemented the Affordable Home Loan that was introduced in 2022 as well as lending services to micro-to-small enterprises (MSEs).

Beyond lending, Letshego launched the Funeral Cover product, in partnership with Sanlam Namibia, available to all Letshego customers through our Digital Mall app. Another priority for Letshego Group is mobilising deposits through our FlexiSave and TermSave products, to lower the cost of our funding. Similarly, we aim to increase deposits and enhance transactional capabilities through our LetsGo and LetsGo Basic transactional bank accounts to grow banking services.

LetsGo borrow

Lending

Letshego Namibia has demonstrated remarkable resilience and adaptability amidst recovering macroeconomic circumstances. Despite the backdrop of global tensions and disruptions in supply chains, Letshego remained resolute in its pursuit of sustainable growth. This steadfastness and ability to thrive in challenging conditions should instill confidence in our stakeholders about the company's future, as we continue to navigate and adapt to the evolving economic landscape.

Performance highlights for our lending portfolio are as follows

Letshego Namibia Total Loans and Advances

-0.39%

Number of Loan Accounts
December **2023:** 92,649
December **2022:** 93,014

-0.26%

Total Loan Book Value for LHN (N$'000)
December **2023:** 4, 740,307
December **2022:** 4,752,702

Total Loan Book Value for DAS Loans

-0.60%

Number of DAS Loan Accounts
December **2023:** 92,443
December **2022:** 93,001

-0.81%

Total Book Value for DAS Loans (N$'000)
December **2023:** 4,701,948
December **2022:** 4,740,701

Total Loan Book Value for Personal Loans

175

Number of Personal Loan Accounts
December **2023**

15,034

Total Loan book value for Personal Loan (N$'000)
December **2023**

Total Loan Book Value for Affordable Home Loans

138.46%

Number of Home Loan Accounts
December **2023:** 31
December **2022:** 13

99.06%

Total Loan Book Value for Home Loan (N$'000)
December **2023:** 23,325
December **2022:** 11,717

Letshego Namibia Total Performing Loans

-0.78%

Number of Performing Accounts
December **2023:** 87,865
December **2022:** 88,558

-1.82%

Total Value of Performing Loans (N$'000)
December **2023:** 4,480,861
December **2022:** 4,564,018

Letshego Namibia Total Non-Performing Loans

7.36%

Number of Non-Performing Loan Accounts
December **2023:** 4,784
December **2022:** 4,456

27.55%

Total Value of Non-Performing Loans (N$'000)
December **2023:** 302,601
December **2022:** 237,227

Savings and Investments

Scaling our deposits portfolio through our savings and investment solutions is critical to our funding strategy. Our Term and Flexible Savings accounts offer customers a reliable avenue for investing their money and benefit from preferential pricing structures. These accounts deliver consistent and competitive returns, ensuring the growth of invested funds. By providing a secure and advantageous environment for savings, we help our customers achieve their financial goals effectively.

Performance highlights for our Savings and Investments portfolio are as follows

Deposits received via Letshego Bank Term and Flexible Savings accounts

42,170

Retail Deposit (N$'000)
December **2022:** 39,126

785,803

Corporate Deposit (N$'000)
December **2022:** 496,561

Transactional Banking

Our LetsGo transactional bank accounts, linked to MasterCard debit cards, allow customers to use any of the other banks' ATMs and Point of Sale (POS) devices nationwide, facilitating convenient payments across a broad distribution network. Promoting the use of our LetsGo Basic and LetsGo transactional bank accounts is crucial in establishing our banking value proposition. By offering an affordable pricing structure for bank charges, we optimise customer value, ensuring that our customers benefit from cost-effective and accessible banking solutions. Additionally, our wide-reaching network ensures that customers have seamless access to their funds whenever and wherever needed.

In November 2023, Letshego Namibia piloted the Overdraft Facility on its LetsGo transactional account for a select segment. This enhancement makes our product more competitive and better aligned with customers' needs, further demonstrating our commitment to providing convenient and customer-centric banking services.

Performance highlights

LetsGo Account Value (N$'000)

-6.02%

December **2023:** 25,420
December **2022:** 27,050

Number of LetsGo Accounts

10.01%

December **2023:** 51,841
December **2022:** 47,121

LetsGo Basic Account Value (N$'000)

280.40%

December **2023:** 188,512
December **2022:** 49,556

Number of LetsGo Basic Accounts

220.10%

December **2023:** 1,210
December **2022:** 378

Insurance

In March 2023, Letshego introduced Funeral Cover insurance, underwritten by Sanlam Namibia. This product, accessible through our Digital Mall app, allows customers to cover themselves, their spouse, children, and extended family members, including parents, for a low premium. Additionally, customers can easily request a quotation and apply via the Digital Mall app, ensuring a seamless and end-to-end digital sales experience.

Digitalisation

Our transformation strategy prioritises improvement of our digital touchpoints, with a key focus on the Digital Mall app. This customer-centric banking app, accessible on smart devices and the web, has revolutionised our service offering. Our target is to provide seamless access to essential services anytime, anywhere and transform the customer experience. Despite budget constraints, we successfully enhanced our Wicode cash-in and cash-out enablement and streamlined loan applications through the Digital Mall app in 2023. This strategic move has not only reduced branch queues but also expanded accessibility to our services for both employee and customer experiences.

Wicode

One of the significant enhancements we have made is the introduction of Wicode. This unique feature allows Letshego customer using the Digital Mall app or USSD (cellphone banking) to generate unique Wicodes. They are unique per transaction. These Wicodes can be used for withdrawing or depositing money at Woermann & Brock and Pick n Pay outlets nationwide. This innovation underscores our commitment to making our services more accessible, a key pillar of our digital transformation initiatives.

Banking App

The use of the Digital Mall app grew in 2023 due to improvements that made the channel user friendly and efficient.

The app now allows customers to:

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

Cellphone Banking

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

Our cellphone banking service enables customers to:

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

Performance highlights

Channel Contribution Value (N$'000)

-49.85%

Cellphone Banking
December **2023:** 73,20
December **2022:** 145,953

161.59%

Digital Mall app
December **2023:** 262,851
December **2022:** 100,482

Channel Volume

-51.07%

Cellphone Banking
December **2023:** 64,882
December **2022:** 132,611

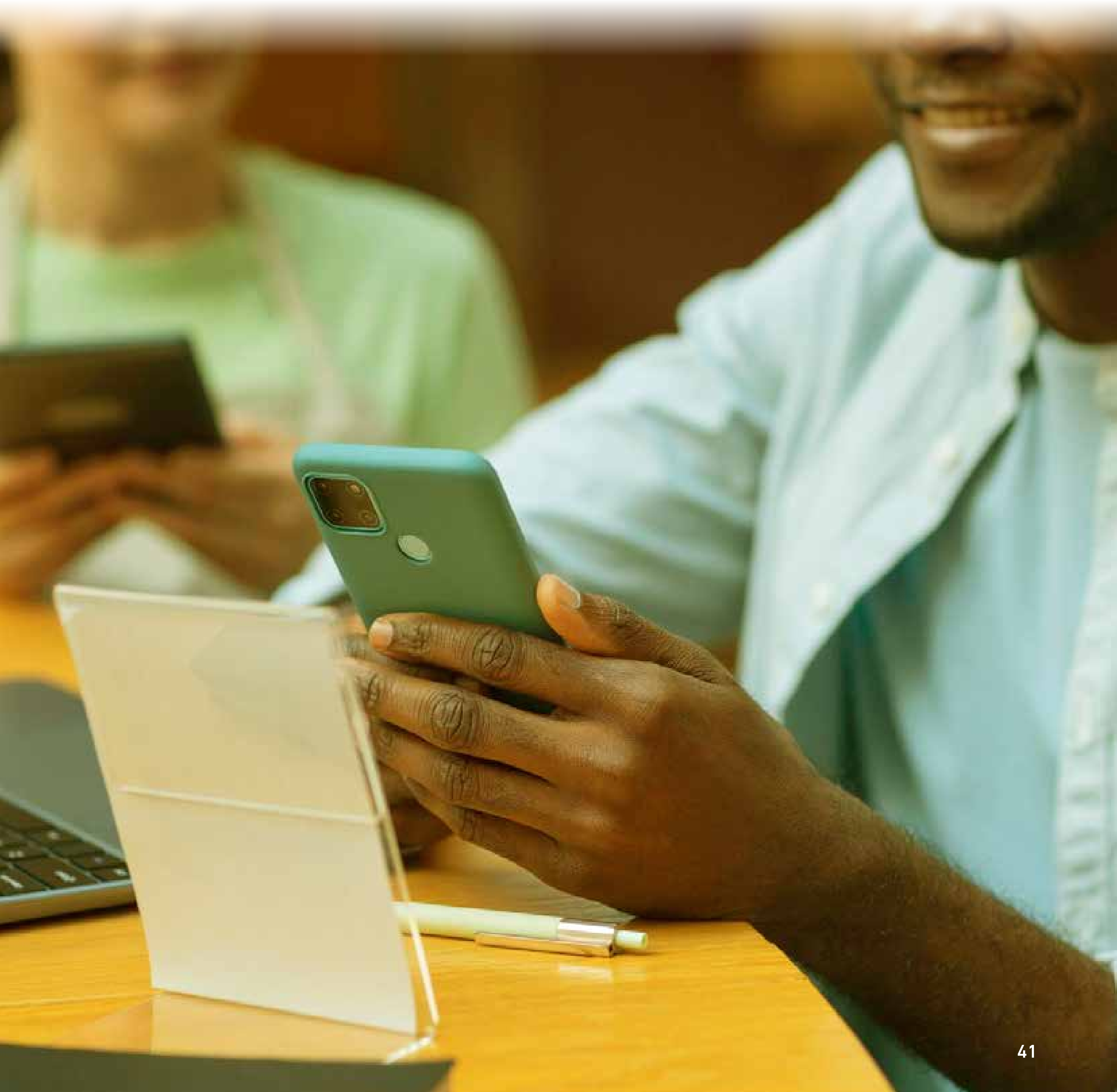
228.65%

Digital Mall app
December **2023:** 46,955
December **2022:** 14,287

Regional Rebalancing

Amidst the economic challenges threatening household budgets and affordability in 2023, Letshego Namibia remains committed to providing accessible services to all our customers and driving our inclusive finance agenda. As part of our 'Regional Rebalancing' focus, we operate across 17 branches and by December 2023, we had 50 Direct Sales Agents (DSAs) across Namibia. The Group holds six deposit-taking and 11 non-deposit-taking branches. Customers can also access any of the ATMs of all other banks and use POS (swipe) devices for payments. We have strategically implemented Wicode features via the Digital Mall app and Cellphone Banking to increase deposit and withdrawal touchpoints, enabling cash transactions at Woermann & Brock and Pick n Pay outlets nationwide. This strategic distribution of our physical touchpoints ensures that our services are easily accessible to all our customers, regardless of their location.

Recognising the need to re-evaluate our micro-lending and banking operating models and repositioning our branch network to offer expansive value to customers, Letshego invested resources into this assessment in 2023, with implementation planned to start in 2024. New branches will be able to service both banking and micro-lending customers. We have initiated recruitment efforts to address the shortage of DSAs in areas with high concentrations of government employees and recruited employees to service customers in the banking sector. These efforts reinforce our commitment to delivering a world-class service and improving lives.



Regional Rebalancing Continued

Performance highlights on channel service usage:

Service Value

	Inward EFT	Outward EFT	Internal Transfers	POS	ATM	Bank to Wallet
2022 (N$)	167,744,693	644,134,632	6,334,447	93,211,543	271,627,840	118,577,440
2023 (N$)	168,322,129	621,646,614	4,487,767	75,813,482	189,805,386	68,981,590
Growth	**0.34%**	**-3.49%**	**-29.15%**	**-18.67%**	**-30.12%**	**-41.83%**

Service Volume

	Inward EFT	Outward EFT	Internal Transfers	POS	ATM	Bank to Wallet
2022	19,783	44,200	981	185,378	265,152	100,135
2023	33,201	42,659	1,542	161,819	191,528	52,867
Growth	**67.83%**	**-3.49%**	**57.19%**	**-12.71%**	**-27.77%**	**-47.20%**

WICODE - Withdraw	WICODE - Deposit	WICODE - Payment	Own Accounts Transfers	Airtime Top Up	Bill Payments
10,028,281	1,009,692	106,807	106,964,355	1,085,860	1,550,189
6,515,811	1,016,777	19,906	2,665,652	979,690	905,700
-35.03%	**0.70%**	**-81.36%**	**-97.51%**	**-9.78%**	**-41.57%**

WICODE - Withdraw	WICODE - Deposit	WICODE - Payment	Own Accounts Transfers	Airtime Top Up	Bill Payments
4,198	1,421	73	241	21,486	7,147
2,998	1,238	48	1,364	20,281	6,558
-28.59%	**-12.88%**	**-34.25%**	**465.98%**	**-5.61%**	**-8.24%**

Regional Rebalancing Continued

Branch Network

Letshego Namibia hosts six (6) fully integrated branches that offer a comprehensive Letshego Holdings experience, including micro-lending, banking services, deposit and withdrawal capabilities. Additionally, our eleven (11) non-deposit taking branches provide micro-lending services and limited banking services without cash deposit and withdrawal functions. Our focus for 2024 and beyond is to enhance the service delivery of both our branches and agencies.

	Town	Location	Service Level
1	Eenhana	Greenwell Complex	Agency
2	Gobabis	Tau Shopping Centre	Agency
3	Grootfontein	Hidipo Hamutenya Street	Agency
4	Katima Mulilo	Zambezi Shopping Centre	Full Branch
5	Keetmanshoop	Desert Plaza, Hampie Plichta Street	Agency
6	Okahandja	Brumou Building, Martin Neib Street	Agency
7	Ondangwa	Time Square Mall	Agency
8	Opuwo	Champ Style Complex, Mbumbijazo Muharukua Street	Agency
9	Oshakati	GIPF Building, Sam Nujoma Road	Agency
10	Otjiwarongo	Paresis Building Centre, Mark Plein Street	Agency
11	Outapi	Pick n' Pay Building, Tsandi Main Road	Agency
12	Rundu	Northgate Building, Eugene Kakururu Street	Full Branch
13	Swakopmund	Khomas Medical Center, Mondesa	Full Branch
14	Walvis Bay	Haus 2000, Sam Nujoma Avenue	Agency
15		B1 City, Katutura	Full Branch
16	Windhoek	Main Branch 18, Schwerinsburg Street	Full Branch
17		Windhoek City Centre, Werner List Street	Full Branch

Direct Sales Agents (DSA)

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

DSAs countrywide:

Agents	Contact Details	Towns
Ms Deserie Morkel	+264 81 775 0470	Gobabis
Ms Salome Goliath	+264 81 390 3194	Keetmanshoop
Mr Ruben Basson	+264 81 555 4546	Keetmanshoop
Ms Cecilia Kahuika	+264 81 234 7433	Keetmanshoop
Mr Deon Klukoskwi	+264 81 846 6529	Mariental
Ms Natasha Karokohe	+264 81 792 4305	Okahandja
Mr Remejouy Groenewaldt	+264 81 234 5716	Windhoek
Mr Leonard Kandetu	+264 81 221 4343	Windhoek
Ms Annely Dawid	+264 81 225 8626	Windhoek
Ms Tuaemua Hembapu	+264 81 338 1068	Windhoek
Mr Owen Ndiyavele	+264 81 259 1368	Windhoek
Mr Lazarus Eiseb	+264 81 353 5851	Windhoek
Ms Aina Ekandjo	+264 81 466 6069	Divundu
Mr Daniel Kanimue	+264 81 0321787	Katima Mulilo
Mr Donbosco Ngunga	+264 81 498 1442	Katima Mulilo
Ms Jesca Sitali	+264 81 208 6087	Katima Mulilo
Mr Mister Victorino	+264 81 6034422	Katima Mulilo
Ms Julandi Bamm	+264 81 451 1145	Khorixas
Ms Theopolina Mwata	+264 81 430 2474	Nkurenkuru
Ms Josefine Petrus	+264 81 665 9909	Omaruru
Mr Oscar Madhimba	+264 81 752 6932	Otjiwarongo
Ms Gisela Mbulu	+264 81 207 9639	Otjiwarongo
Mr Florian Sikongo	+264 81 608 6433	Rundu
Ms Bennetta Munango	+264 81 342 7548	Rundu
Mr Roberth Nghwada	+264 81 419 6470	Rundu
Mr Peter Itepu	+264 81 408 5065	Rundu
Mr Anton Domingos	+264 81 685 4920	Rundu
Mr Abraham Hauwanga	-	*(No longer with Letshego)*
Ms Theresia Aribes	+264 81 858 8385	Swakopmund
Mr Eliakim //Hoebeb	-	*(No longer with Letshego)*
Ms Rejoice Mweneni Angula	+264 81 6327388	Swakopmund
Mr Muwanei Maboni	+264 81 625 9818	Walvis Bay
Mr Likius Lucas	+264 81 212 8062	Walvisbay
Ms Ndapewoshali Shafuda	+264 81 256 4622	Eenhana

Regional Rebalancing Continued

(DSA) Continued

Agents	Contact Details	Towns
Ms Jakobina Booi	+264 81 220 2181	Eenhana
Ms Inesensia Junias	+264 81 292 1727	Grootfontein
Mr Pascalinus Kayunde	+264 81 486 8077	Grootfontein
Mr Teofilus Nimengombe	+264 81422 9018	Omuthiya
Mr Silvanus Nimengombe	+264 81 637 3460	Ondangwa
Ms Fredrika Namene	+264 81 376 0461	Ondangwa
Ms Hilma Jacobs	+264 81 718 2826	Ondangwa
Ms Emilie Angula	+264 81 2190563	Ondangwa
Ms Monika Alfeus	+264 81 6079760	Ongwediva
Mr Remember Manuel	+264 81 353 2947	Opuwo
Mr Michael Hilengwa	+264 81 375 4649	Oshakati
Ms Liina Pokola	+264 81 414 3694	Oshakati
Ms Bella- Feliz Gabriel	+264 81 367 0524	Oshakati
Ms Sipora Katuta	+264 81 2338387	Oshakati
Ms Minga Sakarias	+264 81 685 9496	Outapi
Ms Julia Akwenye	+264 81 297 6466	Tsumeb

Execution Engine

To ensure our relevance and resilience in a rapidly changing world, we have adopted the Scaled Agile Framework (SAFe) methodology, a strategic move that not only enhances our operations but also provides robust support for our digital transformation journey. It enables us to respond swiftly to market changes with innovative, digitally driven solutions. Our Agile Ways of Work programme and digital transformation efforts have resulted in higher customer satisfaction, faster product and service delivery, cost reductions, and increased employee engagement.

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

In today's dynamic environment, we recognise the importance of resilience, adaptability, and digital literacy. We are actively investing in our workforce, providing programmes that equip our staff with the necessary skills for a digital future while actively recruiting and retaining top digital talent. Our digital mastery programme empowers participants to develop future-ready digital skills, experience and develop specialist knowledge, inspiring a sense of excitement about the future.

Sustainable Stakeholder Value

Our unwavering commitment to sustainable shareholder value is at the core of our operations. We are dedicated to enhancing returns on equity and assets and ensuring robust dividend payouts. This commitment extends to fostering mutually beneficial relationships with governments, regulators, tax authorities, partners, and customers. We strive to deliver a compelling employee value proposition as part of our retention strategy, ensuring smooth business operations and positively impacting the communities in which we operate.

With the branch environment assessment done in early 2023, we have prioritised and are intentional with positioning Letshego Namibia as a competitive retail financial services organisation providing micro-lending and banking services. Our new products and services (personal loans, home loans, overdraft facilities, and funeral coverage), offered at affordable prices, serve to diversify our revenue streams, attracting new customers and increasing uptake among existing customers.

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

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

Sustainable Stakeholder Value Continued

Breakdown of Funding Portfolio (N$'000)

Bank Balances
203,218
December **2022:** 166,772

Money Market Placements
539,395
December **2022:** 148,749

Treasury Bills
336,228
December **2022:** 98,776

Cash on Hand
8,326
December **2022:** 5,294

Investment in RSA Government Security Bonds
526,017
December **2022:** 499,142

Investment in Namibian Government Security Bonds
50,829
December **2022:** 50,792

Deposits
11,067
December **2022:** 9,939

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

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

Our enhanced credit risk management capabilities strengthened governance, and improved risk infrastructure (including advanced data analytics for better credit risk scoring and reporting) helping to maintain the Group's asset quality despite macroeconomic pressures. NPLs increased to 7.36% due to global economic challenges and inflation hikes. However, recovery rates have improved. Our financial performance remains strong, with a steady increase in revenue and a healthy return on equity. We are confident in our ability to navigate these challenges and continue to deliver value to our shareholders.

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

Our capital allocation is guided by our capital optimisation plan, which ensures that our investments are strategic, aligned with our Transformation Strategy, and support subsidiary growth initiatives. We are committed to maintaining a balanced approach to risk and return. We are confident that our prudent capital management will drive a growth in the business valuation and help improve our return on equity (ROE), aligning with our 2025 goals.

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

Stakeholder Value Highlights (N$'000)

* **Return on equity**
13%
December **2022:** 13%

Profit before tax
383,115
December **2022:** 391,517

* **Cost-to-income ratio**
47%
December **2022:** 47%

Profit after tax
353,345
December **2022:** 350,415

Total assets
6,796,373
December **2022:** 6,007,163

* **Earnings per share**
71
December **2022:** 71

* **Return on assets**
6%
December **2022:** 6%

Final dividend
395,900
December **2022:** 273,600

*indicates no net change.

Our ESG Agenda

Introduction

Despite Namibia being classified as an upper middle-income country, the economy is still characterised by high poverty rates, high inequality and large disparities that persist between urban and rural development.

According to the Namibia Income and Expenditure Survey of 2015/2016, the incidence of poor and severely poor were recorded at 17.4% and 10.7%, respectively. In addition, poverty rates among females are higher than males and poverty rates in rural areas are higher compared to urban areas. Namibia's GINI coefficient stands at 0.56, noted as among the highest levels of income inequality in the world. Most Namibians live in traditional dwellings (32.9%), with a notable prevalence of living in improvised housing units (20.2%). These instances are higher for rural than for urban areas[1].

Namibia's financial sector has evolved over the years and while there has been improvement in the country's financial exclusion rates, there remain areas for improvement. According to the 2017 Namibian Financial Inclusion Survey, the level of financial exclusion, defined as those adults who do not use any financial products/services, would borrow from family/friends and/or save at home, declined from 51% (2007) to 31% (2011), to 22% (2017). There exist disparities between urban and rural areas, where in 2017 urban financial exclusion rates stood at 17.5%, compared to rural areas where it stood at 27.1%. The proportion of the eligible population that takes out credit or borrows is 42.1% (increased from 32% in 2011).

However, only 17.4% reported that they borrowed money from a bank and/or other formal non-banking institutions and 24.7% borrowed from informal mechanisms such as informal money lenders, family or friends. Furthermore, 30.2% of loans refused were because the income of the individual was too low. Twenty percent of those who borrowed or took out credit loans cited their reasons for borrowing were to access essential services such as education and medical expenses while buying and renovating homes made up 7.4%[2].

According to the World Bank Enterprise Survey of 2014, 52.9% of small firms (those with less than 19 full-time staff members) in Namibia, indicated access to finance as their biggest obstacle. Where the top manager was female, this stood at 50.7%. Only 19% of small firms have a bank loan or credit line. Where the top manager is female, this drops to 11%[3]. The above analysis utilised the most recent publicly available data. Namibia's voluntary SDG impact report of 2021 (compared to the 2019 baseline report) states that challenges brought about by COVID-19 and geopolitical factors have adversely impacted the Namibian society and to an extent, regressed the nation's achievement towards development goals[4]. To this extent the statistics provided give relevant context for the Namibian target population.

1. *Namibia Income and Expenditure Survey, 2015/2016*
2. *Namibia Financial Inclusion Survey, 2017*
3. *World Bank Enterprise Survey, Namibia*
4. *Namibia's Second Voluntary National Review Report on the Implementation of the SDGs towards Agenda 2030, 2021*

ESG Framework

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

Furthermore, through Letshego's wide range of financial services focused on the Namibian consumer, it also aims to advance the achievement of various UN SDGs (United Nations Sustainable Development Goals). The entrenchment of sustainability is further evidenced in the group's strategic objectives, through the prioritisation of key themes under product diversification, digitalisation, regional rebalancing, enterprise agility and creating sustainable stakeholder value.

ESG Policy Overview

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

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

Principles

In accordance with the IFC's Sustainability Policy, which categorises investments using a system based on the relative magnitude of Enviromental and Social (E&S) risks and impacts, Letshego is categorised as Category FI-3, which describes a situation when a financial institution's (FI) existing or proposed portfolio includes financial exposure to business activities that predominantly have minimal or no adverse environmental or social impacts.

Further, Letshego is also categorised as a Category C business, in terms of which it manages business activities with minimal or no adverse environmental or social risks and/or impacts.

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

Letshego

Our ESG Agenda Continued

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

- Letshego ESG Policy and Social Financing Framework.
- IFC Interpretation Note on Financial Intermediaries, 2012.
- IFC Performance Standards on Environmental and Social Sustainability.
- IFC/World Bank General Environmental, Health, and Safety (EHS) Guidelines.
- International Labour Organisation (ILO) Core Labour Standards, as it relates to the Human Resources policy.
- United Nations Global Compact, 2000.
- United Nations Environmental Programme Statement of Commitment by Financial Institutions on Sustainable Development, 2011.
- United Nations-supported Principles of Responsible Investment (UNPRI); and.
- Applicable national laws, international conventions, and standards on environment, occupational health, safety and social issues.
- Development of investor briefs.
- Reporting on company compliance.
- Tracking of improvement in social performance (on borrower level).
- Tracking of adherence to customer protection principles (on borrower level) for investment in Namibia.
- Advising on changes to the ESG requirements on an on-going basis.

SUSTAINABLE DEVELOPMENT GOALS

Informing our ESG Framework

Our Key Inputs

- Inclusive financial services and products
- Digitisation
- #People first strategy
- Stakeholder relationships
- Regulatory relationships
- Thought leadership
- Strategic partnerships
- Community engagement

Our Mandate

- Extending access to inclusive finance solutions in under-served communities

Key Performance Indicators

- Number of appropriate and inclusive products
- Size of customer base
- Reduction in levels of over-indebtedness
- Increasing levels of access to income
- Improvement in employment opportunities
- Increased thought leadership

Guidelines and Standards

- THE WORLD BANK
- IFC International Finance Corporation
- IFRS International Financial Reporting Standards
- GIIN Global Impact Investing Network
- GRI

ESG Principles

- UN Global Compact (Appendix 13)
- UN Environment Programme Statement of Commitment by Financial Institutions on Sustainable Development (Appendix 14)
- UN Principles of Responsible Banking (Appendix 15)
- International Labour Organisation Conventions (Appendix 10)

Creating an ESG savvy culture
Training of executives, ESG champions and all our employees.

Digitising ESG data
Digitising data identification, monitoring and reporting.

Automating ESG reporting
Leveraging ESG reporting platforms.

Our ESG Agenda Continued

Social Financing Framework

LHN's social financing framework outlines the guidelines under which Letshego intends to issue and raise repeated programmatic use of proceeds from financial instruments in the form of social bonds and/or social loans. The framework is utilised by eligible LHN subsidiaries, Letshego Bank Namibia (LBN) and Letshego Micro-Financial Services Namibia (LMFSN). The proceeds of such instruments will be utilised to finance and refinance eligible social assets that will contribute to achieving specific objectives aligned with our sustainability strategy and, in turn, the objectives of the United Nations (UN) Sustainable Development Goals (SDGs).

Letshego Namibia is well positioned to support Namibia in improving the well-being of the Namibian society through its efforts and provision of financial services and products to under-served individuals and MSEs as per the focus areas. The insights derived from the market intelligence survey explained LHN's advantageous position to make a positive impact on the Namibian society. This positioning is a result of their existing infrastructure, expertise, and reach within the financial sector in Namibia. LHN does not merely seek to offer indiscriminate financial services but rather intends to provide services that are accessible, ethical, and sustainable.

Operationalising ESG

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

A project is underway to operationalise the ESG framework for LHN Group. The project determines Letshego's objectives and approach, outlining gap assessments against applicable standards, and updating existing environmental and social policies. The project fits within our ESG framework, serving to develop action plans for employee awareness and custodianship, sustainable financing initiatives through our product offerings, as well as customer focused financial literacy initiatives that align with ESG enabled policies and best practice.

Implementation

Screening
Environmental and social conduct screening to determine whether or not to pursue an opportunity

Categorisation
Categorise the opportunity according to a comprehensive internal rating to inform the scope of due diligence

Due diligence
Conduct environmental and social due diligence and develop environmental and social action plans

Approval
Investment Committee to review due diligence results and action plans and approve the opportunity, if appropriate

Monitoring
Monitor environmental and social performance and allocation of capital, and generate maximum environmental and social outcomes

Social Impact

Responsible financing ensures that financial products are tailored to the needs of the target audience and do not lead to over-indebtedness or exploitation. Therefore, the LHN business model and strategy is hinged on a strong social ethos that requires access to the right type of funding in order to truly allow social impact to materialise at scale.

Defining 'Social Impact'

Letshego Namibia's commitment to addressing financial inclusion in Namibia by ensuring that our responsible financial products and services remain accessible to low-income individuals and MSEs, with the intention of improving customer pricing for existing and future financial products. The table on the next page proposes our pre-defined social impact categories where LHN intends to focus its sustainability efforts towards.

Social Impact Indicators:

Social Objective	Eligible Use of Proceeds	Indicative Impact Indicator
Financial Inclusion	MSE's	▶ Number of financial products and/ or services provided ▶ Number of jobs created ▶ Number of individuals funded vs MSE's
	Individuals' access to finance:	▶ Number of financial products and/or services provided ▶ Breakdown of income brackets to whom such was provided
	Affordable Housing	▶ Number of individuals to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations ▶ Location of affordable homes per region
	Agribusiness	▶ Number of farmers to whom financial products and/or services were provided ▶ Number of agribusinesses to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations
	Healthcare	▶ Number of individuals to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations
	Education	▶ Number of individuals to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations
	Women-owned businesss	▶ Number of women-owned business to which financial products and/or services were provided, a regional breakdown will be included where feasible ▶ Number of individuals to which financial products and/or services were provided ▶ Breakdown of the applicable target populations ▶ Number of jobs created

Our ESG Agenda Continued

Strategic Social Investment

Letshego Namibia is profoundly committed to uplifting our communities through strategic social investments in education, health and livelihoods. In 2023, we demonstrated our dedication by sponsoring over N$600,000 towards various community initiatives, showcasing the extent of our efforts to make a positive impact.

Refurbished Laptops Aid Education

In a significant move to enhance educational resources, Letshego donated 25 refurbished laptops to Nossobville Primary School in the Omaheke Region and 40 laptops to Windhoek Technical High School in the Khomas Region, with an estimated value of N$160,000. Alongside these donations, we provided technical support training to ensure that the laptops are maintained. These devices are poised to transform the learning environment by equipping students with essential ICT skills and research capabilities, thus preparing them for a digital future. Teachers will also benefit by being able to enrich their lessons with online resources, significantly enhancing the educational experience.

2023 Supported Initiatives Include:

- Dagbreek
- Beautiful Gates
- Windhoek Life Change
- Financial Literacy Initiative
- Ministry of Education Awards
- YTM Foundation – Omaheke Region
- Pionierspark Primary School – Khomas Region
- Ruuga Combined School – Kavango West Region
- Oshana Governor's Cup
- Khomas Head of Departments Teacher Conference

Car Giveaway

In partnership with MasterCard, Letshego Bank Namibia handed over a brand-new Volkswagen Polo Vivo, valued at N$250,000, to Mr. Karel Kaliki Kandjimi, a dedicated teacher from Tondoro Junior Pre-Primary School in Rundu. Mr. Kandjimi emerged as the overall winner of the "Transact and Win" campaign car draw. The event, held in Windhoek on 13 November 2023, saw three finalists eagerly drawing individual keys, with Mr. Kandjimi, as the second finalist, securing the key that unlocked the brand-new Volkswagen Polo Vivo.

Through these contributions totaling beyond N$1 million, we have significantly enhanced educational opportunities, supported improvements in the health sector, and promoted sustainable livelihoods. Our strategic social investments are fostering a brighter future for our communities, demonstrating our unwavering commitment to social development and impact.

Our People and Culture

Overview

Our employee value proposition is a critical differentiator in a competitive landscape where attracting skilled, innovative, and dynamic talent is essential. To drive our Transformation Strategy and achieve our vision, we must attract and retain the talent necessary for success.

At Letshego, we are unwavering in our commitment to providing a safe working environment. We foster a culture that inspires, engages our employees and ensures their well-being. By implementing fair and consistent practices, we support career advancement and reward high performance, creating a sense of belonging and motivation.

Our People First strategy is integral to our 6-2-5 execution roadmap

It acknowledges each employee as a vital team member in achieving our vision of becoming Namibia's preferred retail financial services provider.

The People First strategy is foundational to Letshego's success and transformation. By prioritising our employees and cultivating a supportive and inclusive culture, we can unlock the full potential of our workforce. Here's why this strategy is so important:

Employee Engagement and Satisfaction

A people-first approach ensures that employees feel heard, valued, and engaged. Satisfied and motivated employees are more likely to be productive, innovative, and committed to the company's goals.

Talent Attraction and Retention

In a competitive job market, our strong employee value proposition helps us attract top talent. Our commitment to professional development, fair practices, and a supportive culture makes Letshego an attractive place to work. This also allows us to retain our existing talent, reduce turnover costs, and maintain continuity in our operations.

High Performance and Innovation

We encourage high performance and innovation by fostering an environment where employees feel supported and valued. Employees are more likely to take initiative, collaborate effectively, and contribute innovative ideas that drive the company forward.

Importance of the #People

Alignment with Company Vision

Our People First strategy ensures that every employee understands their role in achieving Letshego's vision. By aligning individual goals with the company's objectives, we create a cohesive and focused workforce that contributes toward common goals.

Safety and Well-being

Ensuring the safety and well-being of our employees is paramount. A safe working environment reduces the risk of accidents and health issues, leading to a more reliable and resilient workforce. This also demonstrates genuine care for our employees, fostering loyalty and trust.

Diversity and Inclusion

Our commitment to diversity and inclusion, as reflected in our A-grade compliance with Affirmative Action, creates a rich and varied workforce. Diversity brings different perspectives and ideas, enhancing creativity and problem-solving abilities within the team.

With a workforce of 151 employees, comprising 64% female and 36% male, our affirmative action plans are guided by workforce analyses to address imbalances and align our workforce with Letshego's transformation objectives.

By embedding the #People First strategy into every aspect of our operations, we create a strong, dynamic, and inclusive culture essential for achieving our long-term goals and maintaining our position as Namibia's preferred retail financial services provider.

First Strategy

Total full time employees

2023:
151
2022: 150

Total part-time employees

2023:
33
2022: 45

Number of Direct Sales Agents (DSAs)

2023:
50
2022: 53

Overall Gender Profile

2023: **97** 2022: 93	Female
2023: **54** 2022: 57	Male

Portfolio Split by level of Seniority

2023: **8%**	Senior Management 2022: 7%
2023: **16%**	Middle Management 2022: 13%
2023: **76%**	Employee 2022: 80%

Overall employee age profile

2023: **54**	<29 2022: 55
2023: **88**	30-49 2022: 86
2023: **9**	>50 2022: 9

Our People and Culture Continued

Company Culture and Ethics

In 2022, we reviewed our People and Culture policies to strengthen the standards guiding behaviour and treatment in the workplace. In 2023, we conducted a culture and ethics survey supported by extensive focus groups and sessions. This initiative allowed us to review internal processes, enhance communication, and highlight systems for reporting unethical behaviour.

The survey inspired us to define comprehensive corporate values, accentuating Letshego's commitment to a values-driven corporate environment and social cohesion. Although our general employee engagement score declined in 2023, we are optimistic that our revised plans and cultural values will elevate engagement levels.

Elevating Operational Efficiency through Digitalisation

People are our most valuable asset, and managing their experience is crucial to our success. During the year, Letshego implemented the Seamless HR system that includes modules such as Payroll, Recruitment (Onboarding), Training, and Performance Management. This system is designed to streamline people processes and enhance operational efficiency and user experience across the organisation. We aim to automate routine tasks further, allowing our People and Culture team to focus on critical strategic deliverables.

Engagement, Training, and Talent Management

Our engagement initiatives, including recognition programmes and incentives, have fostered a high-productivity culture. However, we recognise the need to transform employees into brand ambassadors. Our 2023 employee engagement survey recorded an increase of 2%, highlighting the importance of implementing vigorous engagement activities to enhance employee satisfaction across the organisation.

Investing in training initiatives, such as promoting digital learning platforms like Coursera, enhances skills development and empowers employees to adapt to industry trends. Our strategic talent acquisition and retention efforts, equitable remuneration, and structured salary alignment exercises reinforce our commitment to building a skilled and motivated workforce.

Training Highlights

- (Fourteen) 14 employees were trained
- Company investment in training employees: N$222,081
- On the job leadership training programme: Three (3) employees attended GIBS Leadership Development Programme

By the end of 2023, all vacant executive positions, including People and Culture, Chief Operations Support, and CEO of LMFSN, were filled, underscoring Letshego's focus on developing a robust leadership team and creating career growth opportunities.

Performance Management

Letshego promotes transparent performance management by leveraging digital tools such as Key Results (OKR) to set SMART (Simple, Measurable, Achievable, Realistic, and Time-Bound) objectives. We engage in honest, transparent, and constructive conversations with employees regarding their performance. This process helps us manage and coach talent effectively while prioritising employee rights, equitable pay, promotions, and fair practices.

Pay Satisfaction

In 2022, Letshego participated in the PWC REMchannel survey, benchmarking our remuneration packages against industry standards. This enabled us to implement competitive remuneration to attract qualified and experienced professionals.

Wellness Initiatives

Letshego's holistic wellness strategy addresses various dimensions of employee well-being, including physical, mental, personal, social, and workplace health. We invest in initiatives such as fitness programmes, mental health counselling, medical checkups, legal clinics, and team-building activities. Additionally, Letshego offers Namibia Medical Care (NMC) medical aid services with competitive benefits that the company fully subsidises.


NAMIBIAN
CULTURES

Governance Report

Overview

Letshego Holdings Namibia, with the collective effort of our stakeholders, has successfully navigated a year marked by regulatory changes, Board restructuring, and ethical assessments. This achievement not only demonstrates our resilience and strategic foresight but also underscores the integral role each of our stakeholders plays in our success.

Board and Governance Changes

The year 2023 ushered in significant shifts in our Board dynamics. Ms. Rosalia Martins-Hausiku's departure in July prompted a reorganisation of the Board's sub-committees, setting the stage for further changes in the Board composition.

Additionally, amendments to the Banking Institutions Act in July and August introduced new roles and responsibilities for the Board of Directors, necessitating reviewing and adjusting our governance structures.

Ethical and Regulatory Compliance

We embarked on a comprehensive ethics assessment with a consultant to align our practices with our core values. Concurrently, we developed a social finance framework, laying the groundwork for registering a social bond on the Namibian Stock Exchange (NSX).

Regulatory changes under the Financial Intelligence Act (FIC) have been a focal point, addressing findings from mutual evaluations and preventing potential greylisting by the Financial Action Task Force. These amendments emphasised Anti-Money Laundering, Anti-Terrorism Financing, and Prevention of Proliferation Financing.

Social, Ethics and Sustainability Committee (SES)

During the year under review, the Social, Ethics and Sustainability Committee (SES) successfully began operating. Through this committee, a comprehensive ethics assessment was conducted in partnership with external consultants to evaluate our Organisation ethical standing. The SES committee plays a vital role in understanding, shaping, and integrating an ethical culture within our operations, ensuring alignment with our core values. This milestone underscores Letshego's commitment to fostering an ethical culture.

Going forward, the SES committee will ensure a holistic approach to business operations, emphasising the importance of considering social, ethical, and sustainability impacts alongside economic factors.

Combined Assurance Forum

In 2023, we implemented the Combined Assurance Forum to address audit findings and enhance our risk management framework. This forum is critical in our governance structure by ensuring continuous risk assessment and prioritisation to resolve identified issues. By bringing together various assurance providers, including internal and Independent auditors, risk management, and compliance teams, the forum fosters a coordinated approach to risk management and assurance activities.

Employee Initiatives

We are in the process of introducing an Employee Share Ownership Plan, which will allocate 5% of shares in Letshego Africa Holdings Ltd (LAHL) to Letshego Holdings Namibia employees.

Conclusion

Our commitment to sustainable shareholder value remains unwavering. Through strategic governance changes, ethical alignment, and focused investments in our team, Letshego is well-positioned to navigate future challenges and opportunities, ensuring continued growth and value for our shareholders.

Governance Report Continued

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

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

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

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

The Board's primary role and responsibilities are to:

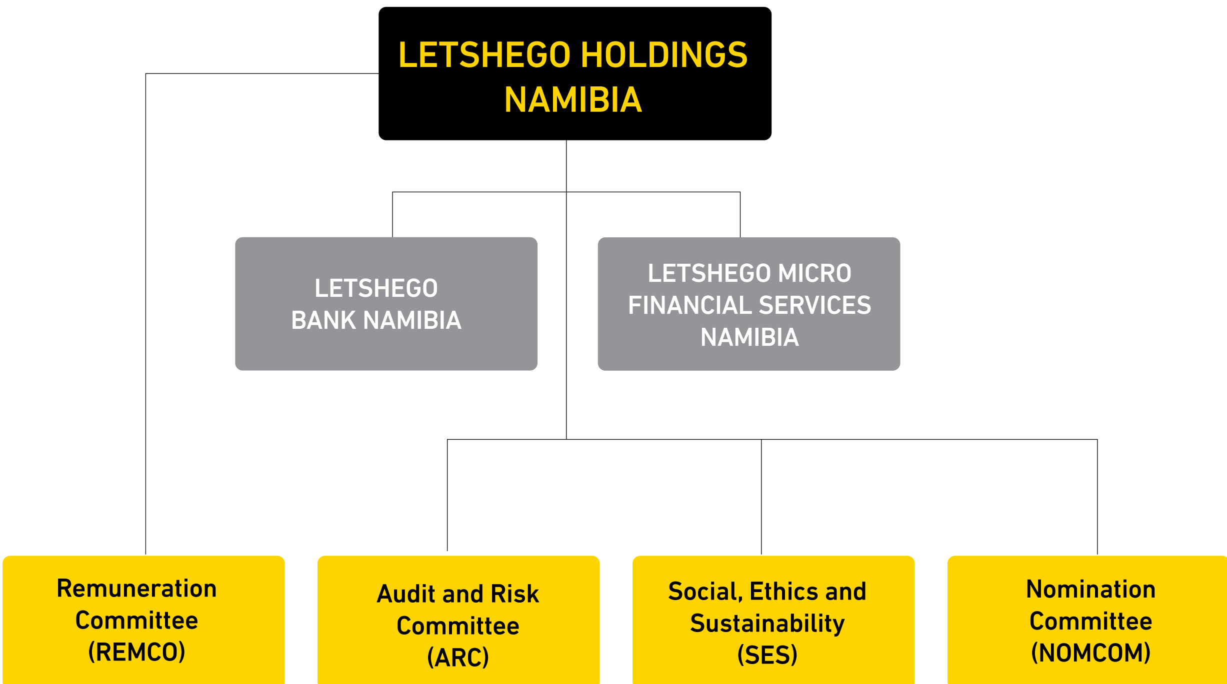
- Act as the custodian of corporate governance.
- Appreciate that strategy, risk, performance and sustainability are inseparable.
- Provide effective leadership based on an ethical foundation.
- Ensure that the company is, and is seen to be, a responsible corporate citizen.
- Ensure that the company's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

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

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

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

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



Governance determinations during the reporting period

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

- Internal Audit Charter
- Nomination Committee Terms of Reference

The Board reviewed, approved and implemented the following policies:

- LHN Product Risk Framework and Policy
- LHN Operational Risk Framework and Policy
- LHN Capital Risk Framework and Policy
- LHN Legal, Governance and Compliance Risk Framework and Policy
- LHN AML Compliance Manual
- LHN IT Cyber Security Risk Framework and Policy
- LHN Reputational and Sustainability Risk Framework and Policy
- LHN Overdraft Policy
- LHN Outsourcing Policy
- LHN Procurement Policy
- LHN Enterprise Risk Management Framework
- LHN Intercompany Transaction Policy

Director Development

The secretariat provides the Board with constant updates and training material to keep them up to date on all the latest statutes and regulations. However, the Board received formal training on ESG.

The formal training was facilitated by RMB, a division of First National Bank Namibia and was aimed at giving the Board a high-level overview of:

(i) What ESG is, the evolution of sustainable development & ESG
(ii) Local, regional and global ESG trends, focused on the financial sector
(iii) ESG responsibilities for Board and Management

The training also considered the LHN Group Social Financing Framework (SFF) as approved by the Board in September 2023 including the rationale & considerations taken into account for the SFF and how to ensure that the SFF practically embeds it into the business.

Changes to the Board

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

- Ms Rosalia Martins-Hausiku resigned as an Independent Non-Executive Director of LHN and its subsidiaries on 31 July 2023.

Subsequent to the reporting period, the following changes to the Board were made:

- Ms Maryvonne Palanduz' tenure ended and she stepped down as Chairperson and Independent Non-Executive Director of LHN and its subsidiaries on 31 January 2024; and
- The Nomination Committee identified, interviewed and nominated a number of Independent Non-Executive Directors and Non-Executive Directors to ensure succession planning was addressed. After concluding stakeholder engagement, we carefully considered the number of Directors, Board composition, and diversity in our nominations and made a recommendation to the Board. This process was completed.

Changes to the Board Committees

During the reporting period, the following changes to the Board committees were made:

- The Nomination Committee was restructured to include 3 (three) members, consisting of the Chairperson of the Board, in line with the NamCode, the Chairperson of the Remuneration Committee and the Chairperson of LMFSN, both of whom are also Independent Non-Executive Directors.
- With the resignation of Ms Rosalia Martins-Hausiku, Ms Kudzai Chigiji assumed the position of Chairperson of the Remuneration Committee until such time as the new Director nominations have been approved.

Board Assessment

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

The evaluation determined that some remedial action was required with a focus on the composition of the committees and compensation for Board members. The Board members also determined that succession planning needs to remain a focus area.

The Board believes that the assessment process improved the performance and effectiveness of the Board and would continue to identify areas deemed necessary for improvement.

During the reporting period, we conducted a comparable Board assessment to the prior period to compare our growth and shortcomings.

Governance Report Continued

Independent and Unfettered Advice

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

The Board engaged Deloitte to conduct an ethics risk assessment on the business.

Board of Directors' Independence

The Board carries out the review of Director independence annually and has concluded that as at the end of the reporting period, the Board consists of two executive Directors, four Independent Non-Executive Directors and one Non-Executive Director. The four Directors meet the requirements for the test of independence. The majority of Directors serving on the Board are classified as Independent Non-Executive Directors. Subsequent to the reporting period, one Independent Non-Executive Director's tenure came to an end. The composition of the Board still remains compliant with legislation and in line with good corporate governance.

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

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

Board Composition and Structures

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

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

Succession Planning

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

Chief Executive Officer (CEO)

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

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

The functions of the Chairperson of the Board and the CEO are clearly separated in the Board charter. The succession planning for the CEO remains a key focus area.

Chairperson

The independence of the Chairperson was reviewed and evaluated. The Chairperson was found to be Independent. The Chairperson of the Board is not a member of ARC, but a member of RemCo and the Chairperson of the NomCo. The Chairperson rotated at the end of the reporting period.

Chief Financial Officer (CFO)

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

Company Secretary

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

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

The annual general meeting for Group was held on 11 August 2023 and was attended by all Independent Non-Executive Directors, Non-Executive Directors, Executive Directors and Letshego's Country Management Committee by invitation. The external auditor attended the AGM as scrutineers.

11 August 2023	
Attendees	**AGM**
Maryvonne Palanduz	Yes
Kudzai Chigiji	Yes
Kamogelo Chiusiwa	Yes
Rosalia Martins-Hausiku	Yes
Sven von Blottnitz	Yes
Maria Nakale	Yes
Ester Kali	Yes
Karl-Stefan Altmann	Yes

Board Meetings Attendance

Attendees	27 Feb 2023^	17 March 2023 #	17 May 2023 *	7 June 2023#	20 July 2023^	18 August 2023^	20 Sept 2023#	6 Dec2023#
Maryvonne Palanduz	√	√	√	√	√	√	√	√
Kudzai Chigiji	√	√	√	√	√	√	√	√
Kamogelo Chiusiwa	√	√	√	√	√	√	√	√
Rosalia Martins-Hausiku	x	√	√	√	√	Resigned	Resigned	Resigned
Sven von Blottnitz	√	√	√	√	√	√	√	√
Mansueta- Maria Nakale	√	√	√	√	√	√	√	√
Ester Kali	√	√	√	√	√	√	√	√
Karl-Stefan Altmann	√	√	√	√	x	√	√	√
# Ordinary Board Meeting								
^ Special Board Meeting								
* Non-Executive Board Member Meeting								

Board Committees

The Board established and operates an Audit and Risk Committee ('ARC'), a Remuneration ('REMCO'), a Social, Ethics and Sustainability ('SES') and Nomination Committee to whom certain functions were delegated. The Chairpersons of the individual committees are Non-Executive Independent Directors. All the members of these standing committees are also Non-Executive Independent Directors.

The Audit and Risk Committee (ARC)

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

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

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

ARC Mandate

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

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

ARC Meetings Attendance

Attendees	15 March 2023	5 June 2023	18 September 2023	4 December 2023
Sven von Blottnitz	√	√	√	√
Kudzai Chigiji	√	√	√	√
Kamogelo Chiusiwa	√	√	√	√
# Ordinary Board Meeting				

Governance Report Continued

2023 ARC Performance

The committee conducted an evaluation of its own performance, the performance of its members, the Chairperson and the Company Secretariat. The evaluations were conducted internally and through a formal process.

The evaluation determined that some remedial action was required with a focus on the composition of the committees and compensation for Board members. The Board members also determined that succession planning needs to remain a focus area.

The committee believes that the assessment process improved the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement.

Remuneration and Nomination Committee (REMCO AND NOMCOM)

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

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

REMCO Mandate

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

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

Attendees	15 March 2023#	5 May 2023^	5 June 2023#	18 September 2023#	4 December 2023#
Rosalia Martins-Hausiku	√	√	√	Resigned	Resigned
Kamogelo Chiusiwa	√	√	√	√	√
Maryvonne Palanduz	√	√	√	√	√
Kudzai Chigiji (appointed 1 Aug 2023)	x	x	x	√	√
# Ordinary Board Meeting					
^ Special Board Meeting					

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

2023 REMCO Performance

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

The evaluation determined that some remedial action was required with a focus on the composition of the committees, remuneration specific training and compensation for Board members. The Board members also determined that succession planning needs to remain a focus area.

The committee believes that the assessment process improved the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement.

NOMCOM Mandate

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

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

Attendees	10 November 2023
Maryvonne Palanduz	√
Maria Nakale	√
Kudzai Chigiji	√

The committee held one meeting during the reporting period. The committee fulfilled its mandate as prescribed and formalised its terms of reference in the reporting period.

New: Social, Ethics and Sustainability (SES) Committee

The SES committee was established during the prior reporting period and its first inauguration meeting during the reporting period. The SES has fulfilled its mandate which includes inter alia:

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

Attendees	15 March 2023	6 June 2023	19 September 2023	5 December 2023
Kudzai Chigiji	√	√	√	√
Rosalia Martins-Hausiku	√	√	Resigned	Resigned
Maria Nakale	√	√	√	√

2023 SES Performance

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

The evaluation determined that some remedial action was required with a focus on the composition of the committees and succession planning.

While it is acknowledged that the committee is relatively new, the committee believes that the assessment process will improve the performance and effectiveness of the committee and would continue to identify areas deemed necessary for improvement as the committee matures.

Compliance Statements

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

Annual Compliance Certificate

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

Directors' Dealings and Conflicts of Interest

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

Sponsor

Irwin, Jacobs, Greene (Pty) Ltd (IJG) remained the company's NSX sponsor.

Governance Enablers

IT Governance

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

The framework addresses the following, in line with best practice:

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

Compliance

The Board is responsible for overseeing the bank's compliance with specific legislation, rules, codes and standards applicable to the business across its various jurisdictions. The Board has delegated responsibility to management for the implementation of an effective governance, risk, legal and compliance framework, and processes, to the ARC, as envisaged by the NamCode. Compliance frameworks and processes are revised annually, as and when any legislative changes occur, or when otherwise necessary.

Assets and Liabilities Management (ALM)

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

Legal Compliance

The Board has ultimate responsibility for overseeing the compliance with laws, rules, codes and standards in terms of the NamCode. The Board has delegated responsibility to management for the implementation of an effective Corporate Governance Framework and processes, as envisaged by the NamCode.

Through the governance and compliance function, Letshego remains resolute in implementing and embedding the Compliance and Corporate Governance Frameworks premised on the following enablers:

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

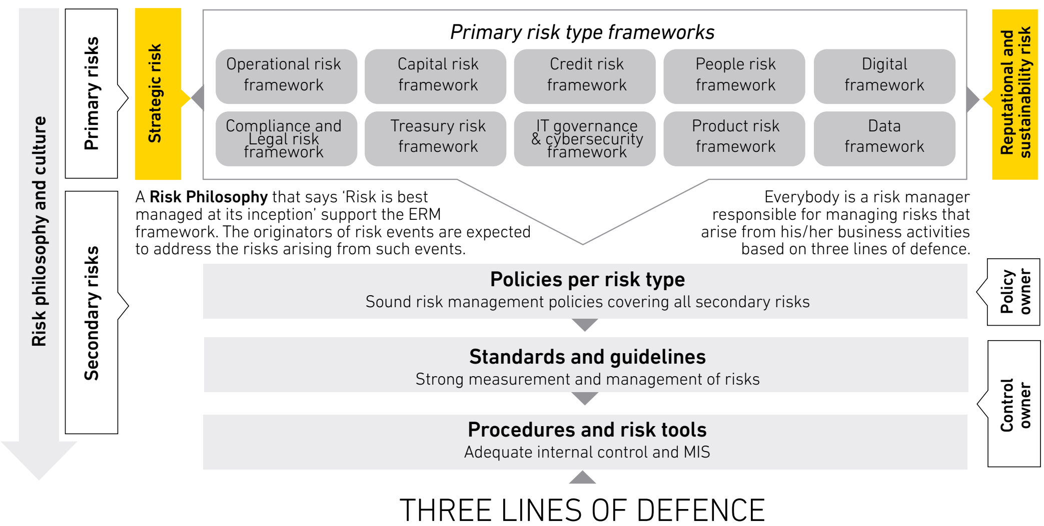
New: Combined Assurance Forum

The Audit and Risk Committee has adopted a broader and more holistic approach to risk and how to manage it. The Combined Assurance Forum is a critical component of corporate governance, designated to provide a structure approach to managing the internal control environment of the group. Through the Combine Assurance Forum, the Board is enabled to uncover risks and opportunities through a comprehensive process of testing and tracking internal control weaknesses or significant inherent risk mitigations, coordinated assurance efforts; minimising operational disruptions and possible reduction of assurance costs.

Risk Governance

Our approach to risk and opportunity management

Enterprise-Wide Risk Management Framework (ERMF)



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

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

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

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

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

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

Risk Policies and Frameworks

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

1St line of defence — **Management Oversight**

Line management is accountable and responsible for the management of risk and business performance. A key element of this line of defence is the extent of management reviews and the actions that follow. Management must use a system of self-assessment that includes RCSAs, KRIs, Performance Indicators and Risk Registers to inform them of the adequacy of risk management activities.

Risk activities include people and processes, management supervision and oversight. Line management is responsible and accountable for managing risk around business-as-usual.

2nd line of defence — **Management of risk and compliance**

The second line of defence (i.e., Risk & Compliance, Legal, AML) works closely with the first line of defence to monitor, report and recommend to the Country Management Committee and ARC. Key risk activities include:

- Developing and maintaining risk management policies
- Promotion of risk awareness
- Advising on how to manage risks
- Monitoring of key risk and control indicators
- Monitoring of losses
- Performing targeted deep dives
- Tracking remediation/risk acceptance of issues
- Stress testing, etc

3rd line of defence — **Internal and External Audit or other Independent assurance function e.g. Regulator.**

Internal Audit focuses on internal risk-based audits that provide assurance over Letshego Namibia's controls, risk management and governance activities, as performed in lines one and two. Internal Audit also provides assurance with line two on activities in line one, or combined assurance with Independent Assurance functions such as External Auditors and Regulators on activities in line one and two. The internal auditors report directly to ARC.

Governance Enablers Continued

Risk Appetite

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

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

In view of the above considerations, the bank's risk appetite statement for the 2023 financial year included the following quantitative and qualitative measures:

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

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

Key focus areas for 2024

The key risk focus areas going forward include the following:

- Strong focus on Affordable Housing and explore initiatives to improve affordability.
- Simplify critical journeys to stabilise performance on the Digital Mall.
- Prioritise products on Digital Mall that will close the gap on revenue uplift.
- Fast track implementation of Treasury function to grow our deposit book and assist with reduction of cost of funding.
- Localise Developmental Operational capability to expedite digital capabilities.
- Ensure full implementation and roll-out of our Enterprise Risk Management Framework.
- Retail deposit mobilisation.

Managing Environmental, Social, and Governance (ESG) risks

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

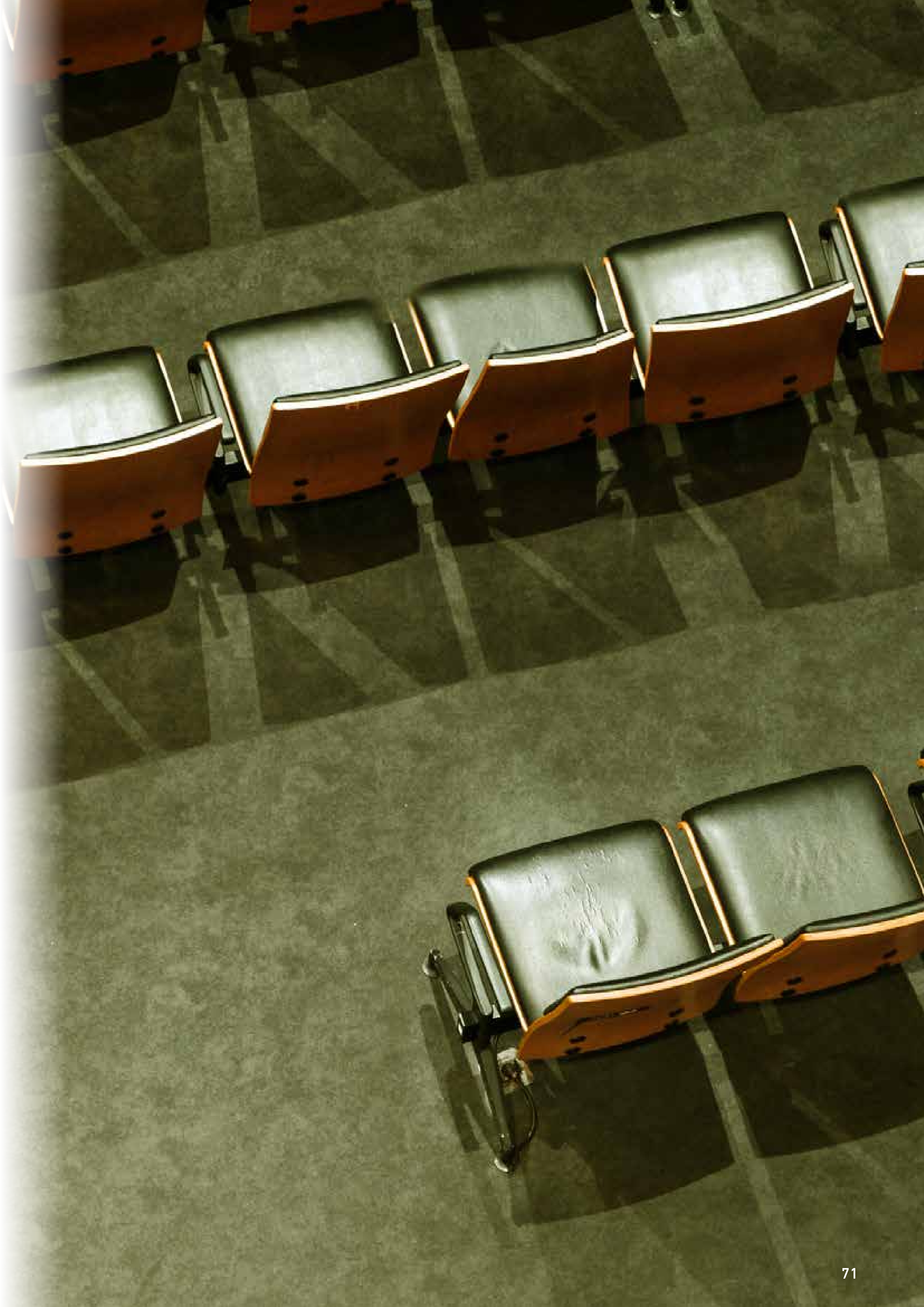
1. **Customer welfare**
2. **Market communication**
3. **Execution and delivery into the market**
4. **Understanding and use of mobilisation platforms**
5. **Complexity of solutions on offer**
6. **Employee strategic alignment, motivation and communication**

Other risk categories include Sales, Finance and Human Resources.

Internal Audit

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

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



Remuneration

Overview of the remuneration philosophy and policy

Letshego aims to remunerate its Board and employees adequately, fairly, and within industry norms. Non Executive Directors (NED) fees are fixed for two years. Generally, Directors of LHN and its subsidiaries are remunerated on a structure consisting of an annual retainer and sitting fees for meetings attended. NEDs do not receive any fees that are related to the performance of the Group and do not participate in any share-based payments or incentives.

The Board's structure balances the Directors' powers so that no individual has unfettered authority in discussions or decision-making. The distinct roles of the Chief Executive Officer, Group Chairperson, and Non-Executive Directors are defined in the Board Charter.

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

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

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

Long term incentive plans (LTIP)

Executive Management of LHN comprising LBN and LMFSN are eligible to be incentivised on the LAHL Long-Term Incentive Plan (LTIP), which is an equity-settled conditional incentive plan where awards are granted to key employees based on non-market conditions, namely Earnings per Share and Return on Equity of LAHL. The LTIP grants incentives of between 75% and 200% of the basic salary of participants, which vest at the end of three years, based on achievement of targets. The Group also operates a deferred cash bonus scheme for selected members of the management team who do not participate in the aforementioned share scheme. The deferred cash bonus is paid over three years (50% at the end of the second year and 50% at the end of the third year) and is adjusted upwards for any increase in the Group's share price during the bonus period.

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

The key elements of the LTIP are:

- Calculation of grants – ranges between 75% to 200% of basic salary for participants.
- Grant term – vesting is at the end of three years.
- Grant targets – based on Earnings per Share and Return on Equity targets set at the start of each three-year period.

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

Directors remuneration

	Status (INED / NED/ED)	Retainer (N$)	Main Board (LHN/LBN/ LMFSN) (N$)	ARC (N$)	REMCO (N$)	SES (N$)	NOMCOM (N$)	Total (N$)
M. Palanduz	INED	181,280.00	168,933.75	-	69,977.50	-	15,063.75	435,255.00
S. von Blottnitz	INED	146,000.00	139,546.25	96,840.00	-	-	-	382,386.25
R. Martins-Hausiku	INED	146,000.00	59,262.50	-	52,725.00	24,977.50		282,965.00
M Nakale	INED	146,000.00	199,801.25	-	-	49,955.00	12,488.75	408,245.00
K. Chigiji	INED	146,000.00	163,796.25	81,390.00	30,127.50	60,255.00	12,488.75	494,057.50
K. Chiusiwa	NED	-	-	-	-	-	-	-
E. Kali	ED	-	-	-	-	-	-	-
K-S Altmann	ED	-	-	-	-	-	-	-

Board of Directors Meeting Attendance Fees

		Chairperson	Director
Board Supported LBN/LHN Board Fees Per Annum			
Board sitting fees	N$	120,510	97,000
Annual retainer	N$	181,280	146,000
Total	**N$**	**301,790**	**243,000**
Board Supported LBN/LHN Board Fees per sitting			
Board sitting fees per meeting	N$	30,128	24,250
Board Supported LMFSN Board Fees per sitting			
Board sitting fees per meeting	N$	15,064	12,125
Board Supported Committee Sitting Fees Per Annum			
Audit & Risk Committee	N$	90,383	74,933
Credit Committee	N$	60,255	49,955
Remuneration Committee	N$	60,255	49,955
Board Supported Committee Fees per sitting			
Audit & Risk Committee	N$	22,596	18,733
Credit Committee	N$	15,064	12,489
Remuneration Committee	N$	15,064	12,489

Executive Directors' remuneration & emoluments

Executive Directors' incentive bonuses are evaluated and recommended by the RemCo for the approval of the Board.

	Salary (N$)	Short-term incentives (N$)	LTIP (N$)	Pension and medical contributions (N$)	Other allowances and fringe benefits (N$)	Total (N$)
CEO						
E. Kali	2,679,384.29	617,418.70	1,600,320.30	316,817.40	46,854.42	5,260,795.11
Karl-Stefan	2,163,462.34	490,926.50	-	273,143.88	54,354.99	2,981,887.71

Top three Country Management earners as at 31 December 2023

	Annual income earned (N$)
Employee 1	2,007,956.73
Employee 2	1,855,135.31
Employee 3	1,701,748.38

Compliance with the NAMCODE

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

Reference	NamCode principle(s)	2023	Commentary
1. Ethical leadership and corporate citizenship			
1.1	The Board should provide effective leadership based	**Applied**	Our Board Charter clearly outlines the responsibility for effective leadership based on an ethical foundation. The Board's performance with respect to this requirement will be evaluated on an annual basis.
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	**Applied**	Letshego Holdings (Namibia) Limited has a Strategic and Social Investment (SSI) Policy approved by the Board and remains committed towards sustainable development and improvement of lives in the communities within which Letshego Holdings (Namibia) Limited operates. Further, this policy ensures that Letshego Holdings (Namibia) Limited is a socially responsible corporate citizen and occupies a positive and impactful role in its subsidiaries and communities. Going forward, Ethics and Sustainability will be a standing agenda item for Board discussion and tracking of progress.
1.3	The Board should ensure that the Company's ethics are managed effectively	**Applied**	Letshego Holdings (Namibia) Limited has a Code of Ethics Policy approved by the Board and the responsibility to oversee the performance against the principles is delegated to the Board Audit & Risk Committee. Section 5.2.2 of the Board Charter stipulates that the Board should determine and set the ethical tone of the Company values, including framework of the code for ethical conduct, ethical business principles and practices, requirements for responsible corporate citizen.
2. Board and Directors			
2.1	The Board should act as the focal point for and custodian of corporate governance.	**Applied**	The Board Charter clearly sets out the Board responsibilities and the Board meets at least four times per year. According to section 5.2.2 of the Charter, the Board must satisfy itself that the Company and Subsidiary Companies are governed effectively in accordance with corporate governance best practices including risk management, legal compliance management, appropriate and relevant nonbinding industry rules, codes and standards.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	**Applied**	The principle is recognised in the Board Charter and it is part of the Board's responsibility to determine the strategies and strategic objectives of the Company and ensure that the strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced. Strategy, risk, performance and sustainability are standing agenda items for Board meetings.
2.3	The Board should provide effective leadership based on an ethical foundation.	**Applied**	Refer to principle 1.1 above.
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	**Applied**	Refer to principle 1.2 above
2.5	The Board should ensure that the Company's ethics are managed effectively.	**Applied**	Refer to principle 1.3 above.
2.6	The Board should ensure that the Company has an effective and Independent Audit Committee.	**Applied**	An Independent Board Audit & Risk Committee is in place and its main objectives are outlined in the section: 'Composition of the Board and its subcommittees'. The Committee's Terms of Reference outline the roles, powers, responsibilities and membership. The majority of members of the Board Audit & Risk Committee are independent.

2.7	The Board should be responsible for the governance of risk	**Applied**	The Board Audit & Risk Committee whose main purpose is outlined above under composition of the Board and its subcommittees assists the Board in executing its responsibility in terms of the governance of risk. The Committee meets on a quarterly basis and top risks are considered during the meetings and reported to the Board.
2.8	The Board should be responsible for information technology (IT) governance.	**Applied**	The Board Charter requires the Board to assume responsibility for IT governance. The Board has commissioned the ITCG (Information Technology and Cyber Governance Committee) to support Letshego's IT governance and digitalisation strategy.
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.	**Applied**	The Board Audit & Risk Committee assists the Board in ensuring that the Company's Governance, Risk, IT and Compliance Frameworks are maintained and that compliance to applicable laws and regulations are effectively monitored. Further, the Management Risk Committee (MRC) at management level will meet quartely to consider the level of adherence of the Company to rules, codes and appropriate standards.
2.10	The Board should ensure that there is an effective risk-based internal audit	**Applied**	In line with the NamCode, our Internal Audit Function reports directly to the Board Audit & Risk Committee. The Board Audit & Risk Committee approves a risk based internal audit plan each year and ensures that the Internal Audit function has adequate resources, budget standing and authority to enable it to discharge its functions.
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	**Applied**	The potential impact of stakeholders' perceptions on the reputation of Letshego Namibia is recognised and highlighted in the Board Charter. According to the Charter, only individuals with sound ethical reputations will be considered for appointment to the Board. Part of the Board's mandate in the Charter is to safeguard the human capital, assets and reputation of the entity.
2.12	The Board should ensure the integrity of the Company's integrated report.	**Applied**	This Integrated Annual Report is approved by the Board after satisfying itself with respect to the accuracy and integrity of the report based on the recommendation from the Board Audit & Risk Committee.
2.13	The Board should report on the effectiveness of the Company's system of internal controls.	**Applied**	The Board's opinion on the effectiveness of the system of internal controls is expressed in the statement of the Board of Directors forming part of the annual financial statements. This opinion is based on the recommendation of the Board Audit & Risk Committee that reviews and satisfies itself with the adequacy of the controls in place.
2.14	The Board and its Directors should act in the best interests of the Company.	**Applied**	The Board makes decisions giving due regard to their fiduciary duties and duty of care with an independence of mind. Further, Directors are required to declare their direct and indirect interests at each Board meeting.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act.	**Applied**	The Board considers the Company's going concern status at its interim and full year meetings. The Board continuously monitors the solvency and liquidity of the Company on a regular basis. This enables the Board to consider business rescue should the Company become financially distressed. Further, the deposit taking subsidiary (LBN) has developed a Liquidity Contingency Plan.

Compliance with the NAMCODE Continued

2.16	The Board should elect a Chairperson of the Board who is an Independent Non-Executive Director. The MD of the Company should not also fulfil the role of Chairperson of the Board.	**Applied**	The Board is chaired by an Independent Non-Executive Director and as covered under the section on composition of the Board and its committees above. The roles of the Chief Executive Officer and Chairperson are separate, in line with the Namcode
2.17	The Board should appoint the Company Chief Executive Officer and establish a framework for the delegation of authority.	**Applied**	According to the Board Charter, the Chief Executive Officer is appointed by the Board. The Executive Management operates within the defined framework for the delegation of authority from the Board via the Chief Executive Officer. The delegation of authority is reviewed regularly to ensure that it is commensurate with the level of maturity of the Company
2.18	The Board should comprise a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors should be Independent.	**Applied**	The Board membership as at end of 2023 is comprised of seven Directors of which four are Independent Non-Executive Directors (INEDs), one Non-Executive Director (NED) and two Executive Director (EXD), being the Chief Executive Officer and Chief Financial Officer.
2.19	Directors should be appointed through a formal process.	**Applied**	The Board Charter acknowledges and sets out the Directors' appointment process. In considering whether the potential candidates are suitable for appointment, decisions are made by the Board in accordance with the criteria clearly stipulated in the Board Charter. All Non-Executive Director appointments are voted on by Shareholders at Annual General Meetings by either ratification of appointments made by the Board or by voting on the re-election of Directors who retire by rotation
2.20	The induction of and on-going training and development of Directors should be conducted through formal processes.	**Applied**	The role of the Chairperson includes the need to ensure that all Directors are appropriately made aware of their responsibilities through a tailored induction programme ensuring that a formal programme of continuing professional education is adopted at Board level. While an induction programme is in place and training is provided in specific areas to the Directors, ongoing training and development of Directors is conducted through a formal on-line process as well as in-person.
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	**Applied**	The decision to appoint or remove the Company Secretary is a Board decision. The Board ensures that a competent, suitably qualified and experienced person is appointed as Company Secretary.
2.22	The evaluation of the Board, its Committees and the individual Directors should be performed every year	**Applied**	The Board conducted its own procurement assessment for FY23.
2.23	The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities.	**Applied**	According to the Board Charter, the Board has the power to appoint Committees and to delegate its duties to such Committees as may have been set up having regard to what is appropriate for the Company. These committees review and recommend matters to the Board for final approval. The Board has created the following Committees with clearly defined terms of reference: ▶ SES ▶ ARC ▶ REMCO ▶ NOMCOM
2.24	A governance framework should be agreed between the Company and its subsidiary Boards.	**Applied**	Letshego Holdings (Namibia) Limited and its Subsidiaries have a governance framework approved by the Board and supported by respective Charters. The Frameworks and Charters are reviewed annually to ensure continued alignment to regulatory changes.

2.25	The Company should remunerate Directors and Executives fairly and responsibly.	**Applied**	The Board is responsible for setting and administering remuneration of Directors and Executives with shareholders approving Directors' remuneration at each Annual General Meeting. It has adopted remuneration practices governed by a Remuneration Policy which support the Company's growth, performance and returns strategy. the Remuneration Policy has adequate oversight of the Company's remuneration, reviews and recommends to the Board for approval.
2.26	The Company should disclose the remuneration of each individual Director and Prescribed Officer.	**Applied**	Full disclosure is included in this Integrated Annual Report under Remuneration Policy section above.
2.27	Shareholders should approve the Company's remuneration policy.	**Applied**	At each AGM which is held annually, for the purpose of considering and adopting the Annual Financial Statements, shareholders have a non-binding vote on the remuneration of Directors, including the basis for this remuneration.
3. Audit Committee			
3.1	The Board should ensure that the Company has an effective and Independent Audit Committee.	**Applied**	The Board has an Independent and effective Board Audit & Risk Committee in place. All members of the Committee are suitably qualified and experienced with a majority of members being Independent Non-Executive Directors
3.2	Audit committee members should be suitably skilled and experienced Independent nonexecutive Directors.	**Applied**	As per 3.1 above.
3.3	The Audit Committee should be chaired by an Independent Non-Executive Director	**Applied**	The Board Audit & Risk Committee is chaired by an Independent Non-Executive Director
3.4	The Audit Committee should oversee integrated reporting.	**Applied**	The Audit and Risk Committee Charter requires the Committee to oversee and take responsibility for the integrity of the Integrated Annual Report.
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	**Applied**	In line with the Audit and Risk Committee Charter, the Committee ensures that the combined assurance received from the External and Internal Auditors is appropriate to address all the significant risks facing the Company.
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	**Applied**	The Audit and Risk Committee Charter requires the Committee to annually review the appropriateness of the expertise and adequacy of the resources on the finance function and the experience of the senior members of management responsible for the finance function.
3.7	The Audit Committee should be responsible for overseeing of internal audit.	**Applied**	The Audit and Risk Committee monitors and supervises the effectiveness of the Internal Audit function and ensures that the roles and functions of the External Audit and Internal Audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting.
3.8	The Audit Committee should be an integral component of the risk management process.	**Applied**	The Committee Charter of the Audit and Risk Committee requires the committee to oversee the Company's risk management process.
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	**Applied**	The Audit and Risk Committee recommends to the Board which firm(s) should be appointed in the event of change of external auditor(s), their reappointment and removal. In addition, the Committee evaluates the performance of the external auditor(s) and the engagement partner is rotated at least every 5 years or such other frequency deemed to be appropriate based on the external audit firm rules to enhance actual and perceived independence.
3.10	The Audit Committee should report to the Board and Shareholders on how it has discharged its duties.	**Applied**	The Chairperson of the Audit and Risk Committee reports to the Board at all its meetings and minutes of the meeting are provided to the Board. The Chairperson of the Committee attends the Annual General Meeting to answer questions concerning matters falling within the ambit of the Committee and appropriate disclosures are made in the IAR.

Compliance with the NAMCODE Continued

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

5. The Governance of IT			
5.1	The Board should be responsible for information technology (IT) governance.	**Applied**	The Board Charter recognises the Board's responsibility for IT governance and the Audit and Risk Committee ensures that an IT governance charter and policies are established and implemented. This is supported by the ITCG Committee at management level.
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	**Applied**	Letshego Holdings (Namibia) Limited's IT strategy is integrated with the business Strategy and business processes. The Board Audit & Risk Committee is responsible for the management of performance and sustainability objectives of Letshego Namibia, and ensures that IT is aligned to these objectives.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	**Applied**	The Audit and Risk Committee requires the Committee to ensure that management is responsible for the implementation of the structures, processes and mechanisms for the IT governance framework. This is supported by the ITCG Committee.
5.4	IT should form an integral part of the Company's risk management.	**Applied**	The IT Governance Framework and the Enterprise Risk Management framework of Letshego Namibia includes the assessment and management of all significant IT risks. IT risk management includes disaster recovery planning, cyber security, system implementation of operational controls/ policies, IT legal risks and compliance to laws, rules, codes and standards that are an integral part of Letshego Namibia risk management.
5.5	The Board should ensure that information assets are managed effectively.	**Applied**	It is the responsibility of the Audit and Risk Committee to ensure that Letshego Namibia has systems in place for the management of information that include the protection of privacy of personal information and the continual monitoring thereof, irrespective of whether this information is at rest, in transmission, or at disposal of IT Assets.
5.6	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities.	**Applied**	The Board Audit & Risk Committee Charter requires the Committee to ensure that IT risks are adequately addressed, and that assurance is given to confirm that adequate controls are in place. The Board Audit & Risk Committee reviews IT risks and controls, adequacy of business continuity management (including disaster recovery plans for IT), information security, privacy and authorised access.
6. Compliance with laws, rules, codes and standards			
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards.	**Applied**	Through the Audit and Risk Committee, the Board is able to address legal and compliance requirements of the institution, governed by a Compliance, Legal and Governance Risk Framework. The Legal and Compliance update is a standing item in the Risk & Compliance report; in which the Board is appraised on legal and compliance risk and deliberates over the applicable legislations and the approach to the stated laws.
6.2	The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.	**Applied**	Applicable laws are reported to the Board by the Legal and Compliance function. Any new legislation or rules which impact Letshego Namibia and its subsidiaries are notified to the Board, who are advised on the legal requirement applicability and how the same is being disseminated to the applicable areas of business which are impacted.
6.3	Compliance risk should form an integral part of the Company's risk management process.	**Applied**	The Compliance, Legal and Governance Risk Framework is a sub-set of the Enterprise Risk Management framework. The Compliance risk and AML tools that include the Compliance Risk Monitoring Plans, Compliance Risk Monitoring Reviews and AML monitoring system are applied across all the head office functions and branch networks.
6.4	The Board should delegate to Management the implementation of an effective compliance framework and processes.	**Applied**	The Compliance, Legal and Governance Risk Framework has been approved by the Board, which addresses the implementation of compliance controls and processes. The framework enhances and complements the Enterprise Risk Management Framework. Both documents delegate to management the effective ways we tackle compliance risks.

Compliance with the NAMCODE Continued

7. Internal audit			
7.1	The Board should ensure that there is an effective risk based internal audit.	**Applied**	An Independent Internal Audit function is in place, governed by an approved Internal Audit Charter and reports functionally to the Board Audit & Risk Committee. The Board approves the Internal Audit Plan during the first quarter of the year before implementation.
7.2	Internal audit should follow a risk-based approach to its plan.	**Applied**	The Internal Audit Function follows a risk-based approach in its annual audit planning that is considered and approved by the Audit and Risk Committee. The risk-based planning direct time and effort toward the risks that most affect Letshego Namibia's ability to implement strategy and achieve goals. The plan is reviewed quarterly in response to changes in Letshego Namibia's business drivers, significant risks, operational programmes and systems.
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management.	**Applied**	Internal Audit reports quarterly to the Audit and Risk Committee on its assessment of internal controls and overall control consciousness of Letshego Namibia. The trend analysis of Internal Audit ratings from engagements completed over the past three years is used to assess improvement in the control environment. Also, management issue an Annual Statement on Internal Controls to the Board Audit & Risk Committee that includes its commitment to resolve Letshego Namibia's Internal Audit findings.
7.4	The Audit Committee should be responsible for overseeing internal audit.	**Applied**	The Audit and Risk Committee is responsible for overseeing Internal Audit. The Committee approves the Internal Audit charter, the annual internal audit plan, the budget and the resource plan of the function. Also, the Committee receives communication on Internal Audit's performance and significant findings. The Committee approves the appointment, removal and remuneration of the Head of Internal Audit.
7.5	Internal audit should be strategically positioned to achieve its objectives.	**Applied**	The Internal Audit function is Independent and reports to the Audit and Risk Committee. The Head of Internal Audit is a permanent invitee to the Country Management Committee, has the respect and cooperation of both the Board and Management and has unrestricted access to the Board Audit & Risk Committee Chairperson and members, including private meetings without management (executive sessions).
8. Governing stakeholder relationships			
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation.	**Applied**	The Board Charter recognises the Board's responsibility to manage stakeholder relations and perceptions considering the potential risk to Letshego Namibia reputation. The Board has put measures in place through the Committee and the Country Management Committee to promote a culture that focuses on a unique customer experience, innovation, anticipatory risk, people commitment and stakeholder engagement to protect Letshego Namibia reputation.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	**Applied**	The Board has delegated the effective management of stakeholder relationships to the SES Committee and the Country Management Committee. To this end, the following policies were approved by the Board for implementation by management and staff: ▶ Reputational Risk Policy ▶ External Communication Policy ▶ Sustainability and Environmental, Social, Governance Policy ▶ Strategic Social Investment Policy
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.	**Applied**	The Board strives to achieve an appropriate balance between the interests of various stakeholders in its decision making. The Country Management Committee assists the Board in achieving this objective.

8.4	Companies should ensure the equitable treatment of Shareholders.	**Applied**	In line with the Companies Act 28 of 2004 and the Namibian Stock Exchange (NSX) Listings Requirements regarding the treatment of Shareholders, the Board is aware of its duty to ensure that all Shareholders are treated equally and equitably.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	**Applied**	Letshego Holdings (Namibia) Limited strives to provide complete, timely, relevant, accurate, honest and accessible information to its stakeholders whilst having regard to legal and strategic considerations. Further, Independent consultants are engaged periodically to assess the level of stakeholder engagement in Letshego Holdings (Namibia) Limited and its subsidiaries.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	**Applied**	The Board Charter clearly addresses the issue of dispute resolution and the Board's approach in this regard. It is a policy of the Company to ensure that internal and external disputes are resolved as effectively and expeditiously as possible. To this end, consideration is given in respect of each dispute whether settlement, litigation, arbitration, mediation or other forms of alternative dispute resolution would be the most effective mechanism to resolve a dispute in the best interest of the Company.
9. Integrated reporting and disclosure			
9.1	The Board should ensure the integrity of the Company's integrated report	**Applied**	The Board is ultimately responsible for this Integrated Annual Report and has put adequate measures through the Board Audit & Risk Committee to enable it to verify and safeguard the integrity of the report. The Board Audit & Risk Committee reviews and considers the financial statements and any other information in the integrated report for Board approval prior to publishing.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	**Applied**	In addition to Letshego Namibia financial reporting, sustainability reporting is treated as part of the Strategic Social Investment initiatives in the Integrated Annual Report. Ethics & Sustainability reporting is a standing agenda for Board discussion going forward
9.3	Sustainability reporting and disclosure should be Independently assured.	**Not applied**	The Board does not have a formal process in place to obtain independence assurance over the sustainability reporting and disclosure in this Integrated Annual Report.

Notice of Annual General Meeting

NOTICE TO SHAREHOLDERS OF THE 7th ANNUAL GENERAL MEETING (AGM)TO BE HELD ON FRIDAY, 9 AUGUST 2023 AT 12H00.

Notice is hereby given to all shareholders of Letshego Holdings Namibia Limited ("the Company") in respect of the Annual General Meeting ("AGM") in respect of the financial year ended 31 December 2023, which will be held at the Company's registered address on the 1st floor of Letshego Bank Namibia Limited, 18 Schwerinsburg Street, Windhoek, and will be accessible to shareholders through electronic communication via Microsoft Teams on Friday, 9 August 2023 at 12h00 (with registration to commence at 11h00), to deal with the business as stated in the AGM Notice, and to consider and if deemed fit, to pass the resolutions set out hereunder in the manner set out in the Namibian Companies Act, together with the Namibian Listings Requirements ("NSX LR") and the provisions of the Company's statutory documentation. The Microsoft Teams link will be circulated to Shareholders 5 (five) days before the meeting.

Shareholders will be advised of the publication date of the Integrated Annual Report for the year ended 31 December 2023. The Annual Financial Statements will be available on the website of the Company https://www.letshego.com/namibia as of date of this publication.

A Shareholder is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a shareholder. Proxy forms should be deposited at Letshego Holdings Namibia Limited, 1st Floor, Letshego Bank Namibia Ltd, 18 Schwerinsburg Street, Windhoek or to the office of the Transfer Secretary at 4 Robert Mugabe Avenue (entrance from Dr Theo-Ben Gurrirab Street) or emailed to the Company Secretary at MignonK@letshego.com not less than 48 hours before the meeting.

ORDINARY RESOLUTIONS

To consider and pass the following ordinary resolutions:

1. Resolution 1: Annual Financial Statements

To receive, consider and adopt the Annual Financial Statements for the financial year ended 31 December 2023 including the Directors' Report and the report of the Independent Auditors.

2. Resolution 2: Dividend Declaration

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

2.1 An interim dividend of 34.29 cents (N$0.3429) per share paid to shareholders on 3 November 2023.

2.2 A final dividend of 36.38 cents (N$ 0.3638) per share paid to shareholders on 14 June 2024.

3. Resolution 3

To re-elect by separate resolutions the Independent Non-Executive Directors who retire in accordance with Article 63 of the Company's Articles of Association, and in accordance with the provisions of the Companies Act, and the NSX LR.

3.1 To approve that Ms. Kudzai Chigiji, who retires by rotation, will be available for re-election.

Ms. Kudzai Chigiji is a qualified actuary with experience in life insurance, healthcare, social security, digital product development, management consulting and banking. She is a member of the Council for the Institute and Faculty of Actuaries in the United Kingdom and a Board Advisor for the Movement Health 2030, a Roche Foundation. She is currently the Founder and General Partner of Ishe Africa, an early-stage venture studio and fund focused on Sub-Saharan Africa. Additionally, she provides actuarial consulting to players within the pharmaceutical and healthcare funding industries. She has a Masters in Business Administration (Oxford University), Masters in Development Finance (University of Cape Town), Bachelor of Science - Actuarial Science & Statistics, Qualified Actuary - Fellow of Institute of Actuaries (United Kingdom and South Africa) and Certified Director with the Institute of Directors South Africa.

4. Resolution 4

To re-elect by separate resolutions the Directors who were appointed to the Board of Directors since the previous Annual General Meeting.

4.1 To approve that Mr. Richard Ochieng be appointed as Non-Executive Director to the Board.

Mr Richard Ochieng has been appointed as Non-Executive Director of the Company effective 1 July 2024. Mr Ochieng is a seasoned and highly accomplished enterprise risk management certified professional (ERMP) with wide-ranging risk and leadership experience in banking and microfinance sectors across 15 countries within the African continent. Mr. Ochieng currently holds the position of Group Chief Risk Officer at Letshego Africa Holdings Limited ('LAHL').

4.2 To approve that Mr. Jerome Mutumba be appointed as Independent Non-Executive Director to the Board.

Mr. Mutumba's has been appointed as Independent Non-Executive Director effective 15 July 2024. He is a seasoned business executive and strategist with nearly 21 years of senior management experience across the financial and commercial sectors, including central banking, mining, and development finance. As a well-rounded corporate executive and Business Management Strategist by training, Mr. Mutumba possesses authoritative expertise in all relevant areas of business management and has held high-level strategic responsibilities at both national and corporate levels, demonstrating a proven track record of leadership and strategic vision.

4.3 To approve that Mr. Johannes Jacobus Esterhuyse be appointed as Independent Non-Executive director to the Board.

Mr. Esterhuyse has been appointed as Independent Non-Executive Director effective 17 July 2024. He is a seasoned Financial Service Executive and has over a decade of executive-level experience, specialising in the formulation and implementation of group strategies with a proven track record in driving and delivering growth and expansion strategies across diverse sectors and has proven himself adept at serving on various executive committees and boards, with a strong background in both the banking and private equity sectors.

5. Resolution 5

5.1 To approve, on the recommendation of the Audit and Risk Committee (ARC), the appointment of Ernst and Young Namibia ('EY Namibia') and the auditing partner Ms. Danica van Wyk as the Company's Independent external auditor for the following financial year. Further, that the terms of engagement and the fees of the Independent external auditor be determined and approved by the ARC of the Company.

6. Resolution 6

6.1 To approve the remuneration of the Independent Non-Executive Directors for the financial year ending 31 December 2023 as disclosed in Note 26.2 to the Annual Financial Statements. The Board attendance and remuneration for each Director are disclosed under the Corporate Governance section of the Annual Report.

6.2 To confirm and approve the remuneration structure of the Independent Non-Executive Directors for the financial year ending 31 December 2024. After a Benchmarking Process the fee structure to be incorporated set out below.

	PROPOSED FEES FROM 1 JANUARY 2024	
	(annual fee)	(quarterly fee)
BOARD RETAINER FEES		
Chairperson	181,280	45,320
Board Member	146,000	36,500
Letshego Namibia /Letshego Bank Namibia BOARD FEES*		
Chairperson	271,524	67,881
Board Members	169,703	42,426
LMFSN BOARD FEES		
Chairperson	135,762	33,941
Board Member	84,852	21,213
BOARD COMMITTEES		
Audit & Risk Committee		
Chairperson	135,762	33,941
Committee Member	84,851	21,213
Social, Ethics and Sustainability, Nomination and Remuneration Committees		
Chairperson	90,508	22,627
Committee Member	56,568	14,142
Hourly Rate	2,828	
Ad hoc meetings capped at NAD 15,000 / meeting (equating to approximately 5.3 hours)		

7. Resolution 7

To approve the Letshego Holdings Namibia Employee Share Option Plan ('ESOP') Trust

Ordinary Resolution 7.1
Resolve that the execution of the Transaction Documents and the transfer of the Trust Shares from Letshego Africa Holdings Limited to the Trust be and is hereby approved.

Ordinary Resolution 7.2
Resolved that the Company be and is hereby authorised to appoint three Founding Trustees as contemplated in clause 5.3 of the Trust Deed, subject to the confirmation of appointment by the Master of the High Court.

Ordinary Resolution 7.3
Resolved that any two Independent Non-Executive Directors of the Company (Authorised Signatories) be and are hereby authorised, confirmed, and ratified (as applicable) for and on behalf of the Company to do all things and sign all such documents as may be reasonable or necessary to give effect to the resolutions referred to above including, but not limited to:

1. Enter and sign the Transaction Documents;
- **1.1** settle the final terms of the Transaction Documents and any amendments to and reinstatements of the Transaction Documents;
- **1.2** take all such steps as may be necessary to:
  - **1.2.1** enforce all or any of its rights arising from or pursuant to the Transaction Documents.;
  - **1.2.2** implement the resolutions set out above; and
  - **1.2.3** perform all or any of its obligations arising from or pursuant to the Transaction Documents; and
- **1.3** take any other action which the Authorised Signatories consider necessary or desirable in connection with the transactions contemplated by the Transaction Documents.

EXPLANATORY STATEMENT
Shareholders are referred to the Circular ("Explanatory Statement"), which is attached to this notice, which gives details of the nature of the Company's Employee Share Option Plan ('ESOP') Trust to enable the shareholders to form a reasoned judgment in relation to the resolution proposed to be passed.

8. Resolution 8

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

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

Voting will be by proxy only. The exact voting process is set out in the proxy form accompanying this document. Proxy forms can be downloaded from the website on 19 July 2024. Shareholders are required to submit their votes by proxy to the Transfer Secretaries of the Company who will submit their votes at the Annual General meeting on their behalf. The holders of ordinary shares will each be entitled to one vote for every ordinary share held.

Proxies: the form of proxy for the Annual General Meeting which sets out the relevant instructions for its completion, accompanies this notice. In order to be effected, duly completed Forms of Proxy must be submitted to the Transfer Secretaries of the Company by no later than 12:00 on 7 August 2024 or deliver by hand at 4 Robert Mugabe Avenue (entrance from Dr Theo-Ben Gurrirab Street).

By order of the Board

M Klein
Company Secretary

Registered Office
18 Schwerinsburg Street
Windhoek
19 July 2024

Sponsor

IJG Securities (Pty) Ltd
Member of the NSX
4th Floor, 1@Steps, C/O Grove & Chasie Street P O Box 186, Windhoek, Namibia Registration No. 95/505

Form of Proxy

Ordinary and Special Resolutions

For completion by holders of ordinary shares

(PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

For use at the Annual General Meeting of ordinary shareholders of the Company to be held virtually via Microsoft Teams on Friday, 28 June 2023 at 12h00, with registration to commence at 11h00.

I/We	**(name/s in block letters)**
of (address)	being a member of Letshego Holdings Namibia Limited hereby appoint (see note 2)
Appoint (see note 2):	
1.	or failing him/her,
2.	or failing him/her,
3. The Chairperson of the meeting,	

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

			FOR	AGAINST	ABSTAIN
Ordinary Resolution Number	**1**	**Annual Financial Statements**			
Ordinary Resolution Number	**2.1**	**Dividend Declaration**			
Ordinary Resolution Number	**2.2**	**Dividend Declaration**			
Ordinary Resolution Number	**3.1**	**Director Rotation**			
Ordinary Resolution Number	**4.1- 4.3**	**Appointment of Directors**			
Ordinary Resolution Number	**5**	**Appointment of Auditors**			
Ordinary Resolution Number	**6.1**	**Independent Director fees 2023**			
Ordinary Resolution Number	**6.2**	**Independent Director fees 2023**			
Ordinary Resolution Number	**7.1**	**Establishment of ESOP**			
Ordinary Resolution Number	**7.2**	**Appointment of Founding trustees**			
Ordinary Resolution Number	**7.3**	**Authority of Directors (ESOP)**			
Ordinary Resolution Number	**8**	**Authority of Directors**			

Signed at	**on this day of**	**2024**
Signature		
Assisted by (where applicable)		

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

Please read the notes hereof.

Notes

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

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

3. Forms of proxy must be lodged at or posted to The Company Secretary, Letshego Holdings (Namibia) Limited, 1st Floor, Letshego Bank Namibia Ltd, 18 Schwerinsburg Street, Windhoek or emailed to the Interim Company Secretary at mignonk@letshego.com, to be received not less than 48 hours before the Annual General Meeting.

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

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

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

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

8. At a meeting of Shareholders a poll may be demanded by:

- Not less than five shareholders having the right to vote at the meeting or;
- A Shareholder or shareholders representing not less than 10 per cent of the total voting rights of all Shareholders having the right to vote at the meeting;
- A Shareholder or Shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10 per cent of the total. Where a poll is taken, votes shall be counted according to the votes attached to the shares of each Shareholder present in person or by proxy and voting.

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

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

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

Consolidated Annual Financial Statements

CONTENTS

7. Consolidated Annual Financial Statements

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 94 to 163, 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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Cnr Otto Nitzsche and Maritz Streets
Box 1857
Windhoek
10005
Namibia

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www.ey.com

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

Opinion

We have audited the consolidated and separate annual financial statements of Letshego Holdings (Namibia) Limited and its subsidiaries ("the group") set out on pages 94 to 163, 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
Expected credit losses on advances to customers We identified the audit of expected credit losses (ECL) on advances to customers as a key audit matter which required significant audit effort and the support of our specialists when considering the following: • The Group's advances to customers represents 69,8% of the Group's total assets; • There is a high degree of estimation uncertainty, and significant judgements and assumptions are applied in estimating the ECL model on advances to customers; • Economic scenario forecasts used to estimate the ECL on advances to customers require subjective management judgement to reflect the current macroeconomic environment.	The following audit procedures, amongst others, were executed with the involvement of our internal quantitative specialists: • We obtained an understanding of management's process over credit origination, credit monitoring and credit remediation and tested the relevant controls identified within these processes. In particular we have focused on the following areas of significant judgement and estimation which required the use of specialists:
1. Modelled ECL impairment loss • 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. **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.	**1. Modelled ECL impairment loss** • The ECL is calculated on a modelled basis which incorporates observable data, assumptions and estimations. The development and execution of these model requires significant 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** • 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.

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• 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.	The judgement relates to the macroeconomic factors considered which include the Namibia CPI, Namibia GDP and Namibia Unemployment Rate.

Other Information

The directors are responsible for the other information. The other information comprises the company information, the contents and the directors' responsibility statement, which we obtained prior to the date of this auditor's report, and the integrated annual report, which is expected to be made available to us after that date. 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.

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We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

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

Per: Danica van Wyk
Partner

Windhoek
Namibia

23 September 2024

DIRECTORS' REPORT

for the year ended 31 December 2023

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 (Appointed as Chairperson - 08 July 2024)
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.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	Group 31 December 2023 Audited N$ '000	Group 31 December 2022 Restated[1] N$ '000	Group 31 December 2021 Restated[1] N$ '000	Company 31 December 2023 Audited N$ '000	Company 31 December 2022 Restated[1] N$ '000	Company 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 assets	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.

STATEMENT OF COMPREHENSIVE INCOME

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**	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.

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
GROUP			
As at 1 January 2023	**100**	**2,123**	**76,187**
Total comprehensive income for the year			
Profit for the year	**-**	**-**	**-**
Other comprehensive income for the year	**-**	**-**	**-**
Transactions with equity holders, recorded directly in equity			
Ordinary share dividend declared and paid	**-**	**-**	
Transfer between reserves			**34,154**
Share based payment transactions	**-**	**(44)**	**-**
As at 31 December 2023	**100**	**2,079**	**110,341**
As at 1 January 2022	100	2,376	40,080
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
Transactions with equity holders, recorded directly in equity			
Ordinary share dividend declared and paid	-	-	-
Transfer between reserves	-	-	36,107
Share based payment transactions	-	(253)	-
As at 31 December 2022	100	2,123	76,187
COMPANY			
As at 1 January 2023	**100**	**-**	**-**
Total comprehensive income for the year			
Profit for the year	**-**	**-**	**-**
Other comprehensive income for the year	**-**	**-**	**-**
Transactions with equity holders, recorded directly in equity			
Ordinary share dividend declared and paid	**-**	**-**	**-**
As at 31 December 2023	**100**	**-**	**-**
As at 1 January 2022	100	-	-
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
Transactions with equity holders, recorded directly in equity			
Ordinary share dividend declared and paid	-	-	-
As at 31 December 2022	100	-	-
Notes	18	19	

	Retained e arnings N$ '000	Capital reorganisation reserve N$ '000	Ordinary shareholders' reserve N$ '000	Non-controlling interest N$ '000	Total equity N$ '000
	1,791,614	**701,024**	**2,571,048**	**215,085**	**2,786,133**
	353,345	**-**	**353,345**	**-**	**353,345**
	-	**-**	**-**	**-**	**-**
	(395,900)	**-**	**(395,900)**	**-**	**(395,900)**
	(34,154)		**-**		**-**
	-	**-**	**(44)**	**-**	**(44)**
	1,714,905	**701,024**	**2,528,449**	**215,085**	**2,743,534**
	1,750,906	701,024	2,494,486	215,085	2,709,571
	350,415	-	350,415	-	350,415
	-	-	-	-	-
	(273,600)	-	(273,600)	-	(273,600)
	(36,107)	-	-	-	-
	-	-	(253)	-	(253)
	1,791,614	701,024	2,571,048	215,085	2,786,133
	656,512	**1,344,154**	**2,000,766**	**-**	**2,000,766**
	416,353	**-**	**416,353**		**416,353**
	-	**-**	**-**	**-**	**-**
	(395,900)	**-**	**(395,900)**	**-**	**(395,900)**
	676,965	**1,344,154**	**2,021,219**	**-**	**2,021,219**
	601,984	1,344,154	1,946,238	-	1,946,238
	328,128	-	328,128	-	328,128
	-	-		-	-
	(273,600)	-	(273,600)	-	(273,600)
	656,512	1,344,154	2,000,766	-	2,000,766
		27			

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STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	Group 31 December 2023 Audited N$ '000	Group 31 December 2022 Restated[1] N$ '000	Company 31 December 2023 Audited N$ '000	Company 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	**-**	-
- Unrealised 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2023

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

3. Material accounting policy information (continued)

Capital re-organisation reserve accounting

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

b) Foreign currency transactions

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

c) Revenue recognition

Revenue comprises interest income and non-interest income.

i) Interest income

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

Collection fees on loans granted and commission paid to sales agents

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

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

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

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

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. Where applicable, fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates on an annual basis. Transaction-based fees for interchange and overdrafts are charged to the customer's account when the transaction takes place. Where applicable, servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group. There is no financing component.	Revenue from account service and servicing fees is recognised over time as the service is provided. Revenue related to transactions is recognised at the point in time when the transaction takes place. Non-refundable up-front fees are recognised as revenue over the period for which a customer is expected to continue receiving the service or utilising the facility.

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.

3. Material accounting policy information (continued)

i) Right-of-use assets

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

* Buildings 3 to 6 years

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

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

ii) Lease liabilities

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

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

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

The Group's lease liabilities are included in 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 recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

f) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

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

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

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

Interest income

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

3. Material accounting policy information (continued)

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 fuffilment 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 depicting the losses recognised.

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant asset or liability for remaining coverage.

Allocation of cash flows between LRC and LIC
The in substance reinsurance contract cash flows are received on a net basis. This inflow is grossed up and allocated to the net assets for remaining coverage and the liability for incurred claims. The allocation is done in such a way that the liability for incurred claim balance aligns with the balance within the cell captive.

Presentation

The Group and the company presents separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets and portfolios of insurance contracts issued that are liabilities.

The Group and the company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense. The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group and the company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

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 recognition of the asset and liability.
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

4. New standards and amendments to standards (continued)

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

IFRS 17 Insurance Contracts

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 espenses.

(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

(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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS(CONTINUED)
for the year ended 31 December 2023

4. New standards and amendments to standards (continued)

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) N$'000	Reclassification N$'000	Remeasurement N$'000	At 31 December 2022 Restated N$'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) N$'000	Reclassification N$'000	Remeasurement N$'000	At 31 December 2022 Restated N$'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) N$'000	Reclassification N$'000	Remeasurement N$'000	At 31 December 2022 Restated N$'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) N$'000	Reclassification N$'000	Remeasurement N$'000	At 31 December 2022 Restated N$'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) N$'000	Reclassification N$'000	Remeasurement N$'000	At 31 December 2022 Restated N$'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 Audited - (as previously stated) N$'000	Reclassification N$'000	Remeasurement N$'000	At 31 December 2022 Restated N$'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 (continued)

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

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.
The Group's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

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 on the next page for more details.

5. Financial risk management (continued)

5.1 Financial risk factors

5.1.1 Credit risk (Continued)

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):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected losses	Lifetime expected credit losses	Lifetime expected credit losses

Expected Credit Loss (ECL) are categorised as either 'Performing - Stage 1', 'Underperforming -Stage 2', or 'Non-Performing-Stage 3'.

- **Stage 1: Performing**
  - When a significant increase in credit risk since initial recognition has not occurred, a 12-month ECL is recognised for all Stage 1 financial assets.
- **Stage 2 : Underperforming**
  - When a significant increase in credit risk since initial recognition has occurred, a lifetime ECL is recognised.
- **Stage 3: Non-Performing / Credit Impaired**
  - When objective evidence exists that an asset is credit impaired, a lifetime ECL is recognised. The Banks's definition of default is 90 days past due ("DPD") which is similar to the rebuttable presumption under IFRS 9.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Expected credit loss measurement (continued)

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.

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Expected credit loss measurement (continued)

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Expected credit loss measurement (continued)

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 pressures.

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

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.

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Expected credit loss measurement (continued)

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

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

Credit grade	Stage 1 12-month ECL N$ '000	Stage 2 Lifetime ECL N$ '000	Stage 3 Lifetime ECL N$ '000	Total N$ '000
Minimal risk	4,373,580	-	-	4,373,580
Medium risk	-	107,281	-	107,281
Special Monitoring	-	-	302,601	302,601
Gross carrying amount	**4,373,580**	**107,281**	**302,601**	**4,783,462**
Loss allowance	(7,066)	(1,633)	(34,456)	(43,155)
Carrying amount	**4,366,514**	**105,648**	**268,145**	**4,740,307**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

5. Financial risk management (continued)

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-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period [see Note 5.f)i)].

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Management of credit risk (continued)

Credit risk exposure (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Advances to customers	Stage 1 12-month ECL N$ '000	Stage 2 Lifetime ECL N$ '000	Stage 3 Lifetime ECL N$ '000	Total N$ '000
Loss allowance as at 1 January 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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- The write-off of loans with a total gross carrying amount of 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 12-month ECL N$ '000	Stage 2 Lifetime ECL N$ '000	Stage 3 Lifetime ECL N$ '000	Total N$ '000
Gross carrying amount as at 1 January 2023	**4,481,638**	**82,380**	**237,195**	**4,801,213**
Transfers:				
Transfer from Stage 1 to Stage 2	(73,106)	73,106	-	-
Transfer from Stage 1 to Stage 3	(101,838)	-	101,838	-
Transfer from Stage 2 to Stage 3	-	(24,342)	24,342	-
Transfer from Stage 3 to Stage 1	269	-	(269)	-
Transfer from Stage 3 to Stage 2	-	2,488	(2,488)	-
Transfer from Stage 2 to Stage 1	3,977	(3,977)	-	-
New assets originated or purchased	4,579,271	70,350	60,511	4,710,132
Payments and assets derecognised*	(4,516,631)	(92,723)	(23,347)	(4,632,701)
Write-offs	-	-	(95,181)	(95,181)
Gross carrying amount as at 31 December 2023	**4,373,580**	**107,282**	**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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

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 immaterial.

Due to the nature of Government and other securities as well as historical experience, these assets measured at amortised cost are regarded as having a low probability of default and the ECL in respect of these is considered immaterial.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. **Financial risk management** (continued)

5.1 Financial risk factors (continued)

5.1.1 Credit risk (continued)

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. Financial risk management (continued)

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%)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

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. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.2 Market risk

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Group's income or the value of its holdings of financial instruments. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

5.1.2.1 Interest rate risk management

The Group separates its exposure to market risks between trading and non-trading portfolios. Trading portfolios include positions arising from market making, together with financial assets and financial liabilities that are managed on a fair value basis. Currently, the Group only has a non-trading portfolio.

Interest rate risk for the purposes of IFRS is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest rate risk arising in its financial assets and from its holdings in cash and cash equivalents. However the Group's most significant financial asset is its fixed rate advances portfolio.

For the purposes of IFRS 7, the Group is not exposed to interest rate risk on the fixed rate advance portfolio, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates. The Group seeks to achieve funding that is at a similarly fixed rate as that of the advances portfolio.

It is not always feasible to raise fixed rate funding and therefore the Group may have a mix of fixed and variable rate funding instruments. Variable rate funding instruments expose the Group to interest rate risk for the purposes of IFRS. Currently, the Group's funding is mainly from the variable interest rate loans.

Risk measurement and management

Overall authority for market risk is vested in the Asset and Liability Committee (ALCO). ALCO sets up limits for each type of risk in aggregate and for portfolios, with market and liquidity risks being primary factors in determining the level of limits set for trading 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

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. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.2 Market risk (continued)

5.1.2.1 Interest rate risk management (continued)

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			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. **Financial risk management** (continued)

5.1 Financial risk factors (continued)

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 assests[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. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.2 Market risk (continued)

5.1.2.1 Interest rate risk management (continued)

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)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.2 Market risk (continued)

5.1.2.1 Interest rate risk management (continued)

Interest rate 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)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (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 payables1	-	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.3 Liquidity risk (continued)

The following table represents the Group's undiscounted cash flows of liabilities per remaining maturity and includes all cash flows related to the principal amounts as well as future payments. The analysis is based on the earliest date on which the Group can be required to pay and is not necessarily the date at which the Group is expected to pay.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.4 Assets and liabilities measured at fair value or for which fair values are disclosed

5.1.4.1 Valuation models

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group determines fair values using other valuation techniques.

The Group and company measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other factors used in estimating discounting rates, foreign currency exchange rates, bond and equity prices, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value for disclosure

For instruments measured and presented at amortised cost, in determining the fair value for disclosure purposes, the Group uses its own valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include advances and certain funding loans for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rate.

Fair value estimates obtained from models include adjustments to take account of the credit risk of the Group and company and the counterparty where appropriate.

General

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions and experiences. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair values, and management judgement is required to select the most appropriate point in the range.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

5. Financial risk management (continued)

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, none-controlling interest/irredeemable preference shares and retained earnings. The Group's and company's objectives when managing capital are to safeguard the Group's and company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's and company's strategic focus is to maintain an optimal mix of available financial resources, while continuing to generate sufficient capital to support the growth of the Group's and company's operations within the parameters of the risk appetite set by the Board. It is the Group's objective to safeguard the Group's and company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

External regulatory capital management - Banking Operations

Regulatory capital adequacy is measured by expressing available qualifying capital as a percentage of risk-weighted assets. The Banking Institutions Act (No 2 of 1998) and supporting regulations, read together with specific requirements for the banking operations, specify the minimum capital required to be held in relation to risk weighted assets. Ancillary regulatory requirements include the Basel II leverage ratio.

The banking operations regulatory capital is divided into two tiers:

- Tier 1 capital: Share capital, share premium, share based payment reserve, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, general loan loss provisions and current 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.

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.5 Insurance risk

Regulatory capital

	GROUP		LETSHEGO BANK (NAMIBIA) LIMITED	
	31 December 2023 N$ '000	31 December 2022 N$ '000	31 December 2023 N$ '000	31 December 2022 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		
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 coverage 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 coverage 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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

	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:				
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

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.

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

9. Receivables

	Group 31 December 2023 N$'000	Group 31 December 2022 N$'000	Company 31 December 2023 N$'000	Company 31 December 2022 N$'000
9.1 Other receivables				
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.

	Group 31 December 2023 N$'000	Group 31 December 2022 N$'000	Company 31 December 2023 N$'000	Company 31 December 2022 N$'000
9.2 Intercompany receivable				
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-months.

The other intercompany receivables are unsecured and bears interest at Namibian prime rate. These loans are of a short-term nature and are repayable on demand.

Due to historical experience intercompany receivables measured at amortised cost are regarded as a low probability of default and the ECL in respect of these is considered immaterial.

At year-end, the carrying amount of the intercompany receivables approximate their fair values due to the variable nature of the interest on the receivable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

12. Trade and other payables

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

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	31 December 2023 N$'000	31 December 2022 N$'000
14. Taxation				
14.1 Income tax expense				
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				
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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

14.3 Deferred taxation

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

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

15. Borrowings

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

		Group		Company	
		31 December 2023 N$'000	31 December 2022 N$'000	31 December 2023 N$'000	31 December 2022 N$'000
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	**-**	-
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 Number of share awards	Exercise price	**31 December 2022** 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
Forfeited during the period	**(1,080)**	NAD 0.97	**(483)**	NAD 2.19
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**	

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

	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.

	Group 2023	Group 2022	Company 2023	Company 2022
26.2 Related party transactions				
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	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

	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:

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2023

34. Analysis of Shareholding

	Group		Company	
	31 December 2023 N$'000	31 December 2022 N$'000	31 December 2023 N$'000	31 December 2022 N$'000
Range of shareholders	**Number of shareholders**	**% 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, 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.

Appendices

AI	Artificial Intelligence
AGF	African Guarantee Fund
AGM	Annual General Meeting
ALM	Assets and Liabilities Management
AML	Anti-Money Laundering
API	Application Programming Interface
AU	African Union
BASE	Basel Agency for Sustainable Energy
BEPS	Base Erosion and Profit Sharing
BSE	Botswana Stock Exchange
BWP/P	Botswana Pula
BURS	Botswana United Revenue Services
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CFR	Corporate Family Rating
NOMCOM	Remuneration and Nomination Committee
DAS	Deduction at Source
DFI	Development Finance Institution
DPI	Development Partners International
DQ	Digital Quotient
DSAs	Direct Sales Agents
EAC	Enterprise Active Customers
ECL	Expected Credit Losses
ECWAS	Economic Community of West African States
EPS	Earnings Per Share
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social, Governance
ETR	Effective Tax Rate
EVP	Employee Value Proposition
Exco	Executive Committee
FVOCI	Fair Value through Other Comprehensive Income
GAC	Group Audit Committee
GCPF	Global Climate Partnership Fund
GDP	Gross Domestic Product
GGNC	Group Governance and Nominations Committee
GIA	Group Internal Audit

GIBS	Gordon Institute of Business Science
GRI	Global Reporting Initiative
GRSEC	Group Risk, Social and Ethics Committee
GSIC	Group Social and Investment Committee
ICAS	Independent Counselling and Advisory Services
I&T	information and technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Framework
JSE	Johannesburg Stock Exchange
King IV	King Code of Governance Principles for South Africa
KPI	Key Performance Indicators
LGD	Loss Given Default
MSE	Micro and Small Entrepreneurs
NSE	Namibia Stock Exchange
NED	Non-Executive Director
NPLs	Non-Performing Loans
NPS	Net Promoter Score
OECD	Organisation for Economic Cooperation and Development
OKR	Objectives and Key Results
PBT	Profit Before Tax
Remco	Remuneration Committee
ROE	Return On Equity
ROI	Return On Investment
SADC	Southern African Development Community
SAFe	Scaled Agile Framework
SES	Social, Ethics and Sustainability Committee
TOM	Target Operating Model
UN SDGs	United Nations Social Development Goals
UNPRI	United Nations Principles of Responsible Investment
USSD	Unstructured Supplementary Service Data

Notes

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