

2023 INTERIM FINANCIAL RESULTS RELEASE



UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023.

OVERVIEW OF FINANCIAL PERFORMANCE

Over the past six months under review, Letshego Holdings Namibia remained steadfast in its commitment to drive sustainable growth through embedding its transformation strategy. Letshego Namibia's transformational journey has been characterized by a culture of innovation and have seen us expand our product portfolio and our digital platforms to cater to a broader customer base and meet the unique financial needs of diverse segments. Our commitment to digital transformation has been pivotal in elevating our services and processes as we endeavor to successfully integrate digital technologies across various touchpoints, enabling seamless customer onboarding, faster loan processing, and real-time access to financial information through our digital channels.

Total revenue increased 14% year-on-year, driven by growth in interest income, that increased by 16% as well as strong growth in insurance income of 11% to N\$ 143 million (2022: N\$ 129 million). Access to Letshego's expanding suite of LetsGo Insurance products was enabled with an expanding Digital Mall product portfolio. Asset quality remains strong with the Group's Loan Loss Ratio (LLR) at 0.9% for the period. The Group's Non-performing loans ratio increased marginally to 5.68% for the period (2022: 4.61%), reiterating stability in the Group's credit and risk management framework.

Reference rates increased in the period under review, resulting in a 76% year-on-year increase in interest expense. Net interest income declined by 7% to N\$ 218 million (2022: N\$ 234 million). While 72% of the Group's funding is floating rate pricing, the asset side is primarily fixed pricing, with repricing taking place at a slower rate than the liability side, thereby resulting in margin compression.

FINANCIAL HIGHLIGHTS (HALF YEAR 2023 AGAINST HALF YEAR 2022)

- Total revenue increased by 14% (2022: 10%), mainly due to the growth of Net Advances to customers by 5% (2022: 16%).
- Staff and operational expenses decreased by 7% (2022: Increased by 1%) due to strict cost controls that were introduced in the period under review.
- Cost to income ratio decreased to 39% from 42% in 2022, mostly due to increased revenue as a result of our transformation strategy.
- Impairment charge for the period was N\$22m (2022: N\$5m), translating to a Loan Loss Ratio (against average gross advances) of 0.9% (2022: 0.2%). The increase is mainly due to write off of the uninsured book.
- Profit after tax is N\$171m (2022: N\$168m), an increase of 2% (2022: 5%).
- Return on average equity is 12.1% (2022: 12%) and Return on average assets is 5.5% (2022: 6%).
- Earnings and headline earnings per share of 34 cents (2022: 34 cents) were achieved.

NON-FINANCIAL HIGHLIGHTS

- Local borrowing base increased to N\$ 2.65 billion to finance growth and decrease reliance on parent funding.
- Progressively implementing our digitalization strategy in line with our ambition to grow market share.
- Customer deposit mobilization continued in 2023 with growth from N\$437 million at June 2022 to N\$662 million at June 2023.

OPERATIONAL RISK MANAGEMENT

At Letshego Holdings Namibia, we have adopted an integrated risk management approach as we recognize that risks are interconnected and can transcend across business units and functions. Our risk frameworks ensure collaboration and communications across the organization, fostering a holistic understanding of our risk environment. Our risk management approach is firmly rooted in the belief that risk are best addressed at inception and governed through our enterprise-wide risk management framework. This principle is applied across three lines of defense in order to minimize potential losses, enhance efficiencies as well as optimize resource utilization.

PROSPECTS

Whilst we celebrate the milestones achieved through our transformational strategy, we recognize that the journey is continuous. As we move forward, it remains imperative that we maintain momentum and remain adaptive to volatile market dynamics. Through our Agile ways of working, embracing technology and nurturing strong partnerships, we are well-equipped to navigate the evolving financial services landscape and create long-term value for all stakeholders.

DIVIDEND

A dividend of N\$224.5 million (44.89 cents per ordinary share) was paid by the Group during the June 2023 period to the Ordinary Shareholders of Letshego Holdings (Namibia) Limited.

A dividend of 34.29 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 13 October 2023
First date to trade ex-dividend - Monday 16 October 2023
Last date to register - Friday 20 October 2023
Dividend payment date - Friday 03 November 2023

For and on behalf of the Board of Directors:



Maryvonne Palanduz
Chairperson



Ester Kali
Chief Executive Officer

Windhoek, 28th August 2023

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 2023

	% change	30 Jun 2023 (Unaudited) NAD'000	30 Jun 2022 (Unaudited) NAD'000	31 Dec 2022 (Audited) NAD'000
ASSETS				
Cash and cash equivalents		260,373	542,393	320,815
Government and other securities		822,506	595,656	648,710
Other receivables		386,173	333,785	375,887
Intercompany receivable		72,289	-	-
Advances to customers	5%	4,703,141	4,497,197	4,752,702
Current taxation		59,720	78,706	54,191
Property, equipment and right-of-use assets		19,582	13,643	21,584
Deferred tax assets		5,825	1,950	6,252
Total assets		6,329,609	6,063,330	6,180,141
LIABILITIES AND EQUITY				
Liabilities				
Deposits due to customers	51%	662,002	437,326	535,687
Trade and other payables		240,788	233,968	241,550
Lease liabilities		7,986	4,344	8,886
Borrowings	7%	2,656,578	2,481,934	2,524,208
Intercompany payables	-87%	22,641	169,327	76,974
Deferred tax liabilities		6,694	7,357	6,703
Total liabilities		3,596,689	3,334,256	3,394,008
Shareholders' equity				
Share capital		100	100	100
Retained earnings		1,724,676	1,756,102	1,791,614
Capital reorganisation reserve		701,024	701,024	701,024
Statutory credit risk reserve		90,143	55,266	76,187
Equity settled share based payment reserve		1,892	1,497	2,123
Total equity attributable to equity holders of the parent company		2,517,835	2,513,989	2,571,048
Non-controlling interest		215,085	215,085	215,085
Total equity		2,732,920	2,729,074	2,786,133
Total liabilities and equity		6,329,609	6,063,330	6,180,141

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	% change	Six months ended 30 Jun 2023 (Unaudited) NAD'000	30 Jun 2022 (Unaudited) NAD'000	Year ended 31 Dec 2022 (Audited) NAD'000
Interest income calculated using the effective interest income method	16%	375,994	324,002	667,861
Interest expense	76%	(157,736)	(89,593)	(214,435)
Net interest income		218,258	234,409	453,426
Credit impairment (charge) / release	363%	(22,304)	(4,813)	(10,433)
Net interest income after impairment	-15%	195,954	229,596	442,993
Fee income	6%	18,055	17,033	46,595
Other income	11%	143,208	128,889	254,558
Employee benefits	18%	(45,020)	(38,075)	(84,295)
Other operating expenses	-14%	(126,080)	(145,784)	(268,334)
Operating profit before taxation	-3%	186,117	191,659	391,517
Taxation	-38%	(14,649)	(23,677)	(41,102)
Profit for the period	2%	171,468	167,982	350,415
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the period		171,468	167,982	350,415
Weighted average number of shares in issue during the period (millions)		500	500	500
Basic earnings per share (cents)		34	34	70
Basic earnings per share - diluted (cents)		34	34	70
Headline earnings per share (cents)		34	34	70
Headline earnings per share - diluted (cents)		34	34	70
Net Asset Value per share (cents)		547	546	557

RATIOS

	30 Jun 2023 (Unaudited)	30 Jun 2022 (Unaudited)	31 Dec 2022 (Audited)
Return on average assets (%)	5.5%	5.6%	6.0%
Return on average equity (%)	12.1%	12.1%	12.8%
Cost to income (%)	39.2%	41.8%	46.7%
Debt to equity (%)	98.0%	97.1%	93.4%

CAPITAL ADEQUACY

	30 Jun 2023 (Unaudited)	30 Jun 2022 (Unaudited)	31 Dec 2022 (Audited)
Letshego Bank (Namibia) Ltd Capital Adequacy Ratio			
Tier 1	30.1%	42.9%	33.2%
Tier 2	1.9%	0.6%	1.1%
Total	32.0%	43.5%	34.3%
Tier 1 leverage ratio	20.5%	29.4%	23.0%

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	Share capital	Equity settled share based payment reserve	Statutory credit risk reserve	Retained earnings	Capital reorganisation reserve	Ordinary shareholders' reserve	Non-controlling interest	Total equity
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Balance as at 1st January 2022	100	2,376	40,080	1,750,906	701,024	2,494,486	215,085	2,709,571
Total comprehensive income for the period				167,982		167,982		167,982
Profit and total comprehensive income for the period	-	-	-	167,982	-	167,982	-	167,982
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend paid	-	-	-	(147,600)	-	(147,600)	-	(147,600)
Transfers between reserves	-	-	15,186	(15,186)	-	-	-	-
Share based payment transactions	-	(879)	-	-	-	(879)	-	(879)
Balance as at 30 June 2022	100	1,497	55,266	1,756,102	701,024	2,513,989	215,085	2,729,074
Total comprehensive income for the period				182,433		182,433		182,433
Profit and total comprehensive income for the period	-	-	-	182,433	-	182,433	-	182,433
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend paid	-	-	-	(126,000)	-	(126,000)	-	(126,000)
Transfers between reserves	-	-	20,921	(20,921)	-	-	-	-
Share based payment transactions	-	626	-	-	-	626	-	626
Balance as at 31 December 2022	100	2,123	76,187	1,791,614	701,024	2,571,048	215,085	2,786,133
Total comprehensive income for the period				171,468		171,468		171,468
Profit and total comprehensive income for the period	-	-	-	171,468	-	171,468	-	171,468
Transactions with equity holders, recorded directly in equity								
Ordinary share dividend paid	-	-	-	(224,450)	-	(224,450)	-	(224,450)
Transfers between reserves	-	-	13,956	(13,956)	-	-	-	-
Share based payment transactions	-	(231)	-	-	-	(231)	-	(231)
Balance as at 30 June 2023	100	1,892	90,143	1,724,676	701,024	2,517,835	215,085	2,732,920