



PRESS RELEASE

Certain newspapers and market reports in Botswana recently published articles setting out or implying:

- That certain Unions via their umbrella association Botswana Federation of Public Service Unions are going to or have terminated their agreement(s) with Letshego regarding Letshego providing financial assistance to their members,
- That the Unions will no longer promote Letshego to their members for unsecured loans but will rather now promote a different financier, and
- That the new financier comes against the backdrop of the Government of Botswana threat to stop deducting loan repayments from source, resulting in Letshego saying that it would no longer give loans to civil servants.

These three reported items are factually incorrect as:

- Letshego has no agreements in place with the Unions to provide financial assistance to their members hence there is no agreement to terminate,
- As a responsible lender Letshego temporarily stopped lending from 1 September 2011 after the Central Registers were notified by the Office of the Accountant General of the termination of their agreements and stoppage by the Botswana Government of the facilitation to deduct consumer loans repayments from source with effect from 1 December 2011. Normal lending operations for Letshego resumed on 4th November 2011, and
- The Unions, since as early as 2003 have been in competition with Letshego regarding providing financial assistance by way of unsecured loans to their members. The new financier that is quoted in the reports will just be another competitor in the market who will equally compete not only with Letshego but with other market players for business.

Background

Botswana Civil Servants Association (BCSA), was a founding shareholder of Letshego and held 1% shareholding since incorporation of Letshego in 1998 to the time of Letshego's listing on the Botswana Stock Exchange in September 2002. BCSA also had a representative on the Letshego board of Directors from 1999 to 2008. Further, Letshego entered into an exclusive marketing agreement with BCSA in 2003 in order to promote and grow its business within the BCSA membership then. This was a mutually beneficial symbiosis for both Letshego and BCSA. At the time the marketing agreement was signed, BCSA declared interest in its internal loan scheme for its members which was limited to P5,000 per member borrower. After the relevant legislation to facilitate the establishments of Unions was promulgated in Botswana in 2003 and later amended in 2004, BCSA became Botswana Public Employees Union ("BOPEU") and commenced its operations as an Union in April 2007.

In December 2008, BCSA then called BOPEU informed Letshego of its intention to offer loans to its members beyond P5,000 per member borrower and as a result resigned from the Letshego Board which was appropriate given that it would be now competing with Letshego and has been since 2003. In addition, the marketing agreement expired on 31 August 2008 and accordingly was not renewed. The relationship with BOPEU has remained cordial, albeit at an arm's length and more through BOPEU's shareholding in BOTUSAFE, the Central Register, since then and to date BOPEU still holds Letshego shares.

Therefore what has been reported in recent weeks is misleading as it indicates that the Unions are terminating a current agreement with Letshego which is not the case as there is no agreement to terminate and there has not been an agreement since 2008.

About Letshego Financial Services (Proprietary) limited - Botswana and Letshego Holdings Limited operations in Botswana

Letshego Financial Services (Proprietary) limited - Botswana, is a 100% subsidiary of Letshego Holdings Limited, a company listed on the Botswana Stock Exchange and is IFSC accredited. Letshego Holdings has approximately 2,800 shareholders of which approximately 95% are resident in Botswana in terms of number for shareholders and 80% in terms of value of market capitalisation. Letshego Financial Services (Proprietary) limited – Botswana carries out the consumer lending business in Botswana. The Letshego board remains committed to increasing shareholder's value over time.

About the industry and lending practices

Letshego, as one of the main industry participants in Botswana, has always promoted responsible lending notwithstanding the competitive environment.

A critical part of the enforcement of responsible lending is the roles that the Central Registries play in this regard. For this reason, Letshego will continue to work with the relevant authorities and other stakeholders to promote sustainable lending to ensure sufficient take home funds, to enable family units to have quality of life and to endeavor to ensure that loan deductions through payroll, are all channeled through the Central Register. Letshego will continue to pursue the appropriate and correct channels/avenues to ensure that the retail customers (public and private) are not impoverished through irresponsible lending and that monthly repayments are not based on temporary remuneration such as overtime and certain allowances.

To show its commitment to ensure sufficient take home funds by its customers, Letshego did not penalize the public officers that were not able to honour their loan repayments during their industrial action, but rather rescheduled their loans accordingly. This cushioned the affected Letshego public officer customers from financial hardships.

The Letshego board hopes that this clarifies the position of the company regarding the purported misleading and inaccurate statements that were made in the said reports concerning its business dealings.

For and on behalf of the board

C M Lekaukau
Chairman

7th December 2011