



REVIEWED FINANCIAL RESULTS 2018



FULL YEAR 2018 CONDENSED CONSOLIDATED FINANCIAL RESULTS

The Board of Directors of Letshego Holdings (Namibia) Limited and its subsidiaries ("the Letshego Group") is pleased to present an extract of the audited consolidated results for the year ended 31 December 2018.

CONTINUED PROGRESS ON DELIVERY OF THE STRATEGIC AGENDA

The challenging economic conditions experienced in 2017 pervaded the 2018 financial year. Economic activity remained subdued across the key economic sectors and amidst the challenges. The Group made progress in its transformational journey and remains focused on achieving its strategic agenda.

Financial HIGHLIGHTS

11%

Increase in total revenue

backed by growth in Advances to Customers of 5%

23%

Decrease in cost-to-income ratio

from 24.3% in 2017

22%

Increase in profit after tax

N\$469m

3.6%

Non-performing loans

decreased from 3.9%

23.5c

dividend per share

(2017: 19.2 cents), consistent with our four times cover dividend policy and pre-listing intent.

6%

Increase in the underlying profit after tax

20%

Return on equity

(2017: 23%)

15%

Return on assets

(2017: 15%)

22%

Increase in basic and headline earnings per share

5%
Advances to Customers

11%
Revenues

N\$469M
Profit after tax

23.5c
Final Dividend per Share

KEY HIGHLIGHTS OF PROGRESS WITH DELIVERY OF THE STRATEGIC AGENDA DURING THE YEAR INCLUDE

Letshego Bank continued to create awareness of our LetsGo value proposition and extended the reach of our solutions beyond our Windhoek based branches. We also made progress in delivering access to customers across several of our access points. Our efforts to adopt a multi-channel access network continue as we also see growth in the roll-out of our debit card.

Letshego remained steadfast in its focus on improving the lives of its customers and their communities through financial literacy initiatives aimed at promoting productive lending, encouraging a culture of savings as well as rewarding longstanding customer relationships.

In an effort to exceed customer expectations, we executed on our endeavours to enhance customer experience by empowering our employees through the implementation of training initiatives and establishing appropriate resourcing structures to improve levels of customer service.

To build a sustainable business model for the Letshego Group of the future, we continued to invest in the maintenance of reliable systems as well as enhance our technology platforms to support our inclusive finance agenda. Dedicated focus has been assigned to re-engineering our processes which in turn will create efficiencies from which our customers may leverage. We were successful at strengthening and streamlining our governance and regulatory frameworks across the Group.

BOARD CHANGES

As previously announced in a separate communication, the Board Chairman, Mr John Eugene Shepherd, has tendered notice of resignation and will be stepping down as Chairman and director on 30 April 2019. We are grateful for the contribution he has made during his tenure and we wish him well in his future endeavours. A search for his replacement is underway.

PROSPECTS

Although the challenging economic climate is expected to prevail throughout the year on account of global and regional economic factors, we believe that our continued focus on cost discipline, operational efficiencies and customer centricity will enable us to navigate this cycle and continue to deliver value to our stakeholders.

AUDITED RESULTS

The consolidated annual financial statements for the year ended 31 December 2018, from which this information is derived, have been audited

by PricewaterhouseCoopers, who expressed an unqualified audit opinion thereon. The audit was conducted in accordance with International Standards on Auditing. A copy of the auditor's audit report is available for inspection at the company's registered office together with the consolidated annual financial statements.

BASIS OF PRESENTATION

The condensed consolidated financial statements of Letshego Holdings (Namibia) Ltd for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Namibia. This results announcement is the responsibility of the directors, and is extracted from the audited consolidated annual financial statements. The Group's principal accounting policies comply with IFRS, except for the adoption of IFRS 9 effective 1 January 2018, have been applied consistently in all material aspects with the previous financial years.

DIVIDEND NOTICE

Notice is hereby given that the Board has declared a final dividend of 23.5 cents per share for the year ended 31 December 2018.

- Dividend declaration date, 4 March 2019
- Last date to trade cum dividend, 22 March 2019 inclusive
- First date to trade ex dividend, 25 March 2019 inclusive
- Last date to register, 29 March 2019
- Dividend payment date on or about, 12 April 2019

For and on behalf of the Board of Directors:

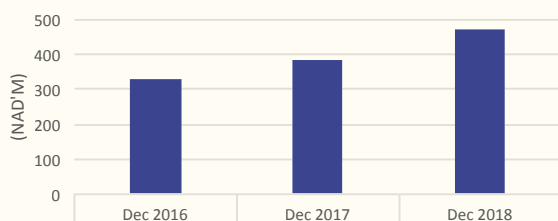


John Eugene Shepherd
Chairman

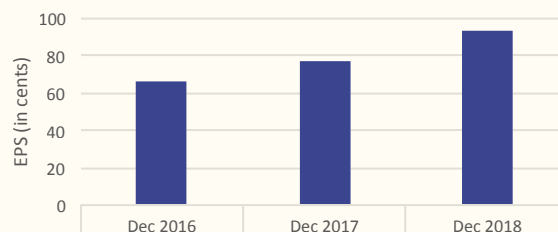


Ester Kali
Chief Executive Officer

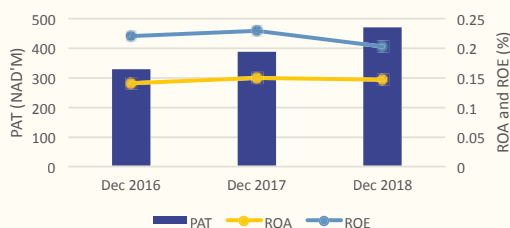
Profit after tax (NAD'M)



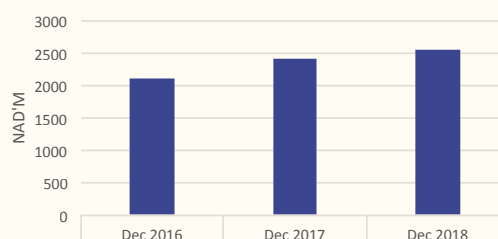
Basic Earnings per Share (cents)



ROA vs ROE vs PAT



Net Advances (NAD'M)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	% change	31 Dec 2018 (Audited) N\$ '000	31 Dec 2017 (Audited) N\$ '000
ASSETS			
Cash and cash equivalents		750,860	323,676
Other receivables		131,288	125,875
Advances to customers	5%	2,555,622	2,424,222
Property and equipment		9,644	11,104
Current taxation		22,347	15,087
Total assets		3,469,761	2,899,964
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables		50,907	43,446
Deferred taxation		4,301	3,453
Borrowings		341,051	63,556
Intercompany payables		123,399	907,139
Deposits due to customers		74,749	90,205
Total liabilities		594,407	1,107,799
Shareholders' equity			
Share capital		100	100
Retained earnings		1,162,815	873,985
Capital reorganisation reserve		701,024	701,024
Equity settled share based payment reserve		1,072	1,971
Total equity attributable to equity holders of the parent company		1,865,011	1,577,080
Non-controlling interests		1,010,343	215,085
Total shareholders' equity		2,875,354	1,792,165
Total liabilities and equity		3,469,761	2,899,964

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	% change	31 Dec 2018 (Audited) N\$ '000	31 Dec 2017 (Audited) N\$ '000
Interest income	6%	596,693	563,375
Credit impairment release / (charge)		(18,226)	9,553
Interest after impairment		578,467	572,928
Other interest income		21,465	12,376
Interest expense		(32,866)	(114,038)
Net interest income after impairment	20%	567,066	471,266
Fee income		1,176	2,229
Other operating income		255,340	206,606
Employee benefits		(49,263)	(37,858)
Other operating expenses		(145,936)	(124,827)
Operating profit before taxation	21%	628,383	517,416
Taxation		(159,510)	(132,159)
Profit for the year	22%	468,873	385,256
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		468,873	385,256
Weighted average number of shares in issue during the period (millions)		500	500
Basic earnings per share (cents)	22%	93.8	77.1
Headline earnings per share (cents)	31%	93.8	71.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital N\$ '000	Equity settled share based payment reserve N\$ '000	Retained earnings N\$ '000	Capital reorganisation reserve N\$ '000	Ordinary shareholders' reserve N\$ '000	Non-con- trolling interest * N\$ '000	Total equity N\$ '000
Balance as at 1st January 2018	100	1,971	873,985	701,024	1,577,080	215,085	1,792,165
Changes on initial application of IFRS 9	-	-	3,954	-	3,954	-	3,954
Restated balance at 1st January 2018	100	1,971	877,939	701,024	1,581,034	215,085	1,796,119
Total comprehensive income for the year							
Profit and total comprehensive income for the year	-	-	468,873	-	468,873	-	468,873
Dividend paid	-	-	(96,000)	-	(96,000)	-	(96,000)
Preference share dividend paid	-	-	(87,997)	-	(87,997)	-	(87,997)
Transactions with equity holders, recorded directly in equity							
Preference shares issued	-	-	-	-	-	895,258	895,258
Preference shares redeemed	-	-	-	-	-	(100,000)	(100,000)
Share based payment transactions	-	(899)	-	-	(899)	-	(899)
Balance as at 31 December 2018	100	1,072	1,162,815	701,024	1,865,011	1,010,343	2,875,354
Balance as at 1st January 2017	100	1,432	602,062	701,024	1,304,618	215,085	1,519,703
Total comprehensive income for the year							
Profit and total comprehensive income for the year	-	-	385,256	-	385,256	-	385,256
Dividends paid	-	-	(113,333)	-	(113,333)	-	(113,333)
Transactions with equity holders, recorded directly in equity							
Contributions by equity holders							
Shares issued	-	-	-	-	-	-	-
Share based payment transactions	-	539	-	-	539	-	539
Balance as at 31 December 2017	100	1,971	873,985	701,024	1,577,080	215,085	1,792,165

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 Dec 2018 (Audited) N\$ '000	Year ended 31 Dec 2017 (Audited) N\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before taxation	628,383	517,416
Interest paid	32,866	114,038
Adjusting items of a non-cash nature:		
Depreciation	5,053	3,870
Impairment allowance on advances	13,023	(9,214)
Equity settled share based payment transactions	(899)	539
Loss on disposal of plant and equipment	690	-
Movement in working capital and other changes	(153,878)	(262,836)
Tax paid	(165,921)	(139,193)
Net cash generated from operating activities	359,317	224,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of motor vehicles, furniture and equipment	(4,283)	(4,472)
Net cash used in investing activities	(4,283)	(4,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Ordinary share dividend paid	(96,000)	(113,333)
Preference share dividend paid	(87,997)	-
Preference shares issued during the year	895,258	-
Preference shares redeemed during the year	(100,000)	-
Net receipts / (payments) on borrowings	(539,111)	57,237
Net cash utilised in financing activities	72,150	(56,096)
Net movement in cash and cash equivalents	427,184	164,050
Cash and cash equivalents at the beginning of the year	323,676	159,626
Cash and cash equivalents at the end of the year	750,860	323,676

RATIOS

	31 Dec 2018	31 Dec 2017
Return on average assets (%)	14.7%	15.0%
Return on average equity (%)	20.1%	22.0%
Cost to income (%)	23.2%	24.3%
Debt to equity (%)	16.2%	54.2%

CAPITAL ADEQUACY

	31 Dec 2018	31 Dec 2017
Consolidated group capital adequacy		
Tier 1	94.9%	68.6%
Tier 2	0.3%	0.2%
Total	95.2%	68.8%
Tier 1 leverage ratio	82.2%	61.5%

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	As at 31 Dec 2018 (Audited) N\$ '000	As at 31 Dec 2017 (Audited) N\$ '000				
1. Cash and cash equivalents						
Cash and balances with banks	496,187	323,529				
Money market placements	254,673	147				
	750,860	323,676				
2. Other receivables						
Financial	131,288	120,576				
Non-financial	-	5,299				
	131,288	125,875				
3. Advances to customers						
Gross advances to customers	2,577,755	2,437,285				
Less: Impairment provisions - specific	(17,000)	(9,127)				
: Impairment provisions - portfolio	(5,133)	(3,936)				
	2,555,622	2,424,222				
4. Property and equipment						
	Furniture and fittings	Office equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
	N\$ '000	N\$ '000	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Carrying amount at 01 January 2018	1,251	2,439	5,734	390	1,289	11,104
Additions	312	359	3,165	-	447	4,282
Disposals	-	(23)	(667)	-	-	(690)
Depreciation charge	(816)	(1,000)	(2,543)	(120)	(574)	(5,053)
Carrying amount at 31 December 2018	747	1,775	5,698	270	1,162	9,644
Carrying amount at 01 January 2017	1,600	3,197	3,824	137	1,743	10,501
Additions	389	202	3,509	309	63	4,472
Depreciation charge	(738)	(960)	(1,599)	(56)	(517)	(3,870)
Carrying amount at 31 December 2017	1,251	2,439	5,734	390	1,289	11,104
	As at 31 Dec 2018 (Audited) N\$ '000	As at 31 Dec 2017 (Audited) N\$ '000				
5. Trade and other payables						
Trade and other payables	38,431	35,645				
Other provisions	393	673				
Payroll related accruals	9,588	6,185				
Value added tax / withholding tax payable	2,459	942				
Dividend payable	36	-				
	50,907	43,446				

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

	Year ended 31 Dec 2018 (Audited) N\$ '000	Year ended 3 Dec 2017 (Audited) N\$ '000
6. Borrowings		
Commercial banks	341,051	63,556
	<u>341,051</u>	<u>63,556</u>
<p>The borrowings are partially secured and bear interest at rates ranging between Namibia prime plus 0.3% and prime plus 2.6%. The loans are repayable in quarterly instalments and mature variously in January 2019, June 2021 and December 2020.</p>		
7. Intercompany payables		
Letshego Holdings Limited Erf 8585 (Pty) Ltd	120,452 2,947	904,693 2,446
	<u>123,399</u>	<u>907,139</u>
8. Deposits due to customers		
Current accounts	3,421	25
Term deposits	71,328	90,180
	<u>74,749</u>	<u>90,205</u>
9. Share capital		
Issued: 500,000,000 ordinary shares of 0.02 cents each (2017: 500,000,000 ordinary shares of 0.02 cents each)	100	100
10. Interest income		
Advances to customers	596,693	563,375
Deposits with banks	21,465	12,376
	<u>618,158</u>	<u>575,751</u>
11. Interest expense		
Intercompany payables and term loans	32,866	114,038
	<u>32,866</u>	<u>114,038</u>
12. Other operating income		
Dividend income - cell captive	256,029	206,606
(Loss)/Profit on disposal of plant and equipment	(689)	-
	<u>255,340</u>	<u>206,606</u>
13. Employee benefits		
Salaries and wages	34,598	29,037
Pension fund and medical aid contributions	4,975	4,034
Staff incentive	9,690	4,787
	<u>49,263</u>	<u>37,858</u>
14. Other operating expenses		
Sales related expense	5,842	12,941
Auditor's remuneration	779	818
Collection fees	35,543	32,759
Consulting and secretarial	8,455	7,988
Management fees	35,884	37,084
Depreciation (note 4)	5,052	3,870
Directors' remuneration - for services as directors	1,541	1,196
Computer related expenses	3,139	3,218
Office rental	5,977	5,294
Travel and accommodation	1,865	1,348
Social responsibility projects	1,588	720
Arrangement fees - Holding Company	4,950	1,418
Telephone and facsimile	2,672	2,291
Legal fees	2,382	-
Subscriptions	7,250	3,183
VAT expense	15,002	3,538
Other operational expenses	8,015	7,160
	<u>145,936</u>	<u>124,827</u>
15. Credit impairment (release) / charge		
Amounts written off	104,299	80,324
Recoveries during the year	(99,097)	(80,663)
Impairment adjustment	13,023	(9,214)
	<u>18,226</u>	<u>(9,553)</u>
16. Significant changes in the current reporting period		
<p>Although the local economic conditions have adversely affected market confidence and economic activity, the group remains well placed to grow revenues through ongoing innovation and pursuit of its inclusive finance strategy. There were no new activities, events or transactions that are significant to an understanding of the changes in the financial position and performance of the entity since the last annual reporting date.</p>		
17. Segment information		
<p>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 assess the performance of the operating segment(s) of an entity.</p>		
18. Events occurring after the reporting period		
<p>A dividend of 23.5 cents per share has been declared since the end of the reporting period.</p>		

	Year ended 31 Dec 2018 (Audited) N\$ '000	Year ended 31 Dec 2017 (Audited) N\$ '000
19. Related party transactions		
Interest paid to related parties	18,252	105,735
Arrangement fees paid to related parties	-	1418
Rent paid to related parties	1,526	1,327
Management fees paid to related parties	35,884	37,084

20. Fair value measurement of financial instruments

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 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).

Assets and liabilities for which fair value is disclosed:

	Level 3 N\$ '000	Carrying amount N\$ '000
2018		
Financial assets		
Net advances	2,569,752	2,555,622
	<u>2,569,752</u>	<u>2,555,622</u>
Financial liabilities		
Borrowings	341,051	341,051
Intercompany payables	123,399	123,399
	<u>464,450</u>	<u>464,450</u>
2017		
Financial assets		
Net advances	2,488,755	2,424,222
	<u>2,488,755</u>	<u>2,424,222</u>
Financial liabilities		
Borrowings	63,556	63,556
Intercompany payables	907,139	907,139
	<u>907,139</u>	<u>907,139</u>

21. Dividends

A dividend of N\$ 96 million was declared and paid by the group during the year under review to the ordinary shareholders.

22. Basis of preparation

The condensed consolidated financial report for the year ended 31 December 2018 has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies adopted are consistent with those of the previous financial year.

The condensed consolidated financial report for the year ended 31 December 2018 does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited consolidated annual financial for the year ended 31 December 2018 and any announcements made by Letshego Holdings (Namibia) Ltd during the reporting period.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. Except for the adoption of IFRS 9 effective 01 January 2018, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The Day 1 impact of IFRS 9 implementation was a credit of N\$ 3.954 million against the retained earnings opening balance.

For and on behalf of the Board of Directors:



John Eugene Shepherd
Chairman



Ester Kali
Chief Executive Officer

Letshego Holdings (Namibia) Limited; 18 Schweirinsburg Street, P. O. Box 11600, Windhoek, Namibia

Sponsoring Broker:

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

Company Secretary:

Bonsai Secretarial Compliance Services; P. O. Box 90757, Windhoek, Namibia; Shop 48, Second Floor Old Power Station complex, Armstrong Street

Transfer Secretary:

Transfer Secretaries (Pty) Ltd; 4 Robert Mugabe Avenue; P. O. Box 2401, Windhoek, Namibia; Registration No. 93/713

IMPROVING LIFE *Stories*



The loan assisted me to set up my business named SME HUT Ondangwa. The business accommodates 30 SME business spots ranging from hair salons, clothing boutiques, and craft shops that are conducting their business from the SME Hut.

This business has also seen me creating employment for other Namibians; hence also contributing to the local economy. I am very thankful for the assistance from Letshego, as I was able to achieve my dream to set up SME Hut from where smaller shops can trade and their owners make a living.

**Ms. Susan Kandiwapa
liuhwa**

