Annual Financial Statements
EXPRESS CREDIT CASH ADVANCE (PTY) LTD
31 December 2023
(REGISTRATION NUMBER 2016/0767)

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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 2024 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 50, which have been prepared on the going concern basis, were approved on 13 June 2024 and were signed by:

Approval of annual financial statements

On behalf of the directors:

NP Esterhuyse Chief Executive Officer	Mark Spath Independent Non-executive Director

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INDEPENDENT AUDITOR'S REPORT

To the Members of Express Credit Cash Advance (Proprietary) Ltd

Opinion

We have audited the annual financial statements of Express Credit Cash Advance (Proprietary) Ltd ("the company") set out on pages 05 to 50, which comprise the statement of financial position as at 31 December 2023, 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 year then ended, and the notes to the annual financial statements, including a summary of material accounting policy information and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2023, and its financial performance and cash flows for the year 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.

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 the requirements of the Companies Act of Namibia, 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.

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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.
- 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.

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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

Windhoek
14 June 2024

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 2023.

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 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.

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. DIRECTORATE

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

Director	**Nationality**		
M. Spath	Namibian	Independent Non-executive Director	
N.P. Esterhuyse	Namibian	Executive Director	
U. Hewitt	Latvian	Non-executive Director	Resignation on 1st of July 2023
E. Sprogis	Latvian	Non-executive Director	
M. Ozolins	Latvian	Non-executive Director	

6. 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.

7. PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant, and equipment of the company. At 31 December 2023, the company's investment in property, plant and equipment amounted to NAD 9 016 317 (2022: NAD 5 762 109), of which NAD 2 833 013 (2022: NAD 1 885 129) was added in the current year through additions.

8. HOLDING COMPANY

The Company's majority holding company is Clever Mate Finance (Proprietary) Limited, registration number 2020/0220 which holds 51% (2022: 51%) of the company equity. Clever Mate Finance (Pty) Limited is incorporated in Namibia. Eleving Consumer Finance Mauritius Limited holds 49% (2022: 49%) of the company's equity. Eleving Consumer Finance Mauritius Limited is incorporated in Mauritius. Eleving Group SA, the ultimate holding company of the Eleving Consumer Finance Mauritius Limited, was incorporated in the Grand Duchy of Luxembourg and remains the ultimate holding company as at 31 December 2023.

9. COVENANTS

Despite the Company's proactive measures, the covenants, established prior to the acquisition of the Company by Eleving Group, were found impracticable. The management of the company engaged in renegotiations with Private Capital Trust in February 2024, before the financial statements were authorised for issue, leading to a revised agreement. Additionally, the Company has received the 2nd Tranche in February 2024 and 3rd Tranche in April 2024 from Private Capital Trust, indicating ongoing cooperation. The company acknowledges the breach and is fully committed to ensuring compliance with covenants in the future. The carrying amount of the loan payable to Private Capital Trust is NAD 15 646 354 as at 31 December 2023 (2022: NAD 0).

10. 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.

11. EVENTS AFTER THE REPORTING PERIOD

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 in the annual financial statements. After financial year end, the Non-executive Directors Edgars Sprogis and Martins Ozolins resigned from the positions of Non-executive Directors. Simultaneously, the appointment of new Non-executive Directors Oskars Dzalbs and Valentina Marhilevica (New Shareholders representatives) has been completed.

12. GOING CONCERN

We draw attention to the fact that for the year-ended 31 December 2023, the company had profit of NAD 4 321 620 (2022: NAD 10 209 163) and that the Company's accumulated loss balance as of 31 December 2023 is NAD 7 631 186 (2022: NAD 11 952 806).

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.

13. 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

14. 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

15. STATEMENT OF DISCLOSURE TO THE COMPANY'S AUDITORS

At the AGM, the shareholder was requested to appoint BDO Auditor as the independent external auditors of the company and confirmed Mr Andrew Musarurwaas the designated lead audit partner for the 2023 financial year.

BDO Auditors will continue in office as auditors for the 2024 financial period.

Statement of Financial Position

in NAD	Note	2023	2022
ASSETS			
Premises and equipment	8	4 764 688	2 667 325
Intangible assets	8	200 765	2 036
Investments in equity-accounted joint ventures	9	-	278 061
Right-of-use asset	11	4 737 182	5 088 836
Loans and advances to customers	6	148 557 381	100 156 830
Deferred tax asset	20	2 949 682	4 876 112
Other financial assets	7	22 723 012	26 557 460
Other non-financial assets	7	9 649 118	7 807 049
Advances to related parties	7	1 136 168	2 089 482
Cash and cash equivalents	5	23 077 486	13 632 625
TOTAL ASSETS		**217 795 482**	**163 155 816**
LIABILITIES			
Borrowed funds	10	162 012 351	81 704 562
Lease liabilities	11	5 003 377	5 357 537
Trade and other payables	12	8 270 191	6 858 981
Other financial liabilities	12	3 985 579	35 236 343
Deferred income	13	292 192	88 221
TOTAL LIABILITIES		**179 563 690**	**129 245 644**
EQUITY			
Share capital	14	100	100
Preference shares	14	45 862 878	45 862 878
Accumulated deficit		(7 631 186)	(11 952 806)
Net assets attributable to the Company's owners		**38 231 792**	**33 910 172**
TOTAL EQUITY		**38 231 792**	**33 910 172**
TOTAL LIABILITIES AND EQUITY		**217 795 482**	**163 155 816**

Statement of Profit or Loss and Other Comprehensive Income

In NAD	Note	2023	2022
Interest income calculated using the effective interest method	15	127 054 706	114 654 561
Other similar income	15	13 220 566	11 830 886
Interest and other similar expense	15	(18 785 738)	(11 497 139)
Net margin on interest and similar income		**121 489 534**	**114 988 308**
Credit loss allowance	16	(14 432 344)	(10 539 437)
Net margin on interest and similar income after credit loss allowance		**107 057 190**	**104 448 871**
Administrative and other operating expenses	17	(97 390 501)	(91 244 363)
Foreign exchange translation gains less losses	18	(6 194 545)	362 669
Lease interest expense	11	(522 996)	(614 237)
Share of post-tax profits of equity accounted joint ventures	9	780 592	-
Other Income	19	2 517 508	2 342 080
Profit before tax		**6 248 051**	**15 295 020**
Income tax expense	20	(1 926 431)	(5 085 857)
PROFIT FOR THE YEAR		**4 321 620**	**10 209 163**
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		**4 321 620**	**10 209 163**

Statement of Changes in Equity

in NAD	Note	Share capital	Capital contribution	Preference shares	Accumulated deficit	Total
Balance at 1 January 2021		**100**	**45 862 878**	**-**	**(34 949 144)**	**10 913 834**
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**	**(22 161 969)**	**23 701 009**
Profit for the year		-	-	-	10 209 163	**10 209 163**
Balance at 31 December 2022	14	**100**	-	**45 862 878**	**(11 952 806)**	**33 910 172**
Profit for the year		-	-	**-**	4 321 620	4 321 620
Balance at 31 December 2023	**14**	**100**	**-**	**45 862 878**	**(7 631 186)**	**38 231 792**

Statement of Cash Flows

In NAD	**Note**	**2023**	**2022**
Profit before tax		**6 248 051**	**15 295 018**
Adjustments for:			
Depreciation and amortisation	17	5 327 289	5 097 436
Change in credit loss allowance	16	15 208 989	11 287 313
Interest income	15	(140 275 272)	(126 485 448)
Interest expense		18 785 738	10 442 761
Share of profit of equity-accounted joint ventures	9	(780 592)	-
Unrealised loss from fluctuations of FX	18	2 878 194	298 497
Operating profit or loss before working capital changes		**(92 607 603)**	**(84 064 423)**
Net increase in:			
- loans and advances to customers		74 736 426	113 968 356
- other financial assets		4 787 762	(6 562 446)
- other non-financial assets		(1 842 069)	(1 016 740)
Net increase in:			
- other financial liabilities		(33 172 737)	11 838 863
- trade and other payables		1 615 181	436 804
Net cash used in operating activities		**46 124 563**	**118 664 837**
Cash flows from investing activities			
Acquisition of premises and equipment	8	(3 624 086)	(1 885 129)
Acquisition of intangible assets	8	(219 382)	(9 838)
Dividends received from joint venture	9	1 058 653	-
Net cash used in investing activities		**(2 784 815)**	**(1 894 967)**
Cash flows from financing activities			
Proceeds from related borrowed funds	10	58 717 043	5 173 890
Repayment of related borrowed funds	10	(1 970 855)	9 706 370
Proceeds from non-related borrowed funds	10	17 602 306	(28 350 981)
Repayment of non-related borrowed funds	10	(11 659 522)	(13 495 563)
Repayment of principal of lease liabilities	11	(3 976 256)	(4 371 883)
Net cash from financing activities		**58 712 716**	**(31 338 167)**
Net increase in cash and cash equivalents		9 444 861	1 367 284
Cash and cash equivalents at the beginning of the year	5	13 632 625	12 265 343
Cash and cash equivalents at the end of the year	5	**23 077 486**	**13 632 625**

1 Introduction

These annual financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023 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 2023, the Company's majority holding company is Clever Mate Finance (Proprietary) Limited which holds 51% (2022: 51%) of the Company equity. Clever Mate Finance (Pty) Limited is incorporated in Namibia. As of 31 December 2023, Eleving Consumer Finance Mauritius Limited holds 49% (2022: 49%) of the Company's equity. Eleving Consumer Finance Mauritius Limited is incorporated in Mauritius, and the Company is ultimately controlled by Eleving Group SA, incorporated in Grand Duchy of Luxembourg.

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 35 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 28.

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.

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 24**.**

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 21 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 21 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 21. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 21 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 21 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
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 2023, the principal rate of exchange used for translating foreign currency balances was as follows:

	31.12.2023	**31.12.2022**
NAD / EUR	20.2064	18.1214

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 2023 Amounts expected to be recovered or settled			**31 December 2022 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	-	4 764 688	**4 764 688**	-	2 667 325	**2 667 325**
Intangible assets	-	200 765	**200 765**	-	2 036	**2 036**
Investments in equity-accounted joint ventures	-	-	**-**	278 061	-	**278 061**
Right-of-Use asset	-	4 737 182	**4 737 182**	-	5 088 836	**5 088 836**
Loans and advances to customers	128 898 374	19 659 007	**148 557 381**	76 907 011	23 249 819	**100 156 830**
Deferred tax asset	2 796 169	153 513	**2 949 682**	1 490 981	3 385 131	**4 876 112**
Other financial assets	321 805	22 401 207	**22 723 012**	4 753 742	21 803 718	**26 557 460**
Other non-financial assets	2 486 204	7 162 914	**9 649 118**	2 339 841	5 467 208	**7 807 049**
Advances to related parties	1 136 168	-	**1 136 168**	2 089 482	-	**2 089 482**
Cash and cash equivalents	23 077 486	-	**23 077 486**	13 632 625	-	**13 632 625**
LIABILITIES						
Borrowed funds	68 639 729	93 372 622	**162 012 351**	62 532 718	19 171 844	**81 704 562**
Lease liabilities	3 659 827	1 343 550	**5 003 377**	3 075 673	2 281 864	**5 357 537**
Trade and other payables	8 270 191	-	**8 270 191**	6 858 981	-	**6 858 981**
Other financial liabilities	3 985 579	-	**3 985 579**	35 236 343	-	**35 236 343**
Deferred income	292 192	-	**292 192**	88 221	-	**88 221**

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 21. 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.

Impairment of non-financial assets. The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

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 2022.

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

i) 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 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.

- ***Amendments to IAS 12:*** Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual reporting periods beginning on or after 1 January 2023.

ii) Effective from 1 January 2024

- ***Amendments to IAS 1:*** Classification of Liabilities as Current or Non-current, effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

- ***Amendments to IAS 1:*** Non-current Liabilities with Covenants, effective for annual reporting periods beginning on or after 1 January 2024.

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	2023	2022
Cash at Bank	22 954 520	13 570 176
Cash on Hand	122 966	62 449
Total cash and cash equivalents	**23 077 486**	**13 632 625**

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 21.

The total cash and cash equivalents are comprised of pledged bank accounts, which have been given by Express Credit Cash Advance (Proprietary) Limited in favour for the Trustees for the time being of Private Capital Trust. These pledged bank accounts are subject to restrictions, including restrictions on withdrawals, requirements for maintaining certain balances.

The company monitors the sufficiency of unpledged cash and cash equivalents to meet operational needs and ensure compliance with financial covenants.

6 Loans and advances to customers

In NAD	2023	2022
Current Loans and Advances to Customers		
Gross carrying amount of loans and advances to customers at AC	**167 569 853**	**117 534 032**
Less credit loss allowance	(19 012 472)	(17 377 202)
Total carrying amount of loans and advances to customers at AC	**148 557 381**	**100 156 830**
Non-current	19 659 007	23 249 819
Current	128 898 374	76 907 011
Total carrying amount of loans and advances to customers	**148 557 381**	**100 156 830**

In NAD	Credit loss allowance Stage 1 (12-months ECL)	Credit loss allowance Stage 2 (lifetime ECL for SICR)	Credit loss allowance Stage 3 (lifetime ECL for credit impaired)	Credit loss allowance Total	Gross carrying amount Stage 1 (12-months ECL)	Gross carrying amount Stage 2 (lifetime ECL for SICR)	Gross carrying amount Stage 3 (lifetime ECL for credit impaired)	Gross carrying amount Total
At 31 December 2022	1 510 038	2 172 282	13 694 882	**17 377 202**	92 975 154	7 087 001	17 471 877	**117 534 032**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to 12-months ECL (to Stage 1)	37 228	(19 838)	(17 390)	**-**	235 007	(186 938)	(48 069)	**-**
- to lifetime (to Stage 2)	(1 714)	1 714	-	**-**	(419 939)	419 939	-	**-**
- to credit-impaired (to Stage 3)	(136 410)	(1 074 949)	1 211 359	**-**	(4 656 925)	(3 339 381)	7 996 306	**-**
Net remeasurement of loss allowance / Receivables partially settled	(459)	76 906	6 864 245	**6 940 692**	(5 860 419)	(193 404)	(1 491 873)	**(7 545 696)**
New originated or purchased	6 236 732	2 392 182	8 039 460	**16 668 374**	133 419 440	8 463 749	13 343 714	**155 226 903**
Loan repayments	(1 316 453)	(1 077 495)	(2 424 939)	**(4 818 887)**	(73 699 151)	(3 542 110)	(3 249 216)	**(80 490 477)**
Total movements with impact on credit loss allowance charge for the period	**4 818 924**	**298 520**	**13 672 735**	**18 790 179**	**49 018 013**	**1 621 855**	**16 550 862**	**67 190 730**
Write-offs:	-	-	(17 154 909)	**(17 154 909)**	-	-	(17 154 909)	**(17 154 909)**
At 31 December 2023	**6 328 962**	**2 470 802**	**10 212 708**	**19 012 472**	**141 993 167**	**8 708 856**	**16 867 830**	**167 569 853**

In NAD	Credit loss allowance Stage 1 (12-months ECL)	Credit loss allowance Stage 2 (lifetime ECL for SICR)	Credit loss allowance Stage 3 (lifetime ECL for credit impaired)	Credit loss allowance Total	Gross carrying amount Stage 1 (12-months ECL)	Gross carrying amount Stage 2 (lifetime ECL for SICR)	Gross carrying amount Stage 3 (lifetime ECL for credit impaired)	Gross carrying amount Total
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**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to 12-months ECL (to Stage 1)	-	(196 940)	196 940	-	-	(4 740 215)	4 740 215	-
- to lifetime (to Stage 2)	7 583	-	(7 583)	**-**	29 605	-	(29 605)	**-**
- to credit-impaired (to Stage 3)	-	-	-	**-**	-	-	-	**-**
Net remeasurement of loss allowance / Receivables partially settled	(1 163)	-	4 664 878	**4 663 715**	-	-	272 065	**272 065**
New originated or purchased	1 269 052	510 201	10 035 827	**11 815 080**	77 974 180	7 576 344	14 188 288	**99 738 812**
Loan repayments	(2 271 797)	(1 619 888)	(1 299 870)	**(5 191 555)**	(76 287 951)	(4 282 464)	(6 923 444)	**(87 493 859)**
Total movements with impact on credit loss allowance charge for the period	**(996 325)**	**(1 306 627)**	**13 590 192**	**11 287 240**	**1 715 834**	**(1 446 335)**	**12 247 519**	**12 517 018**
Write-offs:	-	-	(14 755 228)	**(14 755 228)**	-	-	(14 755 228)	**(14 755 228)**
At 31 December 2022	**1 510 038**	**2 172 282**	**13 694 882**	**17 377 202**	**92 975 154**	**7 087 001**	**17 471 877**	**117 534 032**

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 2023.

31.12.2023 In NAD	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
- Current	136 751 291	255 801	69 761	**137 076 853**
- 1-30 days past due	5 241 876	102 294	-	**5 344 170**
- 31-60 days past due	-	5 013 037	14 941	**5 027 978**
- 61-90 days past due	-	3 337 724	16 783 128	**20 120 852**
- Default				**-**
Gross carrying amount	**141 993 167**	**8 708 856**	**16 867 830**	**167 569 853**
Credit loss allowance	(6 328 964)	(2 470 803)	(10 212 705)	(19 012 472)
Carrying amount	**135 664 203**	**6 238 053**	**6 655 125**	**148 557 381**

31.12.2022 In NAD	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
- Current	89 868 744	128 137	194 238	**90 191 119**
- 1-30 days past due	3 106 410	29 773	3 959	**3 140 142**
- 31-60 days past due	-	4 529 904	26 212	**4 556 116**
- 61-90 days past due	-	2 399 187	95 185	**2 494 372**
- Default			17 152 283	**17 152 283**
Gross carrying amount	**92 975 154**	**7 087 001**	**17 471 877**	**117 534 032**
Credit loss allowance	(1 510 038)	(2 172 282)	(13 694 882)	(17 377 202)
Carrying amount	**91 465 116**	**4 914 719**	**3 776 995**	**100 156 830**

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	2023	2022
Loans and advances to customers written off	17 154 909	14 755 228
Total	**17 154 909**	**14 755 228**

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 32 583 953 are subject to credit life insurance cover.

In 2023 the Company has issued loans in the amount of NAD 427 222 405 (2022: NAD 362 942 955). The Company issued 106 942 (2022: 96 761) loans during the year.

7 Other financial assets and other non-financial assets

Other financial assets comprise the following:

In NAD	2023	2022
Other financial assets at AC		
Loan to related parties	23 586 236	22 792 987
Less credit loss allowance for related parties' loan	(1 185 029)	(989 269)
Collection's receivables	70 415	-
Other receivables	251 390	4 753 742
Total other financial assets at AC	**22 723 012**	**26 557 460**

Loans and receivables from related parties contain an unsecured loan to a related party of NAD 23 586 236 (2022: NAD 22 792 987) which carries an annual interest rate of 12.5% (2022: 12.5%). Loan to a related party is receivable on 31 December 2023 whilst the recovery of the receivable is expected in 2024 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 1 185 029 (2022: 989 269) 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	**2023**	**2022**
Deferred Insurance Expense	7 162 914	5 573 952
Prepayments for services	1 466 616	1 113 420
Deferred direct sales agents commission	73 814	286 868
Security deposits	912 719	810 516
Other assets	33 055	22 293
Total other non-financial assets	**9 649 118**	**7 807 049**

Advances to related parties comprise the following:

In NAD	**2023**	**2022**
Advances paid for marketing services to Eleving Consumer Finance AS	1 136 168	2 089 482
Total advances paid to related parties	**1 136 168**	**2 089 482**

8 Premises, equipment, and intangible assets

In NAD	IT equipment	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicles	Work-in-progress	Total
Carrying amount at 1 January 2022	432 148	811 977	299 616	270 292	149 159	**-**	**1 963 192**
Additions	675 802	598 107	288 617	309 100	13 503	-	**1 885 129**
Disposals	**-**	(275 942)	**-**	(184 785)	**-**	-	**(460 727)**
Depreciation and amortisation charge	(276 407)	(246 369)	(127 642)	32 196	(102 047)	-	**(720 269)**
Reclassification	43 563	150 592	(31 760)	(162 395)	-		**-**
Carrying amount at 31 December 2022	**875 106**	**1 038 365**	**428 831**	**264 408**	**60 615**	**-**	**2 667 325**
Cost at 31 December 2022	2 165 493	1 595 536	865 381	691 868	443 831	-	**5 762 109**
Accumulated depreciation and amortisation	(1 290 387)	(557 171)	(436 551)	(427 460)	(383 216)	-	**(3 094 785)**
Carrying amount at 31 December 2022	**875 106**	**1 038 365**	**428 831**	**264 408**	**60 615**	-	**2 667 325**
Carrying amount at 1 January 2023	**875 106**	**1 038 365**	**428 831**	**264 408**	**60 615**	-	**2 667 325**
Additions	972 802	1 211 626	570 625	329 765	234 995	304 273	**3 624 086**
Disposals	(20 770)	-	-	-	(140 000)	(209 108)	**(369 878)**
Depreciation and amortisation charge	(492 659)	(372 778)	(218 144)	(131 714)	(81 550)	-	**(1 296 845)**
Disposals effect on depreciation	-	-	-	-	140 000	-	**140 000**
Reclassification	-	-	-	(13 036)	-	13 036	**-**
Carrying amount at 31 December 2023	**1 334 479**	**1 877 213**	**781 312**	**449 423**	**214 060**	**108 201**	**4 764 688**
Cost at 31 December 2023	3 117 525	2 807 162	1 436 006	1 008 597	538 826	108 201	**9 016 317**
Accumulated depreciation and amortisation	(1 783 046)	(929 949)	(654 694)	(559 174)	(324 766)	-	**(4 251 629)**
Carrying amount at 31 December 2023	**1 334 479**	**1 877 213**	**781 312**	**449 423**	**214 060**	**108 201**	**4 764 688**

In NAD	Computer software	
	For the year ended 31 December 2023	**For the year ended 31 December 2022**
Cost		
Opening balance:	79 446	69 608
Additions	219 382	9 838
Cost as at 31 December	**298 828**	**79 446**
Accumulated amortization		
Opening balance:	(77 410)	(67 729)
Charge for the period	(20 653)	(9 681)
Accumulated amortization as at 31 December	**(98 063)**	**(77 410)**
Carrying amount at 31 December	**200 765**	**2 036**

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	**2023**	**2022**
Cash and cash equivalents	5 153 379	4 501 841
Current assets	519 087	500 177
Current liabilities	-	(77 916)
Unearned premium reserve	(5 614 267)	(4 335 386)
IBNR reserve	(58 199)	(32 594)
Net assets (100%)	-	**556 122**
Company share of net assets (50%)	-	**278 061**

In NAD	**2023**	**2022**
Net premiums	6 104 331	6 103 864
Change in reserves	(1 658 609)	(3 886 611)
Other expenses	(2 884 539)	(1 661 131)
Total comprehensive income	**1 561 183**	**556 122**
Share of post-tax profits of equity accounted joint ventures	**780 592**	**278 061**

Hollard Alternative Risk Transfer does not have any contingent liabilities.

10 Borrowed funds

In NAD	**2023**	**2022**
Borrowings from peer-to-peer lending platform	-	43 170
Borrowings from unrelated financial institutions	30 000 000	30 000 000
Borrowings from other related parties	27 850 934	27 072 602
Borrowings from parent and ultimate parent entities	81 628 043	19 171 845
Borrowings from unrelated non-financial institutions	22 533 374	5 416 945
Total borrowed funds at AC	**162 012 351**	**81 704 562**

The unsecured debt from unrelated financial institutions of NAD 30 000 000 (2022: NAD 30 000 000) carries a variable interest rate of 3% (2022: 3%) above the Namibian Prime Lending rate per annum. The non-related party debt repayment is 6 years from the date of drawdown of the respective tranche. The date of the drawdown is October the 28th 2020.

The first unsecured debt from other related party of NAD 19 386 979 (2022: NAD 16 805 024) carries a fixed interest rate of 5% (2022: 5%) per annum. The debt repayment is on or before 31st March 2025. The second unsecured debt from other related party of NAD 8 463 955 (2022: NAD 10 267 578) carried a fixed interest rate of 15% (2022: 15%) per annum and was fully repaid after the financial year end in April 2024.

The unsecured debt from parent and ultimate parent entities of NAD 81 628 043 (2022: NAD 19 171 845) carries an interest rate of 3% (2022: 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 parent and ultimate parent debt repayment is on or before 31st December 2029.

The secured debt from Private Capital Trust of NAD 15 646 354 (2022: NAD 0) carried a fixed interest rate of 20.0% (2022: 0%) and was fully repaid after the financial year end.

The unsecured debt of NAD 4 338 710 (2022: NAD 3 938 672) carries a fixed interest rate of 9.5% (2022: 9.5%). The unsecured debt from unrelated non-financial institutions of NAD 1 855 551 (2022: NAD 870 727) carries a fixed interest rate of 9.5% (2022: 9.5%). The unsecured debt of NAD 692 759 (2022: NAD 607 546) carries a fixed interest rate of 13.5% (2022: 13.5%). These are all repayable on or before 28th February 2025.

Despite the Company's proactive measures, the covenants, established prior to the acquisition of the Company by Eleving Group, were found impracticable. The management of the company engaged in renegotiations with Private Capital Trust in February 2024, before the financial statements were authorised for issue, leading to a revised agreement. Additionally, the Company has received the 2nd Tranche in February 2024 and 3rd Tranche in April 2024 from Private Capital Trust, indicating ongoing cooperation. The company acknowledges the breach and is fully committed to ensuring compliance with covenants in the future.

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

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 2021	**36 742 568**	**30 000 000**	**15 981 267**	**12 242 340**	**3 876 147**	**98 842 322**
Cash inflows	-	-	10 713 360	5 173 890	1 026 370	**16 913 620**
Cash outflows	(38 524 625)	(3 890 548)	(1 006 990)	-	(457 741)	**(43 879 904)**
Other non-cash movements	-	-	(96 612)	(195 068)	-	**(291 680)**
Interest expense	1 825 226	3 890 548	1 987 174	1 950 683	466 572	**10 120 203**
Carrying amount at 31 December 2022	**43 169**	**30 000 000**	**27 578 199**	**19 171 845**	**4 911 348**	**81 704 561**
Cash inflows	-	-	-	58 717 043	17 602 306	**76 319 349**
Cash outflows	(2 122 085)	(4 551 164)	(1 970 855)	-	(4 986 273)	**(13 630 377)**
Other non-cash movements	-	-	(87 188)	(415 462)	-	**(502 650)**
Interest expense	2 078 916	4 551 164	2 330 778	4 154 617	5 005 993	**18 121 468**
Carrying amount at 31 December 2023	**-**	**30 000 000**	**27 850 934**	**81 628 043**	**22 533 374**	**162 012 351**

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	**2023**	**2022**
Carrying amount as at 1 January	**5 088 836**	**3 215 906**
Additions	3 698 749	4 827 663
Disposals	(2 279 371)	(2 735 357)
Disposals impact on depreciation	2 214 337	3 687 383
Depreciation charge	(3 985 369)	(3 906 759)
Cost at 31 December	13 790 144	12 370 766
Accumulated depreciation and amortization at 31 December	(9 052 962)	(7 281 930)
Carrying amount as at 31 December	**4 737 182**	**5 088 836**

Expense relating to variable lease payments not included in lease liabilities included in general and administrative expenses of 2023 was NAD 3 985 369 (2022: NAD 3 906 759).

Total cash outflow for leases in 2023 was NAD 3 698 749 (2022: NAD 4 827 663).

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	**2023**	**2022**
Carrying amount as at 1 January	**5 357 537**	**3 335 493**
Additions	3 099 903	5 779 690
Accretion of interest	522 996	580 633
Termination and modification effect on interest expense	(803)	33 604
Lease payments	(3 976 256)	(4 371 883)
Carrying amount as at 31 December	**5 003 377**	**5 357 537**

The following amounts are recognized in profit or loss:

In NAD	**2023**	**2022**
Depreciation	3 985 369	3 906 759
Termination and modification effect on interest expense	(803)	33 604
Interest expense	522 996	580 633
Total lease expense	**4 507 562**	**4 520 996**

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 2023	3 911 752	1 386 895	5 298 647
Less future finance charges	(251 925)	(43 345)	(295 270)
Present value of minimum lease payments at 31 December 2023	**3 659 827**	**1 343 550**	**5 003 377**

In NAD	**Due within 1 year**	**Due between 1 and 5 years**	**Total**
Minimum lease payments at 31 December 2022	1 912 927	1 077 744	2 990 671
Less future finance charges	1 420 119	946 746	2 366 866
Present value of minimum lease payments at 31 December 2022	**3 333 046**	**2 024 490**	**5 357 537**

12 Other financial liabilities and other liabilities

Other financial liabilities comprise the following:

In NAD	2023	2022
Other financial liabilities at AC		
Related party payables	2 761 296	15 684 980
Unallocated payments from customers	725 546	341 771
Insurance payable	498 737	20 554
Payables to Mintos	-	19 189 038
Total other financial liabilities at AC	**3 985 579**	**35 236 343**

Trade and other payables comprise the following:

In NAD	2023	2022
Trade and other payables at AC		
VAT payable	1 418 036	1 526 555
Accrued liabilities	3 988 324	2 306 232
Trade payables	2 232 518	2 129 926
Provisions for vacation costs	505 540	302 262
Social security tax payable	-	445 356
Withholding tax payable	8 220	122 424
Other payables	117 553	26 226
Total trade and other payables at AC	**8 270 191**	**6 858 981**

13 Deferred income

In NAD	2023	2022
Deferred interest	292 192	88 221
Total deferred income	**292 192**	**88 221**

14 Share capital and capital contribution

In NAD except for number of shares	Number of authorized shares	Number of preference shares	Number of ordinary shares	Capital Contribution	Preference shares	Total
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**
Movement	-	-	-	-	-	**-**
At 31 December 2022	**4 000**	**1 000**	**100**	**-**	**45 862 878**	**45 862 878**
Movement	-	-	-	-	-	**-**
At 31 December 2023	**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 45 862 878 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	**2023**	**2022**
Interest income calculated using the effective interest method		
Loans and advances to customers at AC	127 054 706	114 654 561
Total interest income calculated using the effective interest method	**127 054 706**	**114 654 561**
Other similar income		
NAMFISA fees	4 502 195	4 053 661
Stamp duty fees	531 915	642 891
Late payment fees	2 125 059	2 849 751
Insurance fee income	3 252 421	2 744 445
Termination fees	1 567 890	890 199
Collection fee income	1 258 739	506 733
Other fee income	(17 653)	143 206
Total other similar income	**13 220 566**	**11 830 886**
Total interest and similar income	**140 275 272**	**126 485 447**
Interest and other similar expense		
Borrowed funds from related parties	6 485 395	3 932 260
Borrowed funds from unrelated financial institutions	4 551 164	3 890 548
Borrowed funds from peer-to-peer lending platform	2 078 915	2 380 828
Borrowed funds from unrelated non-financial institutions	5 005 993	472 169
Withholding Tax	664 271	821 334
Total interest expense	**18 785 738**	**11 497 139**
Net margin on interest and similar income	**121 489 534**	**114 988 308**

16 Credit loss allowance

In NAD	**2023**	**2022**
Credit loss allowance on loans	15 208 989	11 287 313
Recoveries from written-off loans	(972 405)	(768 484)
Related party loans	195 760	20 608
Net margin on interest and similar income	**14 432 344**	**10 539 437**

17 Administrative and other operating expenses

In NAD

	2023	2022
Staff costs	23 652 213	18 827 876
Management fees	34 076 018	35 829 020
Collection costs	5 088 581	5 168 336
Regulatory expenses	6 990 388	5 796 884
VAT on foreign supplies	5 283 694	5 498 904
Direct sales agents commissions	419 170	1 635 148
Depreciation and amortisation	5 327 289	5 083 576
Advertising and marketing services	2 440 074	2 638 615
Insurance expense	3 449 693	2 664 986
Bank fees	935 974	1 302 404
Office expenses	1 638 839	1 204 808
Professional services	2 266 509	520 486
Utilities	1 317 566	1 076 244
IT costs	763 472	747 588
Communication costs	972 132	1 099 838
Data costs	852 708	851 239
Travel	878 308	848 384
Premises and equipment	984 444	309 355
Other administrative expenses	-	99 807
Bad debt write-off	53 429	40 865
Total administrative and other operating expenses	**97 390 501**	**91 244 363**

18 Foreign exchange gains less losses

In NAD

	2023	2022
Realized Forex Gain/(Loss)	(3 316 351)	661 166
Unrealized Forex Gain/(Loss)	(2 878 194)	(298 497)
Foreign exchange translation gains less losses	**(6 194 545)**	**362 669**

19 Other income

In NAD

	2023	2022
Interest income on related party loan	2 390 998	2 333 005
Other interest income	92 266	275
Profit on sale of asset	34 244	8 800
Other income	**2 517 508**	**2 342 080**

20 Income taxes

(a) Components of income tax benefit

Income tax expense

In NAD

	2023	2022
Current tax	-	-
Deferred tax	1 926 431	5 085 857
Income tax expense/(credit) for the year	**1 926 431**	**5 085 857**

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

The income tax rate applicable to the Company's 2023 income is 32% (2022: 32%). A reconciliation between the expected and the actual taxation charge is provided below.

In NAD

	2023	2022
Profit/(loss) before tax	**6 248 051**	**15 295 020**
Theoretical tax charge/credit at statutory rate (2023: 32%; 2022: 32%)	1 999 376	4 894 406
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-deductible expenses	243 621	191 450
Deferred tax asset not recognized on impairment (prior year correction)	(316 566)	-
Income tax expense/(credit) for the year	**1 926 431**	**5 085 856**

(c) Tax loss carry forwards

The estimated tax loss available for set off against future taxable income is NAD 1 471 484 (2022: NAD 11 357 092). The Company has unrecognised potential deferred tax asset in respect of unused tax loss carry forwards of NAD Nil (31 December 2022: NAD Nil).

(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 2023 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 2024. In 2024 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 2023**	**Credited/ (charged) to profit or loss**	**31 December 2023**
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Premises and equipment	(345 861)	(133 274)	(479 135)
IFRS 16 adjustment	47 716	37 467	85 183
Credit loss allowances	4 170 529	771 673	4 942 202
Tax loss carry forwards	3 634 270	(3 163 395)	470 875
Severance and accruals	96 723	65 050	161 773
Customer overpayment	109 367	122 808	232 175
Prepaid expenses	(2 932 150)	(452 263)	(3 384 413)
Currency fluctuation effect	95 518	825 503	921 022
Net deferred tax asset/(liability)	**4 876 112**	**(1 926 431)**	**2 949 682**

In NAD	**1 January 2023**	**Credited/ (charged) to profit or loss**	**31 December 2023**
Recognised deferred tax asset	8 058 605	(2 166 397)	5 892 208
Recognised deferred tax liability	(3 182 493)	239 966	(2 942 526)
Net deferred tax asset/(liability)	**4 876 112**	**(1 926 430)**	**2 949 682**

In NAD	**1 January 2022**	**Credited/ (charged) to profit or loss**	**31 December 2022**
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Premises and equipment	(308 996)	(36 865)	(345 861)
IFRS 16 adjustment	38 267	9 449	47 716
Credit loss allowances	5 002 846	(832 317)	4 170 529
Tax loss carry forwards	7 818 449	(4 184 179)	3 634 270
Severance and accruals	151 924	(55 201)	96 723
Customer overpayment	91 747	17 620	109 367
Prepaid expenses	(2 819 896)	(112 254)	(2 932 150)
Currency fluctuation effect	(12 372)	107 890	95 518
Net deferred tax asset/(liability)	**9 961 969**	**(5 085 856)**	**4 876 112**

In NAD	**1 January 2022**	**Credited/ (charged) to profit or loss**	**31 December 2022**
Recognised deferred tax asset	13 103 233	(5 044 628)	8 058 605
Recognised deferred tax liability	(3 141 264)	(41 228)	(3 182 492)
Net deferred tax asset/(liability)	**9 961 969**	**(5 085 856)**	**4 876 112**

21 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 2023			31 December 2022		
In NAD	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
Advances to related parties	960 228	-	**960 228**	2 089 482	-	**2 089 482**
Other financial assets / liabilities	-	(2 743 988)	**(2 743 988)**	-	(34 872 390)	**(34 872 390)**
Borrowed funds	-	(81 628 043)	**(81 628 043)**	-	(19 171 845)	**(19 171 845)**
Total	**960 228**	**(84 372 030)**	**(83 411 802)**	**2 089 482**	**(54 044 235)**	**(51 954 753)**
In EUR						
Advances to related parties	47 521	-	**47 521**	115 305	-	**115 305**
Other financial assets / liabilities	-	(135 798)	**(135 798)**	-	(1 924 376)	**(1 924 376)**
Borrowed funds	-	(4 039 712)	**(4 039 712)**	-	(1 057 967)	**(1 057 967)**
Total	**47 521**	**(4 175 510)**	**(4 127 989)**	**115 305**	**(2 982 343)**	**(2 867 038)**

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 2023		At 31 December 2022	
In NAD	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
NAD strengthening by 5%	3 971 991	3 971 991	2 474 036	2 474 036
NAD weakening by 20%	(16 682 360)	(16 682 360)	(10 390 951)	(10 390 951)

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 2023					
Total financial assets	69 075 363	149 626 336	4 114 227	72 479 243	**295 295 169**
Total financial liabilities	(7 742 609)	(14 403 507)	(178 985 418)	(41 043 916)	**(242 175 450)**
Net interest sensitivity gap at 31 December 2023	**61 332 754**	**135 222 829**	**(174 871 191)**	**31 435 327**	**53 119 719**

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 2022					
Total financial assets	70 041 552	87 247 862	1 518 162	59 315 932	**218 123 508**
Total financial liabilities	(24 716 169)	(28 743 015)	(81 063 942)	(15 385 953)	**(149 909 079)**
Net interest sensitivity gap at 31 December 2022	**45 325 383**	**58 504 847**	**(79 545 780)**	**43 929 979**	**68 214 429**

At 31 December 2023 and 2022 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 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 2023 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 2023 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	23 077 486	-	-	-	**23 077 486**
Loans and advances to customers	45 676 072	149 626 336	4 114 227	50 078 036	**249 494 672**
Other financial assets	321 805	-	-	22 401 207	**22 723 012**
Total	**69 075 363**	**149 626 336**	**4 114 227**	**72 479 243**	**295 295 169**
Liabilities					
Borrowed funds	-	(8 887 153)	(177 755 040)	(39 700 366)	**(226 342 559)**
Lease liabilities	(399 937)	(2 029 512)	(1 230 378)	(1 343 550)	**(5 003 377)**
Other financial liabilities	(498 737)	(3 486 842)	-	-	**(3 985 579)**
Trade and other payables	(6 843 935)	-	-	-	**(6 843 935)**
Total potential future payments for financial obligations	**(7 742 609)**	**(14 403 507)**	**(178 985 418)**	**(41 043 916)**	**(242 175 450)**
Liquidity gap arising from financial instruments	**61 332 754**	**135 222 829**	**(174 871 191)**	**31 435 327**	**53 119 719**

The maturity analysis of financial instruments at 31 December 2022 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	13 632 625	-	-	-	**13 632 625**
Loans and advances to customers	51 896 427	87 006 620	1 518 162	37 512 214	**177 933 423**
Other financial assets	4 512 500	241 242	-	21 803 718	**26 557 460**
Total	**70 041 552**	**87 247 862**	**1 518 162**	**59 315 932**	**218 123 508**
Liabilities					
Borrowed funds	-	(11 395 339)	(79 605 769)	(13 104 089)	**(104 105 197)**
Lease liabilities	(296 575)	(1 320 925)	(1 458 173)	(2 281 864)	**(5 357 537)**
Other financial liabilities	(19 209 592)	(16 026 751)	-	-	**(35 236 343)**
Trade and other payables	(5 210 002)	-	-	-	**(5 210 002)**
Total potential future payments for financial obligations	**(24 716 169)**	**(28 743 015)**	**(81 063 942)**	**(15 385 953)**	**(149 909 079)**
Liquidity gap arising from financial instruments	**45 325 383**	**58 504 847**	**(79 545 780)**	**43 929 979**	**68 214 429**

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.

22 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. The foreign Debt-to-Capital ratio in 2023 is 55% (2022: 178%).

23 Contingencies and commitments

Lease commitments at 31 December 2023. Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases at 31 December 2023 are as follows:

In NAD	**2023**	**2022**
Not later than 1 year	3 659 827	3 075 673
Later than 1 year and not later than 5 years	1 343 550	2 281 864
Total lease commitments	**5 003 377**	**5 357 537**

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.

24 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	**2023**	**2022**
ASSETS		
Loans and advances to customers	148 557 381	100 156 830
Other financial assets	22 723 012	26 557 460
Cash and cash equivalents	23 077 486	13 632 625
Advances to related parties	1 136 168	2 089 482
LIABILITIES		
Borrowed funds	162 012 351	81 704 562
Trade and other payables	6 338 395	4 462 384

As of 31 December 2023, and 31 December 2022, all the Company’s financial assets and liabilities were carried at AC. The carrying amounts approximate the fair value.

25 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 2023 key management and directors’ remuneration amounted to NAD 6 283 045 (2021: NAD 6 153 532).

In NAD	**2023**	**2022**
Executive - Nicolaas Petrus Esterhuyse		
Emoluments	4 328 400	4 045 058
Executive - Hermanus Johannes Wilhelmus Coetzee		
Emoluments	1 954 645	2 108 474
Total	**6 283 045**	**6 153 532**

Related party	**Jurisdiction**	**Relationship with the Company**
Eleving Consumer Finance AS	Latvia	Ultimate parent of the group
Eleving Consumer Finance Mauritius Limited	Mauritius	Parent
Express Credit Holding AS	Latvia	Entity belongs to the same group
EC Finance Group Ltd	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
Express Credit (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 2023, the outstanding balances with related parties were as follows:

	2023	2022
Other financial assets, in NAD		
Loan to related parties		
Express Credit (Pty) Limited (Lesotho)	24 178 285	21 803 718
Other receivables		
Clever Mate Finance (Pty) Limited	175 940	120 492
Advances to related parties in NAD		
Advances paid for centrally managed services from related party		
Eleving Consumer Finance AS	960 228	2 089 482
Borrowed funds, in NAD		
Loan from related party		
Eleving Consumer Finance Mauritius Ltd	81 628 043	19 171 845
Express Credit (Proprietary) Ltd (Botswana)	19 386 979	16 805 024
YesCash Zambia Limited	8 463 955	10 267 579
Other financial liabilities, in NAD		
Management fee payable		
Eleving Consumer Finance Mauritius Ltd	2 243 168	15 227 012
License fee payable		
Eleving Consumer Finance Mauritius Ltd	500 820	456 340
Other payables		
Express Credit Holding AS	-	1 628
Eleving Consumer Finance AS	17 308	-

The income and expense items with related parties for 2023 were as follows:

Interest expense, in NAD	2023	2022
Interest expenses		
Eleving Consumer Finance Mauritius Ltd	4 154 617	1 950 683
Express Credit (Proprietary) Ltd (Botswana)	841 576	912 343
YesCash Zambia Limited	1 489 202	1 069 234
Withholding tax expense		
Express Credit (Pty) Limited (Lesotho)	1 777 079	583 251
Administrative and other operating expenses, in NAD		
Management services received		
Eleving Consumer Finance Mauritius Ltd	27 975 235	30 613 506
Royalty fees for the use of loan management system		
Eleving Consumer Finance Mauritius Ltd	5 998 645	5 215 514

Other income, in NAD	2023	2022
Interest income from related parties		
Express Credit (Pty) Limited (Lesotho)	2 390 998	2 333 005

Other expense, in NAD	2023	2022
Impairment on Loan to related parties		
Express Credit (Pty) Limited (Lesotho)	195 760	-

26 Going concern assessment

We draw attention to the fact that for the year-ended 31 December 2023, the company had profit of NAD 4 321 620 (2022: NAD 10 209 163) and that the Company's accumulated loss balance as of 31 December 2023 is NAD 7 631 186 (2022: NAD 11 952 806).

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.

27 Events after the reporting period

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.

28 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