

LETSHEGO HOLDINGS (NAMIBIA) LIMITED

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Board of Directors of Letshego Holdings (Namibia) Limited ("LHN/ the Group") is pleased to present an extract of the unaudited consolidated results for the half-year ended 30 June 2021.

OVERVIEW OF FINANCIAL PERFORMANCE

The ability to operate in the current challenging times by use of digital channels and appropriate working measures has allowed Letshego to improve its June 2021 performance compared to the performance experienced in the same period last year. This is shown in the positive growth in revenues of 26% and advances of 23%. Supporting this growth, coupled with the insuring of the uninsured book has increased costs by 44% compared to 3% in 2020. The overall profit and earnings per share has however positively grown by 26% compared to a decrease of 39% in the same period last year.

FINANCIAL HIGHLIGHTS (HALF YEAR 2021 AGAINST HALF YEAR 2020)

- Total revenue increased by 26% (2020: 23% decrease), mainly due to the growth of Net Advances to customers by 23% (2020: 18% increase).
- Staff and operational expenses increased by 44% (2020: 3%) as a result of insuring the micro-lending book for credit default.
- Cost to income ratio increased to 40% from 36% in 2020, as a result of the restatement of the preference shares to an intercompany loan.
- Impairment charge for the period was NAD22m (2020: NAD11.3m), translating to a loan loss ratio (against average gross advances) of 0.6% (2020: 0.4%). The increase is inline with the current deterioration of the economic environment as a result of COVID-19.
- Profit after tax is NAD159.6m (2020: NAD126.5m), an increase of 26% (2020: decrease of 39% on restated June 2020 numbers).
- Return on average equity was 12.6% (2020: 11%) and Return on average assets was 8% (2020: 7.6%).
- Earnings and headline earnings per share of 32 cents (2020: 25 cents) were achieved, an increase of 28% (2020: decrease of 39%).
- The Group restated June 2020 due to prior year restatement of the Preference Shares in LMFSN back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018 in LMFSN.

NON-FINANCIAL HIGHLIGHTS

- Karl-Stefan Altmann was appointed Chief Financial Officer for Letshego Holdings Namibia and its Subsidiaries on 01 July 2021.
- All customer-facing and back-office staff are working on a rotation basis to reduce the impact of COVID-19 on Letshego.
- Letshego has exited the shared security arrangement with Fedrox (Pty) Ltd in Q2 of 2021 resulting in none of Letshego's loan books being pledged as security.

BOARD CHANGES

- Mr. Rairira Mbetjiha retired as a Non-Executive Director on 30 June 2021 and was not re-elected.
- Ms. Kamogelo Chiusiwa was approved as a Non-Executive Director on 12 July 2021.
- Mr. Sheikh Jobe resigned as a Non-Executive Director on 23 August 2021.

PROSPECTS

While the economic conditions are expected to remain challenging over the medium term, LHN will continue to pursue competitively priced funding lines, increased deposit mobilisation, and focus on cost discipline and capital optimisation strategies to enable the sustainable delivery of our inclusive finance agenda.

DIVIDEND

A dividend of NAD112.5 million (22.5 cents per ordinary share) was paid by the Group during the June 2021 period to the Ordinary Shareholders of Letshego Holdings (Namibia) Limited.

An Interim dividend will be declared. The amount per share and date of payment will be announced on or before 30 September 2021.

For and on behalf of the Board of Directors:



Maryvonne Palanduz
Chairperson



Ester Kali
Chief Executive Officer

Windhoek, 24 August 2021

COMPANY INFORMATION

Registration number:
2016/0145

Registered address:
18 Schwerinsburg Street
PO Box 11600
Windhoek, Namibia

Company Secretary:
Chriszelda Gontes
Letshego Holdings
Namibia
18 Schwerinsburg Street
Windhoek, Namibia

Sponsoring Broker:
IJG Securities (Pty) Ltd
PO Box 186
Windhoek, Namibia

Transfer Secretary:
Transfer Secretaries (Pty) Ltd
PO Box 2401
Windhoek, Namibia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	% change	(Unaudited)	Restated	(Audited)
		30 Jun 2021	(Unaudited)	31 Dec 2020
		NAD'000	NAD'000	NAD'000
ASSETS				
Cash and cash equivalents		90,595	139,406	468,253
Government and other securities		19,580	14,518	-
Other receivables		334,557	103,779	202,703
Advances to customers	23%	3,868,455	3,141,168	3,608,616
Current taxation ¹		71,634	77,163	80,653
Property, equipment and right-of-use assets		20,005	24,942	22,244
Deferred tax assets		21,959	17,668	15,572
Total assets		4,426,785	3,518,644	4,398,041
LIABILITIES AND EQUITY				
Liabilities				
Deposits due to customers		300,338	66,033	187,893
Trade and other payables ¹		157,149	97,507	149,440
Lease liabilities		8,566	10,729	11,162
Borrowings		661,457	286,630	842,465
Intercompany payables ¹		624,574	636,585	587,411
Deferred tax liabilities		29,727	17,485	21,136
Total liabilities		1,781,811	1,114,969	1,799,507
Shareholders' equity				
Share capital		100	100	100
Retained earnings ¹		1,727,201	1,485,646	1,680,057
Capital reorganisation reserve		701,024	701,024	701,024
Equity settled share based payment reserve		1,564	1,820	2,268
Total equity attributable to equity holders of the parent company		2,429,889	2,188,590	2,383,449
Non-controlling interests ¹		215,085	215,085	215,085
Total shareholders' equity		2,644,974	2,403,675	2,598,534
Total liabilities and equity		4,426,785	3,518,644	4,398,041

¹ June 2020 is restated due to prior year restatement of the Preference Shares in LMFSN back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	% change	Restated		Year ended 31 Dec 2020 (Audited) NAD'000
		Six months ended 30 Jun 2021 (Unaudited) NAD'000	30 Jun 2020 (Unaudited) NAD'000	
Interest income calculated using the effective interest income method	5%	326,318	310,629	625,704
Interest expense ¹		(55,147)	(53,190)	(98,750)
Net interest income		271,171	257,439	526,954
Credit impairment (charge) / release		(22,047)	(11,371)	(43,652)
Net interest income after impairment	1%	249,124	246,068	483,302
Fee income		3,338	2,070	6,797
Other operating income		106,241	33,429	167,744
Employee benefits		(37,066)	(36,267)	(70,429)
Other operating expenses		(114,658)	(69,306)	(164,291)
Operating profit before taxation	18%	206,979	175,994	423,123
Taxation ¹		(47,337)	(49,516)	(102,234)
Profit for the year	26%	159,642	126,478	320,889
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the period		159,642	126,478	320,889
Weighted average number of shares in issue during the period (millions)		500	500	500
Basic earnings per share (cents)		32	25	64
Basic earnings per share - diluted (cents)		32	25	64
Headline earnings per share (cents)		32	25	64
Headline earnings per share - diluted (cents)		32	25	64
Net Asset Value per share (cents)		529	481	520

RATIOS

		Restated		31 Dec 2020 (Audited)
		30 Jun 2021 (Unaudited)	30 Jun 2020 (Unaudited)	
Return on average assets (%)		8.0%	7.6%	8.2%
Return on average equity (%)		12.6%	11.0%	12.9%
Cost to income (%)		39.8%	36.0%	33.5%
Debt to equity (%)		48.6%	38.4%	55.0%

CAPITAL ADEQUACY

Letshego Bank (Namibia) Ltd Capital Adequacy Ratio				
Tier 1	65.4%	67.8%	65.4%	
Tier 2	3.4%	4.1%	5.8%	
Total	68.8%	71.8%	71.2%	
Tier 1 leverage ratio	54.1%	53.8%	51.0%	

¹ June 2020 is restated due to prior year restatement of the Preference Shares in LMFSN back to an intercompany borrowing. This is to rectify a loan to preference share conversion transaction done in March 2018.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

	Share capital NAD'000	Equity settled share based payment reserve NAD'000	Retained earnings NAD'000	Capital re- organisation reserve NAD'000	Ordinary shareholders' reserve NAD'000	Non- controlling interest NAD'000	Total equity NAD'000
Balance as at 1st January 2020	100	2,144	1,430,489	701,024	2,133,757	680,343	2,814,100
Correction of error ¹	-	-	41,179	-	41,179	(465,258)	(424,079)
Restated balance at 1st January 2020	100	2,144	1,471,668	701,024	2,174,936	215,085	2,390,021
Total comprehensive income for the period							
Profit and total comprehensive income for the period	-	-	126,478	-	126,478	-	126,478
Ordinary share dividend paid	-	-	(112,500)	-	(112,500)	-	(112,500)
Transactions with equity holders, recorded directly in equity							
Share based payment transactions	-	(324)	-	-	(324)	-	(324)
Restated as at 30 June 2020	100	1,820	1,485,646	701,024	2,188,590	215,085	2,403,675
Total comprehensive income for the period							
Profit and total comprehensive income for the period	-	-	194,411	-	194,411	-	194,411
Transactions with equity holders, recorded directly in equity							
Share based payment transactions	-	448	-	-	448	-	448
Balance as at 31 December 2020	100	2,268	1,680,057	701,024	2,383,449	215,085	2,598,534
Total comprehensive income for the period							
Profit and total comprehensive income for the period	-	-	159,642	-	159,642	-	159,642
Ordinary share dividend paid	-	-	(112,498)	-	(112,498)	-	(112,498)
Transactions with equity holders, recorded directly in equity							
Share based payment transactions	-	(704)	-	-	(704)	-	(704)
Balance as at 30 June 2021	100	1,564	1,727,201	701,024	2,429,889	215,085	2,644,974