

## 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 2022

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 2022.

### OVERVIEW OF FINANCIAL PERFORMANCE

Letshego adopted organizational design efficiencies, enterprise agility and a collaborative culture underpinned by our drive to embrace digital channels in service delivery to enhance performance in a competitive and challenging environment that illustrate resilience and improvement. This is shown in the positive growth in revenues of 10% and advances of 16%. Supporting this growth coupled with insuring the micro lending book has increased costs by 21%. Excluding the insurance on the micro lending book, operating expenses marginally increased year on year by 1%. The overall profit and earnings per share has increased by 5%.

### FINANCIAL HIGHLIGHTS (HALF YEAR 2022 AGAINST HALF YEAR 2021)

- Total revenue increased by 10% (2021: 6%), mainly due to the growth of Net Advances to customers by 16% (2021: 23%).
- Staff and operational expenses increased by 1% (2021: 19%) excluding the insurance on the micro lending book for credit default.
- Cost to income ratio increased to 42% from 40% in 2021, mainly as a result of the insurance on the micro lending book.
- Impairment charge for the period was N\$5m (2021: N\$22m), translating to a loan loss ratio (against average gross advances) of 0.2% (2021: 0.6%). The decrease is mainly due to insuring the previously uninsured book.
- Profit after tax is N\$168m (2021: N\$160m), an increase of 5% (2021: 26%).
- Return on average equity is 12.1% (2021: 12.6%) and Return on average assets is 5.6% (2021: 8.0%).
- Earnings and headline earnings per share of 34 cents (2021: 32 cents) were achieved, an increase of 6% (2021: 28%).

### NON-FINANCIAL HIGHLIGHTS

- Successfully raised an additional N\$200 million through the listed bond programme.
- Continuing to increase the local borrowing base and decrease reliance on parent funding.
- Customer Deposit Mobilization continued in 2022 with growth from N\$300 million at end June 2021 to N\$437 million at the end of June 2022.
- Since launching our digital mall in early December 2021, we have onboarded 39k enterprise active customers to date.
- We opened the new city centre branch on 1 April 2022 to improve our distribution network around Windhoek.

### OPERATIONAL RISK MANAGEMENT

The group's approach to managing operational risk is anchored on the risk philosophy that says risk is best managed at inception, based on its Enterprise-wide Risk Management Framework (ERMF). This practice cuts across the Three Lines of Defense in order to increase the efficiency and effectiveness of the group's resources, minimise operational losses, and utilise business opportunities.

### GOVERNANCE

**Mignon Klein**  
Company Secretary  
(appointed 01 July 2022)

**Kudzai Chigiji**  
Independent Non-Executive Director  
(appointed 1 February 2022)

### PROSPECTS

While the economic conditions are expected to remain challenging over the medium term, LHN will continue to focus on shareholder value creation while delivering on our inclusive finance agenda.

### DIVIDEND

A dividend of N\$147.6 million (29.52 cents per ordinary share) was paid by the Group during the June 2022 period to the Ordinary Shareholders of Letshego Holdings (Namibia) Limited.

A dividend of 25.20 cents per ordinary share has been declared since the end of the half year reporting period.

### Important dates pertaining to the dividends are:

Last date to trade cum dividend - Friday 14 October 2022  
First date to trade ex-dividend - Monday 17 October 2022  
Last date to register - Friday 21 October 2022  
Dividend payment date - Friday 04 November 2022

### For and on behalf of the Board of Directors:



**Maryvonne Palanduz**  
Chairperson  
Windhoek, 29 August 2022



**Ester Kali**  
Chief Executive Officer

### COMPANY INFORMATION

**Registration number:**  
2016/0145

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

**Company Secretary:**  
Mignon Klein  
Letshego Holdings Namibia  
18 Schwerinsburg Street  
Windhoek, Namibia

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

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

**Auditors:**  
Ernst & Young Namibia  
PO Box 1857  
Windhoek, Namibia

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	% change	30 Jun 2022 (Unaudited) NAD'000	30 Jun 2021 (Unaudited) NAD'000	31 Dec 2021 (Audited) NAD'000
<b>ASSETS</b>				
Cash and cash equivalents		542,393	90,595	287,048
Government and other securities		595,656	19,580	500,004
Other receivables		333,785	334,557	352,305
Advances to customers	16%	4,497,197	3,868,455	4,278,481
Current taxation		78,706	71,634	81,736
Property, equipment and right-of-use assets		13,643	20,005	18,375
Deferred tax assets		1,950	21,959	3,488
<b>Total assets</b>		<b>6,063,330</b>	<b>4,426,785</b>	<b>5,521,437</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits due to customers	46%	437,326	300,338	386,069
Trade and other payables		233,968	157,149	238,750
Lease liabilities		4,344	8,566	7,639
Borrowings	275%	2,481,934	661,457	1,980,798
Intercompany payables	-73%	169,327	624,574	191,728
Deferred tax liabilities		7,357	29,727	6,882
<b>Total liabilities</b>		<b>3,334,256</b>	<b>1,781,811</b>	<b>2,811,866</b>
<b>Shareholders' equity</b>				
Share capital		100	100	100
Retained earnings		1,756,102	1,727,201	1,750,906
Capital reorganisation reserve		701,024	701,024	701,024
Statutory credit risk reserve		55,266	-	40,080
Equity settled share based payment reserve		1,497	1,564	2,376
<b>Total equity attributable to equity holders of the parent company</b>		<b>2,513,989</b>	<b>2,429,889</b>	<b>2,494,486</b>
Non-controlling interest		215,085	215,085	215,085
<b>Total equity</b>		<b>2,729,074</b>	<b>2,644,974</b>	<b>2,709,571</b>
<b>Total liabilities and equity</b>		<b>6,063,330</b>	<b>4,426,785</b>	<b>5,521,437</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

	% change	Six months ended 30 Jun 2022 (Unaudited) NAD'000	30 Jun 2021 (Unaudited, restated) <sup>1</sup> NAD'000	Year ended 31 Dec 2021 (Audited) NAD'000
Interest income calculated using the effective interest income method		324,002	326,318	588,524
Interest expense	-1%	[89,593]	[55,147]	[121,232]
Net interest income		234,409	271,171	467,292
Credit impairment (charge) / release		[4,813]	[22,047]	16,520
<b>Net interest income after impairment</b>	<b>-8%</b>	<b>229,596</b>	<b>249,124</b>	<b>483,812</b>
Fee income	410%	17,033	3,338	23,906
Other operating income <sup>1</sup>	34%	128,889	95,854	213,535
Employee benefits		[38,075]	[37,066]	[80,985]
Other operating expenses		[145,784]	[114,658]	[284,465]
<b>Operating profit before taxation</b>	<b>-3%</b>	<b>191,659</b>	<b>196,592</b>	<b>355,803</b>
Taxation <sup>1</sup>		[23,677]	[36,950]	[52,574]
<b>Profit for the period</b>	<b>5%</b>	<b>167,982</b>	<b>159,642</b>	<b>303,229</b>
Other comprehensive income, net of tax		-	-	-
<b>Total comprehensive income for the period</b>		<b>167,982</b>	<b>159,642</b>	<b>303,229</b>
Weighted average number of shares in issue during the period (millions)		500	500	500
Basic earnings per share (cents)		34	32	61
Basic earnings per share - diluted (cents)		34	32	61
Headline earnings per share (cents)		34	32	61
Headline earnings per share - diluted (cents)		34	32	61
Net Asset Value per share (cents)		546	529	542

### <sup>1</sup> PRIOR YEAR RESTATEMENT

The cell captive dividends were incorrectly recorded gross of tax paid in the 2021 financial year. As a result of this, the tax paid was overstated by the tax that was paid by the insurance provider on the cell captive dividends prior to distribution to Letshego. As such, the comparative has been restated to correct this presentation disclosure by decreasing the other operating income (and consequently profit before tax) and decreasing the tax paid amount by N\$10,387,000. The total profit after tax and net cashflows from operating activities remain unchanged.

Group	At 30 June 2021 (As previously stated)	Restatement increase / (decrease)	At 30 June 2021 Restated
	N\$ '000	N\$ '000	N\$ '000
Other operating income	106,241	[10,387]	95,854
<b>Profit before taxation</b>	<b>206,979</b>	<b>[10,387]</b>	<b>196,592</b>
Taxation	[47,337]	[10,387]	[36,950]
<b>Profit for the year</b>	<b>159,642</b>	<b>-</b>	<b>159,642</b>

### RATIOS

	30 Jun 2022 (Unaudited)	30 Jun 2021 (Unaudited)	31 Dec 2021 (Audited)
Return on average assets (%)	6.0%	8.0%	6.0%
Return on average equity (%)	12.0%	13.0%	11.0%
Cost to income (%)	42.0%	40.0%	52.0%
Debt to equity (%)	97.0%	49.0%	80.0%

### CAPITAL ADEQUACY

Letshego Bank (Namibia) Ltd Capital Adequacy Ratio	30 Jun 2022 (Unaudited)	30 Jun 2021 (Unaudited)	31 Dec 2021 (Audited)
Tier 1	42.9%	65.4%	52.0%
Tier 2	0.6%	3.4%	2.0%
<b>Total</b>	<b>43.5%</b>	<b>68.8%</b>	<b>54.0%</b>
Tier 1 leverage ratio	29.4%	54.1%	35.4%

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital	Equity settled share based payment reserve	Statutory credit risk reserve	Retained earnings	Capital reorgan- isation reserve	Ordinary share- holders' reserve	Non-con- trolling interest	Total equity
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
<b>Balance as at 1st January 2021</b>	100	2,268	-	1,680,057	701,024	2,383,449	215,085	2,598,534
<b>Total comprehensive income for the period</b>	-	-	-	159,642	-	159,642	-	159,642
Profit and total comprehensive income for the period	-	-	-	159,642	-	159,642	-	159,642
<b>Transactions with equity holders, recorded directly in equity</b>	-	-	-	(112,498)	-	(112,498)	-	(112,498)
Ordinary share dividend paid	-	-	-	(112,498)	-	(112,498)	-	(112,498)
Transfers between reserves	-	-	-	-	-	-	-	-
Share based payment transactions	-	[704]	-	-	-	[704]	-	[704]
<b>Balance as at 30 June 2021</b>	100	1,564	-	1,727,201	701,024	2,429,889	215,085	2,644,974
<b>Total comprehensive income for the period</b>	-	-	-	143,587	-	143,587	-	143,587
Profit and total comprehensive income for the period	-	-	-	143,587	-	143,587	-	143,587
<b>Transactions with equity holders, recorded directly in equity</b>	-	-	-	(79,802)	-	(79,802)	-	(79,802)
Ordinary share dividend paid	-	-	-	(79,802)	-	(79,802)	-	(79,802)
Transfers between reserves	-	-	40,080	[40,080]	-	-	-	-
Share based payment transactions	-	812	-	-	-	812	-	812
<b>Balance as at 31 December 2021</b>	100	2,376	40,080	1,750,906	701,024	2,494,486	215,085	2,709,571
<b>Total comprehensive income for the period</b>	-	-	-	167,982	-	167,982	-	167,982
Profit and total comprehensive income for the period	-	-	-	167,982	-	167,982	-	167,982
<b>Transactions with equity holders, recorded directly in equity</b>	-	-	-	(147,600)	-	(147,600)	-	(147,600)
Ordinary share dividend paid	-	-	-	(147,600)	-	(147,600)	-	(147,600)
Transfers between reserves	-	-	15,186	[15,186]	-	-	-	-
Share based payment transactions	-	[879]	-	-	-	[879]	-	[879]
<b>Balance as at 30 June 2022</b>	100	1,497	55,266	1,756,102	701,024	2,513,989	215,085	2,729,074