LETSHEGO HOLDINGS LIMITED GROUP
REVIEWED HALF YEAR GROUP FINANCIAL RESULTS

Letshego

The Board of Directors of Letshego Holdings Limited ("the Group") herewith presents an extract of the reviewed consolidated interim financial results for the period ended 30 June 2020.

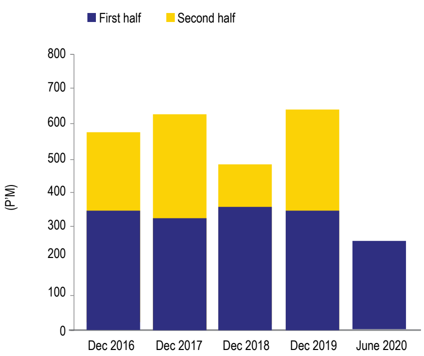
HIGHLIGHTS

Net advances to customers **2%**

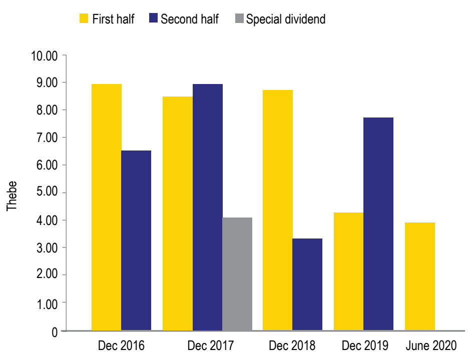
Customer deposits **63%**

Interim dividend per share **3.9t**

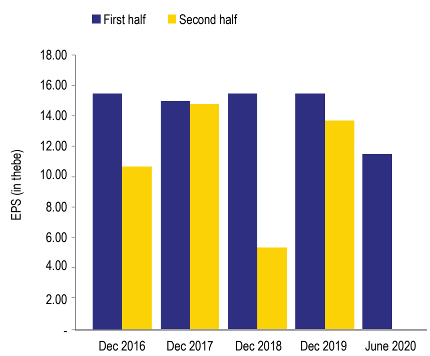
Profit After Tax (P'M)



Dividends per Share (Thebe)



Basic Earnings per Share (Thebe)



OVERVIEW

Following the outbreak of COVID-19 in sub Saharan Africa in February 2020 and resulting challenging economic conditions, Letshego was swift to prioritise the health and wellbeing of our people and customers, and remains firmly committed to the effective implemention of strategies to support the continuity and resilience of our business.

In the second quarter, Letshego accelerated the enhancement and deployment of digital and alternative access channels, already part of our existing 6-2-5 strategic plan. This enabled our employees, customers and commercial partners to stay safe by complying with national health guidelines and practicing social distancing. Digitised channels have assured business continuity throughout varing levels of lockdowns, allowed us to continue the delivery of customer support and value, as well as enabled us to maintain alignment with our longer term ambition and vision to create a 'future organisation'.

The resilience of our business in the face of the COVID-19 outbreak and the ensuing lockdowns is evidenced in key financial indicators. Although indicators reflect a downward impact as a result of lowered transaction volumes caused by the pandemic, they remain relatively buoyant when compared to industry aggregated trends and peer financial institutions.

Letshego's sales volumes were affected from April onwards for both our Deduction at Source (DAS) and Micro and Small Entrepreneur (MSE) segments. May and June showed measured improvement following the implementation and enhancement of our digital access channel strategy. Our MSE segment, that makes up 9% of the Group's total loan book, was impacted in the education, travel & tourism, manufacturing and trade sectors, with approximately 60% of our customers accepting the offer of a repayment holiday. Continuous customer engagement throughout the repayment holiday period, along with our heightened collection and recovery strategy, assisted in reducing flows into Non-Performing Loans (NPLs).

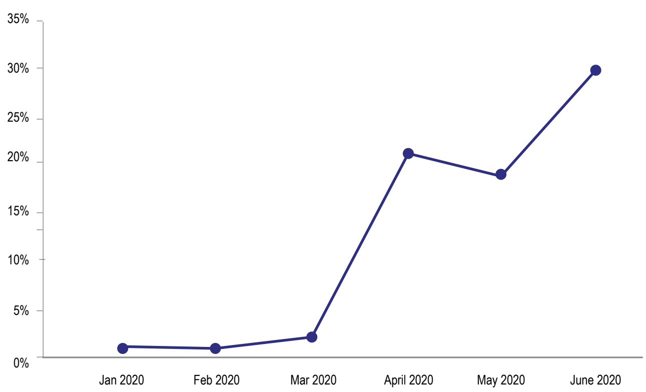
FINANCIAL HIGHLIGHTS:

1. **PROFIT BEFORE TAX** P483 million, a 20% decrease from the prior year (H1 2019: P600 million; FY2019: P1,130 million)
2. **EFFECTIVE TAX** rate 42% (H1 2019: 39%; FY2019: 39%)
3. **PROFIT AFTER TAX** P278 million, a 24% decrease year-on-year (H1 2019: P364 million; FY 2019: P692 million)
4. **GROSS ADVANCES** to customers recorded a small increase of 0.35% year-on-year, but increased by 2% from FY2019
5. **NET ADVANCES** to customers increased by 2% with a credit loss rate of 1.4% (H1 2019: 2.5%; FY 2019: 1.7%)
6. **CUSTOMER DEPOSITS** have increased by 63% year-on-year, up 17% from FY2019
7. **CAPITAL:** The Group remains well capitalised with a Capital Adequacy Ratio of 37% (H1 2019: 36%; FY2019: 36%) and a Debt to Equity ratio of 106% (H1 2019:110%; FY 2019: 109%)
8. **RETURN ON EQUITY** 13% (H1 2019: 17%; FY2019: 16%)
9. **RETURN ON ASSETS** 5% (H1 2019:7%; FY2019: 6%)
10. **EARNINGS PER SHARE** 12.3 thebe (H1 2019: 15.4 thebe; FY2019: 29.2 thebe), a decrease of 20%

NON-FINANCIAL HIGHLIGHTS:

11. **DIGITAL TRANSFORMATION:** Loan transactions via digital channels increased by an average of 9% for the six month period. In June 2020 alone, loan transactions via digital channels increased to 30%.
12. **BORROWING CUSTOMERS:** Number of borrowing customers decreased to 334,552 (H1 2019: 386 578; FY2019: 343,000).
13. **SAVINGS:** Number of savings increased by 134% to 585,769 year-on-year (H1 2019: 249 930; FY2019: 402,298;) enabled by the mobile savings wallet in Tanzania and Community Commerce pilot concept in Mozambique.

Loan Customers: Adoption of alternative digital channels H1 2020 growth trend



CUSTOMER ACCESS: ACCELERATING OUR 'PHYGITAL' CHANNEL STRATEGY

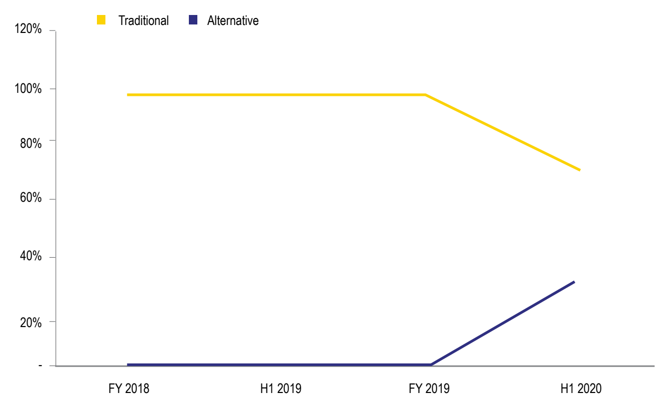
Letshego's commitment to extending the reach of its financial solutions, is premised on digitising customer access channels and maintaining a complimentary network of physical outlets. The migration of customers to Letshego's digital channels was spurred by the Group's 'Digital Eagle' ongoing campaign where existing sales teams and Direct Sales Agents (DSAs) were trained and empowered to better support and educate our customers on the merits of transitioning to alternative channels.

The migration of customers from branches to alternate channels has been gradual but positive, with 30% of loan customers shifting to the benefits of digital access in the final month of our reporting period, June 2020. Overall, an average of 9% of savings customers have switched to using digital channels during the first six months of this year.

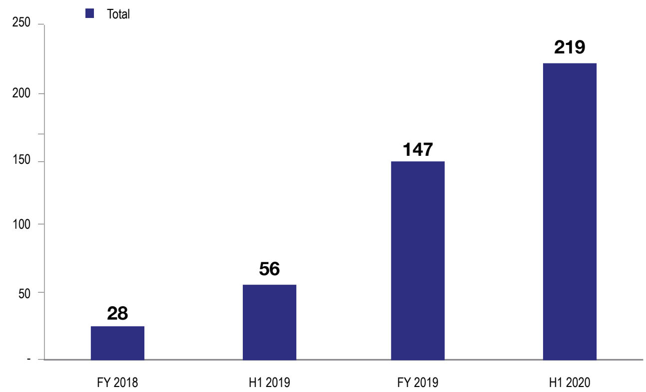
Number of customers:	H1 2020	% Growth aggregate 6 month period	FY2019	H1 2019	Dec 2018 FY
USSD	39 767	15%	34 453	27 350	15 806
Cards	23 540	51%	15 579	9 851	6 223
Agency	23 276	14%	20 500	18 134	10 473
Web forms	5 401	+1000%	-	-	-
WhatsApp	**7 587**	**+1000%**	**-**	**-**	**-**

Digital channels are not only intended to increase access, but also facilitate new loans and other value-adding applications. These new service applications have been facilitated with the introduction of secured online platforms such as 'Web Forms' (online platform) and WhatsApp.

H1 2020: Traditional and Alternative Loan Sales volumes converge following the enhancement and launch of digitised channels



Alternative Channels not only support access and new applications, but also facilitate and increase efficiencies in transaction volumes (Transaction Values BWP'm)



FINANCIAL PERFORMANCE OVERVIEW

Pandemic conditions and lockdown scenarios across Letshego's regional footprint had a direct impact on transaction volumes, as forecasted in our COVID-19 Update made available to all stakeholders on 5 May 2020. Profit before tax decreased by 20% from the prior period, while Profit after tax decreased by 24%.

NET INTEREST INCOME

Year on year Net Interest Income (NII) saw a single digit decline of 6% to P973 million, from P1,037million in the same period last year. With almost two months of trading lost to pandemic lockdowns, as well as the longer term impact of Letshego's adjustment in affordability criteria (implemented at the end of 2019), the Group considers the single digit decline to be above expectations. A measured recovery of business momentum was experienced in the second quarter, however margin compression remains a reality in most of our markets.
Borrowing costs decreased by 20% year on year, as the Group continued its focus on retiring expensive borrowings and diversifying funding sources. Had the notional IFRS adjustment for mobile loans of P79 million (H1 2019: P137 million) been excluded from borrowings, the year-on-year decrease would have been 11%. The Group remains committed to diversifying its funding base and reducing foreign currency risk by securing improved rates in local funding across its operations.

Non-Funded Income (NFI)

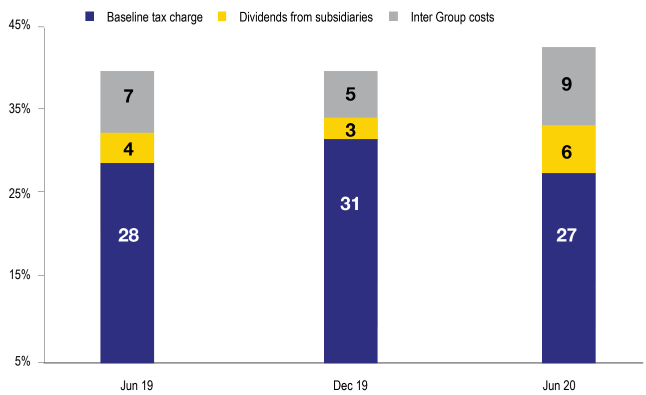
Non-funded income saw a steep decline of 51% year on year due to tougher economic conditions as a result of the pandemic, as well as adjustments to regulatory policy in Namibia. The impact was especially visible on income from insurance arrangements, which makes up 46% of other operating income (H1 2019: 62%). This came down by 63% year on year as a result of a change in legislation in Namibia which resulted in the existing insurance arrangements being revised in October 2019 to meet new statutory requirements. The Namibian subsidiary has since reviewed and adapted its loan structures to accommodate the regulatory adjustments, and continues to implement strategies to support longer term volume growth and volumes, despite narrowed loan margins.

Overall costs increased by 1% from prior year, with employee costs increasing 12% year-on-year and reflecting one-off exit costs.

Other Operating Costs decreased by 6% as cost management efforts continued, coupled with reduced spend on historic expense lines due to support COVID-19 lockdowns. As expected, Letshego's effective execution of our pandemic planning saw COVID-19 related expenses at P7.5 million, this includes donations to national COVID-19 relief efforts totalling P3.4million, and COVID-19 Operating Expenses of P4.1m. The Group's Cost to Income ratio was 49%, up from 41% in the prior period. This increase is primarily due to lowered operating income in the pandemic.

Effective Tax Rate (ETR)

The reported effective tax rate for H1 2020 was 42% (H1 2019: 39%) and driven by the following:
- Lower operating income due Covid impact
- Higher extraction on dividends from the subsidiaries to the Hold Co
- We expect to normalise over a two to three year period



BALANCE SHEET REVIEW - GROSS ADVANCES AND EXPECTED CREDIT LOSSES

In the first half of 2020 expected credit losses, as a percentage of provisions, increased by 7% compared to Full Year figures for 2019. Gross loans and advances increased slightly by 0.4% as a result of prioritised improvement in asset quality, and the impact of COVID-19 on borrowers and associated sectors on the MSE portfolio.

The Group provided relief to customers in the form of repayment holidays, amounting to P683.6million as at 30 June, making up 7% of the Group's total loan portfolio. Letshego also assisted customers by restructuring loans to accommodate individual changes in affordability. 90% of customers who were offered relief were Micro and Small Entrepreneurs (MSE customers) with a significant proportion of these customers from our Kenya subsidiary. The remaining 10% comprised Deduction at Source (DAS) Non-Government portfolios. Measures applied for smooth recovery of this book include enhanced collection and recovery strategies to cover potential impairment uplift up to and including December 2020.

Letshego's MSE portfolio, that comprises 9% of our total group loan portfolio, has experienced employee retrenchments, cashflow reductions and a general slow down in economic activity. Using central banks and goverment guidance criteria, together with our detailed Expected Credit Loss models, Letshego calculated that provisions of P86million were required to be held against the repayment holiday portfolio. This is in expectation of defaults as payment holiday terms are normalised. All customers who accepted the offer of a repayment holiday qualified as "Stage 1", thus qualified as performing loans at the time of being granted repayment relief.

For the Deduction at Source (DAS) segment, that comprises 88% of the Group's gross loan book, less than 10% of gross balances have experienced a deterioration in their risk profile. Letshego's three largest markets - Botswana, Namibia and Mozambique – showed resilience in performance with a year-on-year net growth of 4%, 7% and 2%, respectively.

Letshego is progressing the application of IFRS 9, moving from simple to advanced implemenation. The Total Impairment Coverage ratio has remained flat at 8% (H1 2019: 9%; H2 2019: 8%) reflecting the Group's asset quality and mitigation measures initiated during the pandemic. NPL coverage ratio, the ratio representing provisions that the Group holds against loans outside of a 90 day arrear period, remained at an acceptable 103%. This half year ratio was lower than the same period last year (H1 2019: 109%) reflecting stability in the quality of the Group's overall loan portfolio.

The informal (mobile loan) portfolio exposure in Ghana was deliberately reduced to mitigate portfolio risk. This portfolio is now P310 million (FY2019: P339 million; FY2018: P507 million).

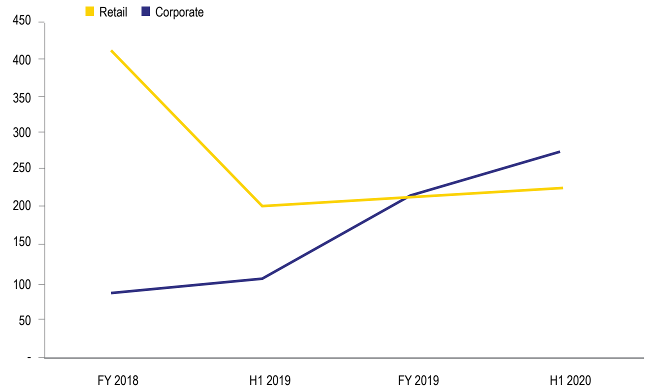
The below table indicates asset quality over sequential reporting periods. The Group has strengthened credit risk assessments and adjusted lending restrictions at a sector level over time.

Asset quality	HY2020	FY2019	HY2019	FY2018	FY2017
Portfolio at risk – 90 days	7.9%	6.9%	7.3%	7.1%	6.8%
Portfolio at risk – 30 days	11.2%	10.0%	10.6%	10.4%	9.9%
Non-Performing Loan (NPL) coverage ratio	103%	112%	109%	115%	70%
Loan Loss Rate – actual	1.4%	1.7%	2.5%	4.1%	3.1%

Deposit mobilisation – Letshego remains committed to boosting its deposit mobilisation strategy in line with the commitment to diversifying the Group's product offering and reducing the concentration risk of large institutional deposits. The total value of deposits increased by 17% to P499million (FY2019: P 427million) and by 63% compared to the same period last year (H1 2019: P306million). This first half's growth in deposits were attributable to retail deposits increasing by 26% to P273 million since December 2019 (FY 2019: P 215million) and 162% year-on-year (H1: P104million).

Deposit customer volumed increased by 46% to 585,769 in the reporting period (FY2019: 402,298), and increased by 134% compared to the first half of last year (H1 2019: 249,930). In the first half of this year, deposit increases were supported by Letshego's mobile savings wallet in Tanzania and Letshego's Community Commerce pilot concept for micro saving customers in Mozambique.

Alternative Channels not only support access and new applications, but also facilitate and increase efficiencies in transaction volumes (Transaction Values BWP'm)



The Group remains well capitalised with a capital adequacy ratio of 37% (FY2019: 36%), well above the regulatory minimum in all presence markets, and further supported by the Group's Debt to Equity ratio of 106% (FY2019: 110%). To date, the Group has managed to mitigate the extreme downside impact of COVID-19 on liquidity with limited adverse effects on operations during the reporting period.

Significant progress continues to be made in the diversification of the Group's funding base, and in the extention of the duration of liabilities to mitigate liquidity risk. Borrowing at a subsidiary level is also being increased across the Group to take advantage of local liquidity pools and effectively reduce exposures on cross-border transactions. Ratings agency Moody's kept Letshego Holdings Limited credit rating unchanged at Ba3 with a stable outlook - a valued third party accreditation for the Group given current economic conditions as a result of the pandemic.

Management changes

In the first quarter, the Letshego Group Board announced four strategic appointments to its executive team: Andrew Fening Okai (Group Chief Executive); Aupa Monyatsi (Group Chief Operating Officer); Gwen Muteiwa, (Group Chief Financial Officer) and Bella Dihutso (Group Credit Risk Officer).

Group Board

During the period under review Andrew Fening Okai (Group Chief Executive) and Gwen Muteiwa (Group Chief Financial Officer), were appointed to the Group Board as Executive Directors.

Strategic Review

As announced at the Group's Full Year Results in March 2020, Letshego has successfully concluded its initial review of the Group's strategy, operations, structure and future vision. The outcome and decisions arising from this strategic review will be shared during the Group's Interim Results announcement on 1 September 2020, with collateral and presentations available for our stakeholder's further reflection post our Interim Results announcement.

Outlook

Although Letshego has experienced a measured downside impact as a result of slowed transaction volumes in pandemic conditions, the Group's business remains resilient. The Board expects that while a W-curve response to the pandemic will persist, with potential and varying stages of lockdowns continuing as governments and national health departmets seek to reduce spiking rates of infection in local populations.

In the second half of 2020, Letshego's progression in implementing the Group's transformational strategy, alongside the concurrent execution of effective pandemic plans, the Group is confident in the business' ability to maintain resilience throughout ongoing pandemic conditions, managing risk and supporting the potential upside of new business flows via its digitised channels.

Auditors' Review

The condensed interim financial statements from which the financial information set out in this announcement has been reviewed, but not audited, by Ernst & Young, Letshego Group's officially appointed external auditors. Ernst & Young's unqualified review report is available for inspection at the Group's registered office.

Dividend Notice

Notice is hereby given that the Board has declared a final dividend of 3.9 thebe per share for the period ended 30 June 2020. In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax rate will be deducted from the final gross dividend for the period ended 30 June 2020.
Important dates pertaining to this dividend are:
- Declaration date, 27 August 2020
- Therefore, the shares go ex-dividend from 19 October 2020
- Last date to register is 21 October 2020
- Dividend payment date on or about, 30 October 2020

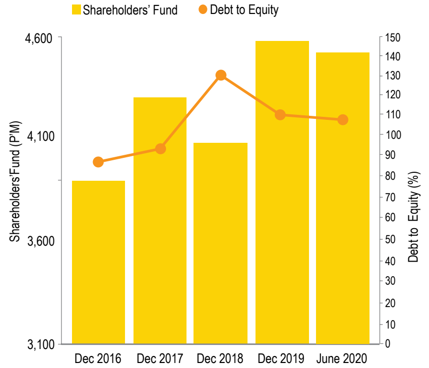
For and on behalf of the Board of Directors:

Enos Banda
Group Chairman
1 September 2020

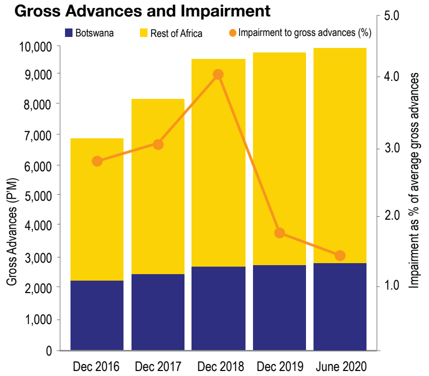
Andrew Fening Okai
Group Chief Executive

COMMENTARY (continued)

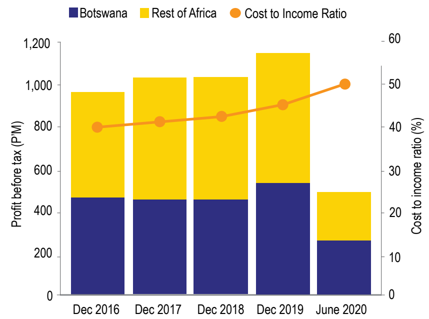
Shareholders' Fund: Debt to Equity



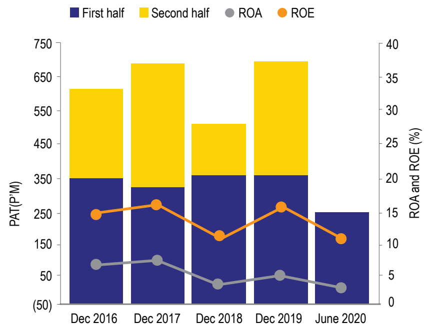
Gross Advances and Impairment



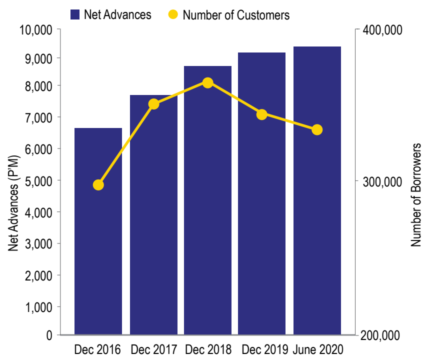
Geographic Diversification and PBT to Cost to Income ratio



ROA vs ROE vs PAT



Net Advances and Number of Customers



RATIOS

	30 June 2020 (Reviewed)	30 June 2019 (Reviewed)	31 Dec 2019 (Audited)
Return on average assets (%)	5%	7%	6%
Return on average equity (%)	13%	17%	16%
Cost to income ratio (%)	49%	41%	45%
Debt to equity ratio (%)	106%	110%	109%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2020 (Reviewed) P'000	At 30 June 2019 (Reviewed) P'000	Change %	At 31 Dec 2019 (Audited) P'000
ASSETS					
Cash and cash equivalents	1	624,400	460,523		1,035,513
Advances to customers	2	9,256,212	9,116,141	2	9,071,484
Other receivables	3	185,835	239,849		247,996
Financial assets at fair value through OCI		53,591	53,591		53,591
Income tax receivable		42,310	24,956		39,499
Property, plant and equipment	4	97,726	93,701		99,671
Right of use assets	5	62,320	71,436		61,436
Intangible assets	6	45,649	47,874		45,221
Goodwill	7	68,860	95,632		68,233
Deferred tax assets		160,987	190,575		144,699
Total assets		**10,597,890**	**10,394,278**	**2**	**10,867,343**
LIABILITIES AND EQUITY					
Liabilities					
Customer deposits	8	499,002	305,877	63	426,673
Cash collateral	9	21,438	25,268		21,721
Trade and other payables	10	589,193	601,007		552,849
Lease liabilities	11	57,786	77,020		64,760
Income tax payable		98,173	242,053		239,743
Borrowings	12	4,809,385	4,795,550		4,982,175
Deferred tax liabilities		-	3,107		805
Total liabilities		**6,074,977**	**6,049,882**		**6,288,726**
Shareholders' equity					
Stated capital	13	872,170	862,621		862,621
Foreign currency translation reserve		(826,436)	(708,889)		(713,418)
Legal reserve		199,248	83,111		195,793
Share based payment reserve		22,012	21,324		24,304
Retained earnings		3,931,030	3,748,651		3,836,578
Total equity attributable to equity holders of the parent company		**4,198,024**	**4,006,818**		**4,205,878**
Non-controlling interests		324,889	337,578		372,739
Total shareholders' equity		**4,522,913**	**4,344,396**		**4,578,617**
Total liabilities and equity		**10,597,890**	**10,394,278**	**2**	**10,867,343**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	6 months ended 30 June 2020 (Reviewed) P'000	6 months ended 30 June 2019 (Reviewed) P'000	Change %	12 months ended 31 Dec 2019 (Audited) P'000
Effective interest income	14	1,351,187	1,511,668	(11)	2,974,839
Effective interest expense	15	(378,300)	(474,804)	(20)	(931,164)
Net interest income		**972,887**	**1,036,864**	**(6)**	**2,043,675**
Fee and commission income		27,233	33,914	(20)	59,451
Other operating income	16	63,259	149,388	(58)	273,018
Operating income		**1,063,379**	**1,220,166**	**(13)**	**2,376,144**
Employee costs	17	(238,369)	(213,345)	12	(454,023)
Other operating expenses	18	(271,565)	(289,933)	(6)	(622,737)
Net income before impairment and taxation		**553,445**	**716,888**	**(23)**	**1,299,384**
Expected credit losses	19	(70,868)	(116,781)	(39)	(169,101)
Profit before taxation		**482,577**	**600,107**	**(20)**	**1,130,283**
Taxation		(204,520)	(236,414)		(438,781)
Profit for the period		**278,057**	**363,693**	**(24)**	**691,502**
Attributable to :					
Equity holders of the parent company		261,531	328,051		620,034
Non-controlling interests		16,526	35,642		71,468
Profit for the period		**278,057**	**363,693**	**(24)**	**691,502**
Other comprehensive income, net of tax Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences arising from foreign operations		(159,872)	(6,090)		(11,284)
Total comprehensive income for the period		**118,185**	**357,603**		**680,218**
Attributable to :					
Equity holders of the parent company		148,513	315,438		602,892
Non-controlling interests		(30,328)	42,165		77,326
Total comprehensive income for the period		118,185	357,603		680,218
Weighted average number of shares in issue during the period (millions)		2,129	2,124		2,125
Dilution effect - number of shares (millions)		99	40		40
Number of shares in issue at the end of the period (millions)		2,144	2,144		2,144
Basic earnings per share (thebe)		12.3	15.4	(20)	29.2
Fully diluted earnings per share (thebe)		11.7	15.2		28.6

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Share based payment reserve P'000	Foreign currency translation reserve P'000	Legal reserve P'000	Non-controlling interest P'000	Total P'000
Balance at 31 December 2018 - Audited	**862,621**	**3,500,317**	**18,089**	**(696,276)**	**73,519**	**316,392**	**4,074,662**
Total comprehensive income for the period							
Profit for the period	-	328,051	-	-	-	35,642	363,693
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(12,613)	-	6,523	(6,090)
Transactions with owners, recorded directly in equity							
Allocation to legal reserve	-	(9,592)	-	-	9,592	-	-
Recognition of share based payment reserve movement	-	-	3,235	-	-	-	3,235
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(20,979)	(20,979)
Dividends paid to equity holders	-	(70,125)	-	-	-	-	(70,125)
Balance at 30 June 2019 - Reviewed	**862,621**	**3,748,651**	**21,324**	**(708,889)**	**83,111**	**337,578**	**4,344,396**
Total comprehensive income for the period							
Profit for the period	-	291,983	-	-	-	35,826	327,809
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(4,529)	-	(665)	(5,194)
Transactions with owners, recorded directly in equity							
Allocation to legal reserve	-	(112,682)	-	-	112,682	-	-
Recognition of share based payment reserve movement	-	-	2,980	-	-	-	2,980
Dividends paid to equity holders	-	(91,374)	-	-	-	-	(91,374)
Balance at 31 December 2019 - Audited	**862,621**	**3,836,578**	**24,304**	**(713,418)**	**195,793**	**372,739**	**4,578,617**
Total comprehensive income for the period							
Profit for the period	-	261,531	-	-	-	16,526	278,057
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(113,018)	-	(46,854)	(159,872)
Transactions with owners, recorded directly in equity							
Allocation to legal reserve	-	(3,455)	-	-	3,455	-	-
Recognition of share based payment reserve movement	-	-	7,257	-	-	-	7,257
New shares issued from long term incentive scheme	9,549	-	(9,549)	-	-	-	-
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(17,522)	(17,522)
Dividends paid to equity holders	-	(163,624)	-	-	-	-	(163,624)
Balance at 30 June 2020 - Reviewed	**872,170**	**3,931,030**	**22,012**	**(826,436)**	**199,248**	**324,889**	**4,522,913**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2020 (Reviewed) P'000	6 months ended 30 June 2019 (Reviewed) P'000	Year ended 31 Dec 2019 (Audited) P'000
Operating activities				
Profit before taxation		482,577	600,107	1,130,283
Adjustments for:				
: Net interest income		(972,887)	(1,036,864)	(2,043,675)
: Amortisation, depreciation and right of use assets		40,393	40,193	84,972
: Impairment and write off charge		176,157	191,793	352,868
: Impairment of goodwill		-	12,000	38,737
Movement in working capital and other changes		(309,382)	(646,330)	(764,195)
Cash used in operations		(583,142)	(839,101)	(1,201,010)
Interest received		1,351,187	1,511,668	2,974,839
Interest paid		(375,078)	(468,712)	(920,748)
Income tax paid		(365,998)	(211,330)	(387,043)
Net cash flows generated from / (used in) operating activities		26,969	(10,525)	466,038
Investing activities				
Proceeds on disposal of plant and equipment		-	-	54
Purchase of property, plant and equipment and intangible assets		(26,474)	(36,550)	(69,960)
Net cash flows used in investing activities		(26,474)	(36,550)	(69,906)
Financing activities				
Dividends paid to equity holders and non-controlling interest		(181,146)	(91,104)	(182,478)
Conditional subsequent payment relating to the investment in AFB Ghana		-	(2,577)	(2,577)
Lease payments		(27,074)	(12,955)	(42,565)
Finance obtained from third parties		167,351	654,106	1,135,522
Repayment of borrowings		(371,303)	(1,183,181)	(1,415,529)
Net cash flows used in financing activities		(412,172)	(635,711)	(507,627)
Net movement in cash and cash equivalents		(411,677)	(682,786)	(111,495)
Cash and cash equivalents at the beginning of the period		972,123	1,100,342	1,100,342
Effect of exchange rate changes on cash and cash equivalents		6,654	(8,864)	(16,724)
Cash and cash equivalents at the end of the period	**1**	**567,100**	**408,692**	**972,123**

SEGMENTAL REPORTING

For the period ended 30 June 2020

The Group's geographical operating segments are reported below:

Reportable segments 30 June 2020	Botswana P '000	Namibia P '000	Mozambique P '000	Lesotho P '000	Swaziland P '000	Kenya P '000	Rwanda P '000	Uganda P '000	Tanzania P '000	Nigeria P '000	Ghana P '000	Holding company or eliminations P '000	Total P '000
Operating income	**311,501**	**206,101**	**151,885**	**42,990**	**35,037**	**72,910**	**2,212**	**70,802**	**76,175**	**29,214**	**99,154**	**(34,602)**	**1,063,379**
Profit / (loss) before taxation	**270,909**	**137,895**	**81,933**	**37,784**	**(23,141)**	**13,434**	**(3,118)**	**7,860**	**35,677**	**4,046**	**48,018**	**(128,720)**	**482,577**
Taxation - consolidated													(204,520)
Profit - consolidated													**278,057**
Gross advances to customers	2,831,137	2,185,152	1,385,584	365,606	460,128	781,365	41,372	433,296	479,673	139,285	971,206	-	10,073,804
Impairment provisions	(138,616)	(26,797)	(34,461)	(28,663)	(50,151)	(181,247)	(5,598)	(64,462)	(88,110)	(22,179)	(177,308)	-	(817,592)
Net advances	**2,692,521**	**2,158,355**	**1,351,123**	**336,943**	**409,977**	**600,118**	**35,774**	**368,834**	**391,563**	**117,106**	**793,898**	**-**	**9,256,212**
Total assets	**2,766,000**	**2,369,567**	**1,555,166**	**353,676**	**470,341**	**767,970**	**62,292**	**396,833**	**605,285**	**171,057**	**941,731**	**137,972**	**10,597,890**
Borrowings	**1,097,183**	**322,010**	**241,107**	**206,784**	**313,320**	**397,788**	**15,509**	**227,233**	**6,713**	**1,750**	**525,169**	**1,454,819**	**4,809,385**
Total liabilities	**1,176,631**	**454,009**	**618,982**	**217,669**	**325,027**	**538,498**	**42,873**	**240,792**	**94,095**	**57,668**	**795,223**	**1,530,010**	**6,074,977**
Reportable segments 30 June 2019													
Operating income	327,743	291,673	157,939	44,635	31,499	81,896	4,571	69,171	86,304	26,363	170,699	(72,327)	1,220,166
Profit before taxation	259,012	220,308	95,905	16,554	15,583	26,364	501	25,670	55,551	3,371	15,266	(133,978)	600,107
Taxation - consolidated													(236,414)
Profit - consolidated													**363,693**
Gross advances to customers	2,818,648	2,036,911	1,351,345	407,320	501,997	730,463	49,973	382,580	526,222	130,268	1,102,737	-	10,038,464
Impairment provisions	(222,030)	(26,205)	(23,298)	(33,626)	(9,177)	(142,448)	(7,303)	(49,117)	(136,453)	(21,089)	(251,577)	-	(922,323)
Net advances	**2,596,618**	**2,010,706**	**1,328,047**	**373,694**	**492,820**	**588,015**	**42,670**	**333,463**	**389,769**	**109,179**	**851,160**	**-**	**9,116,141**
Total assets	**2,696,203**	**2,324,665**	**1,453,933**	**400,203**	**526,309**	**687,024**	**81,113**	**362,504**	**528,642**	**132,273**	**970,108**	**231,301**	**10,394,278**
Borrowings	**1,085,585**	**280,020**	**381,695**	**276,262**	**336,474**	**339,811**	**26,127**	**197,470**	**17,237**	**11,692**	**516,630**	**1,326,547**	**4,795,550**
Total liabilities	**1,181,606**	**344,693**	**603,495**	**286,591**	**349,444**	**480,398**	**61,036**	**219,044**	**78,423**	**45,472**	**857,796**	**1,541,884**	**6,049,882**

	At 30 June 2020 (Reviewed) P'000	At 30 June 2019 (Reviewed) P'000	At 31 Dec 2019 (Audited) P'000
1 Cash and cash equivalents			
Cash at bank and in hand	530,377	313,514	944,882
Statutory cash reserve	57,300	51,831	63,390
Short term investments	36,723	95,178	27,241
	624,400	460,523	1,035,513
Cash and cash equivalents for the purpose of cashflow statements	567,100	408,692	972,123
2 Advances to customers			
Gross advances to customers	10,073,804	10,038,464	9,832,888
Less : Expected credit losses			
- Stage 1	(232,096)	(220,662)	(148,664)
- Stage 2	(75,689)	(98,070)	(92,123)
- Stage 3	(509,807)	(603,591)	(520,617)
	9,256,212	9,116,141	9,071,484
3 Other receivables			
Deposits and prepayments	57,032	46,130	33,744
Receivable from insurance arrangements	85,055	151,991	160,084
Withholding tax and value added tax	204	443	405
Deferred arrangement fees	11,810	11,538	14,593
Clearing and other receivables	31,734	29,747	39,170
	185,835	239,849	247,996

4 Property plant and equipment

	Carrying amount at 01 Jan 2020	Additions	Transfers	Disposal and written off	Depreciation charge	Forex translation	Carrying amount at 30 June 2020
Motor vehicles	5,772	2,672	-	-	(1,134)	(480)	6,830
Computer equipment	42,111	8,071	(5,332)	(3)	(9,981)	(2,293)	32,573
Office furniture and equipment	25,949	6,099	1,320	(69)	(5,699)	1,202	28,802
Land and building	18,739	-	(1,320)	- -		(1,598)	15,821
Work in progress	7,100	7,568	(82)	-	-	(886)	13,700
	99,671	24,410	(5,414)	(72)	(16,814)	(4,055)	97,726

5 Right of use asset

	Carrying amount at 01 Jan 2020	Additions	Transfers	Disposal and written off	Depreciation charge	Forex translation	Carrying amount at 30 June 2020
Property	61,436	15,952	-	-	(15,994)	926	62,320
	61,436	15,952	-	-	(15,994)	926	62,320

6 Intangible assets

	Carrying amount at 01 Jan 2020	Additions	Transfers	Disposal	Amortisation charge	Forex translation	Carrying amount at 30 June 2020
Computer software	40,848	2,064	5,414	-	(6,653)	(73)	41,600
Brand value	1,618	-	-	-	(431)	359	1,546
Core deposit	2,755	-	-	-	(429)	177	2,503
	45,221	2,064	5,414	-	(7,513)	463	45,649

	At 30 June 2020 (Reviewed) P'000	At 30 June 2019 (Reviewed) P'000	At 31 Dec 2019 (Audited) P'000
7 Goodwill			
Goodwill arose on the acquisition of:			
Letshego Holdings Namibia Limited	20,800	23,106	23,111
Letshego Tanzania Limited	2,063	1,876	1,874
Letshego Kenya Limited	35,069	32,957	33,238
Letshego Bank (T) Limited	-	7,012	-
Letshego Microfinance Bank Nigeria Limited	-	20,141	-
AFB Ghana Plc	10,928	10,540	10,010
	68,860	95,632	68,233

Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. The Group assesses the recoverable amount of goodwill in respect of all cash generating units to determine indications of impairment. An assessment was done for the period under review and there were no indications of impairment for the above cash generating units.

8 Customer deposits			
Demand accounts	71,009	36,911	67,155
Savings accounts	89,716	108,564	67,381
Call and term deposits	338,277	160,402	292,137
	499,002	305,877	426,673
9 Cash collateral			
Cash collateral on loans and advances	21,438	25,268	21,721

Cash collateral represents payments made by customers as security for loans taken. The amounts are refundable upon the successful repayment of loans by customers or are utilised to cover loans in the event of default.

10 Trade and other payables			
Insurance premium payable	85,847	102,753	36,184
Payroll related accruals	22,293	23,561	37,201
Staff incentive accrual	42,447	54,431	66,732
Other provisions	59,061	89,139	59,573
Guarantee funds	255,970	203,969	194,582
Trade and other payables	103,032	114,287	119,677
Value added tax / withholding tax payable	20,543	12,327	38,900
	589,193	601,007	552,849

	6 months ended 30 June 2020 (Reviewed) P'000	6 months ended 30 June 2019 (Reviewed) P'000	12 months ended 31 Dec 2019 (Audited) P'000
11 Lease liabilities			
Lease Liability	57,786	77,020	64,760
12 Borrowings			
Commercial banks	1,761,141	1,883,450	1,920,085
Note programmes	1,786,412	1,803,945	1,729,542
DFI's	1,103,459	926,531	1,118,927
Pension Funds	158,373	181,624	213,621
Total borrowings	4,809,385	4,795,550	4,982,175
13 Stated capital			
Issued: 2,144,045,175 ordinary shares of no par value (2019: 2,144,045,175) of which 14,571,140 shares (2019: 19,054,190) are held as treasury shares	872,170	862,621	862,621
14 Effective interest income			
Advances to customers	1,215,783	1,238,349	2,504,158
Interest income on risk informal / mobile loans	42,237	120,625	193,786
Interest income on non-risk informal / mobile loans	78,819	137,467	250,414
Deposits with banks	14,348	15,227	26,481
	1,351,187	1,511,668	2,974,839
15 Effective interest expense			
Overdraft facilities and term loans	348,019	317,085	663,495
Interest expense on non-risk informal / mobile loans	78,819	137,467	250,414
Interest expense on leases	3,222	3,042	10,416
Market to market adjustment on hedge contracts	(22,544)	11,246	1,488
Foreign exchange (gain) / loss	(29,216)	5,964	5,351
	378,300	474,804	931,164
16 Other operating income			
Early settlement fees	16,447	20,275	52,627
Income from insurance arrangements	41,518	113,058	195,026
Sundry income	5,294	16,055	25,365
	63,259	149,388	273,018
17 Employee costs			
Salaries and wages	173,626	169,979	364,146
Staff incentive	37,738	26,316	40,280
Staff recruitment costs	33	1,291	8,152
Staff pension fund contribution	14,178	9,201	27,106
Directors' remuneration – for management services (executive)	5,537	3,323	8,124
Long term incentive plan	7,257	3,235	6,215
	238,369	213,345	454,023
18 Other operating expenses			
Accounting and secretarial fees	385	350	687
Advertising	6,909	4,930	15,941
Audit fees	3,823	2,633	5,565
- Audit services	3,745	2,561	5,265
- Covenant compliance fees	78	72	237
- Tax advisory services	-	-	63
Bank charges	4,389	4,257	7,208
Computer expenses	7,153	2,207	12,317
Consultancy fees	16,124	21,448	50,308
Corporate social responsibility	4,049	1,672	3,266
Collection commission	29,961	26,497	50,636
Direct costs	25,021	18,659	39,844
Direct costs - informal loans	12,260	28,380	44,370
Data centre decommissioning	-	(5,000)	-
Depreciation and amortisation	24,327	21,438	49,463
Depreciation - right of use assets	15,994	18,538	35,473
Directors' fees – non executive	4,321	3,607	6,474
Directors' fees – subsidiary boards	3,195	2,132	5,832
Government levies	13,788	11,531	26,789
Insurance	5,883	5,179	9,359
Impairment of goodwill	-	12,000	38,737
Impairment of cash accounts	-	-	6,039
Office expenses	10,776	12,893	22,043
Short term leases and low value assets	4,045	8,439	15,909
Other operating expenses	42,821	43,169	86,098
- Entertainment	85	174	576
- IT costs	656	2,600	5,222
- Loss on disposal of fixed assets	-	-	36
- Motor vehicle expenses	3,285	3,018	6,196
- Printing and Stationery	2,791	2,599	8,145
- Repairs and Maintenance	1,884	3,122	6,111
- Storage costs	804	855	1,940
- Subscriptions and licenses	2,820	2,024	5,282
- Other expenses	30,496	28,777	52,590
Payroll administration costs	1,010	898	2,234
Professional fees	7,434	15,613	27,465
Telephone and postage	16,647	14,225	29,261
Travel	11,250	14,238	31,419
	271,565	289,933	622,737
19 Expected credit losses			
Amounts written off	119,969	112,605	434,599
Recoveries during the period	(105,289)	(75,012)	(183,767)
Expected credit losses raised / (reversed) during the period	56,188	79,188	(81,731)
	70,868	116,781	169,101

NON EXECUTIVE DIRECTORS
E.N. Banda (Chairman) (RSA), R.N. Alam (USA), H. Karuhanga (Uganda), C.Lesetedi (Botswana), S.D. Price (UK), Dr. G. Somolekae (Botswana), G.L. van Heerde (RSA), Ronald Hoekman (Holland), Philip Odera (Kenya), Abiodun Odubola (Nigeria).

EXECUTIVE DIRECTORS
A.F Okai (Group CEO) Ghana; G. Muteiwa (Group CFO) Zimbabwe

ALTERNATE DIRECTORS
T.I Mutasa (Zimbabwe), (Alternate to R.N Alam (USA); M Viljoen (Alternate to G.L. Van Heerde)

COMPANY SECRETARY
M.Kimwaga

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