



LETSHEGO HOLDINGS LIMITED

(Incorporated in the Republic of Botswana with limited liability under registration number Co 98/442)

INFORMATION STATEMENT IN RESPECT OF THE ZAR2,500,000,000 and BWP2,500,000,000 MEDIUM TERM NOTE PROGRAMME

Letshego Holdings Limited (the **Issuer**) intends to issue notes from time to time (the **Notes**) under the ZAR2,500,000,000 and BWP2,500,000,000 Medium Term Note Programme (the **Programme**) on the basis set out in the Amended and Restated Programme Memorandum dated 9 October 2019, as amended and restated from time to time (the **Programme Memorandum**). The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed "*Summary of Programme*" under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement** and this information statement (this **Information Statement**).

Availability of Information

This Information Statement is also available on the Issuer's website <https://www.letshego.com/investor-publication-types/bond-programme>.

Information on the Issuer's website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement, save for those documents which are incorporated by reference in the section headed "*Documents Incorporated by Reference*" in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its financial condition and results of operations (if any) and investor considerations/risk factors, until an updated information statement is issued.

Information Statement dated 9 October 2019.

TABLE OF CONTENTS

| | <i>Page</i> |
|---|-------------|
| GENERAL | 3 |
| BUSINESS DESCRIPTION OF LETSHEGO HOLDINGS LIMITED | 5 |
| DESCRIPTION OF LETSHEGO SENIOR NOTES TRUSTS | 26 |
| DESCRIPTION OF DEBT GUARANTOR | 28 |
| INVESTOR CONSIDERATIONS/RISK FACTORS | 29 |
| GENERAL INFORMATION | 35 |

GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement.

The JSE takes no responsibility for the contents of this Information Statement, the annual financial statements, the integrated reports, the Programme Memorandum and the Applicable Pricing Supplement(s) of the Issuer and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of this Information Statement, the annual financial statements, the integrated reports, and the Programme Memorandum and the Applicable Pricing Supplement(s) of the Issuer and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of this Information Statement and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

In addition, the Issuer, having made all reasonable inquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger(s), Dealer(s) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealer(s) or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger(s), Dealer(s) nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger(s), the Dealer(s) or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger(s), the Dealer(s) or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Arranger(s), the Dealer(s) or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should

consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger(s), the Dealer(s) or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger(s), Dealer(s), nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger(s), the Dealer(s) or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealer(s) has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealer(s) or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealer(s) or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealer(s) (and their respective directors, employees, representatives and agents) or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger(s) or Dealer(s). It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

Copies of this Information Statement are available by request from the registered offices of the Issuer.

BUSINESS DESCRIPTION OF LETSHEGO HOLDINGS LIMITED

Capitalised terms used in this section headed "Business Description of Letshego Holdings Limited" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Capitalised terms used in this section headed "Description of Letshego Holdings Limited" shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section or are clearly inappropriate from the context.

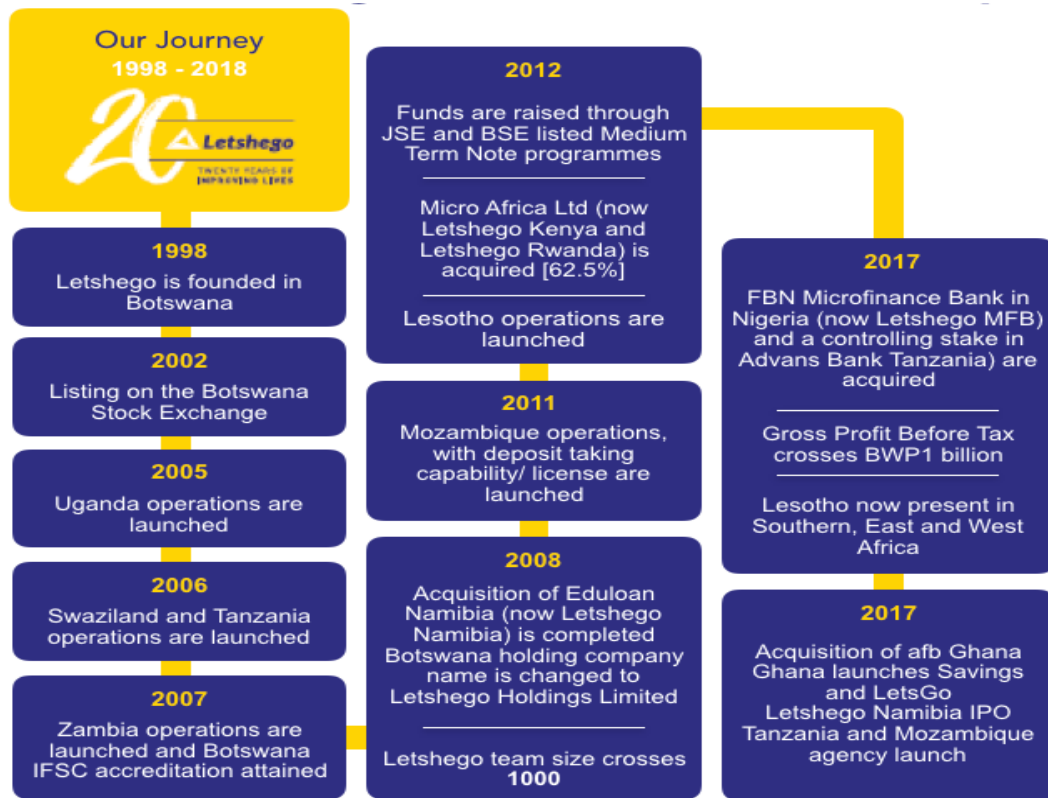
1. INTRODUCTION

Letshego Holdings Limited ("**LHL**" or the "**Company**" or "**Letshego**") was incorporated on 4 March 1998, is headquartered in Gaborone and has been listed on the Botswana Stock Exchange ("**BSE**") since 2002. It is a holding company with consumer, micro –lending and deposit taking subsidiaries focused on delivering inclusive finance solutions to underserved populations across 11 sub- Saharan African countries.

2. BACKGROUND AND HISTORY

- 2.1. In recognition of the limited market size in Botswana a pan-African expansion strategy was approved by shareholders resulting in the establishment of subsidiaries in Uganda, eSwatini, Tanzania, Zambia, Namibia and Mozambique. All of these new operations replicated the payroll deduction-based lending model initially implemented by the Company in Botswana.
- 2.2. The Group employs over 1800 people and has an established distribution network exceeding 315 customer access points in the 11 countries where it has a presence. The Group has over 36,000 borrowers, 173, 000 savers and a market capitalisation of BWP3.50 billion (ZAR3 billion). Loans to customers were BWP9.4 billion as at 31 December 2018 and the Group's profit before tax was over BWP900 million for the year ended 31 December 2018.
- 2.3. In 2006 Letshego's shareholders approved the reorganisation of the Group's structure whereby LHL became the holding company and the Group's lending operations were transferred to a new subsidiary in Botswana - Letshego Financial Services (Pty) Limited Botswana. This was also done as part of the process of obtaining accreditation with the Botswana International Financial Services Centre ("**BIFSC**") in 2007. The BIFSC is a government agency which facilitates and promotes the growth of a cross-border financial services industry in Botswana. BIFSC accreditation is therefore a strategic component of the Company's expansion strategy into targeted African countries.
- 2.4. LHL is incorporated in Botswana (registration number 98/442) with its business address at 1st Floor, Letshego Place, 22 Khama Crescent, Gaborone, Botswana.

2.5. The key milestones of the Company since inception to 2018 are depicted below:



3. OWNERSHIP AND CONTROL (as at the Programme Date):



Shareholding in LHL¹

As at the Programme Date, the significant shareholders of LHL are as follows:

| <u>Shareholder</u> | <u>Percentage</u> |
|--|--------------------------|
| Botswana Life Insurance Limited | 26.2% |
| African Alliance BPOPF EQUITY | 12.2% |
| ADP I Holding 2 | 8.4% |
| BIFM BPOPF-Equity | 5.7% |
| BMO Investments | 5.4% |
| AllanGray BPOPF Equity Portfolio B | 4.9% |
| Botswana Insurance Fund Management | 3.6% |
| Sustainable Capital Africa Alpha Fund | 2.8% |
| NT LUX RE LUDP | 2.5% |
| Investec Asset Management BPOPF EQUITY | 2.0% |
| Others | <u>26.4%</u> |
| Total | <u>100%</u> |

4. REVIEW OF OPERATIONS AND DESCRIPTION OF BUSINESS

4.1. Shared Service Centre

- 4.1.1. LHL provides management support through a shared service centre to its subsidiaries in the areas of finance; information and communications technology: people experience; governance, legal, compliance and risk: internal audit; strategy, innovation and transformation, public relations and communications.
- 4.1.2. The shared services are located at the Group's Head Office in Gaborone, Botswana. Apart from ensuring cost efficiencies through centralised control, as well as consistency in operations, branding and policy, this structure also enables tax efficiencies via the accreditation of LHL with the BIFSC.

4.2. Description of Business

- 4.2.1. The main activity of the Group is to extend short to medium term, personal, unsecured loans to public and private-sector employees. Loan repayments are deducted at source through the payroll systems of participating employers. Under this deduction methodology, the participating employer grants a code that allows the employer to make direct deductions from the employee's salary (on behalf of Letshego) to effect repayments of amounts due on loans. As a result, the likelihood of non-collection or default by customers is limited to occurrences when customers are deceased, retrenched or change employment. Mitigating mechanisms have been developed in each country to monitor and manage these risks to an acceptable minimum level. This includes mandatory death and disability insurance cover in Botswana and a more comprehensive mandatory insurance cover in Mozambique, Namibia and eSwatini. This insurance is planned to be introduced into the other countries over time.
- 4.2.2. Loan values range from BWP500 to BWP500,000 (or the respective local currency equivalent) and loan tenure from three months to seventy-two months depending on the country.
- 4.2.3. Further detail on the salary deduction code model and how it is managed from a risk perspective is laid out in the Risk Management section below.

5. MANAGEMENT STRATEGY

- 5.1. The Group's near term strategy is to focus on integrating recent West African acquisitions and continue to build good quality loan books in the countries where it operates. Letshego has acquired banking and deposit taking licenses in several markets (it has deposit taking licenses in Ghana, Mozambique, Rwanda, Tanzania, Nigeria and, Namibia) and aims to convert its loan only clients into transactional clients.
- 5.2. Further acquisitions remain a possibility. The Group will continue to seek and review

¹ Drafting note: to be updated prior to final formal approval.

opportunities using a threefold approach: 1) to support or grow inorganically in markets where it currently operates; 2) to obtain additional deposit-taking licenses; and 3) as an entry into markets where Letshego currently does not have a footprint.

5.3. Letshego's four key strategic pillars are:

5.3.1. ***Embrace financial inclusion***

Letshego seeks to promote financial inclusion by providing simple, appropriate and accessible financial solutions to the underserved in a sustainable manner. The Group teaches financial literacy to encourage productive use of funds and enhance the probability of loan repayments.

5.3.2. ***Grow the franchise***

Organic expansion remains a key growth strategy for Letshego. The company has been increasing its geographical diversification and successfully completed various green and brownfield acquisitions since inception the latest being the acquisition of Afb Ghana. This brings the Group's total footprint to 11 sub-Saharan African countries.

5.3.3. ***Enhance customer experience***

Letshego is committed to continuously reviewing and improving access to its financial solutions. Recent investments in technology have helped improve access and overall customer experience through mobile offerings such as BlueBox, SmartSave, and additional customer access points. The Group's Direct Sales Agents remain an important part of driving sales (through partnerships and branding). Ghana is a good example of a successful partnership with a mobile network operator and FINTECH company to provide easy access to financial services across a wide geographical coverage.

5.3.4. ***Embedding future capability***

Integration of all countries onto the Groups core IT platform "Bancs" is nearly complete. In addition to a standardised enterprise risk management, this provides cost reduction, reporting and monitoring to enhance the delivery of solutions and customer experience.

6. RISK MANAGEMENT

The Company believes that the factors described below, which are not set out in any particular order, represent key risks inherent in investing in the Notes. However, the inability of the Company to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Company based on information currently available to it or which it may not currently be able to anticipate. Some risks are not yet known and some that are not currently deemed material could later transpire to be material based on changing circumstances. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding of any Notes are exhaustive.

All of these risks could materially affect the Company, its reputation, business, results of its operations and overall financial condition.

The information set out below is therefore not intended as advice and does not purport to describe all of the considerations that may be relevant to prospective investors.

Investors contemplating making an investment in the Notes should determine their own investment objectives and use their own experience and any other factors which may be relevant to them in connection with such investment decision.

Risks Relating to the Company

Letshego is exposed to market and commercial risks in its ordinary course of business. Whilst the Issuer believes that it has implemented appropriate risk management policies, processes and systems to control and mitigate these risks, it should be noted that that any failure to control these risks adequately could have an adverse effect on the financial position and business of the Company.

Liquidity and funding risk

Letshego is exposed to liquidity risk arising from the need to finance its on-going operations and growth. Failure to extend the debt maturity profile by refinancing maturing loans could put

pressure on the balance sheet and constrain asset growth. This risk is managed at a Group level by negotiating roll over of maturing debt in advance to ensure there is adequate funding for operations in the event of a redemption.

Despite high reliance on wholesale funding, significant progress has been made in diversification of the Group's funding base away from the bank loan market through the issuance of local currency corporate bonds in Botswana, Ghana, Mozambique and South Africa. The Group has also been successful in attracting new funding from specialist international investors based in the UK and Europe with a focus on micro and inclusive finance ventures.

As part of the Group's inclusive finance strategy Letshego has six deposit taking licenses across its operations which will further contribute to diversification of the Group's funding base.

Transformation risk

The company embarked on a focused transformation process in 2014, with a key focus on sustainable inclusive financial services and diversification from the unsecured lending model to civil servants, combined with pan African expansion. This new focus has so far resulted in expanding to eleven sub-Saharan countries with representation in East, West and Southern Africa. Six countries now operate with deposit taking licences. This change requires a high level of engagement with Governments, regulators, internal capacity building and continuous investment in new technologies and ecosystems. Future expansion into new markets could further increase business complexity.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure such as individual obligor default risk, country and sector risk.

The provision of unsecured loans to individuals in formal employment is the main aspect of the Group's business. As such, exposure to credit risk and the management of this risk is a key consideration for the Board of Directors (the "**Board**").

The model that the Group uses to mitigate this risk includes arrangements with the respective employers of customers to allow the employer to make direct monthly deductions from the employee's salary. This salary deduction code model is used throughout the Group and is pivotal to mitigating default risk, which has resulted in average collection ratios across the Group of 98%.

The Board has delegated responsibility for the oversight of credit risk to its respective CEOs and the credit departments of each subsidiary. However, this must be viewed in light of the overall framework of the exclusive use of 'salary deduction codes' as the loan repayment collection mechanism.

It is the responsibility of each CEO to ensure that the Group's policies regarding credit risk, affordability levels, minimum take home pay and adherence to Group limits and local legislation regarding take home pay are complied with at all times. The Group standard for Portfolio at Risk ("**PAR**") 30 is below 10% and PAR 90 is below 5%.

Each subsidiary ensures these procedures are followed as part of the loan application and disbursement process. Thereafter, the performance of the loan book is monitored by the in-country credit department which is assisted by head office via the finance department. Each credit department, reporting to the local CEO and supported by the finance department, is responsible for management of the Group's credit risk.

In addition, the Group policy for recognising potential impairment losses through to ultimate de-recognition of customer balances is stringent, with impairment allowances being raised as early as within one month of default, and write-off occurring within three months of default.

Loan application process

Customers are employees of participating employers. Where an employer is not a participating employer, Letshego first engages with the employer and obtains a deduction authorisation to enable deductions of the loan repayments from the employee's monthly salary. No loans are originated or advanced without first securing a deduction at source agreement with employers

and employees.

All loans and services provided are repayable in equal monthly instalments that are collected through a salary deduction authorisation (salary deduction code) granted by the employer. The participating employer does not guarantee loans advanced to employees and is only obligated to deduct the monthly instalments payable from the employee's salary prior to the salary being paid into the employee's bank account. The deductions are subsequently paid directly to the Letshego subsidiary in country or via a Central Registry, where in place, on a monthly basis, by the participating employer. Loan proceeds are electronically transferred to the employee's bank account to eliminate the risk of carrying cash.

Loans are only granted to employees who are able to present their original salary advice for the two months immediately preceding the date of the loan application (this differs by country) and have an active bank account. This is a prerequisite as loans are not disbursed in cash. The main criterion considered by the Group is the loan applicant's ability to meet his/her financial commitments and to remain with sufficient funds to meet ordinary course personal obligations. The Group applies this criterion for all customers and this is complementary to any regulatory requirement.

Letshego offers life insurance products to all its clients in Botswana, which cover the repayment of the outstanding capital balances on the loan to Letshego in the event of death or permanent disability of the customer. More comprehensive insurance cover is in place in Mozambique, Namibia and eSwatini which covers all events of default so long as sufficient insurance premiums have been collected to meet the claims. In the countries where no such cover is in place, then this risk is addressed through pricing and provisioning policies but there are plans to extend the comprehensive credit insurance to these territories over time.

Monitoring of monthly collections

In the event that a customer does not have sufficient funds from their net salary to meet their monthly loan instalment, the reasons for this are immediately established. If the customer is no longer employed then the loan is written off and recovery efforts are commenced or an insurance claim is lodged.

If the customer has changed employment to an employer with which the Group does not have a salary deduction code, then the use of pre-authorized direct debt mandates are utilised to recover loan repayments from the bank account of the customer. If the customer is on a reduced salary, for example when taking study or maternity leave, then loan repayments are rescheduled such that full payments recommence once the customer returns to a full salary.

Early settlement risk

Early settlement or pre-payment risk is prevalent across the Group. This impacts future revenue growth, increasing operating costs as well as balance sheet growth. Early settlements are drive pricing competitiveness (and therefore affordability). The Group continues to review pricing strategies to ensure optimal returns.

Interest Rate Risk

The Company is exposed to Interest Rate risk associated with time to pricing and time to maturity. Generally, interest on advances to customers is fixed, whereas a portion of interest on borrowings is floating rate. Interest rate risk arising from the Group's assets and liabilities has remained within the Group's risk appetite. However, higher inflation rates could increase the cost of floating debt thus raising the overall cost of funding.

Foreign Exchange Risk

Letshego's currency risk exposure (as a result of Group's net investments in regional operations) is recognised in the statement of comprehensive income. The Group does not have any significant exposure to US Dollar, Sterling or Euro denominated liabilities. Assets and liabilities in each local currency are matched to a large extent. The Group has borrowings in Rand, but these are to an extent matched with assets in Lesotho, eSwatini and Namibia, which are part of the Common Monetary Area with South Africa.

Competitive landscape and market conditions

Increased competition in the consumer finance space could lead to a decline in profitability. Profit

margins generated in the consumer finance industry may be an attractive incentive for new entrants and existing players into the market. Competition from local and regional banks, in particular, has increased in all of the Issuer's principal markets causing Net Interest Margins ("NIM's") to come down. Positively, large margins allow some room for fluctuation in interest rates.

Letshego continues to offer simple, appropriate and, affordable solutions and quick turnaround time for loan approvals and disbursement. As growth in the Group's core civil-servant lending portfolio slows down in a competitive pricing environment, diversification into non-government lending is key. Letshego has been diversifying its business model geographically and across solutions. Successful execution of the company's inclusive finance strategy will make profitability more resilient to a downturn in any one market.

Sovereign Risk

Over 95% of the customers of the Group are employees of the respective governments in the countries that the Group operates in. Therefore, any significant downsizing of these civil servants bases would have a significant impact on the business. Equally, a slowdown in economic activity could hamper credit growth.

The countries that the Group operates in vary in their economic development and drivers of economic activity. However, the majority of the Group's assets and profits come from Botswana, Namibia, Mozambique and Tanzania.

| Jurisdiction | Country Contribution to Group Formal Loan Book (Deduction at Source) as at 31 December 2018 |
|---------------------|--|
| Botswana | 27% |
| Ghana | 11% |
| Kenya | 8% |
| Lesotho | 4% |
| Mozambique | 14% |
| Namibia | 19% |
| Nigeria | 1% |
| Rwanda | 1% |
| eSwatini | 5% |
| Tanzania | 6% |
| Uganda | 4% |
| TOTAL | 100% |

Reliance on Deduction at Source ("DAS")

Deduction at Source is the core of Letshego's business. The Group uses the 'payroll deduction' model to obtain loan repayments from customers. This facility is in place in 10 out of 11 countries where the Group operates. Historically, this has led to relatively low credit costs, reduced collection costs and, improved cash collection statistics. However, in the event that a direct payroll deduction is not feasible, the Group would have to rely on alternative methods of ensuring loan repayments. This would most likely lead to a significant increase in impairment provisions and expenses.

The Group promotes best practice in the consumer lending industry and promotes more legislation and regulation in the industry, for example the establishment of Central Registers.

Information technology risk

Letshego is transforming its business model to include partnerships with mobile network operators ("MNO's") and FINTECH/ data analytics companies to diversify its portfolio and solution mix to grow its customer base. There is a constant and significant level of demand on information technology ("IT") resources to deliver technology solutions to support business

growth as well as regular system upgrades, replacements and conversions. Uninterrupted and efficient availability of IT services has become indispensable and forms an integral part of the daily operations and strategy execution of the Group.

People

The Group's success is dependent to an extent on key members of management, the loss of which could have an adverse impact on the business.

The leadership team has a good mix of experience in consumer lending and broader financial services sector.

The Group continues to deepen the management team and review its succession planning processes.

7. BOARD OF DIRECTORS

As at the Programme Date, the directors of the Issuer are:

| Name of Director | Age | Directorship | Brief Resume |
|----------------------|-----|------------------------------------|--|
| Mr. Enos Banda | 53 | Board Chairman | Appointed in 2016. A lawyer by training and ex-investment banker. Enos has practised law in both South Africa and the USA. He has served in national regulatory and government agencies, including the South African ("SA") National Electricity Regulator, the Municipal Infrastructure Investment Unit of the SA Government. |
| Mr. Stephen Price | 66 | Independent Non-Executive Director | Stephen is a fellow member of the Institute of Chartered Accountants of England and Wales. He is a former partner at Ernst & Young (UK) where he served for 18 years and co-founder of AXYS Corporate Advisory, an advisory firm that supports investment into emerging market financial services companies globally. |
| Dr. Gloria Somolekae | 60 | Independent Non-Executive Director | Gloria is a career academic with strong focus on, and expertise in, philanthropy and public policy, development management, public sector governance, capacity building and sustainable development. In 2011, she was appointed as Specially Elected Member of the Botswana Parliament in which she held various cabinet positions. |
| Ms. Runa Alam | 59 | Non-Executive Director | Runa is co-Founding Partner and Chief Executive Officer of Development Partners International ("DPI"), a Pan African private equity firm. She has more than 30 years of investment banking, emerging market management, mergers and acquisitions, corporate and tax-exempt finance and private equity experience. |
| Mr. Hannington | 59 | Independent | Hannington is the Managing Director of |

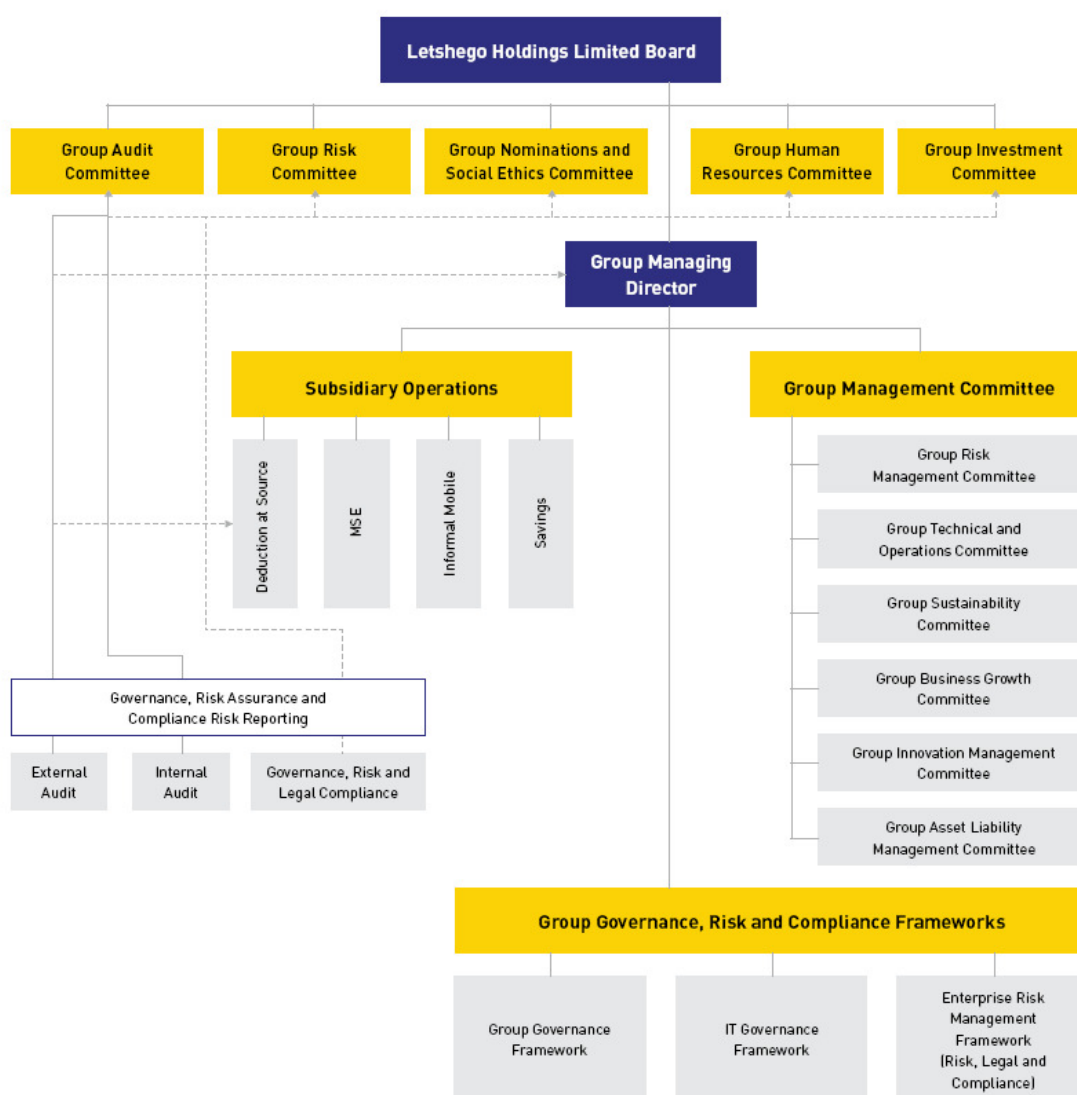
| Name of Director | Age | Directorship | Brief Resume |
|-------------------------------|-----|--------------------------|--|
| Karuhanga | | Non-Executive Director | <p>Savannah Commodities and currently sits on various boards including Airtel Uganda, Line Assurance and Uganda Coffee Development Authority.</p> <p>He has over 25 years commodity trading experience of which more than 15 years have been at executive level as Group Managing Director of Sucafina S.A. Group of Companies.</p> |
| Mr. Gerrit Lodewyk Van Heerde | 51 | Non - Executive Director | <p>Gerrit is a Group Executive of Sanlam Emerging Markets (“SEM”) on various Boards including Botswana Insurance Holdings Limited.</p> <p>He was appointed to the Board of Letshego in 2014.</p> |
| Ms. Catherine Lesetedi | 51 | Non - Executive Director | <p>Catherine is the Group Chief Executive Officer of Botswana Insurance Holdings Limited (“BIHL”) and represents BIHL on a number of boards including Funeral Services Group Limited, Bifm Unit Trusts, Botswana Insurance Company Limited, Nico Life, Nico Pensions Company and Nico Holdings.</p> |
| Mr. Dumisani Ndebele | 52 | Executive Director | <p>Dumisani was appointed to the Letshego Holdings Board on 15 March 2019. He serves on the Board in his capacity as the Group’s Interim CEO.</p> <p>He joined the Group in 1999, during its formative phase, as Finance and Administrative Executive. Since then he has held a number of senior roles including Group Head of Governance and Compliance. Dumisani retired in 2016 and returned to the Group in January 2019 as Group Company Secretary.</p> <p>He is a Fellow Chartered Accountant of the Botswana Institute of Chartered Accountants, and a Fellow Chartered Management Accountant (UK). Dumisani holds a Bachelor of Accountancy Honours Degree from the University of Zimbabwe and MBA from the University of Derby (UK),</p> <p>Dumisani is a member of the Information Systems Audit and Control Association, as well as the Institute of Directors in Southern Africa. Prior to Joining the Letshego Group in 1999, Dumisani was Finance Manager at DeBeers, supporting the diamond trading and prospecting division in Botswana.</p> |

Business address: 1st Floor, Letshego Place, 22 Khama Crescent, Gaborone, Botswana

8. CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK

The overall governance structure of the Group as at the Programme Date is set out below. This continues to be developed over time in line with evolving best practice.

The main legislation that LHL and each operating subsidiary needs to comply with is the Companies Act of each territory in which it operates as well as the Banking Act where the subsidiary is regulated by the Central Bank in the country. Other regulatory bodies include the Non-Bank Financial Institutions Regulatory Authority of Botswana, Bank of Namibia, the Namibia Financial Institutions Supervisory Authority, the Botswana Stock Exchange and Johannesburg Stock Exchange.



Letshego's Board is committed to upholding strong corporate governance that facilitates accountability and responsibility for effective performance and ethical behaviour across the Group. Governance is actively monitored to identify opportunities for improvement of operational and corporate practices. Letshego is not a South African entity and is thus not required to comply with the King IV principles of corporate governance, however, Letshego strives to maintain high standards of business ethics and integrity throughout the Group and has adopted the King IV guidelines as its corporate governance framework.

The Board Structure

Letshego Holdings Limited main Board membership comprised of eleven directors as at 31 December 2018. The Board composition was six independent non-executive directors ("INEDs"), three non-executive directors ("NEDs") and two executive directors ("EXD"). There

were a number of changes to the Board in 2019 as follows:

- R Alam was appointed to the Board on 19th January 2018;
- R Thornton resigned from the Board on 2nd August 2018;
- C Low resigned as the Group Managing Director on 2nd August 2018;
- S Crouse was appointed as the Group Chief Executive Officer on 24th September 2018 and resigned on 27th March 2019;
- C Patterson resigned as Group Chief Financial Officer on 2nd March 2019;
- J De Kock resigned from the Board on 5th March 2019 to take up the role of Acting Group Chief Financial Officer;
- D Ndebele was appointed as the interim Group Chief Executive Officer on 27th March 2019 following S Crouse's resignation; and
- C van Schalkwyk resigned from the Board with effect from on 2 May 2019.

The Board elects a Chairman of the Board who is an independent non-executive director. Mr. Eons Banda joined the Board in 2016 and has been Chairman for two years. It also appoints a Managing Director ("MD") and ensures that the role and function of the MD is formalised. The Board has embarked on a process of self-assessment. A Board evaluation was performed in 2018. The Board Committees also conducted self-assessment in 2018 and during the first quarter on 2019. The 2018 evaluation exercise was conducted by the Institute of Directors in Southern Africa, an independent governance facilitator. Going forward, and in line with King IV requirements, the evaluation of the Board, its Committees and the individual Directors will be performed every year.

The Board meets at least quarterly. In addition, there is an annual strategy review meeting and a separate Board and Group Audit Committee meetings to review and approve 1) the interim results and dividend declaration, and 2) final year-end audited financial statements as well as the Integrated Annual Report. As a result, six board meetings were held during the financial year ended 31 December 2018. Directors are fully briefed by the Company Secretary and provided with all necessary information sufficiently ahead of the scheduled board meetings to enable effective discharge of their responsibilities. The Board compiles an annual work plan to ensure all relevant matters for board consideration are prioritized and addressed. Members of senior leadership and professional advisers are invited to attend meetings, but they do not form part of the quorum of any meeting.

The NEDs are individuals who objectively contribute a wide range of industry skills, knowledge and experience to the Board and are not involved in the daily operations of the Group. All NEDs have unrestricted access to management and leadership at any time. When required, NEDs are entitled to access the external auditors and, at Letshego's expense, are able to seek independent professional or expert advice on any matters pertaining to the Group. The Group Audit Committee ("GAC"), has constant interaction and consultation with the Group Internal Audit function, which reports directly to the Chairman of GAC.

Role of the Board

The Board provides effective leadership based on an ethical foundation and ensures that the Company is, and is seen to be, a responsible corporate citizen. An Enterprise Risk management framework is used to align strategy and risk appetite.

In addition the Board:

- Ensures the Company has an effective independent GAC;
- Established a separate Group Risk Committee;
- Oversees the governance of risk by ensuring that appropriate enterprise risk management frameworks are in place and functioning effectively;
- Manages the governance of IT systems;
- Ensures compliance with applicable laws and adherence to non-binding rules, codes and standards; and

- Ensures an effective risk-based internal audit function and plan is in place.

Company Secretary

The Company Secretary plays a critical role in the corporate governance of the Group. He acts as an adviser to the Board, guiding individual directors and committees in areas such as corporate governance, updates on legal and statutory amendments and the effective execution of directors' responsibilities and fiduciary duties. The Company Secretary ensures that board and sub-committee charters are kept up to date and that board papers are circulated in good time. Also, he assists in eliciting responses, input and feedback for the Board meetings.

The Group Head of Governance, Risk Legal and Compliance works closely with the Company Secretary and provides Corporate Governance Support for Board sub-committees, including ensuring that the correct procedures are followed for the appointment of Directors.

Whenever deemed necessary, the Company Secretary reviews the rules and procedures applicable to the conduct of the affairs of the Board. If necessary, the services and guidance of experts are procured to ensure that the directors have adequate insight to discharge their responsibilities effectively. Furthermore, the Company Secretary assists in the process of self-evaluation of the Board and its sub-committees.

Following the appointment of Dumisani Ndebele as interim Group CEO, Matshidiso Kimwaga was appointed Group Company Secretary on 29 March 2019, replacing Lawrence Khupe who held the position from 1 January 2018.

Board processes

Appointments to the Board

New board appointments are proposed by the Group Nominations and Social Ethics Committee ("**GNSE**"), taking into account the appropriate balance of skills, experience and diversity required to lead, control and best represent the Group. To this end, the GNSE Committee submits a formal proposal to the Board for its consideration. Background and reference checks are performed before the nomination and appointment of directors. The appointment of non-executive directors is formalised through a letter of appointment and the Board makes full disclosure regarding individual directors to enable shareholders to make their own assessment of directors.

Ongoing training and development of directors is provided as necessary.

Succession planning

Letshego promotes succession planning for all key positions. Succession plans are reviewed by the Group Human Resources Committee ("**GHRC**") for key Group personnel throughout the year and report-backs are given to the Board at subsequent meetings. Board succession is the responsibility of the GNSE Committee. Further, the Group has a comprehensive programme of identifying and developing a pipeline of talent for future leadership positions across its footprint.

Board sub-committees

In assisting the Board to discharge its collective duties, certain board responsibilities have been delegated to the Group Audit and Risk Committee, Group Remuneration Committee, Investment Committee and Executive Committee. In so doing, the Board is cognisant of its ultimate responsibility for leading and directing the affairs of the Group. The Board and sub-committees have each established an annual work plan to ensure that relevant matters are addressed as appropriate.

Each sub-committee is governed by formal terms of reference which are reviewed annually for adequate alignment to prevailing legislation, regulations and best corporate governance trends.

All the above noted committees comprise a majority of non-executive directors most of whom are independent. Committees are free to take independent, external professional advice at cost to the company subject to an approval process being followed.

Board's sub-committee composition as at the Programme Date:

| | BOARD SUB-COMMITTEE | PURPOSE | COMPOSITION | QUORUM | FREQUENCY OF MEETING |
|---|-----------------------------|--|---|---|----------------------------------|
| 1 | Group Audit Committee (GAC) | <ul style="list-style-type: none"> Safeguards assets and ensures the operation of adequate systems, control processes and the preparation of accurate financial statements and reporting in compliance with all applicable legal requirements and accounting standards. Ensures corporate accountability and the management of associated risks, combined assurance and integrated reporting. Reviews group financial and integrated reports and recommends to Board for approval. Recommends to the Board for the appointment of external auditors and oversight of the external audit process and the results thereof. Approves annual internal and external audit plans. Monitors the ethical conduct of the group. Annually assesses the adequacy and skills of the internal audit, group financial management and reporting functions. | <p>Independent Non-Executive Directors S Price (<i>Chairman</i>) J de Kock (resigned 6 March 2019) H Karuhanga C van Schalkwyk (2 May 2019) G Somolekae</p> <p>Independent attendees Engagement partner from PricewaterhouseCoopers</p> <p>Management attendees Group Chief Executive Group Chief Financial Officer</p> <p>Permanent invitee Group Head of Internal Audit Group Head of Governance, Risk Legal and Compliance</p> | Minimum of three members and majority required for a quorum | Meets at least four times a year |
| 2 | Group Risk Committee (GRC) | <ul style="list-style-type: none"> Formulates the risk profile and risk appetite across the Group, for approval by the Board. Establishes a risk management framework and review the process developed by management to identify principal risks, evaluate their potential impact, and implement appropriate systems. Monitors different risks against an agreed risk appetite statement inclusive of operational risks, strategic risks, compliance risks and financial risks. Approves principles, policies, strategies and processes for the management of risk including the establishment of other risk committees and the delegation of matters to those committees. Approves the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work. | <p>Independent Non-Executive Directors C van Schalkwyk (<i>Chairman</i>) (resigned 2 May 2019) J de Kock (resigned on 5 March 2019) S Price H Karuhanga (6 March 2019)</p> <p>Non-Executive Directors R Alam G van Heerde</p> <p>Management attendees Group Executive Officer Group Chief Financial Officer</p> <p>Permanent invitee Group Head of Internal Audit Group Head of Governance, Risk Legal and Compliance Group Chief Information Officer Group Head of Credit Group Head of Human</p> | Minimum of three members and majority required for a quorum | Meets at least four times a year |

| | | | | | |
|----------|--|--|---|---|-----------------------------|
| | | <ul style="list-style-type: none"> Reviews and assess the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed. Monitors and reviews external developments relating to the practice of corporate accountability and the reporting of specifically associated risks, including emerging and prospective impacts. | <i>Resource</i> | | |
| | BOARD SUB-COMMITTEE | PURPOSE | COMPOSITION | QUORUM | FREQUENCY OF MEETING |
| 3 | Group Remuneration Committee (GHRC) | <ul style="list-style-type: none"> Reviews the remuneration policies of the Group. Ensures that policies for selecting, planning for succession and professional development of executive directors and senior management is appropriate. Ensures that directors and staff are fairly rewarded. Ensures that market-related reward strategies are adhered to. Establishes performance targets for the group's incentive scheme. Responsible for mitigating human resource related risk. | Independent Non-Executive Directors G Somolekae <i>(Chairperson from 22 May 2018)</i> R Thornton <i>(resigned on 2 August 2018)</i> H Karuhanga C van Schalkwyk <i>(resigned 2 May 2019)</i> Non-Executive Directors R Alam C Lesetedi Management attendees Group Chief Executive Officer Group Chief Financial Officer Group Head of HR | Minimum of three members and majority required for a quorum | Meets at least twice a year |
| 4 | Group Investment Committee (GIC) | <ul style="list-style-type: none"> Reviews and recommends to the Board regarding all new strategic investments and major funding initiatives the Group may enter into including the mechanism for investment (e.g. startup operations, mergers, acquisitions, joint ventures etc.), selecting between priority and non-priority investments. Ensures divestment from existing investments if the investment objectives are not achieved. Decides on appropriate funding mechanisms in the context of the overall funding strategy of the group. Participates in the negotiations with potential investors/funders, acquisition/merger candidates, etc.) when appropriate. Formulates and recommends to the Board the overall investment policies and guidelines of the Group. | Independent Non-Executive Directors J de Kock <i>(Chairman resigned on 5 March 2019)</i> R Thornton <i>(resigned on 2 August 2018)</i> H Karuhanga <i>(Chairman from 6 March 2019)</i> S Price <i>(appointed on 6 March 2019)</i> C van Schalkwyk <i>(appointed 6 March 2019, resigned 2 May 2019)</i> Non-Executive Directors R Alam G van Heerde Management attendees Group Chief Executive Officer Group Chief Financial Officer | Minimum of three members and majority required for a quorum | Meets as and when necessary |

| | | | | | |
|---|---|---|--|---|----------------------------|
| 5 | Group Governance, Nominations and Social Ethics Committee (GNSEC) | <ul style="list-style-type: none"> • Recommends to the Board on all new Board appointments and Directors who are retiring by rotation, for reelection. • Responsible for the principles of governance, social ethics and codes of best practice. • Oversight of and reporting on organizational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. • Responsible for the review of frameworks, policies and guidelines for safety, health, social investment, community development, environmental management and climate change. • Monitoring activities with regards to customer relationships. Including advertising, public relations and compliance with consumer protection laws. • Assisting the Board in building and sustaining an ethical corporate culture in the Group and that the Group's ethical standards are clearly articulated and integrated into Group's strategies and operations. • Responsible for incoming Director's induction. • Responsible for facilitating performance evaluation of the Board and its Committees. • Responsible for Directors development on matters relevant to the business of the Group regarding risks, applicable laws, accounting standards and policies and the environment in which the Group operates. • Conducts Directors' annual independence assessments . | <p>Independent Non-Executive Directors E Banda (<i>Chairman</i>) J De Kock (<i>resigned 5 March 2019</i>) S Price (<i>appointed 6 March 2019</i>) G Somolekae</p> <p>Non-Executive Directors C Lesetedi R Alam</p> <p>Management attendee <i>Group Chief Executive Officer</i> <i>Group Chief Financial Officer</i></p> | Minimum of three members and majority required for a quorum | Meets at least once a year |
|---|---|---|--|---|----------------------------|

Executive and management remuneration comprises the following elements:

- **Base salary:** This is payable in cash, reviewed annually and in circumstances where the executive or manager is promoted.
- **Annual incentive:** This discretionary portion of remuneration increases as a proportion of maximum potential earnings as the employee reaches higher levels of seniority. Payable in cash, the annual incentive is determined according to the achievement of predetermined performance targets by the employee and by Letshego, which are laid out in each individual's pre-agreed key performance indicators.
- **Long-term incentive:** This is an additional discretionary reward measure that awards qualifying members of staff with shares in LHL over a 3 year vesting period. Vesting conditions are aligned to the Group's strategic objectives.
- **Benefits:** These vary from country to country depending on customs and regulations. Benefits include retirement funding, medical insurance and life and disability insurance.

Non-executive directors

After conducting research into trends in non-executive director remuneration, non-executive directors' fees are proposed by the GHRC. Non-executive directors' fees are fixed for two years. Generally, directors of the Group's Board and subsidiaries are remunerated on a structure consisting of an annual retainer, which is supplemented by sitting fees for each meeting attended.

Non-executive directors do not receive any fees which are related to the performance of the Group and do not participate in any share-based payments or incentives. The revised fee structure was approved by shareholders at the annual general meeting held on 24 June 2019.

Executive directors

Executive directors' incentive bonuses are evaluated and recommended by the GHRC for the approval of the Board.

Governance and compliance

IT governance

The Group continues to enhance its information technology ("IT") governance framework as the Group's operations and sustainability are critically dependent on IT. Specifically, IT supports the Group's innovation and technological competitive advantage, the management of IT related risks and increased requirements for control of information security.

The framework addresses the following, in line with best practice:

- The IT activities and functions of the organisation are aligned, to enable and support the priorities of the Group.
- IT delivers the envisioned benefits against strategy, costs are optimised, relevant best practices incorporated and value created for the Group by its IT investment.
- The optimal investment is made in IT and critical IT resources are responsibly, effectively and efficiently managed and utilised.
- Compliance requirements are understood and there is an awareness of risk, allowing the organisations risk appetite to be managed.
- Performance is optimally tracked and measured and the envisioned benefits are realised, including implementation of strategic initiatives, resource utilisation and the delivery of IT services.
- Synergies between IT initiatives are enabled and where applicable, IT choices are made in the best interest of the Group as a whole.

Legal compliance

The Board is ultimately responsible for overseeing the Group's compliance with specific legislation, rules, codes and standards in terms of King IV. The Board has delegated responsibility to management for the implementation of an effective governance, risk, legal and compliance framework and processes, as envisaged by King IV. Compliance and risk management fall under the same portfolio at Letshego. The Director of Risk and Compliance provides the Board with assurance that the Group is compliant with applicable laws and regulations. The compliance function is structured such that its function, role and position in terms of reporting lines is a reflection of the Company's decision on how compliance is to be integrated with its ethics and risk management.

Corporate Governance

The King Report on Corporate Governance for South Africa and the King Report and Code of Governance Principles (the **King IV Code**) applies to entities incorporated and resident in South Africa. The Issuer is not incorporated nor is it resident in South Africa. Accordingly, the King IV Code is not applicable to the Issuer. However, the Group is moving towards complying with the principles of the King IV Code. The Board is satisfied with the progress made by the Group in applying the recommendations of King IV and the other codes used in the countries in which the Group operates. Sixteen of the governance principles in King IV apply to our

business and the following is a summary of our evaluation of where we have complied, or if not, our efforts to ensure full compliance:

| King IV Reference | King IV Principle(s) | 2018 | Commentary |
|-------------------|--|----------------|--|
| Principle 1 | The Governing Body should lead ethically and effectively. | Partly Applied | The Board and its Committees, in accordance with the Board and Committee Charters, is the focal point and custodian of corporate governance. Board members are required to comply with the Board Charter which embodies the ethical characteristics listed in King IV, the Botswana Stock Exchange (BSE) Equity Listings Requirements and Johannesburg Stock Exchange (JSE) Debt Listings Requirements. The Board and Committee Charter set the tone and outlines the responsibility for the Board to ensure that Letshego Group is ethically and effectively managed. Whilst the Board's performance with respect to these requirements should be evaluated every other year, the formalization of this process has been identified as an area requiring improvement. |
| Principle 2 | The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. | Partly Applied | The Board has delegated GNSEC the responsibility for the monitoring and reporting of social, ethical and, sustainability practices that are consistent with good corporate citizenship. The rollout of the Group social, ethical and, sustainability practices that are embedded in the Corporate Governance Framework for Subsidiary Boards is at various stages of implementation across its subsidiaries. |
| Principle 3 | The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen. | Applied | The Board has tasked GNSEC with the responsibility to oversee the discharge of its corporate governance agenda. The responsibility of the committee is to monitor the adherence to legislation and accreditation. The Group's Strategic and Social Investment (SSI) policy continues to remain focused towards sustainable development and improvement of lives of the communities within which the Group operates. |
| Principle 4 | The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and, sustainable development are all inseparable elements of the value creation process. | Applied | The Board approves and monitors the implementation of the strategy and the business plans for each of the territories that the Group operates in. The Board assisted by GRC reviews key risks and opportunities impacting on the achievement of its strategic objectives across its operations. The Board holds and annual strategy session, in which it deliberates on the Group's strategy, assesses the risks and opportunities, considers progress made on implementation of the strategy and ensures that this is in line with the Group mandate and long term success and sustainability of the Group's business. To this end the Group has identified, within its risk appetite, its critical risks associated with its business model including mitigating factors. |
| Principle 5 | The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and, its short, medium and long term prospects. | Applied | The Board is assisted by the GRC and GAC in reviewing and approving the Integrated Annual Report. The report is prepared in line with the Companies Act, the BSE Equity Listings Requirements and. The JSE Debt Listings Requirements King IV and International Financial Reporting Standards (IFRS). The Board ensures the integrity of the Group's integrated report on an annual basis. The Group's Integrated Annual Report, details both its historical performance and future outlook to the extent required and permitted by regulations. This, together with other communications that is made available by the Group, enables stakeholders to make informed assessments of Letshego's prospects. |
| Principle 6 | The governing body should serve as the focal point and custodian of the corporate governance in the organisation. | Partly Applied | The role, responsibilities and procedural conduct of the Board are documented in the Board Charter. The Board Charter is reviewed every other year. For subsidiaries the role, responsibilities and procedural conduct of Boards is contained in the Corporate Governance Framework for Subsidiary Boards which is at various stages of implementation. |

| | | | |
|---------------------|---|----------------|---|
| Principle 7 | The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. | Partly Applied | The Board, assisted by GNSEC considers, on an ongoing basis the balance of skills, experience, diversity, independence and knowledge needed to discharge the Board's role and responsibility. The Board Charter lays out the Directors appointment process. In considering whether the potential candidates are competent and can contribute to the business, judgment calls to be made by the Board, the criteria to be considered is clearly spelt out in the Board Charter. All Non-Executive Directors appointments are voted on by Shareholders at Annual General Meetings by either ratification of appointments made by the Board or by voting on the re-election of Directors who retire by rotation. As regards its subsidiaries across Africa, the Board composition was at various stages of completion. |
| Principle 8 | The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties. | Partly Applied | The Board has five (5) Committees that assist it in discharging its duties and responsibilities being: GAC, GRC, GNSEC, GIC and GREMCO. The Committees operate in accordance with the terms of reference which are reviewed and approved by the Board every other year. Up to August 2018, all of the Committees comprised of a majority of INED. Post the resignation of Robert Thornton on 2 August 2018, GIC and GNSEC did not have a majority of INEDs. Restoration of Committee composition for compliance with King IV was attained on 6 March 2019. The composition of various Subsidiary Boards and Committees in line with local regulations and with King IV was at various stages of completion as at 31 December 2018. |
| Principle 9 | The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness. | Partly Applied | A formal appraisal of the Board was performed in 2018 by the IoDSA. In-house self-assessment assessment for Board Committees were conducted during the period under review save for that of GREMCO. The results were presented to the Board during its first quarter 2019 meeting with all the areas identified as requiring improvement being set out as actionable tasks. Formalisation of Subsidiary Board appraisal processes and self-assessment processes is underway. Both the Group and Subsidiary Boards are yet to formalise and carryout individual Board members' performance evaluation exercises. |
| Principle 10 | The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities. | Partly Applied | While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to the Group Chief Executive Officer to run the day to day affairs of the Company in line with the Delegation of Authority framework. The Delegation of Authority framework sets out authority thresholds and governs sub-delegation. The framework also prescribes authority levels for each of the territories that the Group operates in. Cascading the Delegation of Authority framework to the subsidiaries is underway. |
| Principle 11 | The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives. | Partly Applied | The Board supported by GAC is ultimately responsible for the governance of risk. The role of GRC as set out on Page 50 is to ensure that the Group has implemented an effective framework for risk management which enhances the Group's ability to achieve its strategic objectives. The GRC is responsible for the development and implementation of the Enterprise Risk Management Framework (ERMF) including the policies, systems, processes, and training to ensure effective risk governance. To further enhance the ERMF rollout a formal comprehensive Risk Appetite Framework (RAF) will be developed and implemented in 2019/2020. The RAF will have the objective to support the Group's underlying businesses, ensuring that our risk profile is known and assessed against established risk appetite targets and limits. In line with King IV, our Group Internal Audit Function reports directly to the Group Audit Committee. GAC approves a risk based internal audit plan at the beginning of each year and ensures that the Internal Audit function has adequate |

| | | | |
|---------------------|---|----------------|--|
| | | | resources, budget standing and authority to enable it to discharge its functions. The Group Head of Internal Audit has a functional reporting line to the Group Audit Committee, and administratively reports to the Group Chief Executive Officer. |
| Principle 12 | The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives. | Partly Applied | The Board is cognisant of the importance of technology and information as it is interrelated to the strategy, performance and sustainability of the Group. The Board Charter requires the Board to assume responsibility for IT governance. The Board has delegated oversight responsibility to GRC. At management level, the Group established a Group Technical and Operations Committee to ensure effective IT governance. The Group IT strategy is integrated with the Group's Business strategy and business processes. It is GRC that has the responsibility for the management of performance and sustainability objectives of the Group and ensures that IT is aligned to these objectives. The IT Governance Framework and the Enterprise Risk Management frameworks of the Group include the assessment and management of all significant IT risks. IT risk management includes disaster recovery planning, cyber security, system implementation of operational controls/policies, IT legal risks and compliance to laws, rules, codes and standards and are an integral part of the Group's risk management. The GRC and GAC Charters require the Committees to ensure that IT risks are adequately addressed, and that assurance is given to confirm that adequate controls are in place. GRC reviews IT risks and controls, adequacy of business continuity management including disaster recovery plans for IT, information security, privacy and authorized access. |
| Principle 13 | The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen. | Applied | The Board is assisted by GNSEC, GAC and GRC in order to oversee the governance of compliance. Compliance falls within the risk matrix and forms part of the business risk management process. Through GRC, the Board can address the legal and compliance requirements of the institution. The Legal and Compliance update is a standing agenda item of GRC; in which the Board is appraised on legal and compliance risk and deliberate over the applicable legislations and the Group's approach to the stated laws. Applicable laws are reported to the Board, via GRC by the Legal and Compliance function. Any new legislation or rules which impact the Group and its subsidiaries are notified to the Board, advising on the legal requirement applicability and how the same are being disseminated to the applicable areas of business which are impacted. |
| Principle 14 | The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in short, medium and long term. | Partly Applied | The Board, assisted by GREMCO ensures that staff members are remunerated fairly, responsibly, transparently and in line with industry standards to promote the creation of value in a sustainable manner. The implementation of a Group-wide Remuneration Policy and Framework has been identified as an area requiring improvement. All the remuneration related shortcomings are to be addressed during the year ending 31 December 2019 as part of improving this policy and framework. The Group participates in annual remuneration surveys for purposes of benchmarking and also provides performance-based short and long term remuneration incentives to attract, incentivise productivity and to retain good performers; and also as part of overall alignment of shareholders and company objectives. The remuneration of each individual Executive and Non-Executive Director' is included in this Integrated Annual Report under the Remuneration Report or Corporate Governance section. |
| Principle 15 | The governing body should ensure that assurance services and functions enable an effective control | Partly Applied | In line with GAC Charter, the Committee ensures that the combined assurance received from the external and internal auditors is appropriate to address all the significant risks |

| | | | |
|---------------------|---|----------------|--|
| | environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports. | | facing the Group. A Group wide combined assurance model is being formulated. GAC monitors and supervises the effectiveness of the Internal Audit function and ensures that the roles and functions of External Audit and Internal Audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the company's systems of internal control and reporting. The Group Audit Committee recommends to the Board which firm(s) should be appointed in the event of change of external auditor(s), their reappointment and/or removal. Further the Committee evaluates the performance of the external auditor(s) and the engagement partner is rotated at least every 5 years or such other frequency deemed to be appropriate, based on the external audit firm rules to enhance actual and perceived independence. |
| Principle 16 | In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. | Applied | The Company Secretary and the Group Head of Investor Relations act as a primary point of contact for institutional investors, other shareholders and all stakeholders. The Board encourages proactive engagement with shareholders, including engagement at the AGM. Directors are present at the AGM to respond to shareholder queries on how the Board has executed its governance duties. The designated partner of the audit firm also attends the AGM. |
| Principle 17 | The Board and its Directors should act in the best interests of the Group. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests. | Not Applicable | The principle is not applicable as the Group is not an Institutional Investor. |

External audit

External auditors are responsible for reporting on whether the financial statements are fairly presented and that ensuring that financial statements prepared in compliance with International Financial Reporting Standards. Also, their audit also includes an assessment of internal controls. The preparation of the annual financial statements and the adequacy of the system of internal controls remains the responsibility of the directors.

Reputation management

Internal and external matters that can impact Letshego's reputation are regularly monitored and reported on. Corporate communication is managed in a structured manner to ensure that accurate and valued information is disseminated consistently to all stakeholders. All customer complaints are tracked and appropriate corrective action is implemented as soon as practicable.

Letshego uses an internally developed customer satisfaction index to ensure that critical aspects of customer service delivery are maintained at a high level. The Group adopts best practice codes of conduct across its operations to ensure adherence to industry regulated codes of conduct in each country.

9. MATERIAL RECENT DEVELOPMENTS

Update of Group Management

Letshego continues to be led by Dumisani Ndebele, who is serving as the Group's Interim CEO. The Letshego Group Board has commenced the process for the identification and appointment of a permanent Group CEO, through an open and transparent process, supported by a leading global executive search firm. In line with Letshego's inclusive and comprehensive Group Recruitment Policy, both internal and external qualifying candidates are being considered for the Group CEO role. Other appointments to strengthen the management team are also in process by the Company.

Board Composition

With respect to the composition of the Letshego Group Board itself, members are concluding

imminent appointments that will see specialist skills added to Letshego's list of Independent Directors including FINTECH, financial services and risk management.

Strategy Update

The Group Board confirms that Letshego remains committed to progressing its financial inclusion strategy, with a key focus on: enhancing financial performance; strengthening the risk management framework; increasing cost efficiencies; improving asset quality and reducing the Group's effective tax rate.

Change of Auditors:

In line with the Issuer's adoption of accepted corporate principles with regard to the rotation of external auditors, Letshego has appointed Ernst & Young as external auditors of the Issuer with effect from 2019 financial year. Ernst & Young replaces PricewaterhouseCoopers, who has served as the external auditor of the Company for four (4) years.

DESCRIPTION OF LETSHEGO SENIOR NOTES TRUSTS

1. LETSHEGO SENIOR SECURED NOTES TRUST (SA NOTES)

The Letshego Senior Secured Notes Trust (SA Notes) (the **SA Secured Notes Trust**) was constituted in terms of the Trust Deed of the Letshego Senior Secured Notes Trust (SA Notes) (the **SA Secured Notes Trust Deed**), dated 14 November 2012, as amended, restated and supplemented from time to time, between TMF Corporate Services (South Africa) Proprietary Limited and the Issuer.

Trustees

Pursuant to the SA Secured Notes Trust Deed, the Initial Trustee of the SA Secured Notes Trust is TMF Corporate Services (South Africa) (Proprietary) Limited (registration number 2006/013631/07) (represented by Mr J Doidge, Mr B Harmse and Mr J Wandrag), a private company duly incorporated in accordance with the laws of South Africa.

Registered Address

The registered office of the Initial Trustee is situated at 3rd Floor, 200 on Main, Corner Main and Bowwood Roads, Claremont, 7708.

Activities

The activities of the Trustee under the SA Secured Notes Trust Deed are to act as trustee for the Noteholders of the SA Secured Notes on the terms and conditions contained in the SA Secured Notes Trust Deed read with the Terms and Conditions and the Security Sharing Agreement.

2. LETSHEGO SENIOR SECURED NOTES TRUST (BW SECURED NOTES)

The Letshego Senior Secured Notes Trust (BW Notes) (the **BW Secured Notes Trust**) was constituted in terms of the Trust Deed of the Letshego Senior Secured Notes Trust (BW Notes) (the **"BW Secured Notes Trust Deed"**), dated on or about 29 November 2012, as amended, restated and supplemented from time to time, between Mr John Yendall Stevens and the Issuer.

Trustees

Pursuant to the BW Secured Notes Trust Deed, the Initial Trustee of the BW Secured Notes Trust is Mr Robert Vinen, a national of Botswana.

Registered Address

The physical office address of the Initial Trustee is situated at Plot 64518, Fairgrounds Office Park, Gaborone, Botswana.

Activities

The activities of the Trustee under the BW Secured Notes Trust Deed are to act as trustee for the Noteholders of the BW Secured Notes on the terms and conditions contained in the BW Secured Notes Trust Deed read with the Terms and Conditions and the Security Sharing Agreement.

3. LETSHEGO SENIOR UNSECURED NOTES TRUST (BW UNSECURED NOTES)

The Letshego Senior Unsecured Notes Trust (BW Notes) (the **BW Unsecured Notes Trust**) was constituted in terms of the Trust Deed of the Letshego Senior Unsecured Notes Trust (BW Notes) (the **BW Unsecured Notes Trust Deed**), dated on or about 29 November 2012, as amended, restated or supplemented from time to time, between Mr John Yendall Stevens and the Issuer.

Trustees

Pursuant to the BW Unsecured Notes Trust Deed, the Initial Trustee of the BW Unsecured Notes Trust is Mr Robert Vinen, a national of Botswana.

Registered Address

The physical office address of the Initial Trustee is situated at Plot 64518, Fairgrounds Office Park Gaborone, Botswana.

Activities

The activities of the Trustee under the BW Unsecured Notes Trust Deed are to act as trustee for the Noteholders of the BW Unsecured Notes on the terms and conditions contained in the BW Unsecured Notes Trust Deed.

DESCRIPTION OF DEBT GUARANTOR

THE DEBT GUARANTOR

The Debt Guarantor was incorporated and registered in Botswana on 22 July 2012 under registration number CO2012/8278, under the Botswana Companies Act, Cap 42:01, as a company with limited liability. The issued share capital of the Debt Guarantor comprises 120 (one hundred and twenty) ordinary shares fully paid held by Fedrox Security Owner Trust represented by Bookbinder Business Law (**Trust Administrator**) as nominee of TMF Corporate Services (South Africa) Proprietary Limited (registration number 2006/013631/07). The Debt Guarantor has no subsidiaries.

Directors

The sole director of the Debt Guarantor is Robert Vinen.

Registered Address

The registered office of the Debt Guarantor is situated at 1st Floor, Deloitte House, Plot 64518, Fairgrounds Office Park, Bontleng, Gaborone, Botswana.

Business of Debt Guarantor

The Debt Guarantor is a special purpose vehicle incorporated solely for the purposes of this transaction. The activities of the Debt guarantor are to enter into, amend and perform the obligations and exercise the Debt Guarantor's rights in respect of *inter alia* the Debt Guarantees, the Counter Indemnity and the Transaction Security.

INVESTOR CONSIDERATIONS/RISK FACTORS

Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as those used in the Terms and Conditions, except to the extent that they are separately defined in this section or are clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Programme Date, or which it may not be able to anticipate at the Programme Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision.

References below to the “Terms and Conditions”, in relation to Notes, shall mean the “Terms and Conditions of the Notes” set out under the section of this Programme Memorandum headed “Terms and Conditions of the Notes”.

Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

There may not be an active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Government of South Africa or the Government of Botswana (as the case may be) or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all Outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective Interest Rate as high as that of the relevant Notes.

Because uncertificated Notes are held in or on behalf of the Relevant CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the JSE, the BSE or such other or additional Financial Exchange and/or held in the Relevant CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the Relevant CSD in uncertificated form. Notes held in the Relevant CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the Relevant CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes issued in uncertificated form, which are held in the Relevant CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the Relevant CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the SA CSD (in respect of SA Notes), the CSDB (in respect of BW Notes) or the Participants, as the case may be, and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the SA CSD (in respect of SA Notes), the CSDB (in respect of BW Notes) or the relevant Participants, as the case may be, for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the Relevant CSD to receive payments under the relevant Notes. Each investor shown in the records of the Relevant CSD and/or the relevant Participants, as the case may be, shall look solely to the SA CSD (in respect of SA Notes), the CSDB (in respect of BW Notes) or the relevant Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Relevant CSD to appoint appropriate proxies.

Recourse to the JSE Debt Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and

in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

Credit Rating

The Programme, the Issuer and/or Tranches of Notes issued under the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Risks related to the structure of the particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the Interest Rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective Interest Rate as high as the Interest Rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for

conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable Interest Rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the Interest Rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Principal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Modification and waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The SA Notes are governed by, and will be construed in accordance with, the laws of South Africa, in effect as at the Programme Date. The BW Notes are governed by, and will be construed in accordance with, the laws of Botswana, in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to the laws of South Africa and the laws of Botswana or administrative practice in either such jurisdiction after the Programme Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks Relating to the Issuer

Risks affecting the business of the Issuer are set out in the section of this Programme Memorandum, headed “Description of Letshego Holdings Limited” as well as the Issuer’s published integrated annual report.

SIGNED at Gaborone on this 9th day of October 2019.

For and on behalf of

LETSHEGO HOLDINGS LIMITED



Name: Dumisani Ndebele
Capacity: Director
Who warrants his/her authority hereto



Name: Catherine Lesetedi
Capacity: Director
Who warrants his/her authority hereto

GENERAL INFORMATION

ISSUER

Letshego Holdings Limited
(registration number: Co 98/442)
1st Floor, Letshego Place
22 Khama Crescent
Gaborone, Botswana
PO Box 381
Gaborone
Botswana
Contact: Mr C Patterson

ARRANGER

FirstRand Bank Limited
a division of Rand Merchant Bank Limited
(registration number: 2000/001225/06)
1 Merchant Place
Corner Rivonia Road and Fredman Drive
Sandton, 2196
South Africa
P O Box 786273
Sandton, 2146
South Africa
Contact: Head – Debt Capital Markets
+27 11 282 8000

DEALER

Rand Merchant Bank
a division of FirstRand Bank Limited
(registration number 2000/001225/06)
1 Merchant Place
Corner Rivonia Road and Fredman Drive
Sandton, 2196
South Africa
P O Box 786273
Sandton, 2146
South Africa
Contact: Head – Debt Capital Markets
+27 11 282 8000

SA SECURED NOTES TRUSTEE

TMF Corporate Services (South Africa)
Proprietary Limited
3rd Floor
200 on Main
Corner Main and Bowwood Roads
Claremont, 7708
South Africa
Contact: Managing Director
+27 21 657 6010

**BW UNSECURED NOTES AND SECURED
NOTES TRUSTEES**

Mr Robert Vinen
Plot 64518
Fairgrounds Office Park
Botswana
PO Box 211008
Bontleng
Gaborone
Botswana
Contact: Mr R Vinen

**TRANSFER AGENT
(SA NOTES)**

**Computershare Investor Services
Proprietary Limited**
(registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
PO Box 61051
Marshalltown, 2107
South Africa
Contact: Head of Securities Lending and
Issuer Services Operations
+27 11 370 5000

**PAYING AGENT
(SA NOTES)**

**First National Bank,
a division of FirstRand Bank Limited**
(registration number: 1929/001225/06)
1 Merchant Place
cnr Rivonia Road and Fredman Drive
Sandton, 2196
South Africa
PO Box 786273
Sandton, 2146
South Africa
Contact: Head – Debt Capital Markets
+27 11 282 8000

CALCULATION AGENT

Letshego Holdings Limited
(registration number: Co 98/442)
1st Floor, Letshego Place
22 Khama Crescent
Gaborone
Botswana
PO Box 381
Gaborone
Botswana
Contact: Mr C Patterson

JSE DEBT SPONSOR

**The Standard Bank of South Africa Limited
acting through its Corporate and
Investment Banking Division**
(registration number: 1962/000738/06)
30 Baker Street
Rosebank, 2196
South Africa
P O Box 4425
Johannesburg, 2000
South Africa
Contact: Head – Debt Capital Markets
+27 11 378 7032

**TRANSFER AGENT
(BW NOTES)**

PricewaterhouseCoopers
Plot 50371
Fairground Office Park
Gaborone
Botswana
PO Box 294
Gaborone
Botswana
Contact: Finance Manager – Letshego Holdings
Limited
+267 395 2011

**PAYING AGENT
(BW NOTES)**

Letshego Holdings Limited
(registration number: Co 98/442)
1st Floor, Letshego Place
22 Khama Crescent
Gaborone, Botswana
PO Box 381
Gaborone
Botswana
Contact: Mr C Patterson

**ISSUER AGENT
(SA NOTES)**

**Rand Merchant Bank
a division of FirstRand Bank Limited**
(registration number 2000/001225/06)
1 Merchant Place
Corner Rivonia Road and Fredman Drive
Sandton, 2196
South Africa
P O Box 786273
Sandton, 2146
South Africa
Contact: Head – Debt Capital Markets
+27 11 282 8000

BSE SPONSORING BROKER

**African Alliance Botswana Securities
Limited**
(registration number: Co 88/163)
Plot 50361 Fairground Office Park
Gaborone
Botswana
P O Box 2770
Gaborone
Botswana
Contact: Mr K Mohohlo
+267 364 3954

**LEGAL ADVISERS TO THE ISSUER,
ARRANGER AND DEALER AS TO
SOUTH AFRICAN LAW**

Bowman Gilfillan Incorporated
(registration number: 1998/021409/21)
165 West Street
Sandown
Sandton, 2196
South Africa
PO Box 785812
Sandton, 2146
South Africa
Contact: Mr C van Heerden
+27 11 669 9000

**LEGAL ADVISERS TO THE ISSUER,
ARRANGER AND DEALER AS TO
BOTSWANA LAW**

Armstrong Attorneys
2nd Floor
Acacia House, Plot 54358
Cnr Khama Crescent Ext &
PG Matante Road, New CBD
Botswana
PO Box 1368
Gaborone
Botswana
Contact: Mr S Ziga
+267 395 3481

AUDITORS TO THE ISSUER

Ernst & Young
Plot 22 Khama Crescent, 2nd Floor
Gaborone
Botswana
P O Box 41015
Gaborone
Botswana
Contact: Audit Partner – Letshego Holdings Limited
+267 3654000