Express Credit Cash Advance (Proprietary) Limited

(Registration number 2016/0767)
Annual Financial Statements
for the year ended 31 December 2021

CONTENTS

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 28 of 2004, as amended 2007 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing, and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented.

The annual financial statements set out on pages 1 to 43, which have been prepared on the going concern basis, were approved on 31 March 2021 and were signed by:

Approval of annual financial statements

On behalf of the directors:

Eckhardt Marais Chief Executive Officer	Edgars Sprogis Board member

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Express Credit Cash Advance (Pty) Ltd for the year ended 31 December 2021.

1. INCORPORATION

The company was incorporated on 05 July 2016 and obtained its certificate to commence business on the same day.

2. NATURE OF BUSINESS

Express Credit Cash Advance (Pty) Ltd was incorporated in Namibia and is directly or indirectly providing total microlending services and financial products. The company is engaged in the provision of short to medium-term unsecured consumer advances to salaried employees of the public and private sectors. The company finances the advances on a fixed repayment basis with no adjustments to the instalments during the original period of the advance due to interest rate fluctuations.
There have been no material changes to the nature of the company's business from the prior year.

3. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 28 of 2004, as amended 2007. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. SHARE CAPITAL

There have been no changes to the number of authorised and issued share capital during the year under review.

On 9th of December 2020 the Company's shareholder YesCash Group Ltd. subscribed for 1000 preference shares of the Company with a view to convert YesCash Group Ltd. loan to the Company into preference shares. The subscription agreement has been approved and authorised in December 2020 and the formalisation of the conversion was completed in April 2021. This circumstance classifies YesCash Group Ltd. loan balance as capital contribution to equity as at 31st December 2020 and capital contribution conversion to preference shares was completed in April 2021.

On 21 January 2021 there has been a conversion of 1000 ordinary shares into preference shares with a nominal value of NAD 1 000 and a premium amount of 45 861 878 without changing the amount of the authorised share capital.

The preference shareholders have the rights to receive the dividends in the same amount as the holders of ordinary share capital but in priority relatively to them. Dividends are not cumulative for the preference shares. Redemption date is determined by the Company but it cannot be earlier than the first anniversary of the preference share issuance date or in case of a winding-up of the Company.

5. DIVIDENDS

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, it may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, it may pass on the payment of dividends. It does not recommend the declaration of a dividend for the year.

6. DIRECTORATE

The directors in office at the date of this report are as follows:

Director	**Nationality**
E.J. Marais	South African
U. Hewitt	Latvian
N.P. Esterhuyse	Namibian
E. Sprogis (appointed on 18/03/2021)	Latvian

7. DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

8. PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant, and equipment of the company. At 31 December 2021, the company's investment in property, plant and equipment amounted to NAD 4 350 744 (2020: NAD 3 369 524), of which NAD 981 220 (2020: NAD 743 075) was added in the current year through additions.

9. HOLDING COMPANY

The Company's majority holding company is Clever Mate Finance (Proprietary) Limited, registration number 2020/0220 which holds 51% (2020: 51%) of the company equity. Clever Mate Finance (Pty) Limited is incorporated in Namibia. Yescash Group Limited holds 49% (2020: 49%) of the company's equity. Yescash Group Limited is incorporated in Mauritius. As at 31 December 2021, Yescash Group Limited, the Company's ultimate holding company is SIA EC Finance Group, incorporated in the Republic of Latvia.

10. EVENTS AFTER THE REPORTING PERIOD

The Shareholders have indicated their intention to convert N$17 million of debt owing to YCG Mauritius into Equity, which will further strengthen the equity position. This conversion is subject to Regulatory approval.

The directors are not aware of any other matters or circumstances arising since the end of the financial period and up to the date of this report, that would require adjustment of, or disclosure in, these annual financial statements.

11. GOING CONCERN

We draw attention to the fact that for the year-ended 31 December 2021, the company had profit of NAD 12 787 175 (loss in 2020: NAD 16 402 892) and that the Company's accumulated loss balance as of 31 December 2021 is NAD 22 161 967 (2020: 34 949 142).

The annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement.

The ability of the company to continue as a going concern is dependent on several factors. The most significant of these is that the ultimate parent company continue to provide supporting services and financial assistance for the ongoing operations for the company and that the subordination agreement will remain in force for so long as it takes to restore the solvency of the company.

We are not aware of any new material changes that may adversely impact the company. On the contrary - The Namibian business has evolved to obtain a deduction code from the Ministry of Finance in 2020 and diversified into also offering term lending loans to full employed Government employees since December 2020. The Shareholding structure were revised in 2020 to strengthen the business strategically in offering credit to the Government employees, which allowed for Namibian debt invested in the business that significantly mitigated foreign exchange risk.

We are not aware of any material non-compliance with statutory or regulatory requirements of any pending changes to legislation which may affect the company.

12. SECRETARY

The Company Secretary is Bonsai Secretarial Compliance Services.

Business address:	Unit 6, Gold Street Business Park, Gold Street, Prosperita, Windhoek
Postal address:	P O Box 3516 Windhoek

13. JOINT VENTURE

The Company has a 50% interest in a joint venture, Hollard Alternative Risk Transfer (Proprietary) Limited.

Business address:	Jan Jonker Heights, c/o Jan Jonker & Thorer Street, Windhoek
Postal address:	P O Box 5077 Windhoek

14. STATEMENT OF DISCLOSURE TO THE COMPANY'S AUDITORS

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditor, BDO Namibia, has indicated its willingness to continue in office and will be automatically reappointed at the Annual General Meeting.

Tel: +264 833 224 125
Fax: +264 833 224 126
Email: info@bdo.com.na

61 Simeon Shixungileni Street
P.O. Box 2184
WINDHOEK
Namibia

INDEPENDENT AUDITORS' REPORT

To the Directors of Express Credit Cash Advance (Pty) Ltd

Opinion

We have audited the annual financial statements of Express Credit Cash Advance (Pty) Ltd set out on pages 1 to 43, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements presents fairly, in all material respects, the financial position of the company as at 31 December 2021, and its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standards, and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and the detailed statement of profit or loss and other comprehensive income, which we obtained prior to the date of this auditor's report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

BDO, a Namibian partnership, is registered with the Public Accountants and Auditors Board (Practice Number: 9402). Our firm has offices in Windhoek, Walvis Bay and Oshakati. BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Tel: +264 833 224 125
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WINDHOEK
Namibia

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: A Musarurwa
Partner

31 March 2022
Windhoek

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Statement of Financial Position

in NAD	Note	2021	2020
ASSETS			
Premises and equipment	8	1 963 192	1 848 308
Intangible assets	8	1 879	20 096
Investments in equity-accounted joint ventures	9	278 061	-
Right-of-use asset	11	3 215 906	2 610 052
Loans and advances to customers	6	98 927 052	65 814 985
Deferred tax asset	20	9 961 969	5 472 881
Other financial assets	7	19 188 755	12 868 673
Other non-financial assets	7	6 790 310	1 364 141
Advances to related parties	7	2 895 740	3 295 364
Cash and cash equivalents	5	12 265 343	15 476 359
TOTAL ASSETS		**155 488 207**	**108 770 859**
LIABILITIES			
Borrowed funds	10	98 842 322	69 117 724
Lease liabilities	11	3 335 493	2 739 753
Trade and other payables	12	6 430 304	8 698 141
Other financial liabilities	12	23 098 983	17 280 897
Deferred income	13	80 094	20 508
TOTAL LIABILITIES		**131 787 196**	**97 857 023**
EQUITY			
Share capital	14	100	100
Capital contribution		-	45 862 878
Preference shares	14	45 862 878	-
Accumulated deficit		(22 161 967)	(34 949 142)
Net assets attributable to the Company's owners		**23 701 011**	**10 913 836**
TOTAL EQUITY		**23 701 011**	**10 913 836**
TOTAL LIABILITIES AND EQUITY		**155 488 207**	**108 770 859**

Statement of Profit or Loss and Other Comprehensive Income

In NAD	Note	2021	2020
Interest income calculated using the effective interest method	15	102 942 601	64 600 268
Other similar income	15	9 214 005	5 997 005
Interest and other similar expense	15	(12 182 632)	(10 560 066)
Net margin on interest and similar income		**99 973 974**	**60 037 207**
Credit loss allowance	16	(18 457 444)	(7 869 999)
Net margin on interest and similar income after credit loss allowance		**81 516 530**	**52 167 208**
Administrative and other operating expenses	17	(73 976 811)	(60 589 764)
Foreign exchange translation gains less losses	18	(1 053 336)	(6 816 136)
Lease interest expense	11	(318 986)	(278 888)
Share of post-tax profits of equity accounted joint ventures	9	278 061	-
Other Income	19	1 852 629	619 213
Profit/(loss) before tax		**8 298 087**	**(14 898 367)**
Income tax income/(expense)	20	4 489 088	(1 504 524)
PROFIT/(LOSS) FOR THE YEAR		**12 787 175**	**(16 402 891)**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**12 787 175**	**(16 402 891)**

Statement of Changes in Equity

in NAD	**Note**	**Share capital**	**Capital contribution**	**Preference shares**	**Accumulated deficit**	**Total**
Balance at 1 January 2020		**100**	**-**	**-**	**(18 546 251)**	**(18 546 150)**
Loss for the year		-	-	-	(16 402 891)	**(16 402 892)**
Capital contribution		-	45 862 878	-	-	**45 862 878**
Balance at 31 December 2020	14	**100**	**45 862 878**	**-**	**(34 949 142)**	**10 913 836**
Profit for the year		-	-	-	12 787 175	**12 787 175**
Capital contribution conversion into preference shares		-	(45 862 878)	45 862 878	-	**-**
Balance at 31 December 2021	14	**100**	-	**45 862 878**	**(22 161 967)**	**23 701 011**

Statement of Cash Flows

In NAD	**Note**	**2021**	**2020**
Profit / (Loss) before tax		**8 298 087**	**(14 898 367)**
Adjustments for:			
Depreciation and amortisation	17	3 943 538	3 326 078
Commissions amortization	17	2 443 209	904 618
Change in provisions	16	18 457 444	7 869 999
Interest expense on borrowings		10 101 909	4 408 525
Investments in equity-accounted joint ventures	9	(278 061)	-
Unrealised loss from fluctuations of FX		977 381	(6 567 819)
Operating profit or loss before working capital changes		**43 943 507**	**(4 956 966)**
Net increase in:			
- loans and advances to customers		(50 600 849)	(26 867 384)
- other financial assets		(7 288 744)	(8 889 552)
- other non-financial assets		(7 653 828)	(2 610 398)
- right-of-use assets	11	(3 647 391)	(2 387 944)
Net increase in:			
- other financial liabilities		5 845 958	7 146 245
- trade and other payables		(2 208 251)	3 236 771
- lease liability	11	3 966 377	2 666 832
Net cash used in operating activities		**(61 586 728)**	**(27 705 430)**
Cash flows from investing activities			
Acquisition of premises and equipment	8	(981 220)	(685 135)
Acquisition of intangible assets	8	(6 658)	(13 316)
Net cash used in investing activities		**(987 878)**	**(698 451)**
Cash flows from financing activities			
Proceeds from related borrowed funds	21	3 569 240	19 985 669
Repayment of related borrowed funds	21	(1 030 210)	(2 775 456)
Proceeds from non-related borrowed funds	21	24 508 018	24 422 426
Repayment of non-related borrowed funds	21	(8 256 328)	-
Repayment of principal of lease liabilities	11	(3 370 637)	(2 732 897)
Net cash from financing activities		**15 420 083**	**38 899 742**
Net increase in cash and cash equivalents	5	(3 211 016)	5 538 895
Cash and cash equivalents at the beginning of the year		15 476 359	9 937 464
Cash and cash equivalents at the end of the year	5	**12 265 343**	**15 476 359**

1 Introduction

These annual financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2021 for Express Credit Cash Advance (Pty) Ltd (the "Company").

The Company was incorporated on 5 July 2016 and is domiciled in Namibia. The Company is a limited liability company. As of 31 December 2021, the Company's majority holding company is Clever Mate Finance (Proprietary) Limited which holds 51% (2020: 51%) of the Company equity. Clever Mate Finance (Pty) Limited is incorporated in Namibia. As of 31 December 2021, Yescash Group Limited holds 49% (2020: 49%) of the Company's equity. Yescash Group Limited is incorporated in Mauritius, and the Company was ultimately controlled by SIA EC Finance Group, incorporated in the Republic of Latvia.

Principal activity. The Company's principal business activity is consumer lending activities in Namibia. The Company has obtained microlenders license and is regulated by microlending supervisory institution in the respective country.

The Company has 22 branches within Namibia.

Registered address of the Company. The Company's registered address is Unit 6, Gold Street Business Park, Gold Street, Prosperita, Windhoek, PO Box 90757, Windhoek.

Presentation currency. These annual financial statements are presented in NAD, unless otherwise stated.

Abbreviations. A glossary of various abbreviations used in this document is included in Note 29.

2 Significant accounting policies

Basis of preparation. These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments at fair value. The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Certain prior year amounts have been reclassified for consistency and alignment with the Group's presentation. These reclassifications had no effect on the reported results of operations.

Details of the items reclassified as follows:

in NAD	**31.12.2020**	**Reclassified**	**Reclassified 31.12.2020**
Assets			
Loans and advances to customers	64 905 584	909 401	65 814 985
Other financial assets	12 754 257	114 416	12 868 673
Other non-financial assets	4 504 477	(3 140 336)	1 364 141
Advances to related parties	-	3 295 364	3 295 364
Deferred commission	275 778	(275 778)	-
Total assets	**82 440 096**	**903 067**	**83 343 163**
Liabilities			
Trade and other payables	6 279 141	2 419 000	8 698 141
Other financial liabilities	18 817 338	(1 536 441)	17 280 897
Deferred income	-	20 508	20 508
Total liabilities	**25 096 479**	**903 067**	**25 999 546**

in NAD	**31.12.2020**	**Reclassified**	**Reclassified 31.12.2020**
Interest income calculated using the effective interest method	64 713 726	(113 458)	64 600 268
Interest and other similar expense	(9 942 040)	(618 026)	(10 560 066)
Net margin on interest and similar income	**60 768 691**	**(731 484)**	**60 037 207**
Credit loss allowance	(7 983 457)	113 458	(7 869 999)
Net margin on interest and similar income after credit loss allowance	**52 785 234**	**(618 026)**	**52 167 208**
Administrative and other operating expenses	(61 194 586)	604 822	(60 589 764)
Other Income	606 009	13 204	619 213

Financial instruments – key measurement terms. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 25**.**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e.

it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Company uses discounted cash flow valuation techniques to determine the fair value of loans to related parties that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is the transaction price, and the amount determined at initial recognition using a valuation technique with level 3 inputs. If any differences remain after calibration of model inputs, such differences are initially recognised within other assets or other liabilities and are subsequently amortised on a straight-line basis over the term of the loans to related parties. The differences are immediately recognised in profit or loss if the valuation uses only level 1 or level 2 inputs.

Financial assets – classification and subsequent measurement – measurement categories. The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”,) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets’ performance is assessed and how managers are compensated.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 22 for critical judgements applied by the Company in performing the SPPI test for its financial assets.

Financial assets – reclassification*.* Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the annual statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the annual statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 222 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 222. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 22 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include absence of payments for more than 12 months, the death of borrower, fraud cases. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial assets – modification. The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets) and recognises a modification gain or loss in profit or loss.

Financial assets – measurement categories.

The Company recognises a financial asset on its balance sheet when, and only when, the Company becomes a party to the contract. Financial assets are classified as financial assets measured at amortised cost.

Financial assets and liabilities measured at amortised cost.

For a financial asset to be measured at amortised cost it should both be held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest rate method, less any allowance for impairment. The impairment allowance for financial assets that are not-credit impaired (stage 1 and stage 2 classified) is measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Company in accordance with contract and the cash flows that the Company expects to receive discounted at the effective interest rate of a financial asset. The impairment allowance for financial assets that are credit impaired at the reporting date (stage 3 classified) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the financial asset. For the purchased or originated credit-impaired financial assets the credit-adjusted effective interest rate is applied from initial recognition.

A gain or loss on a financial asset that is measured at amortised cost is recognised in the profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or to recognise impairment gains or losses. Financial assets at amortised cost are recognised on drawdown. From the date of signing a contractual agreement till drawdown, the contractually committed amounts are accounted for as off-balance sheet commitments.

Modification or renegotiation of contractual cash flows of a financial asset that does not result in de-recognition of that financial asset, requires the Company to recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss in profit or loss. The gross carrying amount is recalculated as the present value of the renegotiated or modified contractual cash flows through the expected life of the asset that are discounted at the financial asset's original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets. When estimating the expected cash flows, all contractual terms and payments are considered, except for the expected credit losses, unless the financial asset is a purchased or originated credit-impaired financial asset. Costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

When the financial asset or part of it cannot be recovered, it or the respective part is written-off and charged against impairment for credit losses. The Company makes the decision regarding any write-off of financial assets based on existence and valuation of collateral available for a foreclosure, and the likelihood and the amount of any other expected future cash flows. Recoveries of previously written-off assets or parts of assets are credited to the statement of income.

The Company classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method. A gain or loss on a financial liability that is measured at amortised cost is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled, or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Company, including amounts charged or credited to current accounts of the Company's counterparties held with the Company, such as loan interest income or principal collected by charging the customer's current account or interest payments or disbursement of loans credited to the customer's current account, which represents cash or cash equivalent from the customer's perspective.

Loans and advances to customers. Loans and advances to customers are recorded when the Company advances money to originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Company classifies loans and advances to customers AC category loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at FVTPL.

Impairment allowances are determined based on the forward-looking ECL models. Note 22 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

Premises and equipment. Premises and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalised, and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Depreciation of other items of premises and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Office equipment	3
IT equipment	3
Computer software	3
Furniture and fixtures	4
Premises and equipment	5
Leasehold improvements	Shorter of useful life and the term of the underlying lease
Right-of-use asset	Shorter of useful life and the term of the underlying lease

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets. The Company's intangible assets other than goodwill have definite useful life and primarily include capitalised computer software. Capitalised computer software is amortised on a straight-line basis over expected useful lives of 3 years.

Accounting for leases by the Company as a lessee. The Company leases office premises and equipment. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recognised at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

1 fixed payments (including in-substance fixed payments), less any lease incentives receivable;

2 variable lease payment that are based on an index or a rate;

3 amounts expected to be payable by the lessee under residual value guarantees;

4 the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

5 payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

As an exception to the above, the Company accounts for short-term leases and leases of low value assets by recognising the lease payments as an operating expense on a straight-line basis.

In determining the lease term, management of the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Borrowed funds. *B*orrowed funds include shareholder loans, loans obtained from unrelated non-financial institutions and funding obtained from peer-to-peer financing platform.

Shareholder loans are carried at AC.

Subordinated debt. Subordinated debt can only be paid in the event of a liquidation after the claims of other higher priority creditors have been met. Subordinated debt is carried at AC.

Income taxes. Income taxes have been provided for in the annual financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge credit comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is not recognised on post-acquisition retained earnings and other post acquisition movements in reserves of subsidiaries where the Company controls the subsidiary's dividend policy, and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Uncertain tax positions. The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Trade and other payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at AC.

Share capital. Ordinary shares and preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the annual financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations.

Interest income and expense recognition. Interest income and expense are recorded for all debt instruments an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

Foreign currency translation. The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and the Company's presentation currency is the national currency of Namibia, Namibian Dollar ('NAD').

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the national banks of the respective countries at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the national banks of the respective countries, are recognised in profit or loss for the year (as foreign exchange translation gains less losses). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

The results and financial position of the Company are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

(iii) components of equity are translated at the historic rate; and

(iv) all resulting exchange differences are recognised in other comprehensive income.

When control over a foreign operation is lost, the exchange differences previously recognised in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

At 31 December 2021, the principal rate of exchange used for translating foreign currency balances was as follows:

	31.12.2021	31.12.2020
NAD / EUR	18.0814	17.9910

Staff costs and related contributions. Wages, salaries, contributions to the Company jurisdictions state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Interests in equity-accounted investee. The Company's interests in equity-accounted investees comprise interests in a joint venture. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Presentation of statement of financial position in order of liquidity. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period.

	31 December 2021 Amounts expected to be recovered or settled			31 December 2020 Amounts expected to be recovered or settled		
In NAD	**Within 12 months after the reporting period**	**After 12 months after the reporting period**	**Total**	**Within 12 months after the reporting period**	**After 12 months after the reporting period**	**Total**
ASSETS						
Premises and equipment	-	1 963 192	**1 963 192**	-	1 848 308	**1 848 308**
Intangible assets	-	1 879	**1 879**	-	20 096	**20 096**
Investments in equity-accounted joint ventures	278 061	-	**278 061**	-	-	**-**
Right-of-Use asset	-	3 215 906	**3 215 906**	-	2 610 052	**2 610 052**
Loans and advances to customers	79 222 059	19 704 993	**98 927 052**	63 967 994	1 846 991	**65 814 985**
Deferred tax asset	2 300 592	7 661 377	**9 961 969**	(6 970 775)	12 443 656	**5 472 881**
Other financial assets	784 184	18 404 571	**19 188 755**	123 171	12 745 502	**12 868 673**
Other non-financial assets	1 734 544	5 055 766	**6 790 310**	1 007 315	356 826	**1 364 141**
Advances to related parties	2 895 740	-	**2 895 740**	3 295 364	-	**3 295 364**
Cash and cash equivalents	12 265 343	-	**12 265 343**	15 476 359	-	**15 476 359**
LIABILITIES						
Borrowed funds	49 672 663	49 169 659	**98 842 322**	30 109 183	39 008 541	**69 117 724**
Lease liabilities	2 584 761	1 036 064	**3 335 493**	1 712 641	1 027 112	**2 739 753**
Trade and other payables	6 430 304	-	**6 430 304**	8 698 141	-	**8 698 141**
Other financial liabilities	23 098 983	-	**23 098 983**	17 280 897	-	**17 280 897**
Deferred income	80 094	-	**80 094**	20 508	-	**20 508**

3 Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the amounts recognised in the annual financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the annual financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 222. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Going concern. Management prepared these annual financial statements on a going concern basis. In making this judgement management considered the Company's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of recent macro-economic developments on future operations of the Company.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Company considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios.

Write-off policy. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Determining the cash flows for which there is no reasonable expectation of recovery requires judgement. Management considered the following indicators that there is no reasonable expectation of recovery: loans being past due over 360 days, death of the borrower, proved fraud cases. Management also considers, based on past practices, that contractual default interest is not collectible for loans overdue over 360 days. Therefore, the default interest was written-off from the gross carrying amounts of the respective loans.

Deferred income tax asset recognition. The recognised deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

4 Application of new and revised international financial reporting standards (IFRS)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2021.

4.1 New and amended IFRS Standards that are effective for the current year

i) Effective from 1 January 2021

Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR reform Phase 2. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company applied the practical expedients provided by the amendments. They do not have a material effect on the Company's financial statements.

COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16. On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Bank [Group] has not received COVID-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

4.2 New and revised Standards and Interpretations in issue but not yet effective

ii) Effective from 1 January 2022

Narrow Scope Amendments to IFRS Standard. The International Accounting Standards Board has made several small amendments to the following IFRS Standards to clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

- ***Amendment to IFRS 3 Business Combinations*** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- ***Amendments to IAS 16 Property, Plant and Equipment*** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*** specify which costs a company includes when assessing whether a contract will be loss-making.

- Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities, effective for annual reporting periods beginning on or after 1 January 2022.

iii) Effective from 1 January 2023

IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

Narrow Scope Amendments to IFRS Standard. The International Accounting Standards Board has made several small amendments to the following IFRS Standards to clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

- ***Amendments to IAS 1:*** Classification of Liabilities as Current or Non-current, effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

- ***Amendments to IAS 8:*** Definition of Accounting Estimates, effective for annual reporting periods beginning on or after 1 January 2023.

- ***Amendments to IAS 1 and IFRS Practice Statement 2:*** Disclosure of Accounting Policies, applicable for annual periods beginning on or after 1 January 2023.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's annual financial statements.

5 Cash and cash equivalents

In NAD	**2021**	**2020**
Cash at Bank	12 163 919	15 391 696
Cash on Hand	101 424	84 663
Total cash and cash equivalents	**12 265 343**	**15 476 359**

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Company did not recognize any credit loss allowance for cash and cash equivalents.

Interest rate analysis of cash and cash equivalents is disclosed in Note 22.

6 Loans and advances to customers

In NAD	2021	2020
Current Loans and Advances to Customers		
Gross carrying amount of loans and advances to customers at AC	**119 772 242**	**79 845 434**
Less credit loss allowance	(20 845 190)	(14 030 449)
Total carrying amount of loans and advances to customers at AC	**98 927 052**	**65 814 985**

In NAD	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
At 31 December 2020	**(1 438 752)**	**(1 601 977)**	**(10 989 720)**	**(14 030 449)**	**57 397 305**	**5 517 847**	**16 930 282**	**79 845 434**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2 476 931)	2 476 931	-	-	89 271 074	(89 271 074)	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(5 954 529)	5 954 529	-	-	92 286 563	(92 286 563)	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	20 637 250	-	(20 637 250)	-	(106 974 681)	-	106 974 681	-
Net remeasurement of credit loss allowance	(19 227 932)	1 600 666	(826 291)	**(18 453 557)**	-	-	-	**-**
New originated or purchased	10 598 994	-	-	**10 598 994**	385 920 509	-	-	**385 920 509**
Loan repayments	(10 598 992)	-	-	**(10 598 992)**	(334 354 887)	-	-	**(334 354 887)**
Total movements with impact on credit loss allowance charge for the period	**(1 067 611)**	**(1 876 932)**	**(15 509 012)**	**(18 453 555)**	**33 862 015**	**3 015 489**	**14 688 118**	**51 565 622**
Movements without impact on credit loss allowance charge for the period:								
Write-offs:	-	-	11 638 814	**11 638 814**	-	-	(11 638 814)	**(11 638 814)**
At 31 December 2021	**(2 506 363)**	**(3 478 909)**	**(14 859 918)**	**(20 845 190)**	**91 259 320**	**8 533 336**	**19 979 586**	**119 772 242**

In NAD	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
At 31 December 2019	**(4 169 693)**	**(4 087 943)**	**(10 743 058)**	**(19 000 694)**	**43 205 974**	**6 439 886**	**16 577 444**	**66 223 304**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	249 283	419 192	(668 475)	**-**	-	-	-	**-**
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	756 613	1 538 884	(2 295 497)	**-**	(5 582 842)	(2 696 235)	8 279 077	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(442 558)	141 625	300 933	**-**	634 543	(244 109)	(390 434)	**-**
Net remeasurement of credit loss allowance	-	-	-	**-**				**-**
New originated or purchased	(1 438 748)	(1 601 977)	(7 920 583)	**(10 961 308)**	236 538 476	5 517 847	10 710 651	**252 766 974**
Write-off movement	525 962	-	23 090 921	**23 616 883**	-	-	(31 205 012)	**(31 205 012)**
Loan repayments	3 080 389	1 988 242	2 515 636	**7 584 267**	(216 085 757)	(3 499 542)	(3 263 381)	**(222 848 680)**
Total movements with impact on credit loss allowance charge for the period	**2 730 941**	**2 485 966**	**15 022 935**	**20 239 842**	**15 504 420**	**(922 039)**	**(15 869 099)**	**(1 286 718)**
Write-offs:	-	-	(15 269 597)	**(15 269 597)**	(1 313 089)	-	16 221 937	**14 908 848**
At 31 December 2020	**(1 438 752)**	**(1 601 977)**	**(10 989 720)**	**(14 030 449)**	**57 397 305**	**5 517 847**	**16 930 282**	**79 845 434**

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting and comparative periods:

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 6. Below main movements in the table are described:

Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;

Impact on the measurement of ECL due to changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL models;

Unwinding of discount due to the passage of time because ECL is measured on a present value basis;

Write-offs of allowances related to assets that were written off during the period.

The following tables contain analyses of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below also represents the Company’s maximum exposure to credit risk on these loans.

The credit quality of loans to customers carried at amortised cost is as follows at 31 December 2021.

31.12.2021 *In NAD*	**Stage 1** **(12-months ECL)**	**Stage 2** **(lifetime ECL for SICR)**	**Stage 3** **(lifetime ECL for credit impaired)**	**Total**
- Current	85 873 336	-	-	**85 873 336**
- 1-30 days past due	5 385 984	-	-	**5 385 984**
- 31-60 days past due	-	4 624 985	-	**4 624 985**
- 61-90 days past due	-	3 908 351	-	**3 908 351**
- Default	-	-	19 979 586	**19 979 586**
Gross carrying amount	**91 259 320**	**8 533 336**	**19 979 586**	**119 772 242**
Credit loss allowance	(2 506 363)	(3 478 909)	(14 859 918)	**(20 845 190)**
Carrying amount	**88 752 957**	**5 054 427**	**5 119 668**	**98 927 052**

31.12.2020 *In NAD*	**Stage 1** **(12-months ECL)**	**Stage 2** **(lifetime ECL for SICR)**	**Stage 3** **(lifetime ECL for credit impaired)**	**Total**
- Current	52 504 520	-	-	**52 504 520**
- 1-30 days past due	4 892 785	-	-	**4 892 785**
- 31-60 days past due	-	3 129 954	-	**3 129 954**
- 61-90 days past due	-	2 387 893	-	**2 387 893**
- Default	-	-	16 930 282	**16 930 282**
Gross carrying amount	**57 397 305**	**5 517 847**	**16 930 282**	**79 845 434**
Credit loss allowance	(1 438 752)	(1 601 977)	(10 989 720)	**(14 030 449)**
Carrying amount	**55 958 553**	**3 915 870**	**5 940 562**	**65 814 985**

The outstanding contractual balance amounts of loans and advances to customers written off that are still subject to enforcement activity was as follows:

In NAD	**2021**	**2020**
Loans and advances to customers written off	11 638 814	15 269 597
Total	**11 638 814**	**15 269 597**

The Company's policy is to complete legal enforcement steps that were initiated even though the loans were written off as there is no reasonable expectation of recovery.

The Company does not require and does not hold any collateral for the loans issued to customers. Term loans in the amount of NAD 18 608 228 are subject to credit life insurance cover.

In 2021 the Company has issued loans in the amount of NAD 385 920 511 (2020: NAD 240 697 369). The Company issued 86 924 (2020: 57 029) loans during the year. Loans and advances in amount of NAD 36 742 568 (2020: NAD 30 109 183) have been used as a security for the borrowings from peer-to-peer lending platform (refer to Note 10).

7 Other financial assets and other non-financial assets

Other financial assets comprise the following:

In NAD	**2021**	**2020**
Other financial assets at AC		
Loan to related parties	19 373 233	12 745 502
Less credit loss allowance for related parties' loan	(968 662)	-
Collection's receivables	540 146	2 421
Other receivables	239 434	120 750
Loans to employees	4 604	-
Total other financial assets at AC	**19 188 755**	**12 868 673**

Loans and receivables from related parties contain an unsecured loan to a related party of NAD 19 373 233 (2020: NAD 12 745 502) which carries an annual interest rate of 12.5%. Loan to a related part is receivable on 31 December 2023 whilst the recovery of the receivable is expected in 2022 when the respective related party will refinance its liabilities. The loan is denominated in South African Rand (ZAR).

The management has assessed the expected credit losses from the other financial assets and assessed it to be NAD 968 662 (2020: Nil) for the loan to related party and Nil for other receivables due to the short-term nature of the receivables and their expected settlement within the next financial year.

Other non-financial assets comprise the following:

In NAD	**2021**	**2020**
Deferred Insurance Expense	5 522 168	623 124
Prepayments for services	298 399	108 413
Deferred direct sales agents commission	423 449	275 778
Security deposits	516 264	356 826
Other assets	30 030	-
Total other non-financial assets	**6 790 310**	**1 364 141**

Advances to related parties comprise the following:

In NAD	**2021**	**2020**
Advances paid for marketing services to EC Finance Group Ltd.	2 895 740	3 295 364
Total advances paid to related parties	**2 895 740**	**3 295 364**

8 Premises, equipment, and intangible assets

In NAD	**Computer equipment**	**Leasehold improvements**	**Office equipment**	**Furniture and Fixtures**	**Motor vehicles**	**Total**
Cost at 1 January 2020	875 916	461 010	377 245	465 338	446 940	2 626 449
Accumulated depreciation and amortisation	(239 870)	(42 841)	(139 928)	(135 574)	(81 080)	(639 293)
Carrying amount at 1 January 2020	**636 046**	**418 169**	**237 317**	**329 764**	**365 860**	**1 987 156**
Additions	344 294	105 666	116 635	118 540	-	685 135
Revision adjustment on cost	32 165	-	13 298	29 089	(16 612)	57 940
Revision adjustment on accumulated depreciation	(32 166)	-	(13 297)	(29 090)	16 612	(57 941)
Depreciation and amortisation charge	(365 776)	(120 696)	(34 755)	(193 636)	(109 119)	(823 982)
Carrying amount at 31 December 2020	**614 563**	**403 139**	**319 198**	**254 667**	**256 741**	**1 848 308**
Cost at 31 December 2020	1 252 375	566 676	507 178	612 967	430 328	3 369 524
Accumulated depreciation and amortisation	(637 812)	(163 537)	(187 980)	(358 300)	(173 587)	(1 521 216)
Carrying amount at 31 December 2020	**614 563**	**403 139**	**319 198**	**254 667**	**256 741**	**1 848 308**
Additions	193 753	556 103	101 347	130 017	-	981 220
Depreciation and amortisation charge	(376 168)	(147 265)	(120 929)	(114 392)	(107 582)	(866 336)
Carrying amount at 31 December 2021	**432 148**	**811 977**	**299 616**	**270 292**	**149 159**	**1 963 192**
Cost at 31 December 2021	1 446 128	1 122 779	608 525	742 984	430 328	4 350 744
Accumulated depreciation and amortisation	(1 013 980)	(310 802)	(308 909)	(472 692)	(281 169)	(2 387 552)
Carrying amount at 31 December 2021	**432 148**	**811 977**	**299 616**	**270 292**	**149 159**	**1 963 192**

In NAD	**Licenses and Software**	
	For the year ended 31 December 2021	**For the year ended 31 December 2020**
Cost		
Opening balance:	62 950	47 002
Additions	6 658	15 948
Cost as at 31 December	**69 608**	**62 950**
Accumulated depreciation		
Opening balance:	(42 854)	(28 604)
Charge for the period	(24 875)	(14 250)
Accumulated amortization as at 31 December	**(67 729)**	**(42 854)**
Carrying amount at 31 December	**1 879**	**20 096**

9 Investments in equity-accounted joint ventures

The Company has a 50% interest in a joint venture, Hollard Alternative Risk Transfer (Proprietary) Limited, a separate structured vehicle incorporated and operating in Namibia. The primary activity of Hollard Alternative Risk Transfer is the provision of credit life insurance, which is in line with the Company's strategy to expand the term lending activities. The contractual arrangement provides the Company with the ownership of 100 ordinary shares which provides the Company with the rights to the dividends of the joint arrangement. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the annual financial statements using the equity method.

Summarized financial information in relation to the joint venture is presented below:

In NAD	**2021**
Cash and cash equivalents	4 501 841
Current assets	500 177
Current liabilities	(77 916)
Unearned premium reserve	(4 335 386)
IBNR reserve	(32 594)
Net assets (100%)	**556 122**
Company share of net assets (50%)	**278 061**

In NAD	**2021**
Net premiums	6 103 864
Change in reserves	(3 886 611)
Other expenses	(1 661 131)
Total comprehensive income	**556 122**
Share of post-tax profits of equity accounted joint ventures	**278 061**

Hollard Alternative Risk Transfer does not have any contingent liabilities.

10 Borrowed funds

In NAD	2021	2020
Borrowings from peer-to-peer lending platform	36 742 568	30 109 183
Borrowings from unrelated financial institutions	30 000 000	15 000 000
Borrowings from other related parties	15 981 267	16 198 307
Borrowings from parent and ultimate parent entities	12 242 340	7 810 234
Borrowings from unrelated non-financial institutions	3 876 147	-
Total borrowed funds at AC	**98 842 322**	**69 117 724**

The unsecured related party debt in amount of NAD 12 242 340 (2020: NAD 7 810 234) carries a variable interest rate of 3% above the Namibian Prime Lending rate per annum and the lender has signed a subordination agreement in favour of and for the benefit of other creditors and have deferred loan repayment until the company's assets, fairly valued, exceed its liabilities. The related party debt repayment is on or before 31st December 2022. The unsecured related party debt of NAD 15 981 267 (2020: NAD 16 198 307) carries a fixed interest rate of 5% per annum. The related party debt repayment is on or before 31st March 2023.

The unsecured non-related party debt of NAD 30 000 000 (2020: NAD 15 000 000) carries a variable interest rate of 3% above the Namibian Prime Lending rate per annum. The non-related party debt repayment is 3 years from the date of drawdown of the respective tranche. The date of the drawdown is October the 28th 2020.

The unsecured non-related part debt of NAD 3 734 853 carries a fixed interest rate of 10.5% and is repayable on or before 28th February 2022. The unsecured non-related part debt of NAD 141 294 carries a fixed interest rate of 9.5% and is repayable on or before 1st November 2022.

Borrowings from Mintos peer-to-peer lending platform are secured with the Company’s loans and advances from customers which have been listed in Mintos platform. The borrowings from Mintos carry a variable interest rate of 3% above the Namibian Prime Lending rate per annum and the weighted average remaining maturity of 1 month.

11 Lease liabilities

The Company leases only office premises. The leases typically run for a period from 1 to 5 years, with an option to renew the lease after the date.

Information about leases for which the Company is a lessee is presented as follows:

		Right-of-use asset
In NAD	**2021**	**2020**
Carrying amount as at 1 January	**2 610 052**	**2 709 954**
Additions	3 647 391	2 387 944
Depreciation charge	(3 041 534)	(2 487 847)
Cost at 31 December	10 278 459	6 631 068
Accumulated depreciation and amortization at 31 December	(7 062 553)	(4 021 016)
As at 31 January 2021	**3 215 906**	**2 610 052**

Expense relating to variable lease payments not included in lease liabilities included in general and administrative expenses of 2021 was NAD 3 041 534 (2020: NAD 2 487 847).

Total cash outflow for leases in 2021 was NAD 3 647 391 (2020: NAD 2 732 897).

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

		Lease liabilities
In NAD	**2021**	**2020**
Carrying amount as at 1 January	**2 739 753**	**2 805 818**
Additions	3 647 391	2 387 944
Accretion of interest	318 986	278 888
Lease payments	(3 370 637)	(2 732 897)
As at 31 January 2021	**3 335 493**	**2 739 753**

The following amounts are recognized in profit or loss:

In NAD	2021	2020
Depreciation	3 041 534	2 487 847
Interest expense	318 986	278 888
As at 31 January 2021	**3 360 520**	**2 766 735**

The tables below set out Company's lease commitments:

In NAD	Due within 1 year	Due between 1 and 5 years	Total
Minimum lease payments at 31 December 2021	**2 584 761**	**1 036 064**	**3 620 825**
Less future finance charges	(211 715)	(73 617)	(285 332)
Present value of minimum lease payments at 31 December 2021	**2 373 046**	**962 447**	**3 335 493**

In NAD	Due within 1 year	Due between 1 and 5 years	Total
Minimum lease payments at 31 December 2020	**1 912 927**	**1 077 744**	**2 990 671**
Less future finance charges	(200 286)	(50 632)	(250 918)
Present value of minimum lease payments at 31 December 2020	**1 712 641**	**1 027 112**	**2 739 753**

12 Other financial liabilities and other liabilities

Other financial liabilities comprise the following:

In NAD *Other financial liabilities at AC*	2021	2020
Related party payables	17 009 838	15 774 689
Unallocated payments from customers	286 707	888 893
Insurance payable	701 231	623 649
Payables to Mintos	5 101 207	(6 334)
Total other financial liabilities at AC	**23 098 983**	**17 280 897**

Trade and other payables comprise the following:

In NAD	**2021**	**2020**
Trade and other payables at AC		
VAT payable	2 719 909	3 991 307
Accrued liabilities	1 320 915	1 702 687
Trade payables	1 005 724	716 313
Provisions for vacation costs	474 765	476 732
Social security tax payable	440 525	299 898
Withholding tax payable	403 813	1 253 212
Other payables	64 653	257 992
Total trade and other payables at AC	**6 430 304**	**8 698 141**

13 Deferred income

In NAD	**2021**	**2020**
Deferred interest	80 094	20 508
Total deferred income	**80 094**	**20 508**

14 Share capital and capital contribution

In NAD except for number of shares	**Number of authorized shares**	**Number of preference shares**	**Ordinary shares**	**Capital Contribution**	**Preference shares**	**Total**
At 31 December 2019	**4 000**	**-**	**100**			**100**
Capital contribution				45 862 878	-	45 862 878
At 31 December 2020	**4 000**	**-**	**100**	**45 862 878**	**-**	**45 862 878**
Conversion of capital contribution into preference shares		1 000		(45 862 878)	45 862 878	-
At 31 December 2021	**4 000**	**1 000**	**100**	**-**	**45 862 878**	**45 862 878**

There have been no changes to the number of authorized and issued share capital during the year under review.

On 9th of December 2020 the Company's shareholder YesCash Group Ltd. subscribed for 1000 preference shares of the Company with a view to convert YesCash Group Ltd. loan to the Company into preference shares. Whilst the subscription agreement has been approved and authorized in December 2020 the formalization of the conversion was completed in April 2021. This circumstance does not affect the classification of YesCash Group Ltd. loan balance as capital contribution to equity as at 31st December 2020.

On 21 January 2021 there has been a conversion of 1000 ordinary shares into preference shares with a nominal value of NAD 1 000 and a premium amount of 45 861 878 without changing the amount of the authorized share capital.

The preference shareholders have the rights to receive the dividends in the same amount as the holders of ordinary share capital but in priority relatively to them. Dividends are not cumulative for the preference shares. Redemption date is determined by the Company but it cannot be earlier than the first anniversary of the preference share issuance date or in case of a winding-up of the Company.

15 Interest income and expense

In NAD	2021	2020
Interest income calculated using the effective interest method		
Loans and advances to customers at AC	102 942 601	64 600 268
Total interest income calculated using the effective interest method	**102 942 601**	**64 600 268**
Other similar income		
NAMFISA fees	3 549 825	2 246 216
Stamp duty fees	727 459	465 389
Late payment fees	2 449 753	3 094 612
Insurance fee income	1 281 799	6 349
Termination fees	994 572	246 325
Other fee income	210 597	(61 886)
Total other similar income	**9 214 005**	**5 997 005**
Total interest and similar income	**112 156 606**	**70 597 273**
Interest and other similar expense		
Borrowed funds from related parties	1 808 769	4 769 952
Borrowed funds from unrelated financial institutions	2 974 110	333 904
Borrowed funds from peer-to-peer lending platform	6 010 258	4 838 184
Borrowed funds from unrelated non-financial institutions	325 050	-
Withholding Tax	1 064 445	618 026
Total interest expense	**12 182 632**	**10 560 066**
Net margin on interest and similar income	**99 973 974**	**60 037 207**

16 Credit loss allowance

In NAD	2021	2020
Credit loss allowance on loans	18 453 557	9 627 366
Recoveries from written-off loans	(964 775)	(1 757 367)
Related party loans	968 662	-
Net margin on interest and similar income	**18 457 444**	**7 869 999**

17 Administrative and other operating expenses

In NAD	2021	2020
Staff costs	16 123 498	15 768 067
Management fees	27 709 752	22 961 988
Collection costs	4 381 574	3 212 942
Regulatory expenses	4 366 350	3 079 437
VAT on foreign supplies	4 290 014	3 442 448
Direct sales agents commissions	2 443 209	904 618
Depreciation and amortisation	3 943 538	3 326 079
Advertising and marketing services	2 963 552	1 770 444
Insurance expense	1 280 832	525
Bank fees	1 168 192	1 285 923
Office expenses	1 124 481	725 482
Professional services	902 332	758 754
Utilities	890 496	852 281
IT costs	610 587	1 033 719
Communication costs	543 239	442 910
Data costs	451 493	348 981
Travel	372 850	377 758
Premises and equipment	239 970	159 665
Other administrative expenses	99 747	137 744
Bad debt write-off	71 105	-
Total administrative and other operating expenses	**73 976 811**	**60 589 765**

18 Foreign exchange gains less losses

In NAD	2021	2020
Realized Forex (Gain)/Loss	1 091 997	9 557 196
Unrealized Forex (Gain)/Loss	(38 661)	(2 741 060)
Foreign exchange translation gains less losses	**1 053 336**	**6 816 136**

19 Other income

In NAD	2021	2020
Interest income on related party loan	1 850 307	565 210
Other interest income	2 322	54 003
Other income	**1 852 629**	**619 213**

20 Income taxes

(a) Components of income tax benefit

Income tax expense

In NAD	**2021**	**2020**
Current tax	-	-
Deferred tax	(4 489 088)	1 504 524
Income tax expense/(credit) for the year	**(4 489 088)**	**1 504 524**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's 2021 income is 32% (2020: 32%). A reconciliation between the expected and the actual taxation charge is provided below.

In NAD	**2021**	**2020**
Profit/(loss) before tax	**8 298 087**	**(14 898 368)**
Theoretical tax charge/credit at statutory rate (2021: 32%; 2020: 32%)	2 655 388	(4 767 478)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-deductible expenses	17 064	209 786
Deferred tax asset not recognized on tax loss	-	6 062 215
Deferred tax asset recognized on tax loss	(7 161 540)	-
Income tax expense/(credit) for the year	**(4 489 088)**	**1 504 524**

(c) Tax loss carry forwards

The estimated tax loss available for set off against future taxable income is NAD 24 432 650 (2020: NAD 39 186 778). The Company has unrecognised potential deferred tax asset in respect of unused tax loss carry forwards of NAD Nil (31 December 2020: NAD 6 062 213).

(d) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

The Company has prepared detailed financial projections covering the period until 31st December 2025. These projections are based on the growth of the new loan issuance which the Company achieved in 2021 and expects to continue developing in the forthcoming years. The growth of the loan book and profitability will be facilitated by applying nationwide marketing campaigns, expansion of the footprint in Namibia and introducing wider product range to the market. The increased loan book together with well-established sales network and microlending infrastructure will allow the Company to increase the profitability in 2022. In 2022 the Company expects to reduce its foreign debt exposure and increase the proportion of Namibian dollar denominated funding; hence it will limit the Company's exposure to EUR/NAD exchange rate fluctuations which positively contributes to the profit. Based on these projections' management expects that the Company will be able to fully utilise these tax losses over the forthcoming years.

In NAD	**1 January 2021**	**Credited/ (charged) to profit or loss**	**31 December 2021**
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Premises and equipment	(248 667)	(60 329)	(308 996)
IFRS adjustment	10 827	27 440	38 267
Credit loss allowance of loans	3 367 308	1 635 538	5 002 846
Tax loss carry forwards	4 052 490	3 765 959	7 818 449
Provision for Severance allowances	152 554	(630)	151 924
Income received in advance	284 446	(192 699)	91 747
Prepaid expenses	(1 268 939)	(1 550 957)	(2 819 896)
Other	(877 138)	864 766	(12 372)
Net deferred tax asset/(liability)	**5 472 881**	**4 489 088**	**9 961 969**

In NAD	**1 January 2021**	**Credited/ (charged) to profit or loss**	**31 December 2021**
Recognised deferred tax asset	7 867 625	5 235 608	13 103 233
Recognised deferred tax liability	(2 394 744)	(746 520)	(3 141 264)
Net deferred tax asset/(liability)	**5 472 881**	**4 489 088**	**9 961 969**

In NAD	**1 January 2020**	**Credited/ (charged) to profit or loss**	**31 December 2020**
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Premises and equipment	(202 252)	(46 415)	(248 667)
IFRS adjustment	376 939	(366 112)	10 827
Credit loss allowance of loans	4 560 167	(1 192 859)	3 367 308
Tax loss carry forwards	2 525 122	1 527 368	4 052 490
Provision for Severance allowances	119 383	33 171	152 554
Income received in advance	165 392	119 054	284 446
Prepaid expenses	(606 105)	(662 834)	(1 268 939)
Other	38 759	(915 897)	(877 138)
Net deferred tax asset/(liability)	**6 977 405**	**(1 504 524)**	**5 472 881**

In NAD	**1 January 2020**	**Credited/ (charged) to profit or loss**	**31 December 2020**
Recognised deferred tax asset	7 785 762	81 863	7 867 625
Recognised deferred tax liability	(808 357)	(1 586 387)	(2 394 744)
Net deferred tax asset/(liability)	**6 977 405**	**(1 504 524)**	**5 472 881**

21 Reconciliation of liabilities arising from financing activities

The table below sets out movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

In NAD	Borrowings from peer-to-peer lending platform	Borrowings from unrelated financial institutions	Borrowings from other related parties	Borrowings from parent and ultimate parent entities	Borrowings from unrelated non-financial institutions	Total
Carrying amount at 31 December 2019	**27 604 523**	**-**	**-**	**48 181 622**	**-**	**75 786 145**
Cash flows	9 422 426	15 000 000	15 993 999	1 216 214	-	41 632 639
Foreign exchange adjustments	(6 876 086)	-	-	308 267	-	(6 567 819)
Other non-cash movements	(41 680)	-	-	(46 310 451)	-	(46 352 131)
Interest expense	-	-	204 308	4 414 582	-	4 618 890
Carrying amount at 31 December 2020	**30 109 183**	**15 000 000**	**16 198 307**	**7 810 234**	**-**	**69 117 724**
Cash flows	674 703	12 025 890	(1 030 210)	3 569 240	3 551 097	18 790 720
Foreign exchange adjustments	964 702	-	51 341	-	-	1 016 042
Other non-cash movements	-	-	(110 198)	(73 876)	-	(184 074)
Interest expense	4 993 980	2 974 110	872 027	936 742	325 050	10 101 909
Carrying amount at 31 December 2021	**36 742 568**	**30 000 000**	**15 981 267**	**12 242 340**	**3 876 147**	**98 842 322**

22 Financial risk management

The risk management function within the Company is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Company exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Company's lending and other transactions with counterparties, giving rise to financial assets.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the annual statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Credit risk management. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Expected credit loss (ECL) measurement. *ECL* is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the committed amounts to an on-balance sheet exposure within a defined period. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period.* The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit. As a matter of exception from determining the lifetime exposure based on contractual maturity, for credit cards issued to individuals, the lifetime exposure is measured over a period that is based on expected life of the credit card contracts, based on internal statistics, and it is equal on average to 1 to 5 months.

Management models *Lifetime ECL,* that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL,* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information,* that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

For purposes of measuring PD, the Company defines default as a situation when the exposure meets one or more of the following criteria:

the borrower is more than 90 days past due on its contractual payments;

the borrower meets the unlikeliness-to-pay criteria listed below:

- the borrower is deceased;
- the borrower is insolvent;

For purposes of disclosure, the Company fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Company.

The assessment whether or not there has been a significant increase in credit risk (“SICR”) since initial recognition is performed on an individual basis and on a portfolio basis. SICR is assessed either on a portfolio basis. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Company’s Risk Management Department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

For loans to Individuals:

30 days past due;

Relative threshold defined on the basis of a portfolio for products without existing scoring models: the Group regularly monitors segments with increased credit risk (regions of higher credit risk, failed products, products on which issuing was stopped) and considers such portfolios to have a SICR.

The level of ECL that is recognised in these annual financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset’s effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Company monitors whether that indicator continues to exist or has changed.

The Company determines the staging of the exposures and measures the loss allowance on a collective basis. The Company analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer (such as wholesale or retail), product type, date of initial recognition, term to maturity. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Risk Management Department.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument’s effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Company uses statistical approaches depending on the segment and product type to calculated lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrices.

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement is based on the calculation of LGD on a portfolio basis based on recovery statistics.

Forward-looking information incorporated in the ECL models. The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") are provided on annual basis and provide the best estimate of the expected macro-economic development over the next five years. After five years, a mean reversion approach is used, which means that economic variables tend to revert to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP). The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Company regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back testing is performed at least once a year.

The results of back testing the ECL measurement methodology are communicated to Company Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2021			**31 December 2020**		
In NAD	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
Advances to related parties	2 895 740		2 895 740	3 295 364		3 295 364
Other financial assets / liabilities	-	(22 111 045)	(22 111 045)		(15 768 355)	(15 768 355)
Borrowed funds		(52 723 835)	(52 723 835)		(46 307 490)	(46 307 490)
Total	**2 895 740**	**(74 834 880)**	**(71 939 140)**	**3 295 364**	**(62 075 845)**	**(58 780 481)**
In EUR						
Advances to related parties	160 150	-	160 150	183 167	-	183 167
Other financial assets / liabilities	-	(1 222 861)	(1 222 861)	-	(876 458)	(876 458)
Borrowed funds	-	(2 915 916)	(2 915 916)	-	(2 573 925)	(2 573 925)
Total	**160 150**	**(4 138 777)**	**(3 978 627)**	**183 167**	**(3 450 383)**	**(3 267 216)**

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables held constant:

	At 31 December 2021		**At 31 December 2020**	
In NAD	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
NAD strengthening by 5%	3 425 673	3 425 673	2 799 071	2 799 071
NAD weakening by 20%	(14 387 828)	(14 387 828)	(11 756 096)	(11 756 096)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective Company.

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table below summarises the Company's exposure to interest rate risks. The table presents the aggregated amounts of the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

In NAD	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total**
31 December 2021					
Total financial assets	58 180 477	57 877 599	1 007 173	26 296 601	143 361 850
Total financial liabilities	9 896 372	56 454 573	1 034 983	75 479 441	142 865 369
Net interest sensitivity gap at 31 December 2021	**48 284 105**	**1 423 026**	**(27 810)**	**(49 182 840)**	**496 481**

In NAD	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**More than 1 year**	**Total**
31 December 2020					
Total financial assets	52 552 798	46 945 130	820 322	18 577 167	118 895 417
Total financial liabilities	5 588 466	48 403 121	931 384	48 979 879	103 902 850
Net interest sensitivity gap at 31 December 2020	**46 964 332**	**(1 457 991)**	**(111 062)**	**(30 402 712)**	**14 992 567**

At 31 December 2021 and 2020 all the Company's assets and liabilities had both fixed and variable interest rates.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan drawdowns, guarantees and from margin and other calls on cash-settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury department of the Group.

The liquidity management of the Group requires consideration of the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring liquidity ratios against regulatory requirements.

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities.

The table below shows liabilities at 31 December 2021 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial instruments at 31 December 2021 is as follows:

In NAD	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**Total**
Assets					
Cash and cash equivalents	12 265 343	-	-	-	12 265 343
Loans and advances to customers	45 370 384	57 638 165	1 007 173	3 003 316	107 019 038
Other financial assets	544 750	239 434	-	23 293 285	24 077 469
Total	**58 180 477**	**57 877 599**	**1 007 173**	**26 296 601**	**143 361 850**
Liabilities					
Borrowed funds	508 708	37 886 894	-	74 443 377	112 838 979
Lease liabilities	278 644	1 271 134	1 034 983	1 036 064	3 620 825
Other financial liabilities	5 802 438	17 296 545	-	-	23 098 983
Trade and other payables	3 306 582	-	-	-	3 306 582
Total potential future payments for financial obligations	**9 896 372**	**56 454 573**	**1 034 983**	**75 479 441**	**142 865 369**
Liquidity gap arising from financial instruments	**48 284 105**	**1 423 026**	**(27 810)**	**(49 182 840)**	**496 481**

The maturity analysis of financial instruments at 31 December 2020 is as follows:

In NAD	**Demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**From 12 months to 5 years**	**Total**
Assets					
Cash and cash equivalents	15 476 359	-	-	-	15 476 359
Loans and advances to customers	36 953 268	46 945 130	820 322	2 446 141	87 164 861
Other financial assets	123 171	-	-	16 131 026	16 254 197
Total	**52 552 798**	**46 945 130**	**820 322**	**18 577 167**	**118 895 417**
Liabilities					
Borrowed funds	489 416	31 786 109	-	47 902 135	80 177 660
Lease liabilities	139 220	842 323	931 384	1 077 744	2 990 671
Other financial liabilities	1 506 208	15 774 689	-	-	17 280 897
Trade and other payables	3 453 622	-	-	-	3 453 622
Total potential future payments for financial obligations	**5 588 466**	**48 403 121**	**931 384**	**48 979 879**	**103 902 850**
Liquidity gap arising from financial instruments	**46 964 332**	**(1 457 991)**	**(111 062)**	**(30 402 712)**	**14 992 567**

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for entities of the industry ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of creditors, and the past experience of the Company would indicate that these customer accounts provide a long-term and stable source of funding for the Company.

23 Management of capital

The Company's objectives when managing capital are (i) to comply with the capital requirements set by the legislation of the jurisdictions where the Company operates, (ii) to safeguard the Company's ability to continue as a going concern.

The Company notes that without the prior approval of Exchange Control, Namibian companies may not:

• Accept loans from their non-resident shareholders; or

• Effect repayment to non-resident shareholders of loans for which permission had previously been granted.

Special considerations regarding the acceptance and repayment of loans have been considered when the non-resident interest in the Namibian company is 75% or greater, and these are outlined hereunder.

The ratio of 3:1 must be adhered to for working capital requirements. This is to say that for every NAD 3-00 working capital loan funds the company wishes to avail of, it must have NAD 1-00 capitalized in their capital or share premium account.

24 Contingencies and commitments

Lease commitments at 31 December 2021. Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases at 31 December 2021 are as follows:

In NAD	**2021**	**2020**
Not later than 1 year	2 584 761	1 912 927
Later than 1 year and not later than 5 years	1 036 064	1 077 744
Total lease commitments	**3 620 825**	**2 990 671**

The Company does not have any commitments or contractual obligations related to the loan applications received and approved before the year-end and that are expected to be disbursed after the year-end.

25 Presentation of financial instruments by measurement category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC.

In NAD	**2021**	**2020**
ASSETS		
Loans and advances to customers	98 927 052	65 814 985
Other financial assets	19 188 755	12 868 673
Cash and cash equivalents	12 265 343	15 476 359
LIABILITIES		
Borrowed funds	98 842 322	69 117 724
Other financial liabilities	23 098 983	17 280 897
Trade and other payables	3 306 582	3 453 622

As of 31 December 2021, and 31 December 2020, all the Company's financial assets and liabilities were carried at AC.

The carrying amounts approximate the fair value.

26 Related party transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

For the financial year ended 31 December 2021 key management and directors' remuneration amounted to NAD 6 221 865 (2020: NAD 5 757 323).

In NAD	**2021**	**2020**
Executive - Nicolaas Petrus Esterhuyse		
Emoluments	4 044 086	4 188 609
Executive - Eckhardt Jacques Marais	2 177 779	1 568 714
Emoluments		
Total	**6 221 865**	**5 757 323**

Related party	**Jurisdiction**	**Relationship with the Company**
EC Finance Group Ltd	Latvia	Ultimate parent of the group
YesCash Group Limited	Mauritius	Parent
Express Credit Holding AS	Latvia	Entity belongs to the same group
YesCash Zambia Limited	Zambia	Entity belongs to the same group
Express Credit (Pty) Limited (Lesotho)	Lesotho	Entity belongs to the same group
Expresscredit (Proprietary) Ltd (Botswana)	Botswana	Entity belongs to the same group
Clever Mate Finance (Pty) Limited	Namibia	Majority holding company
Hollard Alternative Risk Transfer (Pty) Limited	Namibia	Joint venture

At 31 December 2021, the outstanding balances with related parties were as follows:

	2021	2020
Other financial assets in NAD		
Loan to related parties		
Express Credit (Pty) Limited (Lesotho)	18 404 571	12 745 502
Other receivables		
Clever Mate Finance (Pty) Limited	94 554	-
Advances to related parties in NAD		
Advances paid for centrally managed services		
EC Finance Group Ltd	2 895 740	3 295 364
Borrowed funds, in NAD		
Loan from Related party		
YesCash Group Limited	12 242 340	7 810 234
Expresscredit (Proprietary) Ltd (Botswana)	15 981 267	16 198 307
Other financial liabilities, in NAD		
Management fee payable		
YesCash Group Limited	16 579 103	15 116 880
License fee payable		
YesCash Group Limited	429 433	644 189
Other payables		
Express Credit Holding AS	1 302	13 620

The income and expense items with related parties for 2021 were as follows:

Interest expense, in NAD	2021	2020
Interest expenses		
YesCash Group Limited	936 742	4 426 056
Expresscredit (Proprietary) Ltd (Botswana)	872 027	210 535
Withholding tax expense		
Express Credit (Pty) Limited (Lesotho)	462 577	165 831
Administrative and other operating expenses, in BWP		
Management services received		
YesCash Group Limited	22 554 741	18 369 505
Royalty fees for the use of loan management system		
YesCash Group Limited	5 155 011	4 592 483
Other income, in NAD	**2021**	**2020**
Interest income		
Express Credit (Pty) Limited (Lesotho)	1 850 307	534 003
EC Finance Group Ltd	-	31 207

27 Going concern assessment

We draw attention to the fact that for the year-ended 31 December 2021, the company had profit of NAD 12 787 175 (loss in 2020: NAD 16 402 892) and that the Company's accumulated loss balance as of 31 December 2021 is NAD 22 161 967 (2020: 34 949 142).

The annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement.

The ability of the company to continue as a going concern is dependent on several factors. The most significant of these is that the ultimate parent company continue to provide supporting services and financial assistance for the ongoing operations for the company and that the subordination agreement will remain in force for so long as it takes to restore the solvency of the company.

We are not aware of any new material changes that may adversely impact the company. On the contrary - The Namibian business has evolved to obtain a deduction code from the Ministry of Finance in 2020 and diversified into also offering term lending loans to full employed Government employees since December 2020. The Shareholding structure were revised in 2020 to strengthen the business strategically in offering credit to the Government employees, which allowed for Namibian debt invested in the business that significantly mitigated foreign exchange risk.

We are not aware of any material non-compliance with statutory or regulatory requirements of any pending changes to legislation which may affect the company.

28 Events after the reporting period

The Shareholders have indicated their intention to convert N$17 million of debt owing to YCG Mauritius into Equity, which will further strengthen the equity position. This conversion is subject to Regulatory approval.

The directors are not aware of any other matters or circumstances arising since the end of the financial period and up to the date of this report, that would require adjustment of, or disclosure in, these annual financial statements.

29 Abbreviations

The list of the abbreviations used in these annual financial statements is provided below:

Abbreviation	Full name
AC	Amortised Cost
CCF	Credit Conversion Factor
EAD	Exposure at Default
ECL	Expected Credit Loss
EIR	Effective interest rate
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX, Forex	Foreign Currency Exchange
IFRS	International Financial Reporting Standard
LGD	Loss Given Default
PD	Probability of Default
POCI financial assets	Purchased or Originated Credit-Impaired financial assets
ROU asset	Right of use asset
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest
SPPI test	Assessment whether the financial instruments’ cash flows represent Solely Payments of Principal and Interest