



LETSHEGO HOLDINGS (NAMIBIA) FY25 Initial Impressions: The Plot Thickens March 2026



Research Analyst:

Stephanie Reynders
stephanie@ijg.net

Letshego Holdings (Namibia) Limited

FY25 Initial Impressions: The Plot Thickens

Current Price (c)

530

Year End 31 December	FY23	1H24	FY24	1H25	FY25	Recommendation	
Net Interest Income (N\$ m)	438	251	549	352	724	NSX Code	LHN
Non-Interest Income (N\$ m)	314	157	312	166	341	Market Cap (N\$ m)	2,650
Profit after Tax (N\$ m)	353	200	419	249	506	Shares in Issue (m)	500
HEPS (c)	70.7	39.9	83.8	49.7	101.2	Free Float (%)	22.0
DPS (c)	70.7	39.9*	83.8	47.0*	101.2	52-Week High (c)	665
DY (%)	18.1	17.2	16.8	14.4	19.1	52-Week Low (c)	526
P/E (x)	5.5	5.8	5.9	6.6	5.2		
P/B (x)	0.7	0.8	0.9	1.2	0.9		

Source: LHN, IIG Securities

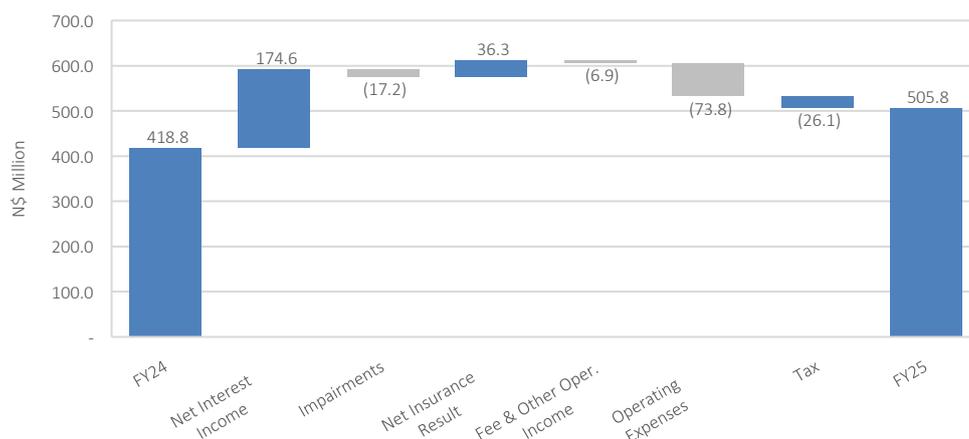
*Interim

FY25 Initial Impressions

Letshego Holdings (Namibia) Limited ("LHN") released its results for the period ended 31 December 2025 (FY25). The financial results reflect a year of solid operational performance and resilient growth despite shifts in funding structures and market conditions. LHN's PAT increased by 20.8% to N\$505.8m in 2025, up from N\$418.8m in 2024. ROE rose from 16.4% in FY24 to 19.5% in FY25.

Net Interest Income: The strong performance was largely driven by a 31.8% rise in net interest income. Net interest income increased sharply despite muted advances growth. This likely suggests that stronger loan pricing and higher asset yields were the main drivers of interest revenue. This outcome is consistent with a period of cautious lending and regulatory uncertainty.

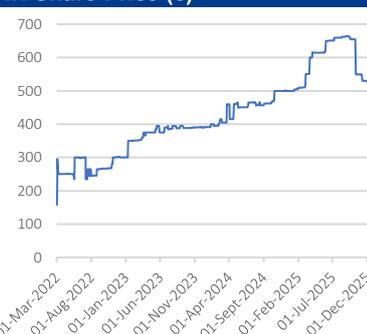
LHN PAT Growth Breakdown



Source: LHN, IIG Securities

Deduction-at-Source (DAS): According to Letshego Africa's 2024 Integrated Annual Report, Government DAS loans remain central to the Group's business model, accounting for 84% of the total portfolio and delivering strong performance with an aggregated loan loss ratio of just 2.0%, underscoring the resilience and quality of this core book. The shift away from DAS loans inevitably introduces a degree of uncertainty for LHN, particularly because debit-order repayments carry higher behavioural risk and are more sensitive to customers' cash-flow pressures. This change may initially create volatility in collections performance, impairments, and portfolio quality as customers adjust to the new repayment mechanism. In addition, LHN's future loan-book growth will depend more heavily on customer affordability, competitive dynamics, and economic conditions, rather than the stability historically offered by the DAS arrangements. Since the suspension of new DAS loans only took effect on 28 February 2026, the impact of this change was not yet reflected in the 2025 financial year's results. The full impact of the regulatory shift may take time to materialise, and managing this uncertainty will remain a key strategic priority.

LHN Share Price (c)



Dividends

LHN declared a final dividend of 54.14 cents per share.

- Last Day to Trade: 01 April 2026
- Ex-Dividend Date: 02 April 2026
- Record Date: 10 April 2026
- Payment Date: 24 April 2026





0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

Assets and Advances: Total assets rose marginally by 0.9% or N\$61.1m to N\$7.2bn, driven mainly by a 31.4% (N\$235.8m) increase in 'cash and cash equivalents'. Gross advances to customers increased by only N\$47.8m (0.9% y/y), which is well below the 4.4% PSCE growth recorded in the broader market over the same period. This indicates that LHN's lending activity expanded at a noticeably slower pace than the rest of the sector, suggesting a more cautious or selective stance toward credit extension. Given that the DAS loans are the Group's main growth engine, the muted increase in advances is also likely linked to regulatory uncertainty surrounding the suspension of the DAS system, which may have prompted management to shift focus toward repricing existing higher-yielding loans rather than aggressively growing new advances.

Impairments: During the prior year, significant recoveries led to a N\$12.1m reversal of credit impairment charges. In FY25, however, LHN recorded a credit impairment charge of N\$5.1m, representing a y/y swing of 141.7%. As a result, impairments made up a smaller proportion of gross advances, allowing the credit loss ratio to decline from 0.2% to 0.1%, indicating stronger credit quality.

Non-Interest Revenue: Non-interest revenue increased by 9.5%, or N\$29.4m, during the year, despite declines in both fee income and other operating income. The overall growth was driven by strong performance in the Group's insurance operations, with the net insurance result rising by 13.3% to N\$310.5m. This reflects the strong performance of the Group's insurance operations, making insurance the largest contributor to non-interest revenue and more than offsetting declines in fee income and other operating income.

Operating Expenses (OPEX): Total OPEX grew by 18.1% y/y or N\$73.8m to N\$481.9m, outpacing December's inflation print of 3.2% y/y. Employee benefits rose by 26.4% y/y to N\$147.0m, with a substantial increase noted in staff incentives. Other OPEX increased by N\$43.0m during the year, with one of the most notable contributors being the 'insurance' expense line, which rose by 30.3% to N\$85.9m, an increase of approximately N\$20.0m from the prior year. Total income grew at a faster pace than operating expenses, enabling the Group to achieve better operating efficiency. As a result, the cost-to-income ratio improved to 45.3%, compared to 47.4% in the previous financial year.

Borrowings: Total borrowings decreased by 9.6% (N\$279.7m) during the year, a reduction primarily driven by notable declines across several major funding facilities, including Commercial Bank 2, Commercial Bank 3, and the Development Finance loans, all of which recorded meaningful y/y declines. During the year, LHN raised N\$463.9m through new bond issuances under its listed bond programme, reflecting a deliberate shift toward broadening and strengthening its funding base. This increased utilisation of capital-market funding aligns with Letshego's strategic objective to build a more diversified and resilient funding mix, reducing reliance on traditional bank borrowings and enhancing the stability and flexibility of its overall funding structure.

Our Take

LHN delivered a strong set of results, with PAT rising 20.8% to N\$505.8m aided by 31.8% growth in interest income. LHN achieved a ROE of 19.5% and maintained a full-year payout ratio of 100%, highlighting both solid profitability and a strong commitment to returning value to shareholders. The cost-to-income ratio also improved and remains below 50%, reflecting disciplined cost management and operational efficiency.

However, time will tell how the suspension of DAS will affect performance in the next financial year, particularly given its historically strong contribution to loan growth and revenue.

A valuation update will be released following our engagement with management.





Contact Us

Department	Email Address
General	info@ijg.net
Compliance	compliance@ijg.net
Finance	finance@ijg.net
Corporate Finance & Advisory	advisory@ijg.net
Money Market Transactions	instructions.wealth@ijg.net
Wealth Management	wealth@ijg.net
Stockbroking	dealing@ijg.net
Private Equity	privateequity@ijg.net
Research & Data	research@ijg.net
Unit Trusts	info@prescient-ijg.net

No representation is given about, and no responsibility is accepted, for the accuracy or completeness of this document. Any views reflect the current views of IJG Holdings (Pty) Ltd. The views reflected herein may change without notice. IJG Holdings (Pty) Ltd provides this document to you for information purposes only and should not be constructed as and shall not form part of an offer or solicitation to buy or sell securities or derivatives. It may not be reproduced, distributed or published by any recipient for any purposes.



**Independent. Focused.
Personalised.**