Letshego

LETSHEGO AFRICA HOLDINGS LIMITED

LETSHEGO GROUP

INTEGRATED ANNUAL REPORT 2024

Click to enter

CONTENTS

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INTRODUCTION

ABOUT THIS REPORT

The Letshego Africa Holdings Limited (Letshego Africa or the Group) integrated annual report provides a balanced and accurate assessment of the Group's strategic and financial performance for the period 1 January 2024 to 31 December 2024 to our stakeholders.

The report contains information relevant to all our key stakeholder groups to whom we are accountable to allow them to assess the Group's ability to create value over time. Our key stakeholder groups include our customers, employees, investors and founders, strategic partners, governments and regulators, and members of the communities in which we operate. This report also contains information on the value outcomes for the period under review and forward-looking information. Material information that emerged subsequent to year end has also been included.

Boundary and scope

The report covers all our operating subsidiaries across all 11 of our markets – Botswana, Eswatini, Ghana, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Rwanda, Tanzania and Uganda – as well as the risks, opportunities and outcomes associated with our operating context, industry and stakeholders.

Integrated thinking

Letshego Africa's mandate is to provide inclusive financial services and products to under-served individuals, small business owners and communities across our regional footprint. This strategy underpins our purpose to improve lives and is central to the continued enhancements and improvements we are making to the way we work, the platforms and channels we use and how we make decisions. Integrated thinking guides the Group in formulating our strategy and what strategic initiatives are needed to deliver it.

Our strategy is designed to achieve a sustainable competitive advantage for our pan-African Group and deliver sustainable returns in the long term. The execution of our strategy is supported by corporate governance structures, processes and controls that have been developed in line with global best practice and are regularly reviewed to achieve continual improvement.

Our Sustainability Framework, including our environmental, social and governance (ESG) strategy, continues to evolve and is becoming an integrated asset and differentiator for how we do business on the continent. Our strategy, corporate governance, commitment to sustainable business practices, and stakeholder relationships will advance new and tangible value creation and preservation and guard against the erosion of achieved value.

Disclosure

Letshego Africa is committed to balanced reporting, disclosing the material constraints related to our strategy and business model, including where value has been eroded due to factors within or outside our control. Information excluded from our report includes that which is considered immaterial, confidential and legally privileged, and competitively sensitive. This includes granular data on remuneration, yields and margins.

The report complies with the Botswana Companies Act, the Botswana Stock Exchange (BSE) Equity Listings Requirements, and the Debt Listing Requirements of the JSE Limited. The reporting frameworks applied in the preparation of this report include the principles of the International Integrated Reporting Framework (January 2021), the King Report on Corporate Governance for South Africa (2016) (King IV ™[1]), and the International Financial Reporting Standards (IFRS®) Accounting Standards.

Developments in corporate reporting

While our approach to reporting remains consistent, the Group remains cognisant of developments in global reporting standards, including the creation of the International Sustainability Standard Board (ISSB), which has published two sustainability reporting standards and taken on the responsibility for monitoring climate-related disclosures previously monitored through the Taskforce on Climate-related Disclosures (TCFD). In addition, the BSE released its Sustainability Disclosure Guidance in August 2024.

We are committed to an ongoing journey in terms of ESG and sustainability-related disclosures as global and local standards evolve. We currently assess the social impact of our business in achieving the targets of 11 of the 17 of the United Nations Sustainable Development Goals (UN SDGs).

Reporting to shareholders

We continue to assess our reports to enhance the usability and usefulness of information to our shareholders as a suite of information.

This report is split into two sections comprising:

Section 1 Integrated report

Section 2 Annual financial statements

The notice of annual general meeting (AGM), including the resolutions to be tabled at the AGM, is also sent to shareholders separately. The 26th AGM will be held via a virtual call on Friday 20 June 2025 at 09h00(CAT). The AGM notice and proxy will be distributed and available to shareholders on or before Friday 30 May 2025. The notice of AGM will also be available on our **website**.

1 King IV Report on Corporate Governance 2016. Copyright and trademarks are owned by the Institute of Directors in Southern Africa and all of its rights are reserved.

Forward-looking statements

Certain statements in our report are forward-looking. These beliefs and assumptions are based on the information currently available to Letshego Africa's Board of directors (the Board) and management. Forward-looking statements are subject to certain risks, uncertainties and assumptions, particularly in terms of general market conditions, our ability to manage growth, future performance and changes in the regulatory environment, among others. There can be no assurance that these statements will be accurate, and actual results could differ materially from those anticipated in such statements. The words 'believe', 'anticipate', 'estimate', 'expect', 'intend', and similar expressions identify forward-looking statements. Letshego Africa undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances or to reflect unanticipated events or developments.

Unless otherwise indicated, all monetary values used in this report are in Botswana Pula (P or BWP).

Materiality

When deciding which information to include in the report, we consider our stakeholders, sustainability, materiality, and completeness. We prioritise the matters, opportunities, and challenges likely to affect the delivery of our strategic intent and ability to create value for stakeholders in the short, medium, and long term as material. These material matters form an integral part of our strategic planning activities.

Restatements or reporting changes

The nature of the content and structure in this year's report remains largely unchanged from that of 2023 to provide meaningful and consistent disclosures.

Time horizons

SHORT TERM – one year – 2025, the year in which we deliver ongoing progress against our strategic intent.

MEDIUM TERM – two to five years – 2026 to 2030, the period in which our new strategic intent is undertaken to achieve our purpose and improve lives.

LONG TERM – over five years – beyond 2030, we will continue to drive positive impacts that contribute to the UN SDGs.

Process disclosure

The following processes were followed in the preparation and approval of this report:

- A cross-functional and cross-regional team led by the Group Head of Corporate Affairs ensures that an effective report preparation, review and approval process is followed
- Information included in this report is sourced from a range of internal and external sources of information
- Certain Board subcommittees review various sections of the annual financial statements to ensure their integrity and recommend them to the Board for approval

Assurance

Assurance of financial information has been obtained in line with our combined assurance model.

EY conducted independent external assurance on the Group's consolidated annual financial statements and provided an unqualified opinion. The Group's internal audit function provided independent and objective assurance to the Group Audit Committee in accordance with the internal audit standards set by the Institute of Internal Auditors and in line with internal audit methodology.

Approval

The Board is ultimately responsible for ensuring the integrity and completeness of the integrated report. It has appropriately considered the accuracy and completeness of the material matters, as well as the reliability of all data and information presented in this report and has approved the Group's annual financial statements for the year ended 31 December 2024. In the Board's opinion, it has fulfilled its responsibilities in terms of the recommendations of King IV and believes that the integrated report has been prepared in accordance with the International Integrated Reporting Framework in all material respect.

On behalf of the Board:

Philip Odera
Group Chairperson

Note – signatures are not included for digital security purposes.

Navigating this report

This report is an interactive PDF. It is best viewed in Adobe Acrobat for desktop, mobile or tablet.

This report has been designed with enhanced digital navigation capabilities to improve the readability and digital experience by assisting with moving between sections and connectivity of information across the report.

Icons to navigate in this report can be found on each page and within the report.

Previous page **Next page** **Menu**

Previous view **Print**

Feedback on this report

We welcome your feedback on this report. Please email your comments to the Group's Company Secretary at **GroupCompanySecretary@letshego.com.**

INTEGRATED REPORT

1

Our business

Insights from leadership

Our performance

Country reviews

OUR BUSINESS

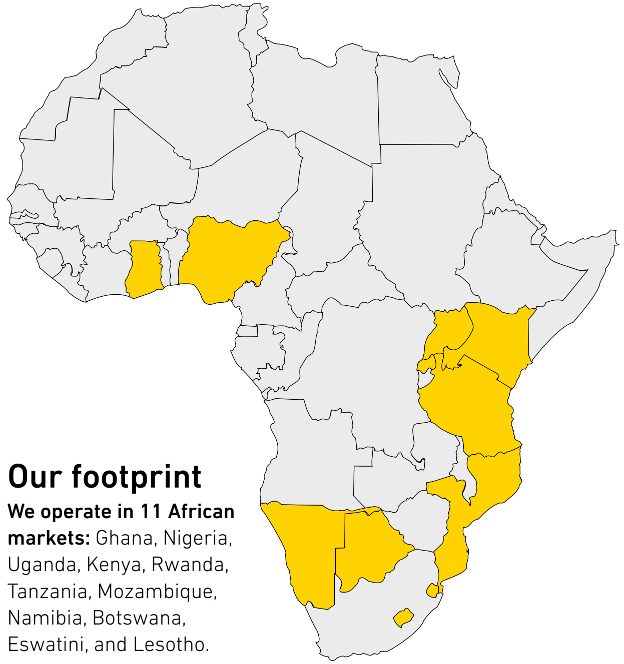
WHO WE ARE

Letshego Africa Holdings Limited is a pan-African provider of financial products. Headquartered and listed in Botswana, we provide access to simple, appropriate and inclusive financial solutions for individuals, micro and small entrepreneurs (MSEs) and under-served populations across 11 sub-Saharan markets.

We leverage technology and innovation to create an expansive ecosystem that provides our customers with accessible and affordable financial and lifestyle solutions, products that help people improve their lives but which historically were not easily accessible. Our products are delivered with the upskilling and empowerment of our employees and customers with the digital skills that support sustainable financial inclusion and digital-savvy economies.

Letshego at a glance

Our trusted brand is well-respected across Africa due to our deep commitment to responsible and ethical lending practices, our full regulatory compliance in all our countries of operation and our responsiveness to the needs of our customers. We offer products and services designed to provide access to affordable housing, healthcare, education, small business and agriculture funding focused on entrepreneurs, the youth and women.



Our footprint

We operate in 11 African markets: Ghana, Nigeria, Uganda, Kenya, Rwanda, Tanzania, Mozambique, Namibia, Botswana, Eswatini, and Lesotho.

Our vision

To be the leading pan-African retail financial services provider, transforming the lives of mass and middle-income individuals through inclusive and innovative financial solutions.

Our purpose

Improving lives –
We provide access to simple and inclusive financial solutions for individuals and MSEs.

Our mantra

Simplicity
Focus
Discipline

Our culture and values

Our values define our culture and ways of working. They are guiding principles for improving the lives of our customers.

- Ubuntu
- Thrive because of diversity
- Take full ownership
- Be curious and forward thinking

2024 HIGHLIGHTS

More than
3.4 million
active customers

Asset base over
BWP 18.0 billion

1 459
employees
(2023: 1 375 employees)

Interest income
up 15%
yoy to P3.94 billion
(2023: P3.42 billion)

Non funded income
up 5%
yoy to P541 million
(2023: P514 million)

Operating income
up 26%
yoy to P2.88 billion
(2023: P2.28 billion)

Interest expense
down 4%
yoy to P1.58 billion
(2023: P1.65 billion)

Profit before tax
up 110%
yoy to P255 million
(2023: P121 million)

Net customer advances
up 1%
yoy to P13.57 billion
(2023: P13.49 billion)

Customer net promoter score of **17%** with customer satisfaction scores over **76%**

Awards and recognition

In 2024, Letshego Ghana received

- Best digital instant loan,
- Best savings and loan brand,
- Outstanding digital leader,
- Best in promotion of financial inclusion

OUR BUSINESS MODEL

RESOURCES

Financial

The pool of funds that support our business operations.

INPUTS

- Focused balance sheet management
- **P5.0 billion** equity capital *(2023: P4.9 billion)*
- **P9.7 billion** debt capital *(2023: P9.6 billion)*
- **P2.15 billion** customer deposits *(2023: P1.54 billion)*
- Accessing sustainability-linked funding

CONSTRAINTS AND CHALLENGES

- An uncertain economic environment
- Investing in digitisation and deposit growth while retaining the long-term support of our providers of capital

Human

The capabilities, experience and innovation of our employees drive the achievement of our purpose.

INPUTS

- Experienced and ethical leadership team
- Innovative and high-performance culture
- **1 459** skilled permanent employees *(2023: 1 375)*
- **P5.3 million** training and development spend *(2023: P5.2 million)*

CONSTRAINTS AND CHALLENGES

- Attracting and retaining scarce talent in an environment characterised by fierce skills competition
- Maintaining a motivated workforce when there is a risk of change fatigue among employees

Manufactured

The facilities and general infrastructure that support our business operations.

INPUTS

- **328** physical access points *(2023: 707)*
- Operations in **11** sub-Saharan African countries
- **P46 million** invested in physical infrastructure, including upgrading our branches *(2023: P26 million)*
- Digitally enabled infrastructure leveraging advanced IT and enterprise solutions

CONSTRAINTS AND CHALLENGES

- Balancing our physical footprint with digital customer access
- Limited internet connectivity to support financial inclusion
- Ensuring seamless integration between physical and digital channels to provide a consistent customer experience

Intellectual

The institutional knowledge and experience that protects our reputation and drives our competitive advantage.

INPUTS

- A trustworthy brand that resonates with customers
- **P27 million** invested in our digital transformation, including enhancements to the LetsGo Digital Mall *(2023: P120 million)*
- Ongoing market and data analysis supports our offerings

CONSTRAINTS AND CHALLENGES

- Regulations associated with new business development
- Automating routine tasks may reduce the need for certain roles as efficiencies are improved

Social and relationship

Our relationships and partnerships with key stakeholder groups.

INPUTS

- Quality of our stakeholder relationships
- Business activities that deliver a positive social impact
- Responsible ESG practices
- Green funding options provided to Affordable Housing customers
- First social bond in Namibia to accelerate social impact lending

CONSTRAINTS AND CHALLENGES

- Balancing the diverse interests of key stakeholder groups

Natural

The renewable and non-renewable natural resources needed for everyday activities.

INPUTS

- Water usage
- Energy consumed (electricity and fuel)
- Promote sustainable use of natural resources

CONSTRAINTS AND CHALLENGES

- Managing the impact of our business activities on the environment in a responsible manner

OUR BUSINESS MODEL CONTINUED

OUR VALUE STREAMS

Our context

Our stakeholders

A deep understanding of our stakeholders enables us to respond appropriately to their needs and expectations, shaping our strategy and operations to deliver enhanced and tangible value.

Our key relationships: Page 14.

Our operating context and related risks and opportunities

Our ability to create value is impacted by several factors in our operating environment, which we cannot fully mitigate against as they are not entirely within our control.

Our enterprise risk management framework ensures that we effectively identify, assess, monitor, control and report our risks and maximise our opportunities. Stakeholder feedback is considered when reviewing our risks.

Our operating context: Page 10.

Our approach

Our strategy

- Our strategy enables us to achieve our purpose of Improving Lives
- Our strategic progress has positioned us well for future value creation and business resilience

Our strategy: Page 18.

OUR OUTPUTS AND ACTIVITIES

LENDING

Access to funding

We deliver tailored lending solutions, including government and non-government Deduction-at-Source (DAS), Instant Loans, and MSE-focused products, through mobile network operators (MNOs) and fintech partnerships, ensuring affordability and productive use of funds.

LetsGo borrow

SAVINGS

Mobilising savings

Our current and saving accounts (CASA) and fixed deposit accounts offer competitive rates, with digital transaction incentives and interest boosts for savings goals, guaranteeing secure access to funds.

LetsGo save

PAYMENTS

Simple and secure payments

We enable seamless transacting via card, USSD, Mobile App, online platforms and MNO wallet integrations, prioritising speed and security.

LetsGo pay

INSURANCE

Protecting against risks

Our mobile-first offerings include credit life, motor, funeral, and micro-health insurance, delivered through insurer and insure-tech partnerships for instant coverage.

LetsGo insure

LIFESTYLE

Beyond banking

We are extending our offering with bundled services and tailored MSE solutions, integrating wellness programmes with health tech partners to address holistic customer needs beyond traditional banking.

LetsGo live

OUR MANAGEMENT SYSTEMS

Support functions

- People and culture
- Inclusive technologies
- Strategic partners

Control functions

- Compliance management
- Risk management
- Internal assurance (audit)

Corporate governance

- Strategic oversight
- Setting an ethical tone

Governance: Page 84.

OUR BUSINESS MODEL CONTINUED

OUR OUTCOMES

For customers

- Access to tailored financial solutions that are accessible from multiple, convenient and easy-to-use digital channels and MNO-integrated platforms that ensure simplicity, security and convenience
- Customised MSE-focused lending and savings products, including bundled offerings and differentiated rates, to drive business growth
- Agile delivery through partnerships and digital-first platforms to respond quickly to evolving customer needs
- Proprietary credit scoring tools and flexible repayment options that expand access to credit for more customers
- Digital customer experience delivered by trained and knowledgeable employees with incentivised loyalty programmes
- Advanced data analytics optimise market share and provide personalised customer offerings, aligned with customer protection and security

For employees

- A safe working environment and access to employee wellness programmes
- Opportunities to advance careers and professional development while upskilling to digitally enabled ways of working
- 16% employee turnover rate *(2023: 37%)*
- P518 million paid in staff costs *(2023: P612 million)*
- 98.8% of employees received training *(2023: 90%)*
- Almost 20 000 learning hours completed *(2023: 2 784)*
- Women comprise 49% of the workforce *(2023: 48%)*

For investors and funders

- A compelling investment opportunity as a pan-African financial services provider that focuses on financial inclusion through digital transformation, product strategies, market reach, and strong governance
- Leadership that supports the development of distinctive capabilities that create a competitive advantage and deliver resilience
- Disciplined capital allocation through a capital optimisation plan
- Strong balance sheet supporting the growth of our competitive market position
- A corporate mandate that strongly focuses on financial inclusion and related positive social impacts, supporting our social licence to operate
- Cost-to-income ratio of 64% *(2023: 75%)*
- Total assets of P18.0 billion *(2023: P18.1 billion)*
- Capitalisation ratio of 24% *(2023: 24%)*
- Share buy-back of 17 245 784 Letshego shares at 115 thebe per share

For strategic partners

- Mutual benefits and profitability enhanced by shared markets, services and technology
- Well-designed enterprise and IT infrastructure that supports quick deployment of partner technologies

For governments and regulators

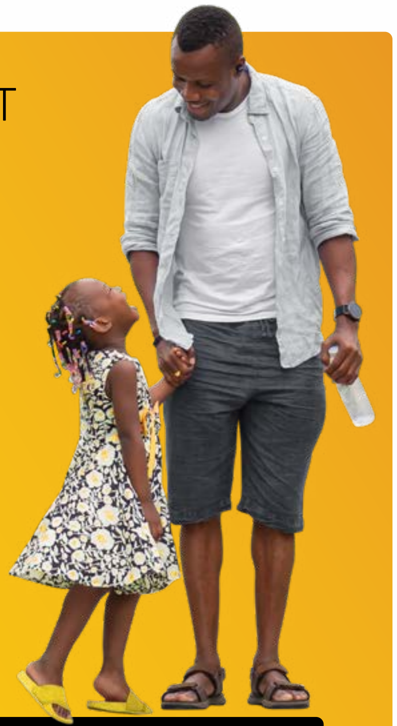
- Taxes paid of P297 million *(2023: P321 million)*
- Ethical culture ensuring material compliance with relevant legislation, governance frameworks and industry standards
- Ongoing collaboration with industry and regulatory working groups and governments to strengthen the financial services sectors in our markets of operation

For communities

- Our lending approach supports access to affordable housing, healthcare, education and agriculture funding
- Hiring locally in our markets of operation, supporting over 2 100 jobs, including direct and indirect sales agents
- Invested P2.9 million in corporate social investment (CSI) initiatives *(2023: P2.5 million)*
- Responsible waste and emissions management focusing on sustainable use of natural resources

OUR OPERATING CONTEXT

Africa's potential is being driven by transformative mega-trends that are creating opportunities for the future and shaping Africa's financial services industry. Alongside strong population growth and a youthful labour force, rapid urbanisation and technological advancement are supporting innovation and opportunities for entrepreneurs to advance Africa's social and economic prosperity.



Material matters and opportunities

A comprehensive understanding of the operating context is crucial for organisational success in a dynamic and interconnected business landscape. The multitude of external factors and conditions that can influence a business's operations, performance, and sustainability stem from diverse sources, including economic, political, social, technological, environmental, and regulatory factors. These factors are considered by management in assessing, monitoring and mitigating the material matters and opportunities that have the potential to significantly impact our ability to generate value over the short, medium and long term by affecting our performance, sustainability and legitimacy. By adeptly navigating these complexities, we bolster our capacity to anticipate and respond to challenges, seize opportunities, and foster sustainable growth over time.

FLUID MACROECONOMIC ENVIRONMENT

Sub-Saharan Africa's economic environment is diverse and dynamic, shaped by a combination of factors including natural resources, demographics, governance, infrastructure, and external influences.

GDP growth for sub-Saharan Africa is projected to accelerate to 4.1% in 2025 and 4.3% in 2026 as declining inflation eases monetary policy. Economies like South Africa and Nigeria will likely have growth rates lower than the rest of the region. The Group considers potential downside risks to economic recoveries from events such as emerging US anti-immigration policies, cuts in aid funding, increasing tariffs, the attendant trade wars and lingering geopolitical tensions. Potential ripples from such global events could affect domestic currencies as well as fiscal and debt positions across a number of Letshego's presence countries in the medium-term.

TIMEFRAME EXPECTED	Short, medium and long term monitoring
LEVEL OF CHANGE	Year-on-year impact remains consistent

Opportunities

- As sectors and industries become more resilient in current economic climates, this may accelerate Africa's development
- East and West African markets are expected to outperform Africa's average gross domestic product (GDP) growth in the next five years

Top business risks

- Credit risk
- Liquidity risk
- Regulatory and compliance risks
- Cybersecurity risk
- Operational risk

STAKEHOLDERS IMPACTED

Our response

- Our focused strategic execution and positioning underpinned by world-class operational efficiency
- Our strong governance approach
- Our dynamic Enterprise Risk Management Framework
- Our people, culture and risk infrastructure

STAKEHOLDERS Customers | Employees | Investors, funders and shareholders | Strategic partners | Government and regulators | Communities

OUR OPERATING CONTEXT CONTINUED

RAPID TECHNOLOGICAL ADVANCES

Africa has seen significant technological advancements in recent years, driven by a combination of factors, including increased access to mobile phones and the internet, growing tech entrepreneurship, and investment in infrastructure.

Digital technology has the potential to drive socio-economic growth, improve living standards, and address longstanding challenges across various sectors. Africa has leapfrogged traditional landline telecommunications infrastructure and embraced mobile technology. Mobile phone penetration rates are high across the continent, leading to the rise of mobile banking, mobile payments, and other innovative services tailored to mobile users. This supports fintech innovation, with companies developing solutions to provide Africans with access to financial services even in remote areas.[1]

African companies and researchers increasingly leverage artificial intelligence (AI) and data analytics to address local challenges and drive innovation. From using AI for healthcare diagnostics to applying data analytics in agriculture for better crop management, there is a growing recognition of the potential of these technologies to make a positive impact.[2]

With the consolidation of government central registries and the digitisation of core government processes, the business and risk infrastructure is improving across our footprint. This, together with enhanced payment solutions and increasing interoperability of MNOs is expected to help simplify customer journeys and support critical partnerships in the financial services ecosystem in the medium to long term.[3]

TIMEFRAME EXPECTED	Short, medium term monitoring
LEVEL OF CHANGE	Year-on-year impact increasing

1. World Economic Forum (21 November 2023)
2. Science for Africa Foundation
3 The African Center for Economic Transformation (ACET)

Opportunities

- Partnering with fintechs and MNOs to transform our business and improve our service to customers
- Cross-regional integration of our systems, products and services
- Intelligent decision-making supported by data analytics and data-led risk and compliance management
- Accelerating beyond the core by leveraging an improving landscape to achieve maximum value from the ecosystem, particularly in credit risk analytics and collections processes

Top business risks

- Strategic risk
- Third-party and outsourcing exposure
- Cybersecurity and data privacy risk
- Fraud risk
- Regulatory and compliance risks

STAKEHOLDERS IMPACTED

Our response

- We invest in digital technology and partnerships to grow market share and our brand through simple, accessible products.

STAKEHOLDERS Customers Employees Investors, funders and shareholders Strategic partners Government and regulators Communities

OUR OPERATING CONTEXT CONTINUED

WAR FOR TALENT

Intense competition remains high among countries, industries, and organisations to attract and retain highly skilled and talented individuals.

As the global economy becomes increasingly knowledge-based and reliant on specialised and digital-based skills, the heightened demand for talent has led businesses and nations to compete fiercely to secure the best talent.

The ease of international travel and the interconnectedness of economies have made it easier for skilled workers to move across borders in search of better opportunities, further simplified by remote working. This has led to a more globalised labour market and increased competition for talent on an international scale.

In response, organisations and governments are implementing various strategies to attract and retain skilled workers. This includes offering competitive salaries and benefits, providing opportunities for training and development, creating inclusive work environments, and investing in technology to improve productivity and employee satisfaction.

TIMEFRAME EXPECTED	Short and medium-term monitoring
LEVEL OF CHANGE	Year-on-year impact remains consistent

Opportunities

- An employee value proposition that attracts and retains key talent
- Development programmes that future-proof our business

Top business risks

- Operational risk
- People risk

STAKEHOLDERS IMPACTED

Employees; Government and regulators

Our response

- Our Culture Blueprint and embedded agile ways of working continually improve the employee experience.

INCREASING LEVELS OF CYBERCRIME

With technological advancement comes an increase in cyber threat, exposing Africans to connectivity-driven crime across multiple access points and increasing the risk for organisations like financial services providers that hold valuable data.

In addition, cyberattacks are becoming increasingly sophisticated, meaning that the costs to secure and upgrade systems are burdensome for many African companies, with many being unprepared for cyberattacks.

TIMEFRAME EXPECTED	Ongoing monitoring
LEVEL OF CHANGE	Year-on-year impact increasing

Opportunities

- A reputation for having secure and stable digital platforms that allow people to save their money safely and protects their personal information
- Employee awareness and training

Top business risks

- Operational risk
- Data privacy

STAKEHOLDERS IMPACTED

Customers; Employees; Strategic partners

Our response

- Our IT, cybersecurity and data privacy controls and response are embedded in our Enterprise Risk Management Framework and ways of work.

STAKEHOLDERS Customers · Employees · Investors, funders and shareholders · Strategic partners · Government and regulators · Communities

OUR OPERATING CONTEXT CONTINUED

VARYING STAGES OF DEVELOPMENT PROGRESS

Financial inclusion, the access to and usage of financial services at affordable costs by individuals and businesses, can have a significant social impact in Africa.

By achieving our purpose of Improving Lives, we contribute to addressing this through the simple, innovative products and services we provide to contribute to poverty reduction, economic empowerment, gender equality, and social development in Africa.

TIMEFRAME EXPECTED	Ongoing monitoring
LEVEL OF CHANGE	Year-on-year impact remains consistent

Opportunities

- Government employees represent a stable borrower base, with public sector wages comprising up to 36% of budgets in some countries
- Africa's mobile money users increased to over 1.1 billion in 2024, over 50% of global users, according to GSMA[1] research enabling Instant Loans to drive financial inclusion
- Only 3% of Africans have insurance, with an increase in embedded micro-insurance offerings being driven through mobile platforms
- Governments are increasingly implementing hybrid regulatory approaches, encouraging fintech lending to expand financial inclusion but simultaneously strengthening safeguards to prevent consumer harm
- 60% of Africa's population is under 25, with tech-savvy millennials driving demand for digital-first solutions
- The African Free Trade Agreement (AfCFTA) aims to unlock USD35 billion in cross-border trade on the continent

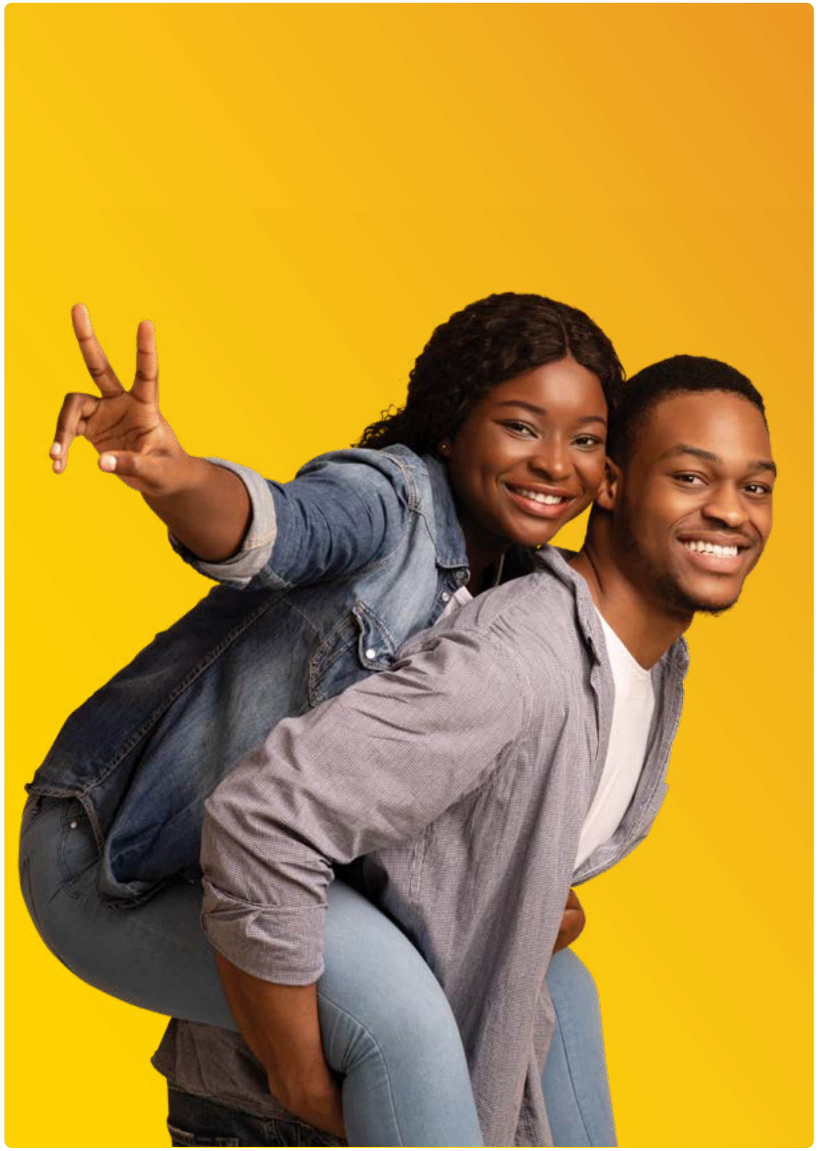
Top business risks

- Operational risk
- Strategic risk

STAKEHOLDERS IMPACTED

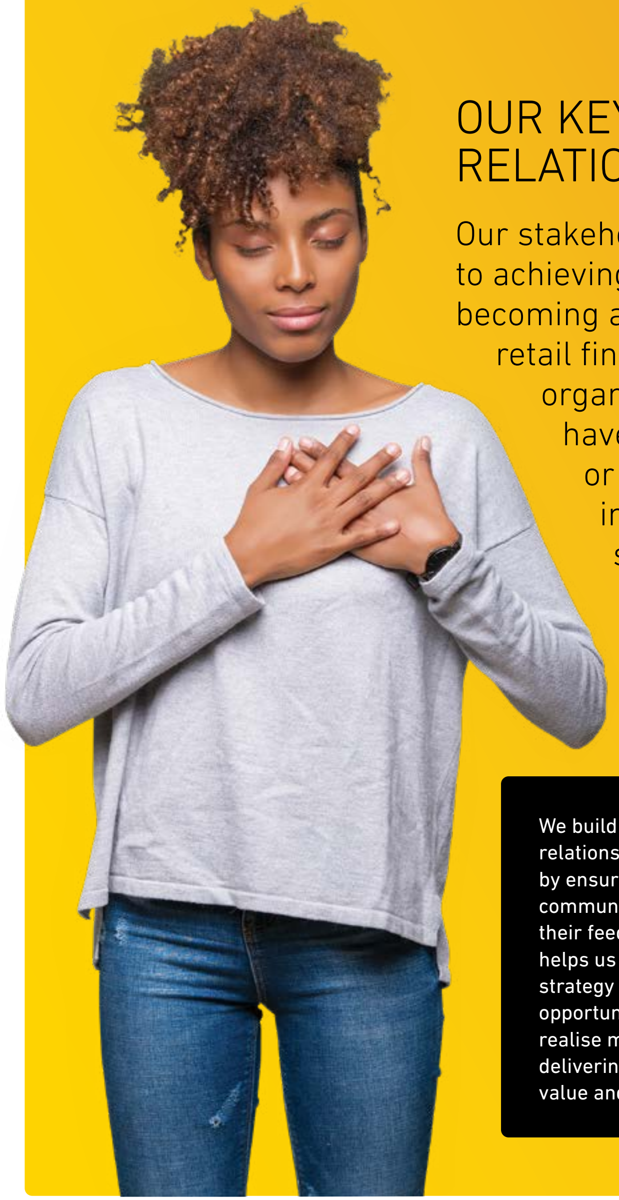
Our response

- Our simple and innovative products are accessible through a range of platforms to enhance financial inclusion and drive positive social impact.



[1] *Formerly Groupe Speciale Mobile Association*

STAKEHOLDERS: Customers, Employees, Investors, funders and shareholders, Strategic partners, Government and regulators, Communities



OUR KEY RELATIONSHIPS

Our stakeholders are integral to achieving our vision of becoming a world-class retail financial services organisation. They have either a direct or indirect interest in our strategy and success and our ability to deliver tangible value.

We build robust, long-term relationships with our stakeholders by ensuring transparent and open communication in addressing their feedback and concerns. This helps us to shape and enhance our strategy and operations to leverage opportunities to collaborate and realise mutual benefits while delivering sustainable financial value and positive societal impact.

CUSTOMERS

Why they are important

Our customers are the reason we are in business. Our market knowledge, customer engagement channels and data analytics contribute to our understanding of our customers and enable us to develop relevant and attractive products in an increasingly competitive sector.

RELATED METRICS

Over **3.4 million active customers**

Net promoter score of 17%/ client satisfaction index of **76%**

HOW WE ENGAGE

- Marketing campaigns
- Customer polls, surveys and focus groups
- Physical branches, call centres and digital access channels

THEIR NEEDS AND EXPECTATIONS

- Simple, appropriate and accessible financial solutions
- Convenient access to fast and efficient service through physical and digital channels
- Consistent quality of service and quick turnaround times
- Safeguarding data and personal information
- Transparency
- Ethical and fair treatment

Our response

- Stable and secure systems and digital channels that offer an increasing range of relevant products and services
- Automated processes that shorten turnaround times and drive efficiencies to reduce costs
- Ethical and compliant market conduct

RELATED UN SDGS

OUR KEY RELATIONSHIPS CONTINUED

EMPLOYEES

Why they are important

Our people deliver our brand promise to improve lives and are central to our ability to create an exceptional experience for our customers. They enable the successful delivery of our strategic objectives and their creativity and collaboration in delivering value to our stakeholders underpins our business's long-term success and sustainability.

RELATED METRICS

Employee engagement survey:
66.4%
(2023: 64.6%)

HOW WE ENGAGE

- Intranet and email updates
- Group and country town halls and team building events
- Training and development
- Employee engagement events, including surveys and virtual sessions
- Employee performance and incentive frameworks

THEIR NEEDS AND EXPECTATIONS

- Effective performance management with fair remuneration and recognition
- Clear and open communication
- A safe and healthy working environment
- Training, skills and career development supported by transparent talent management
- An empowering culture that embraces diversity, equity, inclusion and belonging principles
- Consistent human resources policies and practices

Our response

- #PeopleFirst strategy
- Culture Blueprint and Roadmap
- Clear employee value proposition
- Employee recognition and reward programmes
- Increasing digitisation, including online learning platforms and digitised performance management
- Employee wellness programmes

RELATED UN SDGS

4 Quality education, 5 Gender equality, 6 Clean water and sanitation, 7 Affordable and clean energy, 8 Decent work and economic growth, 10 Reduced inequalities, 12 Responsible consumption and production, 17 Partnerships for the goals

INVESTORS, FUNDERS AND SHAREHOLDERS

Why they are important

Earning and keeping the trust and confidence of our investors and funders provides us with access to the capital and funding we need to deliver on our strategy and growth ambitions. We are transparent about how we aim to achieve long-term sustainability, clearly motivate our strategy, and describe our efforts to enhance our operations.

RELATED METRICS

Return on equity:
(2)%

Profit before tax:
P255 million

HOW WE ENGAGE

- Online investor portal with automated email alert mechanism for investor subscription
- Financial results and releases together with financial, integrated and impact reporting
- Engagement events and global investor calls
- Website, investor and funder updates, together with share price alerts
- AGMs

THEIR NEEDS AND EXPECTATIONS

- Sustainable financial returns delivering long-term shareholder value
- An attractive and sustainable growth strategy
- Transparent reporting and disclosure
- Strong, ethical and experienced leadership
- Sound governance
- Business resilience and sustainability

Our response

- Responsible business practices
- Robust corporate governance structures supported by effective risk management frameworks
- Clear strategic intent with achievable outcomes
- Proactive balance sheet management and capital optimisation

RELATED UN SDGS

3 Good health and well-being, 4 Quality education, 5 Gender equality, 6 Clean water and sanitation, 7 Affordable and clean energy, 8 Decent work and economic growth, 10 Reduced inequalities, 11 Sustainable cities and communities, 12 Responsible consumption and production, 17 Partnerships for the goals

OUR KEY RELATIONSHIPS CONTINUED

STRATEGIC PARTNERS

Why they are important

We partner with leading-edge and well-established organisations that provide either the funding to support our business activities or the technology and know-how to offer inclusive digital products and services. Our strategic partnerships support a differentiated customer value proposition and experience.

RELATED METRICS

Mobile lending partners grown to seven

HOW WE ENGAGE

- Financial, integrated and impact reports
- Shareholder and investor announcements and updates
- Bilateral meetings
- Industry conferences and events

THEIR NEEDS AND EXPECTATIONS

- Mutual benefit and profitability, together with extending market reach
- Alignment on maximising benefits to stakeholders and positive social impact
- Clear agreement terms and adherence to agreements
- Ethical business principles and practices

Our response

- Selecting appropriate partners to maximise synergies and impact
- Sharing services with partners who have complementary customer segments to maximise benefits
- Partnering with businesses with a strong presence in Africa to extend reach in top growth markets
- Ethical and compliant market conduct

RELATED UN SDGS

4 QUALITY EDUCATION, 5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS

GOVERNMENTS AND REGULATORS

Why they are important

The financial services sector is highly regulated, and compliance with the requirements of governments, central banks, prudential authorities and other regulatory bodies enhances our reputation and builds stakeholder confidence and trust. Robust relationships with these stakeholders support our understanding of how to ensure we comply with current and upcoming regulations in the markets in which we operate.

RELATED METRICS

Taxes paid:

P297 million

HOW WE ENGAGE

- Government relations framework, regulatory updates and reporting
- Financial, integrated and impact reports
- Shareholder and stock exchange notices, as well as investor and funder updates
- Engagement events
- Annual general meetings

THEIR NEEDS AND EXPECTATIONS

- Compliance with applicable legal and regulatory requirements and sound corporate governance practices
- Appropriate capital adequacy and liquidity
- Responsible tax practices
- Strengthening national financial systems and support for government objectives to improve financial inclusion and access to credit for under-served segments
- Active participation in industry and regulatory working groups

Our response

- Robust compliance and risk management frameworks
- Proactive balance sheet management and capital optimisation
- Responsible taxpayer in all jurisdictions of operation
- Robust cybersecurity frameworks and controls
- The Group's financial inclusion mandate

RELATED UN SDGS

1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS

OUR KEY RELATIONSHIPS CONTINUED

COMMUNITIES

Why they are important

We find ways to engage with communities to understand how our products and services impact them and identify opportunities to ensure that our products and services meaningfully address critical societal concerns and deliver positive impact for society.

RELATED METRICS

Investment in CSI:

P2.9 million

HOW WE ENGAGE

- Open dialogue and interaction
- Social media, website and digital platforms
- Advertising and marketing campaigns and surveys

THEIR NEEDS AND EXPECTATIONS

- Access to financial advice, products and services that enhance their lives and contribute to their financial wellbeing
- Financial education and inclusion
- Social investment and community upliftment

Our response

- The Group's financial inclusion mandate
- Our corporate social investment initiatives
- Our lending approach is designed to increase access to affordable housing, healthcare and education funding

RELATED UN SDGS

OUR STRATEGY

Our refreshed focus and corporate strategy, approved by the Group Board in 2024, aims to enhance stakeholder value through targeted resource allocation, sharper execution discipline and a renewed customer-centric approach.

Our brand's ambition is to remain resilient, relevant and responsive in an increasingly dynamic African financial services landscape. This refreshed approach represents Letshego's renewed commitment to disciplined growth, focused execution and enhanced value creation.

The Group is sharpening its focus on high-impact initiatives while underpinning execution with world-class operational efficiency. Letshego is resolute in remaining a competitive, resilient and customer-focused pan-African financial services provider.

OUR STRATEGY ON A PAGE

Leveraging **strategic partnerships and collaborations** to

1. Enhance **DAS offering**
2. Grow and scale **short-term credit**
3. Disrupt **transactional and savings**

\+

4. Review **market participation model**

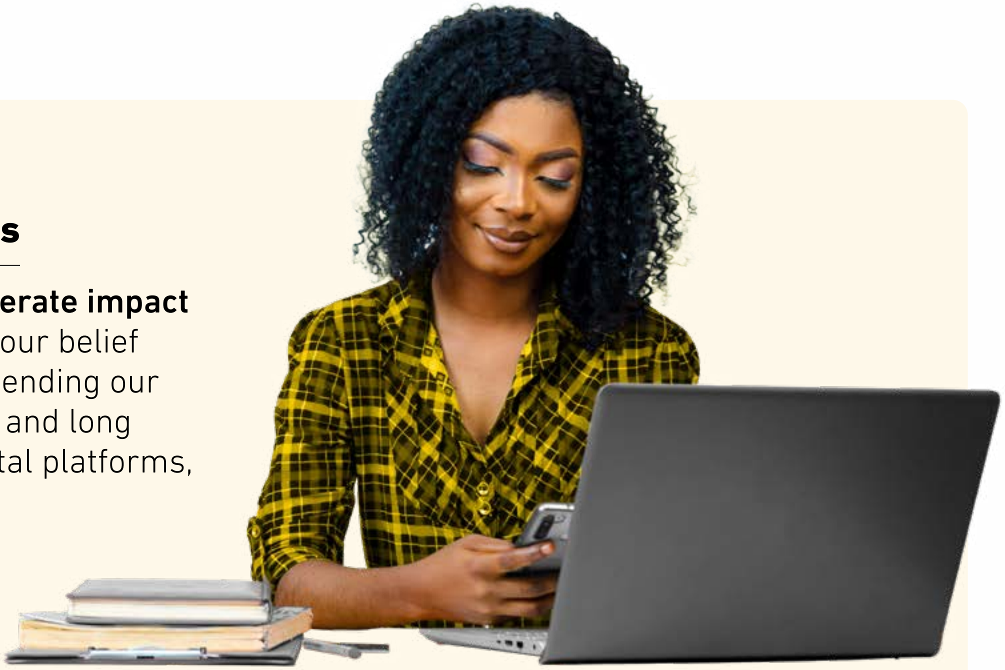
Defend and acquire market share in **LENDING** (1, 2)	Aggressively grow **DEPOSITS** (3)	**MOBILE FIRST** positioning (4)

Underpinned by world-class **operational efficiency**

- Cost management
- Credit origination
- People and culture
- Capital management
- Tax efficiency
- ESG

Simplicity · Focus · Discipline

OUR STRATEGY CONTINUED



Leveraging strategic partnerships and collaborations

At the apex of our refocused strategy is our ambition to **accelerate impact and scalability through strategic partnerships.** This reflects our belief that strong, synergistic alliances are essential enablers in extending our market reach, impact, product delivery, operational efficiency and long term stakeholder returns. Strategic partnerships include digital platforms, fintechs, MNOs and government ecosystems.

Four strategic pillars of the refocused strategy

1 ENHANCE
DAS OFFERING

Letshego is continuously improving its market-leading DAS model by enhancing product features, digitising disbursement and collections, and reinforcing its value proposition for public sector and salaried customers. The objective is to defend and grow market share in our most established customer segment while optimising our risk-return profile.

2 GROW AND SCALE
SHORT-TERM CREDIT

This pillar seeks to extend the reach of sustainable inclusive finance solutions by providing accessible, short-tenor credit solutions tailored to the needs of informal, micro, and broad-based economic segments. Supported by digital onboarding, credit scoring, and alternative data, the goal is to further extend our reach and tangible value extended to new and existing customers.

3 DISRUPT
TRANSACTIONAL AND SAVINGS SOLUTIONS

In line with evolving customer expectations, we aim to redefine how our customers engage with their money— we are exploring more intuitive, digital-first transactional and savings products to make saving simple and easy. This disruption will aggressively grow deposits, improve customer stickiness, and enable a more balanced funding base.

4 REVIEW
MARKET PARTICIPATION MODEL

We are re-evaluating our presence and business models in each market, enhancing operational efficiencies and how we participate in each of our jurisdictions to best achieve scalability and long term stakeholder value. We continuously review where to invest, where to pivot in adjusting to market dynamics and how best to maintain operations to ensure we achieved optimal impact in the customer segments that we serve.

OUR SUSTAINABILITY FRAMEWORK

Overview

Having the systems, tools and data to effectively manage our environmental and social risks while adhering to customer protection principles allows us to extend access to inclusive financial solutions to under-served communities. Letshego continues to differentiate its brand by demonstrating tangible social returns for its customers and communities.

Our ESG journey

2016
- Statistical analysis to improve poor loan book performance and develop a social scorecard
- Launched the social impact scorecard
- First social impact survey covering five markets
- Started our integrated reporting journey

2017
- Mini polls undertaken across 10 markets to verify initial observations
- Won PWC award for Integrated Reporting

2018
- Developed and instituted Group ESG manual
- Integrated report includes social impact disclosure

2019
- Published the Group's first impact report

2018–2019
- Second social impact survey across 10 markets with new questions on product efficacy
- Established social indicator correlation to non-performing loans

2020
- Updated the Group ESG manual and introduced country specific ESG manuals
- Established ESG dashboards per function
- Partnered with internationally acclaimed research organisation, 60_Decibels
- Won 2020 PWC award for Integrated Reporting

2021
- ESG training for all employees and established country ESG champions

2022
- Initiated operationalisation of ESG framework with pilots in Ghana, Nigeria and Tanzania

2021–2022
- 60_Decibels conducted a customer social impact survey in 11 countries with microfinance and client modules included

2023
- Established a Group Sustainability Management Committee
- Extending the Group's commercial strategy to not only include social benefits, but also support the region's climate and environment
- Expert training, policy and guideline upgrades to operationalise and enhance Environmental & Social (E&S) Risk Management
- E&S Management System (ESMS) integrated into daily operations

2024

Namibia listed the Group's first Social Bond on the Namibian Stock Exchange.
- Launched our social financing framework.
- Embedded ESG principles in our People and Culture strategy
- Undertook a Group-wide review of ESMS to ensure environmental and social safeguards remain robust.

OUR SUSTAINABILITY FRAMEWORK CONTINUED

Informing our ESG strategy

Our mandate is to extend access to inclusive financial solutions in under-served communities.

Letshego Africa's inclusive strategy: Contributes to 11 of the 17 UN SDGs

Operationalising ESG

The Group Sustainability Management Committee and Quarterly Board Review has been established to track and manage ESG and impact financing strategy, risk management and reporting as part of the project undertaken to embed a robust Sustainability Framework across the Group.

The E&S Risk Management System has been operationalised from policy into daily business operations with formal training, workshops, updating of policy and guidelines, and post-implementation by an expert consultant.

People and Culture supporting Letshego's ESG Advancement

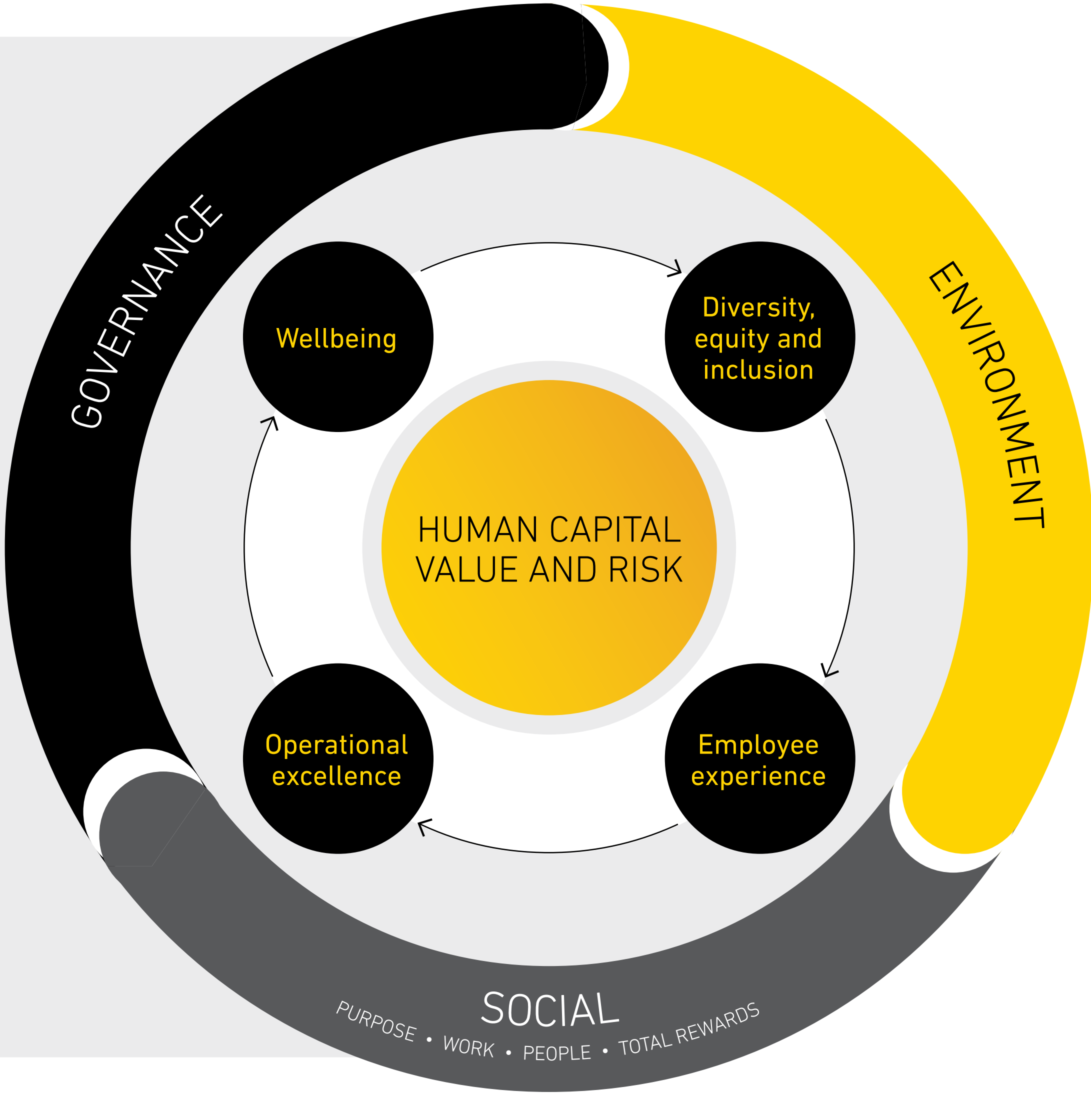
At Letshego, our commitment to ESG excellence is deeply rooted in our People and Culture strategy. A recent collaboration with IBIS Environmental Social Consulting East Africa Ltd (now part of SLR Consulting), a respected ESG and Impact advisory firm with teams specialising in emerging markets., has further strengthened this commitment. Through this strategic partnership, we are progressing our alignment with international best practices in human resource management.

As part of the Group's broader implementation of an effective ESMS, the scope of this initiative was extended to include a comprehensive review of our HR policies, processes, and tools across the Group and subsidiaries. SLR Consulting's expertise enabled a robust evaluation of key people practices, offering Letshego the opportunity to refine and enhance its HR framework in line with global standards.

Human Resources plays a critical role in embedding ESG principles across the organisation. As stewards of human capital, the HR function both influences and is impacted by the company's ESG capabilities. By integrating ESG considerations into core areas such as recruitment, performance management, compensation, and employee benefits, HR contributes directly to building a sustainable, inclusive, and responsible workplace culture.

This initiative forms part of Letshego's broader #PeopleFirst philosophy – prioritising the wellbeing, development, and engagement of our employees. By ensuring that our internal policies reflect the latest developments in ESG-aligned human capital management, we not only support our people but also strengthen relationships with key stakeholders, including strategic partners, regulators, and the communities we serve.

Letshego remains committed to evolving with global sustainability trends, continuously enhancing our people practices to support long-term business resilience and shared value creation.



Building a robust Environmental and Social Management System (ESMS)

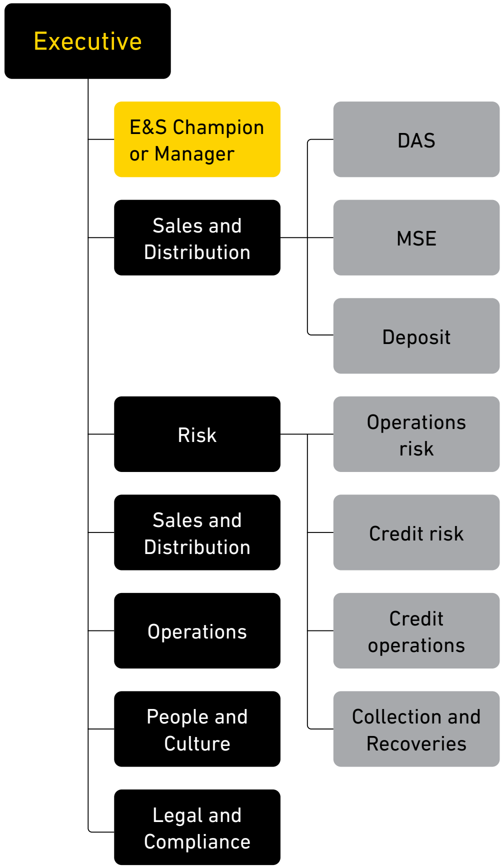
In 2024, Letshego continued to strengthen its commitment to responsible and sustainable operations by advancing the development of its ESMS. Leveraging the benefits of technical assistance through our development funding partnerships, Letshego engaged the expertise of IBIS Environmental Social Consulting East Africa Ltd (now part of SLR Consulting), a respected ESG and Impact advisory firm with teams specialising in emerging markets.

This collaboration focused on reviewing and enhancing the environmental and risk-related policies, processes, and tools across the Group's subsidiaries. The objective was to ensure full alignment with international best practices, while maintaining relevance to Letshego's core business model in inclusive finance and micro-lending.

Each Letshego subsidiary maintains its own ESMS Framework, which is designed to evolve in tandem with the development of new products and operational systems. In 2024, a Group-wide review of policy frameworks was initiated to ensure that environmental and social safeguards remain robust, relevant, and adaptable to the changing business landscape.

Key business functions that play a critical role in mitigating environmental and social risks include Credit, Sales and Distribution, Product Development, Human Resources, Risk, Legal and Compliance, and Operations. These departments are integral to embedding risk-sensitive practices into both customer onboarding and day-to-day operations.

Accountability for the successful implementation of the ESMS and associated E&S Policy rests with Letshego's executive management. Dedicated E&S Champions or Managers are appointed at the subsidiary level to oversee the execution of the framework. These individuals report directly to executive management and are responsible for driving environmental and social compliance at the branch level.



The E&S Champion liaises closely with the Branch Managers, Operations Manager, Credit and Risk Managers, Legal Department and People & Culture Manager in executing their E&S responsibilities. They also support Relationship Managers during the Credit E&S review process, including undertaking site visits for credit with high E&S risks at Branch level.

Through these continued enhancements, Letshego reaffirms its commitment to responsible growth, sustainable finance, and the long-term wellbeing of its stakeholders and operating environments.

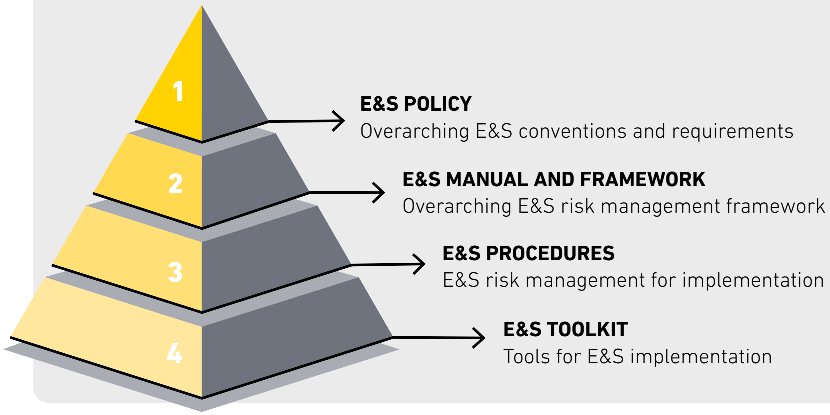
Letshego's ESMS architecture

1. **E&S policy and framework**
2. **E&S risk management***
3. **E&S compliance**
4. **Incident reporting and management**
5. **E&S reporting**
6. **Periodic E&S review**
7. **E&S organisation, competency and capacity building**
8. **Stakeholder engagement and grievance management**

** Credit risk approval, monitoring and reporting*

Letshego's ESMS framework overview

An ESMS system is underpinned by an E&S Policy that defines Letshego's E&S objectives and enables the monitoring of identified indicators. It clearly defines E&S roles and responsibilities that are assigned within Letshego. An exclusion list of activities that Letshego is committed to not finance and a grievance mechanism for internal and external stakeholders is also included.



INSIGHTS FROM LEADERSHIP

REFLECTIONS FROM OUR GROUP CHAIR

"I am pleased with the Group's improved financial performance compared to the prior financial period. The Group's balance sheet and cash position remains robust. Letshego is well poised to take advantage of market opportunities that support our future growth trajectory, thereby achieving greater, focused impact and building sustainable financial returns for our valued stakeholders."

Philip Odera
Group Chairperson

Operating environment

The World Bank estimates that GDP growth in sub-Saharan Africa accelerated to 3.2% in 2024 from 2.9% in 2023, slightly lower than projected in the first half of the year. Economic outcomes for 2024 were a mixed bag, with improved performance by South Africa, an average growth rate of 2.2% in Nigeria, a setback in the sub-region due to conflict in Sudan, and economic contraction resulting from reduced diamond sales in Botswana.

Inflation varied across the region, with most countries experiencing moderate and declining price increases, though food price inflation remained relatively high. Larger economies in Africa, however, experienced sharp price increases, partly due to significant currency depreciations, most notably in Nigeria. Food insecurity remained elevated across the region due to adverse weather events, including droughts and floods.

Letshego Africa Holdings' collective operations across sub-Saharan Africa recorded a double-digit increase in operating income for the year ended 31 December 2024. Bottom-line performance was, however, dampened by an ultimate net loss, although the quantum has dramatically reduced from the net loss recorded for the full year 2023.

Ethics, governance and leadership

The holistic value of governance, risk management, conduct, and ethics underpins the Group's forward-thinking approach to sustainable organisational development and best governance practices. The intersection of these remains imperative in doing business as a purpose-led organisation and guides us in improving lives and delivering a meaningful impact to stakeholders and communities by enabling financial inclusion.

Sustainability is central to the Letshego of **Improving Lives** across Africa. The Group's commitment to ethics, governance, and stakeholder trust serves as our guiding beacon. This commitment is supported by the vital roles of governance, risk management, regulation and ethical conduct in our organisation and across our footprint.

Our Sustainability Framework and ESG policies encompass the holistic value of an integrated culture of governance, risk and social impact, and environmental returns.

Letshego has continually strengthened its ESG commitment, converting country ESG policies into action with expert training, policy and guideline upgrades and the appointment of ESG Champions across country divisions.

The identification, monitoring and escalation of potential environmental and social risks is no longer an asset but imperative in doing business in today's sustainability-conscious society. The establishment of Letshego's Group Sustainability Management Committee, chaired by our Group Chief Risk and Compliance Officer, has further formalised the entrenchment of sustainable and ESG compliance business practices.

Letshego measures ESG against the identified themes of Governance, Risk Management, Social, Environmental, Disclosure & Reporting, Training and Stakeholder Engagement and Reporting. We are making tactical strides in building a robust Sustainability Framework that encompasses the multiple cross-divisional benefits that social and environmental governance achieves for our regional operations, stakeholders and communities.

Board changes

Mr Aupa Monyatsi resigned from the Board and as CEO of the Group on 15 January 2025. The Board thanks him for his leadership, commitment and dedication to the role and wishes him every success in his future career. Mr Brighton Banda has been appointed Interim CEO of the Group, and we welcome his contribution and insight to the Board.

Looking ahead

According to the World Bank outlook, sub-Saharan Africa's GDP growth is projected to accelerate to 4.1% in 2025 and 4.3% in 2026, driven by declining inflation and easing monetary policy. South Africa and Nigeria's growth rates will be somewhat lower than those of the rest of the region. The Group considers potential downside pressure on economic recoveries from events such as US sanctions, anti-immigration policies, Aid cuts, tariffs, attendant trade wars, and lingering geopolitical tensions. These events could affect fiscal deficits, domestic currencies and debt positions across several Letshego subsidiaries from 2025 through to 2026. For instance, US sanctions could lead to a decrease in the value of our investments in the affected countries, while trade wars could disrupt our supply chains. In line with Letshego's long-standing experience gained from operating in emerging markets, the Group consistently stress-tests its business strategy against current and emerging risks, proactively implementing mitigating actions where necessary.

Our business fundamentals remain strong, reinforced by the sustained momentum observed in the latter half of the review year. In 2024, our operations continued to be affected by foreign exchange fluctuations, inflationary volatility, elevated direct costs and tax. However, we responded to these challenges by enhancing collection and recoveries, accelerating portfolio remediation efforts, and enforcing stringent cost controls. We understand these challenges and are committed to mitigating risks.

Despite the challenges we faced in 2024, we are strategically positioned to restore long-term profitability. With a focused product strategy, disciplined risk management, and stringent cost management, we have demonstrated our resilience. We are taking steps to build on the progress we have made to deliver resilient growth and create lasting value for our stakeholders.

In closing

I would like to express my heartfelt gratitude to our employees, clients, regulators, investors, both public and private partners, and all other stakeholders who continue to support Letshego's journey. Despite facing challenging economic conditions, the Group's Board, Executive, and Country Management Committees have demonstrated commendable commitment under trying circumstances. Their dedication, energy and enthusiasm continually inspire me. We remain committed to generating significant and lasting value and enhancing livelihoods for a sustainable future.

Philip Odera
Group Chairperson

Note - signatures are not included for digital security purposes.

BOARD OF DIRECTORS

Non-executive directors

Philip Odera 66

Board Chairperson and Independent Non-executive Director

NATIONALITY **KENYA**

APPOINTMENT BOARD: 2019 **CHAIRPERSON: 2022**

BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Economics – St Lawrence University, United States (US)
- MBA in Finance – Suffolk University, US
- Leadership programmes: Duke, Harvard and Cambridge universities and London Business School

SKILLS AND EXPERIENCE

- Over 30 years of financial and banking experience
- Current: advises organisations and entrepreneurs in his role as Executive Partner at Titans D'Afrique – a consortium of experienced leaders who volunteer their skills to empower and upskill Africa's emerging leaders
- Chair of the Board of Arise BC, an investment company focused on bringing prosperity to Africa by taking an equity investment in local commercial banks across Africa
- 17 years with Stanbic in Africa in country leadership roles, including Deputy Managing Director for Tanzania, and Country Chief Executive Officer (CEO) for four of Stanbic's regional markets (Kenya, Malawi, South Sudan and Uganda)
- Began his banking career as a graduate at Citibank Kenya and progressed to Country Corporate Officer at Citibank Congo

Christopher Mokgware 56

Deputy Chairperson and Independent Non-executive Director

NATIONALITY **BOTSWANA**

APPOINTMENT BOARD: 2022 **DEPUTY CHAIR: 2023**

BOARD COMMITTEES

QUALIFICATIONS

- Chartered Certified Accountant
- Master of Science Information Management – University of Westminster
- Finance and Global Executive Development Programme – Gordon Institute of Business Science

SKILLS AND EXPERIENCE

- Member of the Association of Chartered Certified Accountants, Botswana Institute of Chartered Accountants, Certified Anti-Money Laundering Specialists and The Institute of Risk Management South Africa
- Solid background in audit; Financial, relationship management, treasury, project management; Governance; Risk and compliance management.
- Current: Senior Governance and Compliance Manager for De Beers, non-executive Chair of Minet Botswana, Chair of ICL Botswana, Board member of De Beers Holdings Botswana, and Company Secretary of De Beers Global Sightholder Sales
- Served on the boards of Debswana Pension Fund (Chair), Botswana Railways, Botswana Post, Peo Venture Capital, Citizen Empowerment Development Agency, and the Independent Complaints Review Committee (Chair)

Catherine Lesetedi 57

Non-executive Director

NATIONALITY **BOTSWANA**

APPOINTMENT **2017**

BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Arts in Statistics and Demography – University of Botswana
- Management Development Programme in Advanced Insurance Practice – University of Cape Town
- Diploma in Insurance – University of South Africa

SKILLS AND EXPERIENCE

- Associate of the Insurance Institute of South Africa
- Many years of insurance industry experience; Skilled in negotiations, budgeting, analytics, coaching and entrepreneurship
- Current: Group CEO of Botswana Insurance Holdings Limited (BIHL) and represents BIHL on a number of Boards, including BIFM Capital Investment Fund One, Nico Life, Nico Pensions Company and Nico Holdings, also represents SanlamAllianz Group at Sanlam Namibia
- Held various positions within BIHL Group and AON Botswana, including Head of Corporate and High Value Business and General Manager of Life and Employee Benefits

BOARD COMMITTEES Group Audit · Group Risk, Social and Ethics · Group Governance and Nominations · Group Remuneration · Group Strategy and Investment · Chairperson

BOARD OF DIRECTORS CONTINUED

Non-executive directors

Abiodun Odubola 65

Independent Non-executive Director

NATIONALITY **NIGERIA**

APPOINTMENT **2019**

BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Science in Agricultural Economics – University of Ibadan, Nigeria and University of Lagos, Nigeria
- Master of Business Administration – University of Lagos
- Numerous leadership courses – with global institutions, including Euromoney, Moody's, Citibank and Columbia Business School, US

SKILLS AND EXPERIENCE

- 30 years of commercial banking experience. Expertise includes relationship management, credit underwriting, credit risk management, country risk management and country audit
- Current: Board member of Sthenic Finance and Advisory Limited, and RMB Nigeria (in addition to Letshego)
- Held senior roles in blue chip financial institutions, including FirstBank Nigeria, Ecobank Nigeria, Metropolitan Bank Nigeria, Citibank Nigeria and Citibank NA, UK
- Founded Camrose Nigeria Limited, a consulting firm that provides financial advisory services on risk, credit management, debt and equity raising

Ronald Hoekman 61

Independent Non-executive Director

NATIONALITY **NETHERLANDS**

APPOINTMENT **2020**

BOARD COMMITTEES

QUALIFICATIONS

- Diploma – Dutch Banking Institute (IBE)

SKILLS AND EXPERIENCE

- Over 20 years of international banking and finance experience, including in diverse global economies from sub-Saharan Africa and Equatorial Guinea to Uzbekistan, Czech Republic, Ukraine and Azerbaijan
- Current: consults with leading institutions to bolster existing risk frameworks to meet evolving international standards in effective risk management and reporting.
- Advises multi- geography microfinance institutions on how to enhance their credit and risk frameworks
- Clients include public and private entities, including the IFC, World Bank and mobile network operators
- Current Chairperson of Botswitch

Rose Mwaura 53

Independent Non-executive Director

NATIONALITY **KENYA**

APPOINTMENT **2021**

BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Commerce Accounting (Hons) – University of Nairobi, Kenya
- Certified Executive Coach

SKILLS AND EXPERIENCE

- Member of the Institute of Certified Public Accountants of Kenya
- Over 25 years of experience in commercial and financial advisory services, as well as audit, assurance, and governance services. Also has experience in expansive leadership roles in governance and public policy, including in the US, Africa, and India
- International experience in fostering public sector partnerships to develop public policy and legislation
- Current: an independent non-executive director of Kenya's Jubilee Life Insurance board and Chair of the Audit Committee. Also a member of the Kenya College of Accountancy University's Council, including as Chair of the Audit, Risk and Compliance Committees and as Vice Chair of the Kenya Private Sector Alliance Public Finance Sector Board
- Certified executive coach to top professionals

BOARD COMMITTEES Group Audit · Group Risk, Social and Ethics · Group Governance and Nominations · Group Remuneration · Group Strategy and Investment · Chairperson

BOARD OF DIRECTORS CONTINUED

Non-executive directors

Professor Emmanuel Bothlale 55

Independent Non-executive Director

NATIONALITY **BOTSWANA** | APPOINTMENT **2022** | BOARD COMMITTEES

QUALIFICATIONS

- PhD in Urban Studies and Public Affairs – Cleveland State University, US
- Master of Public Administration (Public Finance) – New York State University, US
- Bachelor of Social Sciences (Economics and Public Administration) – University of Botswana

SKILLS AND EXPERIENCE

- A wealth of experience in local and African markets through his long service with the University of Botswana Defined Contribution Pension Fund
- Current: Full Professor of Public Administration at the University of Botswana's Department of Political and Administrative Studies, focusing on public finance
- Numerous publications, including articles in highly ranked peer-reviewed journals
- Trustee and Board Chair of the University of Botswana Defined Contribution Pension Fund (UBDCPF), representing pension fund shareholders
- Served as Committee Chair of the Pension Fund Regulation 2 Committee
- Often commissioned as an intellectual resource on panel discussions and formulation of regulation, etc

Jayaraman Ramesh 66

Independent Non-executive Director

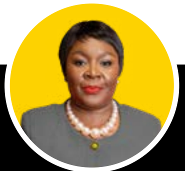
NATIONALITY **BOTSWANA** | APPOINTMENT **2022** | BOARD COMMITTEES

QUALIFICATIONS

- Bachelor of Commerce – University of Madras, India.
- Senior Leadership Programme on Organisational Leadership – Oxford University, UK.

SKILLS AND EXPERIENCE

- Member of the Botswana Institute of Chartered Accountants
- Current: co-founder and non-executive Chair of the Botho Group, and non-executive director of BSE listed entities, including Sechaba Brewery Holdings Limited (Finance and Audit Committees) and Engen Botswana Limited (Chair of Audit Committee). Also holds active leadership roles in social organisations that support the welfare of local communities
- Was the first Chair of the Government Audit Committee formed under the Public Finance Management Act of Botswana, reporting to the Minister of Finance and Economic Development
- Held several leadership roles at Grant Thornton Botswana, including as non-executive Chair, Managing Partner and Partner over a 36-year period. Elected member of Grant Thornton International's Board of Governors, representing Africa, the Middle East and Europe and the Grant Thornton International's regional head of Africa
- Founder of the Grant Thornton Private Business Growth Award and a business leader in Grant Thornton's Oxford senior leadership programme
- Founder of the Grant Thornton Toastmasters Club, and a member of Toastmasters International



Tebogo Tomango 56

Non-executive Director

NATIONALITY **BOTSWANA** | APPOINTMENT **2025** | BOARD COMMITTEES

QUALIFICATIONS

- MSc. Audit Management and Consultancy - University of Central England (now Birmingham City University), UK
- Postgraduate Certificate in Audit Management and Consultancy - University of Central England, UK
- Postgraduate Diploma in Audit Management and Consultancy - University of Central England, UK
- CIPFA - IATQ Public Sector Accounting - Botswana Accountancy College
- Bachelor of Commerce - University of Botswana

SKILLS AND EXPERIENCE

- Seasoned finance professional with extensive experience in audit management and consultancy.
- Held various significant roles in the Ministry of Finance, including Deputy Accountant General - Compliance and Procurement, where she oversees strategic operations, procurement processes, and compliance.
- Her notable achievements include the implementation of a revised payroll management schedule, the development of an e-payslip system, and the review of public procurement legislation.
- A member of the Botswana Institute of Chartered Accountants and serves on several boards, including the Botswana Public Officers Pension Fund and NMG Administrators Botswana.
- Known for her leadership, strategic oversight, and commitment to enhancing public financial management.

BOARD COMMITTEES Group Audit · Group Risk, Social and Ethics · Group Governance and Nominations · Group Remuneration · Group Strategy and Investment · Chairperson

BOARD OF DIRECTORS CONTINUED

Executive directors

Brighton Banda 55

Interim Group Chief Executive Officer and Executive Director

NATIONALITY **SOUTH AFRICA**

APPOINTMENT **2025**

QUALIFICATIONS

- Bachelor of Science (Economics) (Honours) - University of Zimbabwe
- Global Executive Development Programme - GIBS, South Africa
- Digital Innovation & Transformation Certification - Cambridge Judge Business School
- Data & Al Masterclass - Cambridge Judge Business School

SKILLS AND EXPERIENCE

- Seasoned executive with extensive experience in the financial services sector as a dynamic and results-driven leader with a proven track record in leading financial services organisations
- Extensive regional and international experience in retail banking and payments management
- Head of Retail Lending at Absa Africa, Director of Retail and Business Banking at Barclays Botswana (now Absa) and heading various roles at Standard Bank Africa and Standard Chartered
- Managing Director for Airtel Money in Malawi, responsible for developing and executing the strategy, overseeing operations and driving growth in mobile financial services

Gwen Tinotenda Muteiwa 50

Group Chief Financial Officer and Executive Director

NATIONALITY **ZIMBABWE**

APPOINTMENT **2020**

QUALIFICATIONS

- Bachelor of Commerce Accounting – Rhodes University, South Africa
- Certificate of Theory in Accounting and Honours in Accounting Science – UNISA
- Management of Banks and Financial Institutes – Galilee College, Israel
- Executive leadership development programme – Stellenbosch University, South Africa
- Master of Business Administration – Steinbeis University, Germany
- Executive leadership Development Program Gordon Institute of Business Science (GIBS), South Africa

SKILLS AND EXPERIENCE

- Member of the Institute of Chartered Accountants Zimbabwe and the Botswana Institute of Chartered Accountants
- Over 20 years' experience in banking and financial services
- Group CFO at ABC Holdings Ltd (BancABC, part of Atlas Mara). Spent 12 years at ABC Holdings in roles including the CFO for Zimbabwe, incorporating retail and wholesale banking, asset management and micro-lending subsidiaries, and Group Head of Finance Transformation responsible for implementing a financial control framework, standardisation of financial control systems and processes across the Group
- Managing Director for a merchant bank in Zimbabwe, responsible for strategy implementation, customer acquisition and growth

Full Board CVs:
https://letshegoinvestor.com/governance/#board

INSIGHTS FROM OUR INTERIM GROUP CHIEF EXECUTIVE

"Despite economic headwinds and a tough operating environment in 2024, Letshego delivered good year on year income growth, demonstrating the strength of our business fundamentals. We are now intensifying focus on our core competencies in Deduction at Source, Short term credit lending and niche solutions for Micro and Small Entrepreneurs. Our ability to improve lives is enhanced through diverse digital and strategic partnerships. We remain confident in the resilience of our business model, quality of our talent and clarity on our strategic intent."

Brighton Banda
Interim Group Chief Executive

Operating environment

Despite the economic headwinds, Letshego Africa Holdings' collective operations across sub-Saharan Africa demonstrated resilience, recording a double-digit increase in operating income for the year ended 31 December 2024. While we did experience an ultimate net loss, it's important to note that the quantum has dramatically reduced from the net loss recorded for the full year 2023, a testament to our ability to weather challenging conditions.

The World Bank estimated a growth rate of 3.2% in 2024 in sub-Saharan Africa. This growth rate fell short of earlier expectations set in the first half of the year. The economic landscape for 2024 presents a mixed picture across the region. For instance, South Africa shows improved economic performance, contributing positively to the overall growth outlook. In contrast, Nigeria's growth remains sluggish, with an average rate of only 2.2%, highlighting the challenges faced by one of Africa's largest economies.

Inflation rates across sub-Saharan Africa vary considerably, with most countries experiencing moderate and declining price increases. However, food price inflation remains a pressing concern, with many families facing rising costs for essential commodities. Larger economies, especially Nigeria, are struggling with significant price hikes, which can be attributed to severe currency depreciation that has made imports more expensive and further strained household budgets.

Financial and operational performance

Topline year on year income growth reaffirms that the business fundamentals remain strong. Profit growth continues to be driven by our three core markets, Botswana, Namibia and Mozambique, collectively contributing over 80% of the Group's total profits. In East and West markets, we saw green shoots, with Ghana and Tanzania both showing good growth in short-term loans year on year of 125% and 568%, respectively.

After tax losses for the year are largely attributable to a 12% increase in taxation for the year, driven by increased tax obligations from improved performance in our top three markets and prior year adjustments. A more detailed breakdown of our Effective Tax Rate is available in our financial overview and financial statements.

From a risk perspective, we are prioritising attaining global standards in effective risk management. Our Enterprise Risk Management Framework continues to adapt around evolving business activities and trends in third-party risk and ever-changing market environments. Recent updates include our Sustainability and ESG Framework.

Our loan loss ratio increased in 2024 to 5.4% from 3.3% the prior year. The Group was still exposed to low performing portfolios originating in the previous years where the Group took incremental provisions and write-offs. In this reporting period, we tightened our credit provisioning as well as write off policies early in the year. The Group took strategic decisions to derisk some challenging business segments during the year. Credit risk frameworks have also been adjusted for new product launches in our markets, giving us confidence that we will achieve our portfolio risk appetite in 2025.

INSIGHTS FROM OUR GROUP INTERIM CHIEF EXECUTIVE CONTINUED

Regional performance

Southern Africa markets showed good performance in 2024, supported by strong top line performance and profitability in Namibia and Mozambique. Letshego Botswana saw a gradual recovery, following the losses experienced on the Non-DAS Individual Loans in 2023. Botswana wrote off a significant part of this portfolio in line with the Group's prudent approach on Expected Credit Losses and the strict application of the revised write-off policy in 2024. Namibia, Mozambique and Botswana subsidiaries recorded an increase in profit after taxation of 32%, 12% and 123 % respectively. Southern African markets collectively saw a steady 4% net loan book growth year on year.

Some green shoots were experienced in East and West Africa during the year. Short Term Loans showed good performance in Ghana and Tanzania, with Ghana's disbursements growing threefold. Through Ghana's effective deposit mobilisation strategy, institutional deposit and retail deposits grew 17% and 25%, respectively. As reported in 2023, the Group reset its MSE product and maintained disbursement trends in countries which met minimum performance thresholds, including Rwanda, Uganda and Nigeria. We provide more detail on specific income statement components in the financial statements.

Strategic performance

Our business fundamentals remain strong, reinforced by the sustained momentum observed in the latter half of the review year. Despite the challenges we faced in 2024, we are strategically positioned to restore long-term profitability. With a focused product strategy, disciplined risk management, and stringent cost management, we expect a much improved financial outcome in 2025. We are taking steps to build on the progress we have made to deliver resilient growth and create lasting value for our stakeholders. Our future plans include building on learnings gained from our previous strategy and refining our focus to scaling our DAS portfolio, extending the reach of Short Term Lending and accelerating deposit mobilisation. Effective cost management, tax optimisation and increasing efficiencies in collections and recoveries also remain integral to balancing our business flows.

Shareholder updates published on the Botswana Stock Exchange in the second half of the year reiterate the Group's unwavering commitment to reviewing its participation model in East and West Africa markets. This process is not just about unlocking shareholder value, but also about ensuring that our stakeholders are integral to the Group's success. While such initiatives take time, we are dedicated to delivering value to our shareholders.

Looking ahead

The Group's Credit Risk Management Framework continues to evolve and adapt to changing environments and business trends. The Group's focus on enhanced credit evaluation tools, along with increasing efficiencies in collections and recovery strategies is expected to yield continued improvements in the quality of credit origination going forward. The Group has intensified its collections and recoveries efforts and strategies to accelerate improvement in asset quality and optimise recoveries in 2025.

In closing

I would like to take this opportunity to express my deepest gratitude to our committed Group Board and dedicated employees, valued clients, regulatory bodies, and investors, as well as our public and private partners, and all other stakeholders who contribute to the ongoing success of Letshego. Your unwavering support is incredibly important to us as we navigate the complexities of our journey.

Together, we are not only focused on overcoming current obstacles but are also committed to generating substantial and lasting value for all our stakeholders. Our goal is to enhance livelihoods and contribute positively to the communities we serve, ensuring a sustainable future for everyone involved. Thank you for being integral to this journey; your partnership and support truly make a difference.

Brighton Banda
Interim Group Chief Executive

Note – signatures are not included for digital security purposes.

GROUP EXECUTIVE COMMITTEE

The Board delegates the day-to-day management of the Group and its operations to the Group Executive Committee and is satisfied with the collective experience and skills of the executive team.

Brighton Banda

Interim Group Chief Executive Officer and Group Executive Director

RESPONSIBILITIES

- Chairperson of the Group Executive Committee
- Group strategy development, execution and delivery
- Oversight of Group and regulatory governance
- Group Reputational Risk owner
- Delivery of regional shareholder value
- Oversight of effective regional stakeholder engagement and management

NATIONALITY
SOUTH AFRICAN

Gwen Tinotenda Muteiwa

Group Chief Financial Officer

RESPONSIBILITIES

- Responsible for the Group's collective finance strategy, finance operations, risk mitigation and reporting
- Balance sheet strategy and management
- Group financial reporting and governance
- Group treasury and Group capital management and strategy
- Group tax strategy and management
- Oversight of Group Investor Relations strategy and engagement

NATIONALITY
ZIMBABWEAN

Richard Ochieng

Group Chief Risk and Compliance Officer

RESPONSIBILITIES

- Responsible for setting and implementing the Group Risk and Compliance strategy and the Group's Enterprise Risk Management Framework
- Monitors and oversees the management of the Group's primary risk types
- Sets and monitors the Group's risk appetite to enable the safe and sustainable delivery of the Group strategy
- Oversees organisational ethics and compliance

NATIONALITY
KENYAN

Kamogelo Chiusiwa

Group Chief People and Culture Officer

RESPONSIBILITIES

- Responsible for the People and Culture strategy and framework
- Development and management of the empowerment strategy
- Oversight of organisational effectiveness
- Talent sourcing strategy, recruitment and international mobility
- Employee relations and wellbeing strategy and delivery
- Responsible for the Group's compensation and reward framework
- Alignment and compliance with labour and employee regulations
- Development and execution of the Group's learning and development framework
- Mitigation and management of employee risks

NATIONALITY
BOTSWANA

Full CVs for the executive committee:
https://letshegoinvestor.com/about/#who

GROUP EXECUTIVE COMMITTEE CONTINUED

Frederick Mmelesi

Group Chief Corporate Development Officer

RESPONSIBILITIES

- Responsible for the establishment and monitoring of key regional strategic partnerships
- Oversight of any potential mergers and acquisitions
- Oversight of the execution and delivery of regional strategic projects
- Management and oversight of collective regional government and strategic relationships

NATIONALITY
BOTSWANA

Kgotso Bannalotlhe

Country Chief Executive Officer and Regional Executive

RESPONSIBILITIES

- Direct responsibility for Letshego Botswana strategy, performance, operations, impact and governance
- Reputational and regulatory risk owner for Botswana
- Regional executive oversight of Lesotho and Eswatini subsidiaries' strategy, performance, impact and governance
- Member of the Letshego Botswana, Eswatini, Lesotho and Tanzania Country Boards.

NATIONALITY
BOTSWANA

Gorata T. Dibotelo

Group General Counsel and Board Secretary

RESPONSIBILITIES

- Legal advisor
- Governance
- Board and committee management
- Listing regulations and compliance

NATIONALITY
BOTSWANA

Tuduetso Alice Ntwaetsile

Group Chief Internal Auditor

RESPONSIBILITIES

- Responsible for financial, business, IT and projects assurance
- Oversight of combined assurance
- Support governance framework through the development of the Group's internal audit strategy and execution of audits

NATIONALITY
BOTSWANA

Full CVs for the executive committee: https://letshegoinvestor.com/about/#who

OUR PERFORMANCE

Product and market reach

Overview

Our mobile-first digital approach continues to drive inclusive financial services across 11 markets, offering solutions supported by the LetsGo Digital Mall and strategic partnerships with MNOs.

Our inclusive product portfolio, which offers lending, savings, payments, insurance and lifestyle solutions, aims to meet the needs of under-served and unbanked salaried and self-employed customers.

HOW WE MEASURE PROGRESS

- Increase in the number of customers
- Customer feedback on product
- Top-line growth of products
- Asset quality, including Loan loss ratio
- Market penetration and share

STAKEHOLDERS IMPACTED

- Customers
- Employees
- Investors and funders
- Strategic partners
- Governments and regulators
- Communities

OUR OPPORTUNITIES

- Increased customer satisfaction with the digitalisation of core products
- Increased retail deposit-taking and savings mobilisation
- Product reset on MSE to complement the DAS offering
- Mutually beneficial partnerships
- Expanded market reach
- Contribution to Africa's socio-economic development

OUR RISKS AND CHALLENGES

- Customer purchasing power reduced, impacted by economic challenges and liquidity constraints
- Limited understanding and apprehension toward new digital technologies
- Affordability impacted by the introduction of new levies
- Increased competition in the financial services sector

Our five value streams

We have introduced lower-risk products to complement our lending portfolio.

New products include payment capabilities, additional savings products, insurance solutions, and a value-adding lifestyle solution that gives customers registered on the LetsGo Digital Mall access to information and tools that support their everyday needs.

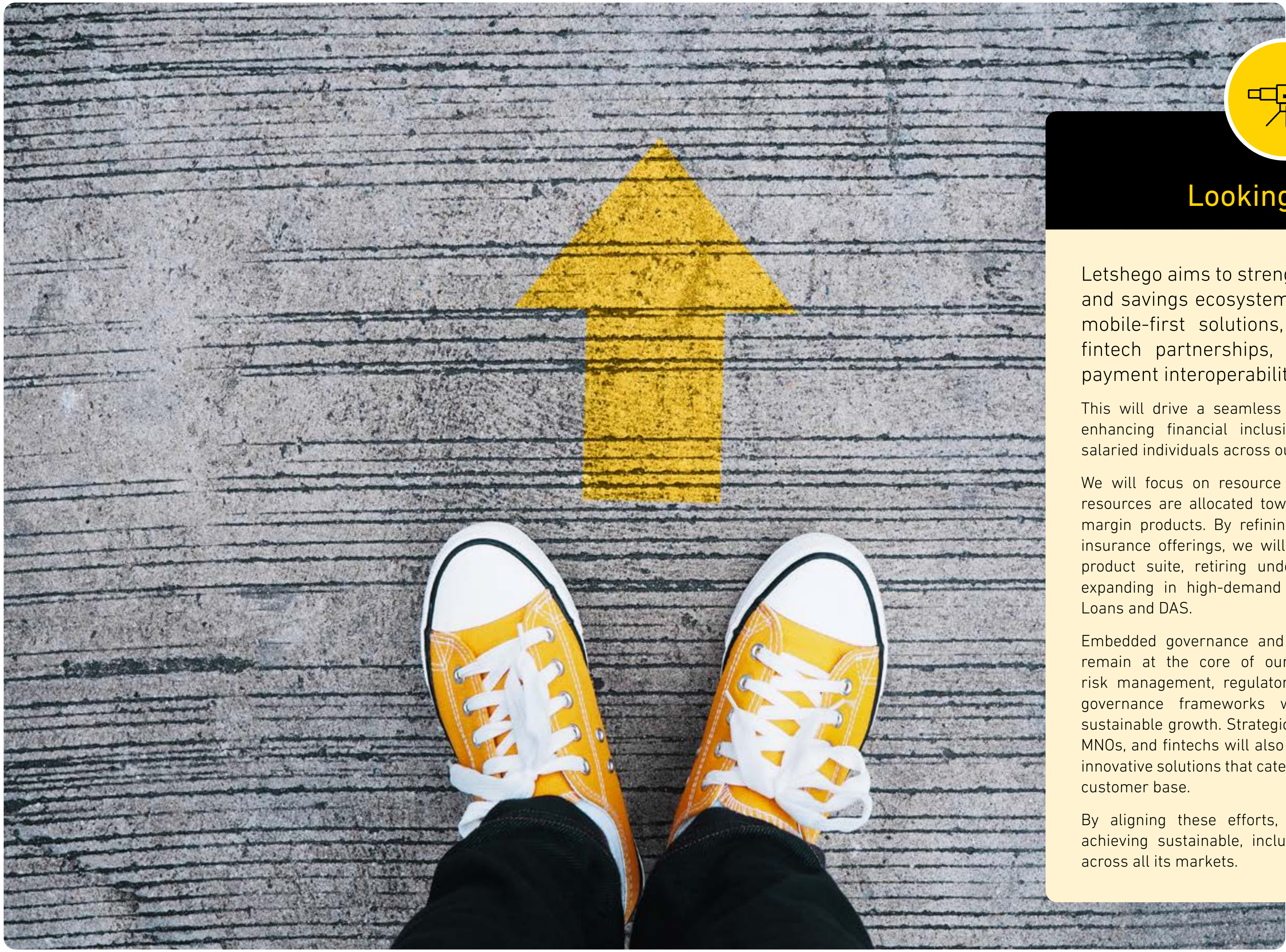
		KEY PRODUCTS AND AVAILABILITY	Improving lives
LENDING	**Access to funding** We deliver affordable, socially impactful lending. LetsGo borrow	▶ Fully digitised **deduction at source (DAS) loans** are available in all markets ▶ **Instant Loans,** available in six markets, are small loans granted to customers with documentation on file within an average of 10 minutes from the loan application to disbursement. Responsible management of these loans helps customers develop their credit profile ▶ **MSE ecosystem financing** solutions are customised to support business growth, ranging from working capital and short-term loans to ecosystem financing, is available in three markets	Access to capital empowers our customers to improve their circumstances, grow their businesses and achieve their life goals. ▶ **DAS loans:** The DAS net loan book increased by 3% to P12.0 billion (2023: P11.9 billion) ▶ **Instant Loans:** The Instant Loans portfolio increased by 13.2% year-on-year to P850 million (2023: P803 million). ▶ **MSE lending:** The MSE lending portfolio increased by 31% year-on-year to P1.07 billion (2023: P814 million). SDGs: 1 No poverty; 3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities; 13 Climate action; 17 Partnerships for the goals
SAVINGS	**Mobilising savings** Our savings accounts offer competitive interest rates, and customers are guaranteed access to their money whenever they need it. We are prioritising mobilising deposits to lower the cost of our funding. LetsGo save	▶ **Flexi-Save Account,** available in Ghana and Namibia, is a digital, interest-bearing savings account that can be accessed when needed ▶ **LetsGo Save Account** is a savings account available in deposit-taking regions with Mastercard access ▶ The **Timiza Akiba mobile money savings account** in Tanzania is a fee-free solution available to Airtel Mobile Money customers that delivers a monthly reward when customers achieve a savings goal	Our savings products provide customers with a safe place to save so they can pay for unforeseen costs and prepare for future costs such as a child's education. Deposits increased to **P2.1 billion, up 40% year-on-year** (2023: P1.5 billion), anchored by: ▶ **Flexi-Save Account:** Scaled in Ghana and Namibia. ▶ **Timiza Akiba:** Monthly rewards drove adoption among Airtel Mobile Money users in Tanzania. SDGs: 1 No poverty; 4 Quality education; 5 Gender equality; 7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 10 Reduced inequalities; 12 Responsible consumption and production

SUSTAINABLE DEVELOPMENT GOALS

OUR FIVE VALUE STREAMS CONTINUED

		KEY PRODUCTS AND AVAILABILITY	Improving lives
PAYMENTS	**Simple and secure payments** Our transactional capabilities are available through the LetsGoPay Digital Account, supporting improved access and safer transacting for our customers and increasing efficiencies. Our customers can easily make payments, send and receive money and save and borrow at their convenience.	▶ **LetsGoPay Digital Account** enables customers to make USSD Payments, send and receive money and save and borrow instantly, easily, anytime and anywhere in six of our markets ▶ Our inward remittance services allow the Mozambique diaspora in Malawi, South Africa and Zambia to send money home to their families	Technology-driven money transfers such as wallets are increasingly becoming the most effective way to provide financial services and drive financial inclusion. We bring these services to our customers using agency, USSD and mobile banking. ▶ **LetsGoPay:** Over 1 million transactions enabled in the year. ▶ **Remittances:** Supported Mozambique's diaspora in Malawi, South Africa, and Zambia.
INSURANCE	**Protecting against risks** In addition to the credit insurance embedded in the repayment terms of most of our loans, we also have a comprehensive range of insurance offerings, including digital insurance products in key markets, providing instant access to insurance, fast claims resolution, simplicity and transparency, with affordable premiums.	▶ **Credit insurance** is embedded in the repayment terms of most of our loans in all our markets ▶ **Short-term digital insurance** products include funeral and motor cover in six of our markets ▶ **Long-term standalone insurance** products include education in Nigeria, and non-digital insurance includes term life in Botswana and motor insurance in Mozambique	Our insurance, healthcare insurance and life cover products help our customers secure their wealth, financial fitness and wellbeing to meet potential losses or risks in the future.
LIFESTYLE	**Beyond banking** We are refining our approach to blend traditional financial services with key lifestyle solutions, enhancing customer engagement and loyalty through tailored impactful offerings.	▶ **Digital Wellbeing** provides customers with access to online health and wellness information and lifestyle solutions in nine of our markets	Through our strategic partnerships, we are diversifying beyond traditional financial solutions to offer customers dynamic value-adding lifestyle solutions (wellbeing, education and personal finance).

SUSTAINABLE DEVELOPMENT GOALS



Looking ahead

Letshego aims to strengthen its digital lending and savings ecosystem by further integrating mobile-first solutions, deepening MNO and fintech partnerships, and improving digital payment interoperability.

This will drive a seamless customer experience while enhancing financial inclusion for salaried and non-salaried individuals across our markets.

We will focus on resource optimisation, ensuring that resources are allocated towards high-growth and high-margin products. By refining our lending, savings, and insurance offerings, we will continue to streamline our product suite, retiring underperforming products and expanding in high-demand segments such as Instant Loans and DAS.

Embedded governance and compliance standards will remain at the core of our operations. Strengthening risk management, regulatory compliance, and internal governance frameworks will be key enablers for sustainable growth. Strategic partnerships with insurers, MNOs, and fintechs will also play a pivotal role in driving innovative solutions that cater to the evolving needs of our customer base.

By aligning these efforts, Letshego is committed to achieving sustainable, inclusive, and profitable growth across all its markets.

Digital and operational efficiency

Overview

Our digital transformation enables process innovation, efficiencies and enhanced customer engagement and experience. Workflow automation, advanced processing and data analytics provide better insight into customer journeys to inform the development and delivery of simple and relevant solutions that meet our customer's needs and help them improve their lives. This also supports our growth ambitions efficiently and cost-effectively.

HOW WE MEASURE PROGRESS

- The number of active customers registered on the LetsGo Digital Mall
- Turnaround time to approve and disburse customer loans
- Revenue from digital channels
- Gender-specific usage habits
- System stability
- Customer feedback and satisfaction

STAKEHOLDERS IMPACTED

- Customers
- Employees
- Investors and funders
- Strategic partners
- Communities

OUR OPPORTUNITIES

- An enhanced digital customer experience of our core products
- Scalability that reaches growing new customer segments
- Streamlined processes and increased productivity and efficiencies
- Data-driven decision-making that leverages analytics for strategic insights
- Environmental benefits by reducing paper use and physical footprint

OUR RISKS AND CHALLENGES

- Increasing regulation around data privacy and protection
- Digital skills shortages
- Increased risk of cybercrime
- Inadequate telecommunications infrastructure and high cost of data across Africa

Digitalisation is a key enabler of growing our value streams, allowing us to reach more customers by providing inclusive financial services, particularly through the LetsGo Digital Mall. Our development of the Mall and strategic partnerships allow us to offer our customers fast and easy access, simplicity, affordability, and inclusivity across multiple secure channels: website, USSD, mobile phone, and WhatsApp. Our digital accounts support our deposit-taking objectives, making loan repayments easier for customers and, in turn, positively impacting the quality of our lending portfolio.

LetsGo Digital Mall

Our Digital Mall, available in all our operating markets, is a key enabler of our value proposition to customers. It is easy to download, registration is free and digital forms are concise and user-friendly. It provides our customers with secure, convenient and easy access to our products and services from all five of our value streams across multiple digital channels.

We are building the digital capabilities on the Mall incrementally to increase accessibility and introduce more products. This will enable us to create the #LetsGoNation, where the mall provides a marketplace for MSEs to trade, acquire and sell products. We will create a connected community that matches the right suppliers with the right demand in a secure environment through the platform.

Our digitisation efforts have provided improved and customised credit scoring models that are data-driven, providing tools that enable accurate credit risk assessments across all our lending portfolios and allows us to broaden our lending offering beyond DAS and MSE loans.

DIGITAL TRANSFORMATION AND OPERATIONAL EFFICIENCY CONTINUED

2024 PERFORMANCE

- Digital orchestration remains a catalyst in supporting long term stakeholder value. We continued streamline operations and expand our digital ecosystem to improve operational efficiencies, reduce costs and accelerate time-to-market for new products and services. Additionally, increased focus on engagement and relationship management delivered a strong customer satisfaction score of 76%.
- Our relationships with strategic partners continued to enable growth in mobile lending, enabling over 1 billion transactions in the year.
- We initiated the design and development of wallet and card solutions to grow savings and deposit-taking solutions in new markets.

DATA HIGHLIGHTS

Over
4.1 million
registered users.

Over
24 000
new customers register on the Digital Mall monthly.

Over
1 million
digital payment transactions are enabled each year.

Operational efficiency

By enhancing operational efficiencies and digitising both activities and data, alongside restructuring our workforce and enhancing their skills enables us to develop our solutions in-house to craft unique customer experiences, while also leveraging strategic partnerships to enhance market reach and drive growth.

We provide programmes that teach our employees the digital skills they will need for the future. Our Digital Mastery Programme empowers participants to develop future-fit digital skills while gaining digital experience and specialist knowledge.

Looking ahead

We will continue to refine customer journeys, improve overall customer experience, and launch new products to increase customer engagement when on our platform.

This strategic focus will drive innovation, increase efficiency, and expand our market reach, positioning us strongly for future growth as we accelerate payment capabilities on our digital platform and with strategic partners, while building momentum in our deposit services, meeting customers' digital needs for reliable and secure financial management. We continue to leverage technology to improve customer experience, streamlining and digitising processes.

We prioritise customer-centric innovation and digitalisation to improve the accessibility and convenience of basic financial services. This commitment reinforces our role as a trusted financial partner dedicated to enhancing lives. We are confident that we can leverage the strength of our core product offerings to drive sustainable growth and deliver value to all our stakeholders.

Sustainable stakeholder value

Overview

Achieving long-term stakeholder value is centred on the Group's ongoing sustainability, relevance and ability to create value for all stakeholders in a responsible and ethical manner. Our success depends on our ability to deliver outstanding customer service, as well as the ongoing relevance of our products, our market share and how we live our purpose to improve lives by providing inclusive financial services and positive social impact.

HOW WE MEASURE PROGRESS

- ROE
- Cost-to-income ratio
- Return on assets
- Loan loss ratio
- Profit growth

STAKEHOLDERS IMPACTED

- Customers
- Investors and funders
- Governments and regulators
- Communities

OUR OPPORTUNITIES

- Strong business fundamentals with over 25 years of regional experience
- Established reputation as an inclusive finance provider with world class ethical business practices
- Proven Enterprise Risk Management Framework, aligned to global governance standards
- Well capitalised operations embedded in 11 sub-Saharan African economies
- Broadening product portfolio and accelerating digitalisation

OUR RISKS AND CHALLENGES

- A challenging economic, social and political landscape
- Increasing competition in the financial services sector
- A continuously shifting regulatory landscape

As we work to build this value for all stakeholders, our purpose is to improve lives. Our core business has not changed and being an inclusive financial services provider remains our greatest positive impact on society. By making relevant financial products and services available to under-served markets, the Group contributes to the alleviation of some of the greatest social challenges faced by communities on the African continent, reducing poverty and inequality and increasing economic growth and employment.

Our new products and services are delivered digitally at affordable prices and are attracting new customers, diversifying revenue streams and increasing the number of products taken up by existing customers. Our digital transformation is delivering efficiencies and providing the data needed to deliver excellence in our processes.

SUSTAINABLE STAKEHOLDER VALUE CONTINUED

FINANCIAL METRICS

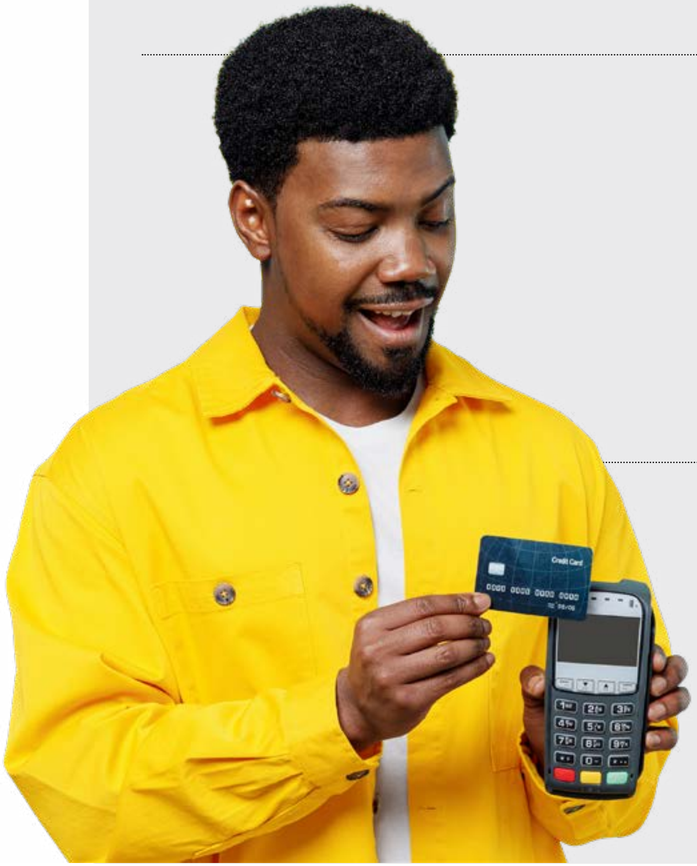
Net interest income up
32%
to **P2.34 billion**
(FY 2023: P1.77 billion)

Non-funded income up
5%
to **P541 million**
(FY 2023: P514 million)

Profit before tax up
110%
to **P255 million**
(FY 2023: P121 million)

Loss after tax of **P93 million** down
37%
(FY 2023: P149 million)

Net advances up
1%
to **P13.6 billion**
(FY 2023: P13.5 billion)



Customer deposits up
40%
P2.1 billion
(FY 2023: P1.5 billion)

Loan loss ratio of
5.4%
(FY 2023: 3.3%)

Cost-to-income ratio of
64%
(FY 2023: 74%)

Effective tax rate (ETR) of
137%
(FY 2023: 223%)

Basic loss per share
(7.4) thebe
(FY 2023: (9.3) thebe)

Loss on Equity (ROE) of
(2%)
(FY 2023: (3%))

Capitalisation ratio
24%
(FY 2023: 24%)

Debt-to-equity ratio of
196%
(FY 2023: 183%)

2024
PERFORMANCE

Profit performance

The Group's Profit before taxation improved by 110% year on year for the financial year ending 2024, to P255 million. While still in a loss after taxation position, the loss reduced by 37% from P149 million in 2023 to P93 million in 2024.

Operating income

The Group's operating income grew 26% year on year to P2.88 billion on the back of strong top-line growth. Interest income for the year of P3.9 billion reflected double-digit growth. Interest from advances to customers was up 15% year on year, driven mainly by DAS and Mobile lending. Interest on deposits with banks increased 27% year on year. Interest expense of P1.6 billion reduced 5% year on year. Non-funded income increased 5% year on year, with strong performance on administrative fees increasing 243%, driven by the Ghana mobile lending book.

Total operating expenses

Total operating expenses increased 8% year on year. These comprise employee costs which decreased 15% and other operating expenses which increased 21% year on year. Included in other operating costs were collection commission and direct costs which increased 62% and 217% respectively.

Ghana made up a significant part of this increase with a year on year increase in government e-levies for mobile loan disbursements and collection commissions. Ghana also recorded a hyperinflationary net monetary loss of P87 million, down from P149 million in the previous year. Other cost increases included recharge costs of P50 million, P19 million provision was made for an ongoing regulatory review in Mozambique. Licence and subscriptions increased by P36 million, primality for licensing of systems while professional fees increased by P15 million.

The Group is undergoing a rigorous cost rationalisation exercise aimed at right sizing the holding company, before reviewing the operating model across the Group. This will assess any areas of possible inefficiency between the Group and subsidiaries including an assessment of possible decentralisation of some services. The Group will also undertake a country review of local costs to create a sustainable cost base overall.

Effective tax rate

Although historically high for the Group, the effective tax rate (ETR) for 2023 and 2024 exceeded 100% due to the impact of ECLs and hyperinflationary accounting introduced in the last two years. ETR is driven by the tax charge and the profit before taxation of the business, and in 2024, reduced from 223% in 2023 to 137% in the current year. Although the profit before taxation increased 110% year on year, the tax charge increased by 29% year on year due to the following reasons:

- Current tax increased by 15% due to improved profitability from Mozambique, Namibia and Botswana.
- Withholding tax decreased by 37% due to a decrease in dividends, management fees and interest income received by Letshego Africa Holdings Ltd from the subsidiaries.
- Dividend extraction decreased by 44% due to muted performance in some subsidiaries.

In addition, the Group incurred prior year adjustments of P79million, the biggest contributors being extraordinary prior year tax matters in Kenya and Tanzania totalling P52 million. The Group is reviewing options around jurisdictional regulations to optimise tax efficiencies for our collective operations.

SUSTAINABLE STAKEHOLDER VALUE CONTINUED

Southern Africa markets showed good performance in 2024, supported by strong top-line performance and profitability in Namibia and Mozambique. Letshego Botswana saw a gradual recovery following the losses experienced on the non-DAS Individual Loans in 2023. Botswana wrote off a significant part of this portfolio in line with the Group's prudent approach to expected credit losses and the strict application of the revised write-off policy in 2024. Namibia, Mozambique and Botswana subsidiaries recorded an increase in profit after taxation of 32%, 15% and 123%, respectively. Southern African markets collectively saw a steady 4% net loan book growth year on year.

Some green shoots were experienced in **East and West Africa** during the year. Short-term loans showed good performance in Ghana and Tanzania, with Ghana's disbursements growing threefold. Through Ghana's effective deposit mobilisation strategy, institutional deposit and retail deposits grew 17% and 25%, respectively. As reported in 2023, the Group reset its MSE product and maintained disbursement trends in countries which met minimum performance thresholds, including Rwanda, Uganda and Nigeria.

	SOUTHERN AFRICA (P million) 2024	2023		EAST AND WEST AFRICA (P million) 2024	2023	
Net loans and advances	11 012	10 549	4%	2 557	2 939	13%
Customer deposits	1 568	1 181	33%	580	357	62%
Operating income	2 181	1 919	14%	1 109	763	45%
Profit after tax	623	506	23%	(184)	(156)	18%

Non-performing loans (NPLs) and credit quality

As of December 2024, the Group's NPL ratio decreased to 8.4% of the gross loan book, compared to 9.6% for the previous period. Similarly, the Portfolio at Risk (PAR) over 30 days improved to 11.6%, down from 14.4% in FY 2023, marking a significant reduction in credit risk exposure.

A reduction in NPLs and PAR was partly driven by the strategic write-offs of underperforming loans that include short-term loans and non-DAS loans. There was a notable improvement in collections and recoveries, particularly from new bookings initiated in 2024.

Despite the positive trends, write-offs into NPLs increased in certain markets, notably Botswana, Kenya and Lesotho. Non-DAS loans in both Botswana and Lesotho fell short of original credit performance forecasts, resulting in a higher than expected default rate. In Kenya, challenging macroeconomic conditions, including elevated environmental risks and increased collection challenges, particularly concerning non-DAS loans and legacy MSE portfolios, have resulted in higher write-offs and a further deterioration in the risk profile for the portfolio as a whole. Remediation efforts have seen a gradual recovery for portfolios experiencing higher trends in default, including non-DAS loans and short-term loans in Kenya and Eswatini.

Asset quality – Tabulated summary

Measure	FY2024	FY2023	FY2022	FY2021	FY2020
Gross loan book balance in P'm	**14 542**	14 346	13 132	12 439	10 740
Portfolio at risk – 30 days	**11.6%**	14.4%	9.2%	9.2%	8.3%
Portfolio at risk – 90 days (NPL)	**8.4%**	9.6%	6.5%	5.9%	5.3%
Post write-off recoveries in the year in P'm	**228**	162	147	178	199
Net impairment charge	**783**	457	99	17	26
Loan loss rate – actual	**5.4%**	3.3%	1.7%	(0.1%)	0.3%
Loan loss rate – excluding once-off items	**2.3%**	2.0%	0.5%	0.6%	1.8%
Non-performing loan coverage ratio*	**69%**	58%	53%	73.0%	98%

* *Non performing loan coverage ratio = Total ECL provision / Gross carrying amount on NPLs.*

Expected credit losses

Full implementation of the time in default LGD

During the financial year, the Group successfully implemented the time in default (TID) loss given default (LGD) approach for stage 3 accounts in line with IFRS 9. This enhancement aligns the Group with best practice in credit risk modelling, and improves the accuracy of ECL provisioning. Empirical data suggests that recovery rates and loss expectations vary significantly over time, which makes it critical to adjust LGD estimates based on the duration of default. This methodology also allows for a more granular evaluation of credit risk, aligning better with observed recovery trends. As a precautionary measure, the Group has also applied the TID approach to its short-term loan portfolios across all markets.

Impairment coverages

The stage 3 coverage ratio closed the year at 69%, up from 58% in FY2023. This increase in coverage is a result of the Group's implementation of a LGD methodology that accounts for long-dated defaults under the TID framework, as outlined above, alongside the transition of the probability of default (PD) methodology from cumulative roll rates to a chain ladder approach. Non-DAS, MSE and short-term loan portfolios in Kenya and Eswatini are the main drivers increasing stage 3 coverage.

Credit impairment charges

Net credit impairment charges for 2024 amounted to P783 million, an increase from P457 million on the prior year. This rise was primarily driven by higher than expected delinquencies including non-DAS lending in Botswana and Lesotho, as well as short-term lending in Kenya. Additionally, increased legacy write-offs and heightened operational risks contributed to the increase in credit impairments.

Government DAS loans remain the Group's core portfolio, comprising 84% of the total portfolio. DAS loans recorded robust performance with an aggregated loan loss ratio of 2.0%, reflecting solid growth and higher quality portfolios. Botswana, Ghana, and Kenya portfolios constituted 85% of the total increase in ECL across the Group. In Botswana, the primary driver of impairments was the non-DAS lending portfolio, while in Kenya, the MSE portfolio contributed significantly to the increased provisions.

Funding and Liquidity

The Group's funding profile is managed by source, counterparty, product, and currency. In 2024, the Group funding strategy focused on ensuring that mature subsidiaries could self-fund, improving both the currency risk profile and interest rate risk profile of the subsidiaries and the Group. Furthermore, growing depositor franchise continued to be a focus area, especially in deposit-taking subsidiaries.

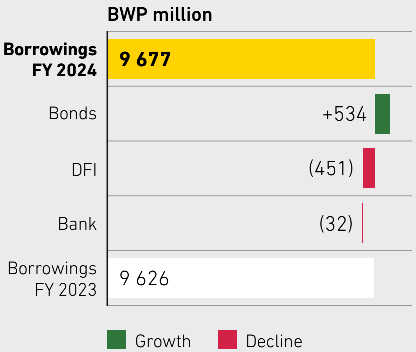
Wholesale and Institutional Funding

The Group's funding strategy continued to focus on;

- Increasing local funding at the subsidiary level in order to reduce foreign currency exposures and depreciation risks as well as to reduce dependence on Letshego Group for funding
- Diversifying funding sources across development finance institutions (DFI), bank borrowings and debt securities issuance in order to achieve optimal balance and increase funding agility
- Reducing cost of funding by promoting deposit gathering in banking/deposit-taking subsidiaries.

The Group's total borrowings remained stable at P9.68 billion (2023: P9.63 billion), equating to a 1% growth year on year. Composition of the Group's borrowings adjusted with a reduction in DFI funding of P451 million offset by a similar increase in bond issuances. Namibia and Mozambique increased issuances by P309 million and P200 million respectively. Ghana bond issuances reduced by P200 million, and Letshego Africa Holdings' Botswana Stock Exchange bond issuances increased by P225 million. Ghana issuances reduced with the subsidiary letting high-cost bonds mature in a bid to manage cost of funds. Total bonds outstanding increased by P534 million for the year: As a result, DFI funding share of total borrowings reduced to 20% from 26% in 2024 (P2.04 billion compared to P2.49 billion in 2023), while bond issuances share rose to P3.08 billion from P2.45 billion in 2023 – this equated to 30% of total borrowings. A number of subsidiaries are also setting up debt programmes in order to develop this funding avenue going forward. Bank funding decreased by P32 million from P4.59 billion to P4.56 billion.

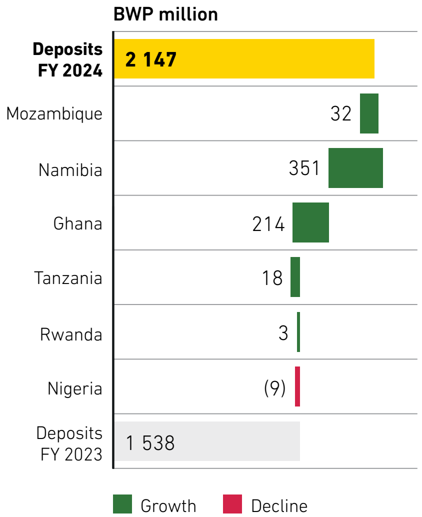
Borrowings



Deposit mobilisation

The Group continues to mobilise savings in deposit taking markets to diversify funding sources and reduce the cost of funding. For the year under review, Group deposits increased to P2.15 billion representing an increase to 18% share from 14% of total Group funding in the prior year. Borrowings constitute 82% (2023: 86%) of the Group's total funding portfolio. Growth in customer deposits was driven by Namibia and Ghana, with 57% and 99% growth year on year respectively.

Customer deposit growth



Capital allocation

- The Group remains well capitalised with strong balance sheet growth supported by well capitalised subsidiaries.
- Capitalisation ratio 24% (2023: 24%)
- Continued focus on maximising capital efficiencies and optimising balance sheet and funding structure.

Looking ahead

Our business fundamentals remain strong and we will continue to mitigate risks by enhancing collection and recoveries, accelerating portfolio remediation efforts, and enforcing stringent cost controls.

Our priority is executing our refreshed strategy, building on previous experience and lessons learnt to generate higher returns. The focus is to enhance our core DAS product, scale short-term credit solutions, and accelerate payment capabilities to drive deposit growth. This will be underpinned by disciplined risk and cost management.

We will review our market participation in East and West Africa, assessing opportunities that leverage our strength. We are committed to optimising internal processes and leveraging strategic partnerships to reduce costs and improve service efficiency.

Despite challenges in 2024, we are strategically positioned to restore long-term profitability. With a focused product strategy, disciplined risk management, and stringent cost management, we are taking steps to build resilient growth and creating lasting value for our stakeholders.

People and culture report

Overview

Our people are at the centre of our ability to create an exceptional customer experience and deliver on our brand promise to improve lives. As a key competitive advantage, our employee value proposition must remain attractive to acquire and retain the talent needed to execute our strategy, particularly in markets with increased competition for skilled, innovative and dynamic people.

We believe that investing in our people unlocks our business's full potential. We remain committed to fostering a culture where our people can thrive, lead, and grow, supported by the right tools, values, and vision at Letshego.

#PeopleFirst strategy – building tomorrow's people today

This year, we focused on creating a future-fit organisation by prioritising our people. Guided by our refreshed values – Ubuntu, Curious and Forward thinking, Thriving because of Diversity and Taking Full Ownership – we have built an inclusive and empowered culture.

Our initiatives for the year have laid a foundation for a more connected, capable and empowered workforce, positioning us to deliver with purpose and grow together as One Letshego.

VALUES AND CULTURE

Our culture acts as our compass, promoting collaboration, innovation, and ownership. These values influence how we lead, serve communities, and support each other.

LEADERSHIP

Our leadership is dedicated to driving transformation through enabling others, nurturing talent, and leading with purpose. We have enhanced leadership development and performance management frameworks to foster accountability, resilience, and capability across all levels.

SYSTEMS AND PROCESSES

We have integrated technology to enhance the employee experience, streamlining processes and improving data access for agile decision making. Our partnership with Coursera offers customised programs to equip our employees with future-ready skills.

2024 PERFORMANCE

- We implemented our Human Resources Information Systems (HRIS), which achieved seamless integration of core HR functions, such as employee administration and data management. The HRIS has improved operational efficiency, accuracy, and agility across the business.
- The rollout of a new performance management platform has enhanced goal-setting, performance tracking and feedback processes. This tool ensures alignment across teams and supports employees in their development and impact. It fosters a performance culture emphasising transparency, accountability, and continuous improvement.
- To support learning and growth, we partnered with Coursera to offer access to a variety of learning programs. These include globally recognised courses and customised learning pathways specific to Letshego, ensuring relevance to our business context. This initiative equips teams with future-fit skills and expanded professional knowledge while promoting self-driven development.

PEOPLE AND CULTURE REPORT CONTINUED

#PeopleFirst

PEOPLE DATA HIGHLIGHTS

Workforce profile

Total employees

Permanent	Temporary
1 459	**145**
(2023: 1 375)	*(2023: 152)*

Gender breakdown %

Male	Female
51	**49**
(2023: 52%)	*(2023: 48%)*

Learning and development

99.8% Employees received training *(2023: 90%)*

848 **employees have completed at least one course** on the online learning platform in 2023 *(2023: 436)*

over **100%** utilisation of the **online learning platform**

19 742 **total learning hours** were spent on the online learning platform

Training spend

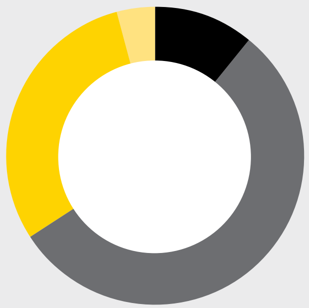
P5.3 million

(2023: P5.2 million)

Male **42** *(2023: 58%)*

Female **58** *(2023: 42%)*

Age profile (%)



- <30 years: 11%
- 31 – 40 years: 55%
- 41 – 50 years: 30%
- >51 years: 4%

Employee turnover

16%

(2023: 37%)

PEOPLE AND CULTURE REPORT CONTINUED

Gender profile
Gender breakdown by employee and gender

Senior management

65 *(2023: 68%)*

35 *(2023: 32%)*

Management

55 *(2023: 57%)*

45 *(2023: 43%)*

General employees

51 *(2023: 48%)*

49 *(2023: 52%)*

Hires by gender

48 *(2023: 51%)*

52 *(2023: 49%)*

Employee engagement

Employee Net Promoter Score (eNPS)

4
eNPS
(2023: 2)

Overall engagement score
66.4%
of the workforce is considered to be engaged
(2023: 64.6%)

Reconciliation of employee turnover	Number of employees 31 Dec 23	Who left during the year*	Hired during the year	**31 Dec 24**
Group	149	21	28	**156**
Botswana	152	23	22	**151**
Eswatini	28	5	6	**29**
Ghana	118	17	9	**110**
Kenya	105	56	55	**104**
Lesotho	58	10	9	**57**
Mozambique	153	7	25	**171**
Namibia	149	12	48	**185**
Nigeria	192	41	80	**231**
Rwanda	58	9	6	**55**
Tanzania	61	12	20	**69**
Uganda	152	17	6	**141**
Total	1 375	230	314	**1 459**

* *Voluntary or due to dismissal, retirement or death in service.*

Health and wellbeing

We are committed to our employees' health and wellness, believing that their wellbeing enables personal growth, teamwork, and business success. Over the past year, we have introduced initiatives to help employees balance their lives, including psychological support, mental wellbeing sessions, fitness challenges, health talks, and financial wellness conversations.

LOOKING **AHEAD**

Our aim is to build a workplace where our people are central to our operations, leveraging our updated values which guide how we work, lead and grow together across the continent.

Our strategy continues to be influenced by our people first approach, as we seek to enhance the lives of our employees across Africa. We will continue to focus on improving employee experiences through inclusive people practices, meaningful development opportunities and a culture that acknowledges diversity. We will invest in wellbeing, learning, growth and belonging initiatives as we shave a future where employees thrive.

Social impact

Letshego strives to make a measurable and sustainable social impact within the markets where we operate to improve the lives of our customers across communities and society.

We place strategic focus on affordable and appropriate financial solutions for emerging customers, including women, youth and entrepreneurs. Our goals are to promote a savings culture, increase our borrowing facilities and expand support for MSEs to grow their businesses. A key driver towards being a force for social good is our lending approach, providing solutions that are inclusive and ethical, and support more people to improve their lives and the lives of future generations through access to affordable housing, healthcare and education.

We measure the impact of our activities and use this information to inform our organisational practices, and identify the opportunities, constraints, impacts and social risks associated with our policies, product design, implementation and management. By adhering to world-class governance standards, and achieving a positive social and environmental impact across our footprint, Letshego's products and strategy support 11 out of the 17 United Nations Sustainable Development Goals.

Our commitment to fairness and transparency is at the heart of our value proposition. Through digital technology, including mobile phones, we are enabling affordable financial inclusion and measurable social impact. Our services are designed for easy and transparent access over multiple channels, ensuring that everyone can benefit from our offerings.

Letshego continues to strengthen its capability to deliver its ESG commitments by embedding our Country ESG Manuals and Environmental and Social Management Systems (ESMS) into our daily operations across subsidiaries. Enhancing the management of environmental and social risks forms part of our Enterprise Risk Management Framework, and has been achieved through expert training, policy and guideline upgrades and the appointment of ESG Champions across country divisions.

This operationalisation of Letshego's ESMS, supports the reporting of potential environmental and social risks. The identification, monitoring and potential escalation of ESG and sustainability matters is done through Letshego's Group Sustainability Management Committee, which reports into the Group Executive Committee.

Social impact

Holding a bank account or mobile wallet is not just a financial transaction, it is a gateway to empowerment. It enables individuals to mobilise household savings, protect themselves against risks and unexpected financial expenses, and build a credit history. This paves the way to future access to capital, which they can invest in their families, households, and businesses, thereby improving their lives and the communities they are a part of.

The LetsGo Digital Mall plays a pivotal role in our mission to deliver enhanced inclusive financial services across our footprint. As we continue to enhance the platform's capabilities, our goal is to support customers throughout their financial services journey and promote personal wellbeing. Our focus on specific economic segments, which have been proven to have the highest impact in supporting social development in Africa, underscores our commitment to making a difference in the communities we serve.

Defining 'Social Impact'

Letshego's commitment to addressing financial inclusion aims to ensure that our responsible financial products and services remain accessible to low-income individuals and MSEs to improve customer pricing for existing and future financial products.

We have identified focus areas in our core offerings that would ensure optimal societal impact for our customers, including:

- **Access to finance**
  Providing access to financial services to those formally excluded and under-served customers from the formal financial sector, whether individuals or MSEs.
- **Access to essential services**
  Providing individuals with access to finance to enable access to healthcare and education.
- **Agribusiness**
  The provision of access to finance for agriculture activity (including crop and livestock farming) for low to middle income farmers to enable food security poverty reduction and income generation.
- **Affordable housing**
  The provision of access to finance for affordable housing to contribute to inclusive growth for low to middle income customers and enabling asset wealth creation.
- **Women economic advancement**
  The provision of financial services focused particularly on women and women-owned businesses to reduce income inequalities.

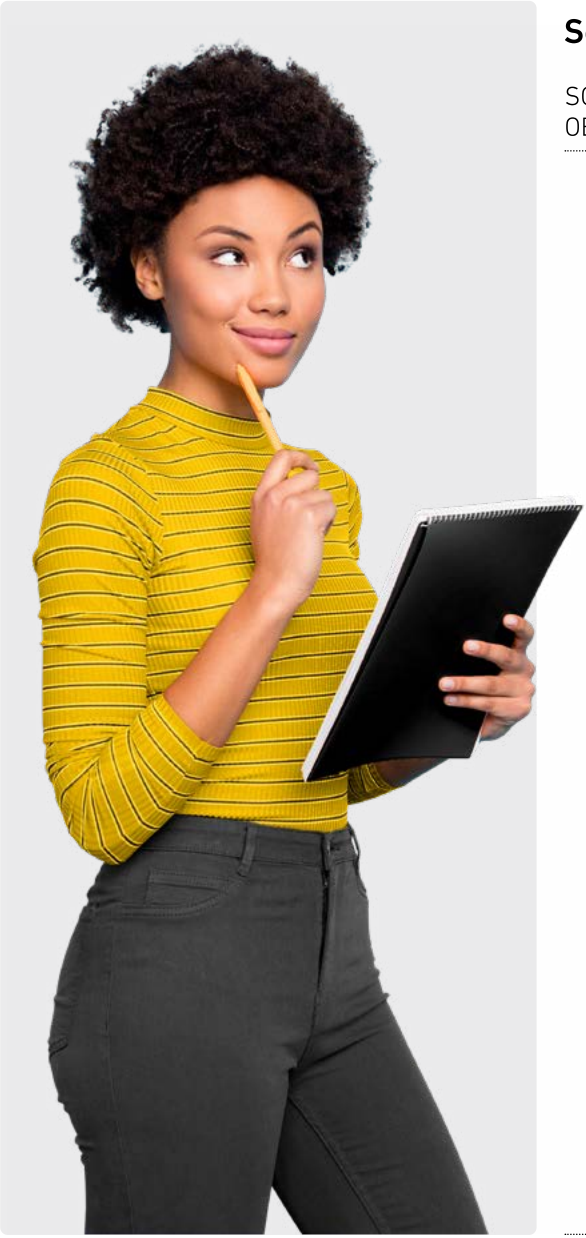
Social Financing Framework

Our social financing framework outlines the guidelines under which Letshego intends to issue and raise repeated use of proceeds from financial instruments in the form of social bonds and/ or social loans.

Funding categories

LOAN GROUP	SOCIAL IMPACT	RELATED SDG
Qualifying MSMEs, including self-employed individuals and informal traders	Funding business growth and investment	1 No poverty; 10 Reduced inequalities; 8 Decent work and economic growth
Ultra-low and low income households	Financing enables • affordable housing and related activities • MSE, agribusinesses and small-scale farmers to grow • access to healthcare • access to education	1 No poverty; 5 Gender equality; 2 Zero hunger; 8 Decent work and economic growth; 3 Good health and well-being; 10 Reduced inequalities; 4 Quality education; 11 Sustainable cities and communities
Financially excluded or informally served individuals		
Previously disadvantaged and disabled individuals		
Women-owned businesses		

SOCIAL IMPACT CONTINUED



Social impact indicators

SOCIAL OBJECTIVE	ELIGIBLE USE OF PROCEEDS	INDICATIVE IMPACT INDICATOR
Financial inclusion	MSEs	▶ Number of financial products and/ or services provided ▶ Number of jobs created ▶ Number of individuals funded vs MSEs
	Individuals' access to finance:	▶ Number of financial products and/or services provided ▶ Breakdown of income brackets to whom such was provided
	Affordable Housing	▶ Number of individuals to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations ▶ Location of affordable homes per region
	Agribusiness	▶ Number of farmers to whom financial products and/or services were provided ▶ Number of agribusinesses to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations
	Healthcare	▶ Number of individuals to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations
	Education	▶ Number of individuals to whom financial products and/or services were provided ▶ Breakdown of the applicable target populations
	Women-owned businesses	▶ Number of women-owned businesses to which financial products and/or services were provided; a regional breakdown will be included where feasible ▶ Number of individuals to which financial products and/or services were provided ▶ Breakdown of the applicable target populations ▶ Number of jobs created

SOCIAL IMPACT CONTINUED

IMPACT AREA 1

INCLUSIVE LENDING APPROACH

We often lend to people with little or no collateral. Therefore, we have a strong preference for productive loans where customers are empowered to make repayments from the income generated by the loan, reducing their risk of over-indebtedness. Most of our loans have credit insurance embedded in the repayment terms to protect family members from being saddled with a financial burden in the event that a customer passes away.

We also offer value-added products including loyalty benefits, funeral and life cover. Our digital Instant Loans enable customers who manage their small loans responsibly to improve their credit profile and increase access to productive finance.

Supporting entrepreneurs

Entrepreneurs and their ventures form the economic backbone of many developing countries. According to the World Bank, in Africa, MSEs make a substantial contribution to economic growth, account for a significant portion of all businesses and provide a large share of employment. MSEs in sub-Saharan Africa are estimated to contribute almost 50% of the region's GDP. The support Letshego provides these businesses, which extends beyond financial services to include capacity building and market access, underscores our commitment to fostering sustainable economic development and financial inclusion in the regions we operate.

Our financial solutions empower under-served customers to start a business or improve the financial performance of their current business, ultimately improving their income levels and sustaining their livelihoods and those of their employees. Our customised solutions are designed to support the growth of MSEs, and range from the provision of working capital and short-term loans to ecosystem financing. Funds can be used to purchase primary inputs, upgrade infrastructure, or purchase land or premises. In addition, our lending approach offers much needed solutions that address social needs, with our products tackling access to affordable housing and education. These solutions are also available on the LetsGo Digital Mall.

Digital technology, including mobile phones, is bringing formal financial services to previously financially excluded and under-served populations at an affordable cost, including those living in rural areas. We offer fast onboarding processes and improved turnaround times, affordably priced products, and easy and transparent digital services, accessed over multiple channels

The use of digital and mobile services helps MSEs reduce their operating expenses and supports quicker and easier payments to their suppliers. As we grow the capability of the LetsGo Digital Mall, we will broaden our digital offerings to MSEs.

Read more about our products on page 34.

SOCIAL IMPACT CONTINUED

OUR IMPACT MEASURES

Impact measure
Economic growth

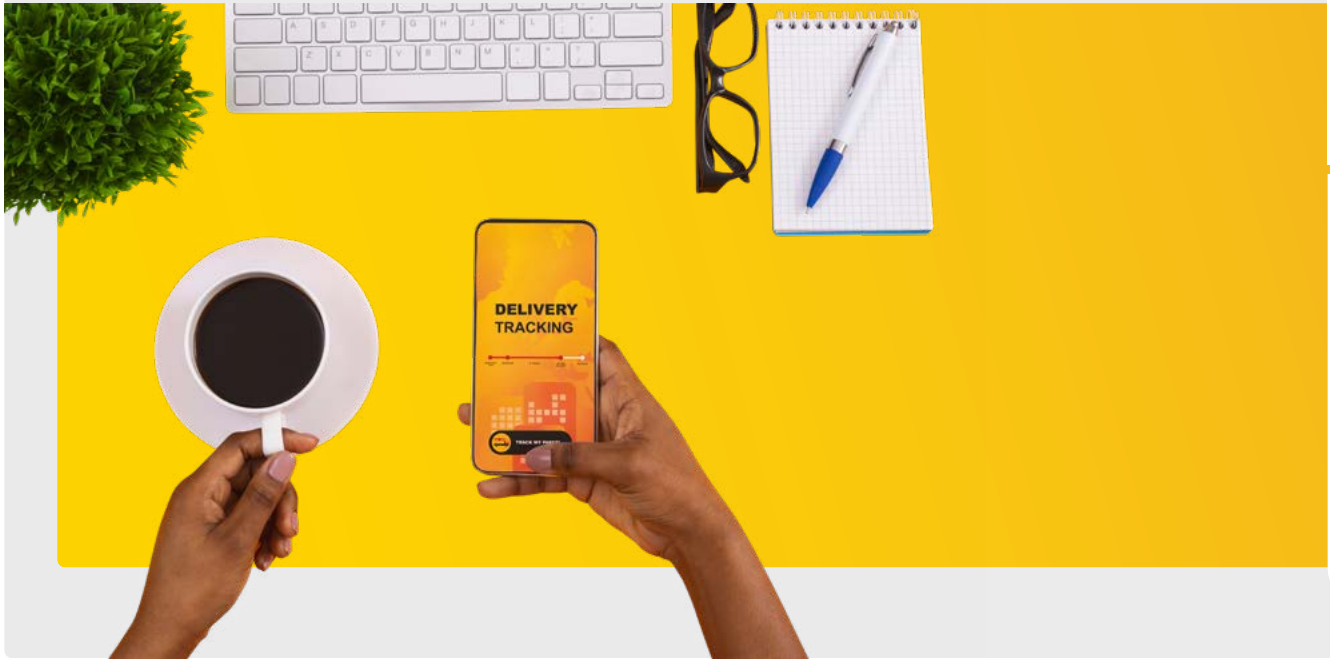
Every US Dollar invested in MSEs generates, on average, an additional USD12 in the economy, 41% of which benefits those outside the enterprise[1].

P23 billion
additional stimulus to the African economy from our MSE lending in 2024

P'billion	2024	2023	2022*	2021
Direct economic stimulus from our MSE lending	**7 618**	6 818	7 590	6 918
Indirect economic stimulus to those outside of our customer base from our MSE lending	**5 294**	4 738	5 274	4 808

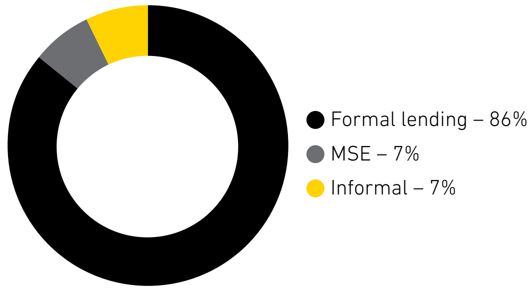
* *Restated.*

1 *From Poverty to Prosperity: Understanding the Impact of Investing in Small and Medium Enterprises, SEAF, 2014.*

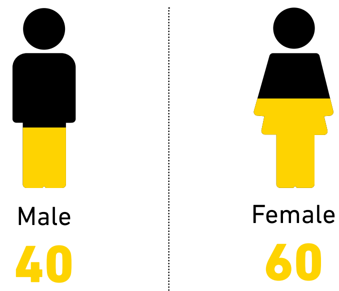


Number of active customers
3.4 million

By portfolio



By gender split



SOCIAL IMPACT CONTINUED

Key performance measures

DAS loans

Almost 20 000

of our DAS customers are active on the LetsGo Digital Mall.

Active lending customers

73%

of our lending customers used at least one form of the Group's digital channels.

Digital loan origination

LetsGo Digital Mall activated loans have increased exponentially to

P1.3 billion

(2023: Over P800 million)

New customers

Over 24 000

new customers register on the LetsGo Digital Mall each month.

Automation

46%

of the processing supply chain.

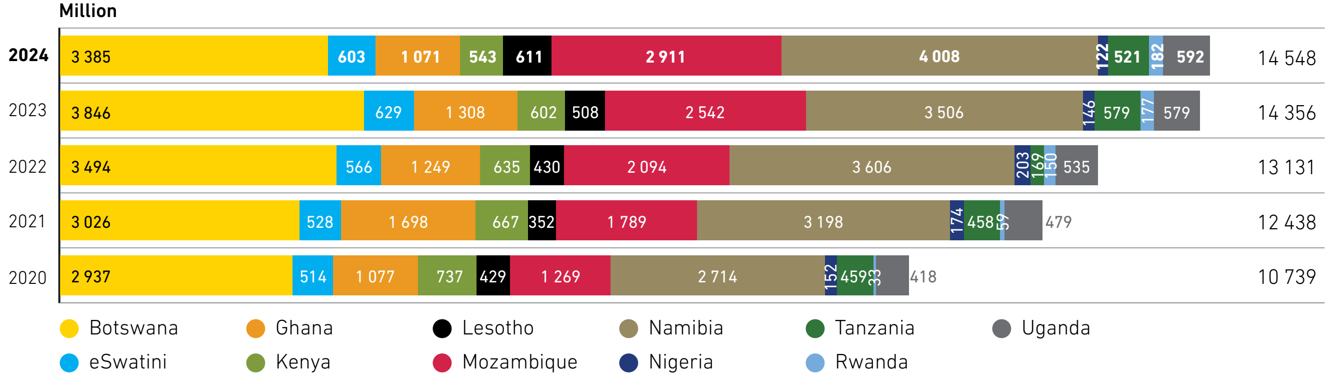
Customer base

Over 4 million

registered customers on the LetsGo Digital Mall.

(2023: Over 3.2 million)

Lending by country



AIRTEL MONEY AND LETSHEGO EXPAND MICRO CREDIT WITH LETSGO PESA

Airtel Money and Letshego Uganda have partnered to launch the expansion of the country's credit portfolio with LetsGo Pesa, an innovative mobile loan service designed to offer financial solutions to Ugandans in need of quick and convenient access to funds. This new service is launched in partnership with Airtel Money, one of the Uganda's leading mobile money services providers, and GnuGrid credit-scoring system to reduce risks and make it more affordable for the average borrower with good credit behaviour to access funding, assisting customers to meet their urgent financial needs through an affordable instant, accessible solution.

With LetsGo Pesa, we are leveraging technology to bring financial relief directly to the people, enabling them to access funds quickly, conveniently, and safely, without the need for collateral or lengthy approval processes.

Supporting small-scale agricultural clients

Our loans help enhance the incomes and sustainability of small-scale farmers.

We partnered with Philomena Wanjuri, an entrepreneur who operates multiple businesses, including a car wash and an animal feed shop. We support Philomena's dedication to community development and her potential to grow her agriculture business, thereby contributing to food security in her community.

Supporting job creation and business development

A competition run by Letshego where a customer won a tractor has enabled them to start a small business that employs a driver and assisted more than 30 homesteads with cultivating their fields during the agricultural season. In addition, he uses the tractor to deliver supplies to nearby homesteads.

SOCIAL IMPACT CONTINUED

IMPACT AREA 2

AFFORDABLE HOUSING AND GREEN LENDING

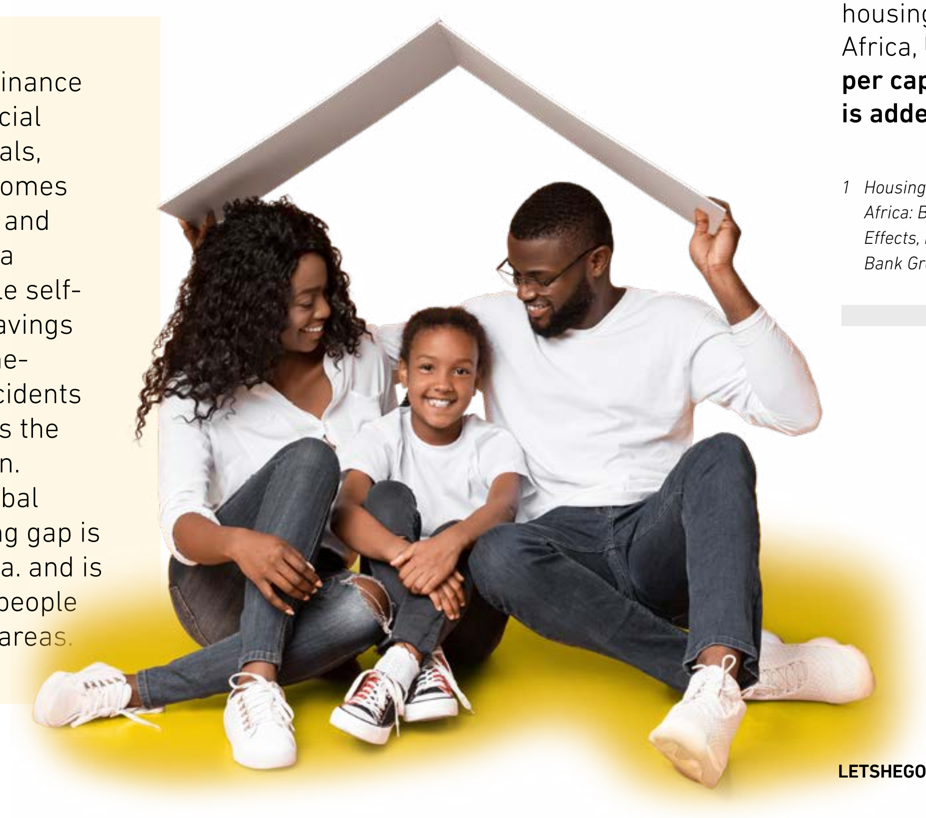
IMPACT AREA 2

AFFORDABLE HOUSING

Access to affordable housing finance has profound health and financial wellbeing benefits for individuals, providing adequate and safe homes with proper sanitation, energy and water provision, ownership of a personal asset, and sustainable self-sufficiency. It also mobilises savings and investment, supports home-based enterprises, reduces incidents of child diseases and enhances the performance of school children. According to the McKinsey Global Institute, the affordable housing gap is estimated at USD650 billion p.a. and is expected to impact 1.6 billion people by 2025, particularly in urban areas.

Delivering affordable housing at scale supports the housing market, contributes to national infrastructure, and facilitates job creation and financial inclusion. In addition, as the world transitions towards cleaner and low-carbon economies, green affordable housing developments and lending initiatives can support this shift. More broadly, adequate accommodation for communities engenders human dignity, contributes to inclusive economic growth (inequality and poverty reduction), improves national living conditions, increases municipal revenues, boosts climate change resilience and contributes to community social wellbeing and cohesion.

Our affordable housing solutions help our customers buy a home, build a new home, improve or extend their homes and purchase land. We also work with developers and qualified engineers to plan houses that are affordable and of a robust quality.



OUR IMPACT

Letshego's Affordable Housing loans in Botswana are distributed country wide in Botswana, Kenya and Namibia urban and rural areas, connecting potential homeowners to a variety of affordable professional service providers including turnkey contractors, architects, interior designers, valuers, real estate agents and quantity surveyors as well as local merchants like brick manufacturers, builders and merchant suppliers who provide discounted prices on building materials.

For every USD100 spent on housing finance activities in Africa, **USD36.50 is added to per capita GDP and USD225 is added to GDP**[1].

1 *Housing Finance and Inclusive Growth in Africa: Benchmarking, Determinants, and Effects, Nguena, Tchana Zeufack, World Bank Group, December 2016.*

Financed
3 089
homes
(2023: 3 703)

Number of Affordable Housing customers
2 983

IMPACT AREA 2 GREEN LENDING

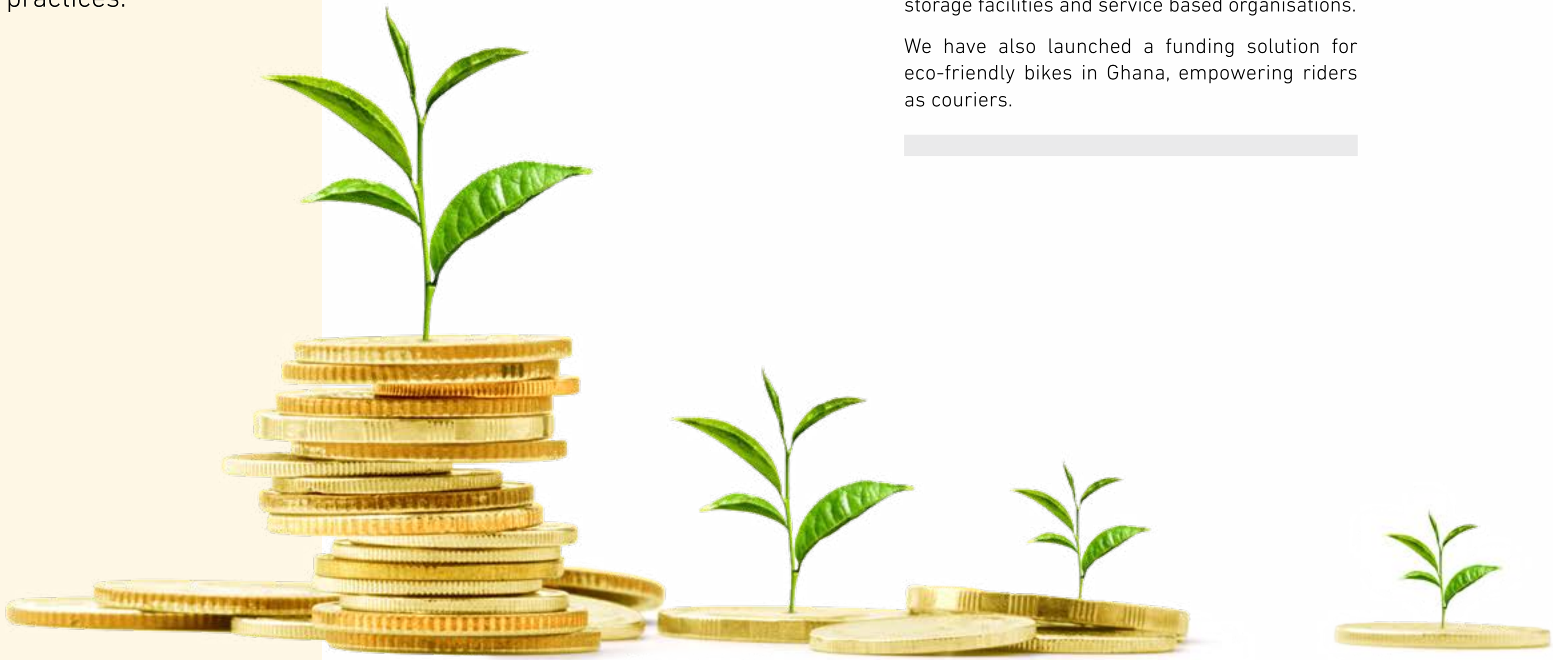
Financing green-friendly or eco-friendly products enables Letshego to support climate initiatives that reduce the impact of climate change for our customers and support sustainable and environmentally friendly business practices.

OUR IMPACT

Letshego's eco-friendly and green partner for our green lending portfolio is the Global Climate Partnership Fund, a development fund that remains committed to financing green and eco-friendly innovation across Africa as well as global emerging markets. The Global Climate Partnership Fund aims to address the shortage of appropriate financing for low-carbon projects in developing economies by focusing on financing energy efficiency and renewable energy projects for SMEs and private households in developing countries.

Nigeria has introduced simple, affordable finance to individuals and small business owners to support a more sustainable way of life. Green friendly products include solar bulbs, invertors, solar panels, ecofridges, house invertors or solar panel systems with an output of 5 KVA. To assure product quality and durability, and a wide choice of green products for the home or workspace, Letshego continues to formalise more partnerships with reliable and expert green power partners based in Nigeria's main centres. The LetsGo Green Lending solution is available to individuals, small businesses, developing estates, hotels, hospitals, schools, farming operations, cold storage facilities and service based organisations.

We have also launched a funding solution for eco-friendly bikes in Ghana, empowering riders as couriers.



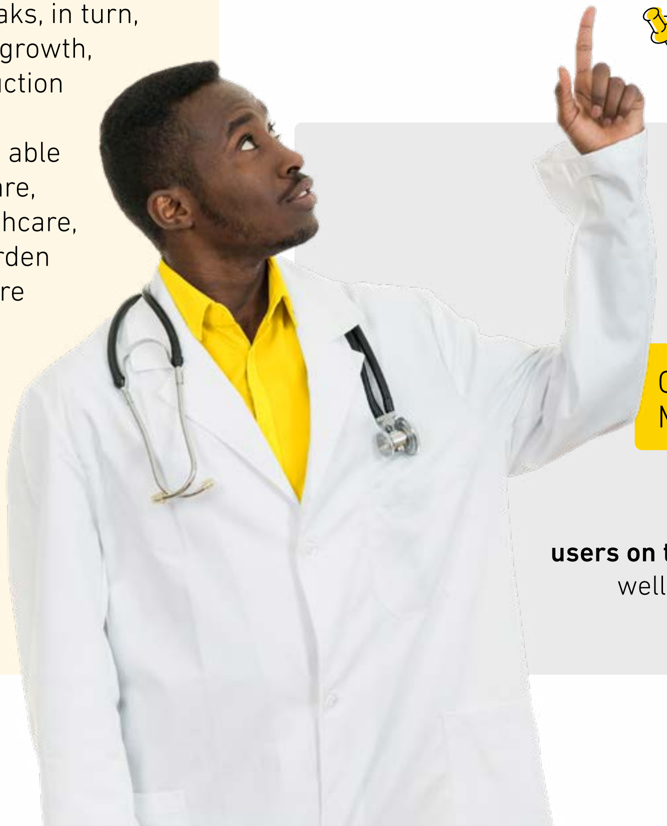
SOCIAL IMPACT CONTINUED

IMPACT AREA 3

HEALTHCARE

Enabling people to maintain good health not only improves their quality of life, wellbeing and social participation, but it also reduces population susceptibility to infectious disease outbreaks, in turn, contributing to economic growth, employment and the reduction of income inequality. In addition, when people are able to access quality healthcare, particularly primary healthcare, it reduces the disease burden placed on public healthcare systems.

We offer working capital and short-term loans and hospital insurance cash cover to help our customers access the healthcare they need, and we give them access to wellness information using our digital channels.



Wellbeing

We offer working capital and short-term loans to help our customers access the healthcare they need.

Our first lifestyle solution – Digital Wellbeing – is a unique and affordable healthcare and wellness product offered to registered users on the LetsGo Digital Mall, providing them with access to information and tools that help them maintain their health. Digital Wellbeing includes dietary guidelines, exercise and movement routines, breathing techniques, life skills, home monitoring solutions and health education.

Employee health and wellbeing

We aim to provide a safe working environment for our people and support their mental and physical health and wellbeing through our employee assistance programme. The wellness of our employees has a direct impact on productivity and the working environment. A comprehensive wellness strategy is in place.

Read more on page 48.

OUR IMPACT MEASURES

32 480

users on the Mall access wellbeing products, up 16% yoy.

Letshego Rwanda donated 300 Mutuelle de Santé cards, offering critical access to healthcare for vulnerable community members. The spirit of collaboration and shared purpose that defines Umuganda marked a moment of hope and tangible progress for the community by driving meaningful impact. The donation of 300 Mutuelle cards aligns with Rwanda's broader vision of achieving universal health coverage where the Mutuelle de Santé programme contributes to communities as a cornerstone of the healthcare system.

Letshego Uganda and Turaco Insurance Brokers have partnered with Sanlam Uganda to provide affordable health insurance coverage to all Letshego customers. Letshego and Turaco have been in partnership since 2023, providing health insurance to Letshego customers with loans over UGS550 000 with their flagship product LetsGo Insure. Now with Sanlam Uganda, Letshego and Turaco are able to extend insurance to all customers, regardless of loan size. The money can be used as a financial cushion to cover medical expenses or lost income. Life benefits are paid out to the insured's family in the unfortunate event of their passing, easing the burden of funeral expenses during a difficult time. By providing affordable health insurance, individuals across all income levels can safeguard their wellbeing without financial strain, empowering our clients to lead healthier lives and protect themselves against unforeseen medical expenses.

In Ghana, we provided free breast cancer screening and training to over 150 individuals.

SOCIAL IMPACT CONTINUED

IMPACT AREA 4

EDUCATION

Sustainable economic development can only be achieved when populations have access to education and when opportunities exist for people to enhance their skills. Investing in education positively impacts incomes, employment, economic growth, risk management, individual and community resilience and civic engagement, in turn, reducing poverty and inequality and increasing levels of tolerance. The IFC estimates that every additional USD1 million invested in MSEs creates an average of 16 new jobs over two years.

Within our education lending portfolio, we offer working capital, short-term loans and loans to support secondary and tertiary education. We also work with a number of partners to develop appropriate products for teachers.

Our education products and initiatives

Within our education lending portfolio we offer working capital, short-term loans and loans to support secondary and tertiary education.

Consumer education

Letshego Botswana introduced the innovative Kitso Konokono Financial Literacy Competition, spotlighting the power of poetry to inspire money management skills. Its aim is to bridge the gap in financial knowledge by using poetry—a medium that resonates with emotions, ideas, and storytelling – through an extensive campaign where the public engages with selected poets on social media. This campaign to promote financial literacy is about empowering individuals to make informed financial decisions, access crucial services, and foster a more inclusive economy.

Employee development

Investing in the learning and development of our employees enables us to deliver on our strategic objectives and drive a great customer experience while at the same time empowering our employees to advance their careers and make a meaningful contribution to the Group's success, in turn, supporting job satisfaction and our ability to attract and retain key talented individuals.

Read more on page 46.

OUR IMPACT MEASURES

Our education lending plays a crucial role in breaking the poverty cycle, creating opportunities for individuals to develop themselves and become productive members of society. This impact encourages optimism for a brighter future.

In Ghana, we sponsored the studies of three university students from the Village of Hope orphanage and hosted a Financial Literacy Clinic at the Abokobi Presby '1' Basic School, engaging with over 120 students and teachers to build smart money habits and promote financial literacy and inclusion among youths.

Educating future leaders

We partner with Hellen Avisa to upgrade her school resources and increase access to quality education. Hellen is the manager of Porters Junior Academy and has grown the school from three to over 500 students in the past five years. We provide financial support to enable her to provide quality education from world-class school facilities and create the future leaders of Kenya.

Together with Esicojeni Foundation and World Vision Eswatini, Letshego has invested in a food security and nutrition project aimed at improving the welfare of vulnerable households with resilient food security coping mechanisms. The project has supported the improvement of irrigation systems, enabled the training of 445 individuals on climate-smart crop production, and established 142 backyard gardens for household food production and three school gardens to supply a school-feeding system. To date, the project has improved food security for 295 child-headed household and almost 1 200 beneficiaries through agricultural and livestock production.

SOCIAL IMPACT CONTINUED

IMPACT AREA 5

GENDER EQUALITY AND WOMEN EMPOWERMENT

5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES

On average, women contribute larger portions of their income to household consumption and generate higher levels of positive impact in their communities. Therefore, helping women to fully participate in economies promotes growth, builds diversified economies, reduces income inequality, and contributes to financial sector stability.

We place a strong focus on diversifying our loan book and empowering women. When analysing gender and microfinance usage, our female customers generally make more productive use of loans; however, there is no research as yet on how gender affects NPL book performance.

Workforce diversity

Just as important is promoting a gender-diverse workforce to better serve and communicate with our increasingly gender-diverse customer base and benefit from different points of view and approaches that come from different life experiences. Leveraging a multiplicity of perspectives sparks creativity and innovation, helps identify opportunities and boosts morale.

Read more on page 47.

OUR IMPACT MEASURES

Impact measure
Household consumption

Annual household spending to meet everyday needs increases USD0.22 for every additional USD1.22 borrowed by women from credit programmes, compared with USD0.13 for men[1].

P1.6 billion
was used productively in annual household spending from the loans provided to women in 2024 compared to the **P983 million** by men for the year.

Customer profile by gender (%)	2024	2023	2022	2021
Male customers	**59.9**	51.9	61.5	64.0
Female customers	**40.1**	48.1	38.5	36.0

Value of loans to women (P'million)	2024	2023	2022	2021
Loans to women	**5 105**	5 048	4 942	4 382

Female Digital Mall customers
47%
(2023: 52%).

1 *Empowering Women Through Microfinance: Evidence from Tanzania, Kato. M & Kratzer. J, ACRN Journal of Entrepreneurship Perspectives, February 2013.*

Supporting women

Our financial services provide women with the power to make impactful financial decisions, thereby enhancing their livelihoods and working conditions. This empowerment enables them to participate in economies and improve their socioeconomic situation, inspiring hope for a more equitable future.

For seven years, we have partnered with Loretta Dela Alor Osabutey-Aguedze, a Junior High School teacher and mother of four. Providing financial assistance enabled by a fast and smooth process has allowed Loretta to support her family's growth.

"Letshego hasn't just given me loans—they've given me peace of mind. They've helped me stay strong for my children and face life's challenges with confidence. I'm thankful they've stood by me over the years and empowered me to keep pushing forward." - **Loretta**.

Letshego has partnered with Gloria Akos Dare, an administrator at Takoradi Technical University, a mother, and a small business owner. Funding from Letshego has enabled Gloria to pay her parents' medical bills and set up her own online household goods business.

"What I appreciate most is the clarity and honesty in their service, so I never feel lost or uncertain. Each time I reach out, I'm treated with respect and warmth. Letshego has made me feel seen, heard, and empowered—and for that, I'm truly grateful." – **Gloria.**

IMPACT AREA 6

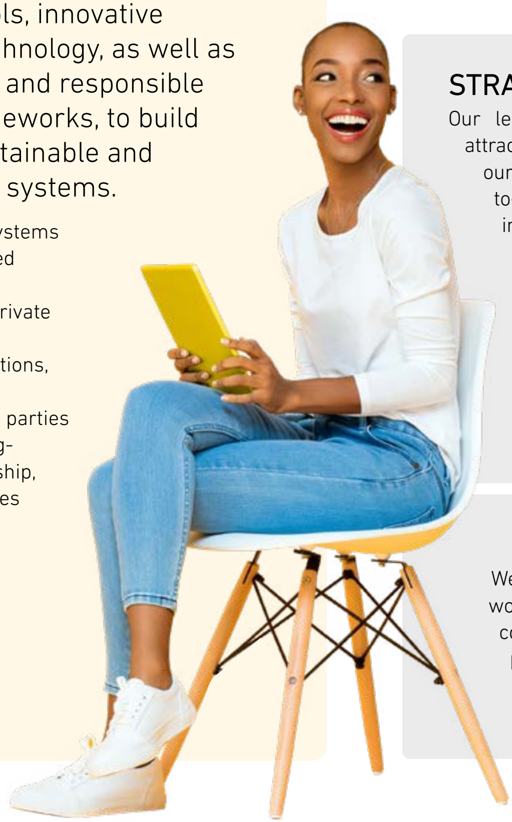
PARTNERSHIPS AND COLLABORATION

17 PARTNERSHIPS FOR THE GOALS

To accelerate the pace of inclusive and sustainable development on the continent, African countries must leverage new tools, innovative solutions and technology, as well as strong, proactive and responsible governance frameworks, to build strong, agile, sustainable and resilient national systems.

The delivery of these systems will depend on enhanced partnerships between governments and the private sector, academia, non-governmental organisations, civil society and other stakeholders, where all parties are committed to a long-term vision and leadership, shared norms and values and social cohesion.

Employees contributed over 1 100 hours to uplifting communities.



#LetsGoNation

We intend to create a community that through collective gain, delivers positive social impact, while at the same time increases the value of our business. The Digital Mall will serve to bring together a connected community of like-minded customers and thought leaders – the #LetsGoNation – creating opportunities for them to advance themselves, their communities and the environment.

Africa's development is strengthened, by sharing their experiences and strengths and to learn from each other. For Letshego, we benefit from a better insight into what inspires our customers, enabling us to develop relevant products and services that support their ambitions and meet their needs. Over time, the #LetsGoNation will enable Letshego to reach wider audiences, acquire customers through personal connections, and deepen our partnership with a dynamic action-orientated population well into the future.

STRATEGIC PARTNERSHIPS

Our lending approach and digitalisation makes us an attractive option for international partners who share our objective to provide simple, affordable and easy-to-use financial solutions that deliver a positive social impact. We look for partners who have a strong presence in Africa and are able to help us expand our reach, launch new inclusive products and make our promise to improve lives a reality for our customers. In return, our partners' customers gain access to our customer base where there are opportunities to share services. Strategic collaboration can release immense synergies and contribute to Africa's development.

COLLABORATION

We actively participate in industry and regulatory working groups, and engage with governments, to contribute towards the development of a robust and productive financial sector framework for the markets in which we operate, and to secure the interests of all participants within a financial ecosystem.

OUR IMPACT

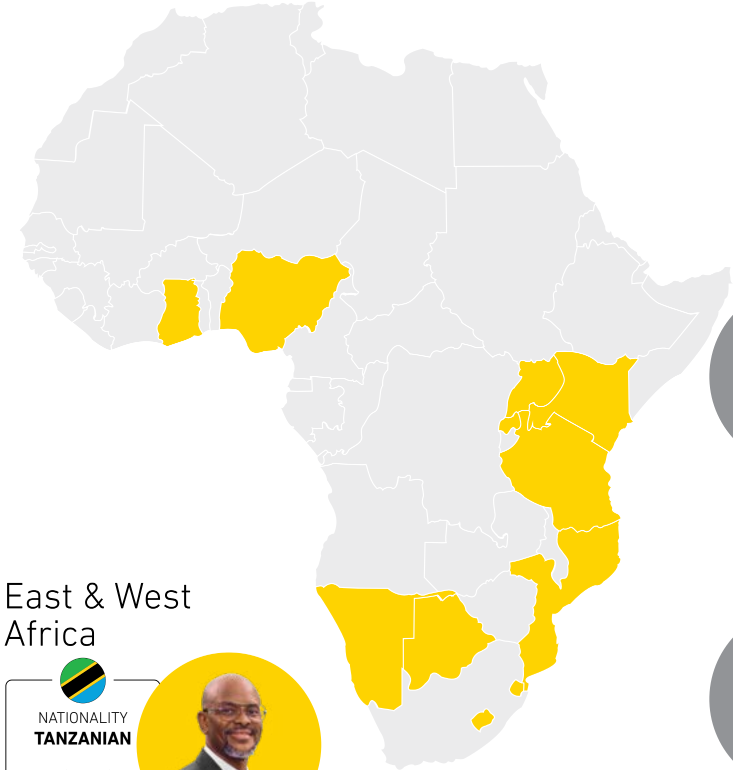
Letshego's collaboration with the Nigerian Consumer Credit Corporation (CREDICORP) aligns with the nationwide consumer credit scheme aimed at expanding access to consumer credit for economically active Nigerians by providing access to financing, empowering them to purchase sustainable energy solutions and other life-enhancing products. Customers can now access affordable consumer loans and finance the acquisition of renewable energy technologies, such as solar panels and energy-efficient appliances. The scheme, designed to promote financial inclusion, ensures that more Nigerians can take advantage of cheaper and more accessible loans. This consumer credit scheme is a major step toward broadening financial access for Nigerians, making credit more readily available to those who need it.

French development finance institution, Proparco has provided a senior loan facility to Letshego Botswana of 15 million Euros, enabling Letshego Botswana to extend the value of its inclusive finance strategy, increasing access and deepening the impact of its financial solutions to more Batswana, wherever they may be located. By encouraging customers to use their loans for productive purposes, which includes using funds for affordable housing, small business development and micro agriculture-related activities, Letshego's loans support sustainable social and community development.

In addition to funding, Proparco also provides additional support via technical assistance - dedicated specialist expertise that brings strategic benefit to Proparco's clients. Letshego Botswana will secure its certification in 'Client Protection Principles' in addition to other social development ratings. This global certification assures Letshego's commitment to following global governance standards as well as sustainable, customer-centric practices in lending and financial products. Letshego's Proparco facility also qualifies as part of the 'Bottom 40' and meets 100% of the 2X Challenge ("two by challenge") criteria. These two globally recognised social indicators demonstrates Letshego's commitment to generating socio-economic value and its commitment to gender equality principles and policies across its leadership, strategy and employment guidelines.

COUNTRY REVIEWS

COUNTRY CHIEF EXECUTIVE OFFICERS



East & West Africa

NATIONALITY
NIGERIAN
RESIDENCE
NIGERIA

Adebowale Aderoju
NIGERIA

NATIONALITY
GHANAIAN
RESIDENCE
GHANA

Nii Amankra Tetteh
GHANA

NATIONALITY
KENYAN
RESIDENCE
KENYA

Jeff Ngeta
KENYA

NATIONALITY
UGANDAN
RESIDENCE
UGANDA

Giles Aijukwe
UGANDA

NATIONALITY
TANZANIAN
RESIDENCE
TANZANIA

Baraka Munisi
TANZANIA

NATIONALITY
LISWATI
RESIDENCE
RWANDA

Mbuso Dlamini
RWANDA

Southern Africa

NATIONALITY
MOZAMBICAN
RESIDENCE
MOZAMBIQUE

Carlos Nhamahango
MOZAMBIQUE

NATIONALITY
NAMIBIAN
RESIDENCE
NAMIBIA

Dr Ester Kali
CEO Letshego Holdings Namibia Ltd and Letshego Bank Namibia Ltd
NAMIBIA

NATIONALITY
MOSOTHO
RESIDENCE
LESOTHO

Selloane Tsike
LESOTHO

NATIONALITY
NAMIBIAN
RESIDENCE
NAMIBIA

Melvin Angula
CEO Letshego Micro Financial Services Namibia
NAMIBIA

NATIONALITY
LISWATI
RESIDENCE
ESWATINI

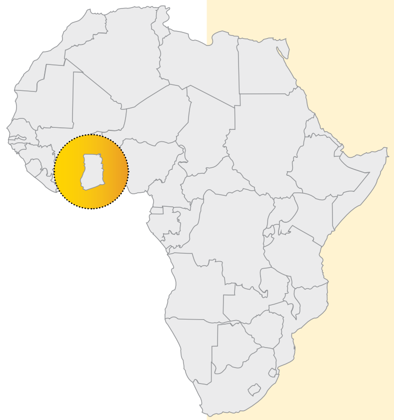
Mongi Dlamini
ESWATINI

NATIONALITY
MOTSWANA
RESIDENCE
BOTSWANA

Kgotso Bannalotlhe
BOTSWANA

EAST AND WEST AFRICA COUNTRY REVIEW

GHANA



Unemployment rate:

3.9%

Current monetary policy lending rate:

27%

(Bank of Ghana)

Nii Amankra Tetteh
Country CEO

The business first opened its doors in 2010 as AFB Ghana and was acquired by the Letshego Group in 2017.

Operating overview

- Ghana continues to face scrutiny from international bodies regarding its economic stability, with concerns over inflationary pressures. However, local regulatory authorities and professional bodies have contested these assessments. The lingering effects of the Domestic Debt Exchange Programme continue to impact investor confidence in the financial services sector and sovereign standing.
- The financial sector grapples with persistent liquidity challenges, further intensified by elevated borrowing costs, with interest rates exceeding 36%.
- The Ghanaian Cedi remains volatile, with ongoing depreciation impacting market stability and financial planning.
- Workforce movements, particularly among government employees in the health and education sector, persist, influencing overall economic dynamics and service delivery.

PRODUCTS OFFERED

LetsGo borrow

LetsGo save

LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**110**	118	182	185
Number of direct sales agents (DSAs)	**–**	17	–	355
Number of access points	**16**	16	26	26
LLR to average gross advances (%)	**13.4%**	1.17%	5.4%	1.6%
NPL's provision coverage (%)	**63%**	57%	84%	171%
Profit/(loss) before tax and Group charges (P'million)	**(23)***	(63)*	3.4	83
Net disbursements to customers (P'million)	**5 840**	5 001	4 381	6 029
Advances Loan book (P'million)	**901**	1 207	1 015	1 509
Net Advances Formal Loans (P'million)	**331**	448	634	893
Net Advances MSE Loans (P'million)	**7**	4	5	2
Net Advances Informal Loans (P'million)	**563**	755	376	615
Total active customers	**1 805 059**	1 877 741	1 109 887	1 511 829
% Customers Female	**25%**	25%	25%	25%
Customer deposits (P'million)	**434**	207	24	247
Net deposits Retail (P'million)	**108**	32	8	40
Net deposits Corporate (P'million)	**326**	175	16	207

* *2024 and 2023 loss before tax includes net monetary loss due to hyperinflation adjustment of P87 million in 2024 and P150 million in 2023.*

2024 PERFORMANCE HIGHLIGHTS

- Achieved 20% market share in the Government DAS segment and 55% market share in the Mobile Loan segment.
- Expanded the customer deposit base by 110% year-on-year, contributing to a 237% increase in net interest income and a 195% growth in operating income compared to the prior year.
- Significantly improved the cost-to-income ratio, reducing it from 69% in 2023 to 58% in 2024.
- Enhanced net interest margin by 27%, while reducing net interest expense by 29%.
- Successfully scaled up mobile loans disbursement by over a third in 2024.
- Introduced GPS address verification and incorporated a guarantor requirement in DAS KYC forms to improve loan collection accuracy.
- Streamlined operations through a straight-through process on the Digital Mall, reducing turnaround time from 24 to 8 hours.
- Partnered with WAHU Mobility to offer eco-friendly electric bicycles to customers.
- Recorded a 237% increase in net interest income and a 195% growth in operating income compared to the prior year.
- Increased the instant loan cap from GHS 3,000 to GHS 4,500, driving notable performance improvements.
- Successfully scaled up mobile loans disbursement from 15.9B in 2023 to 22.1B in 2024.

Looking ahead

- Ongoing review to grow and scale instant loans, re-engineer and digitalise DAS lending, reimagine impact lending through MSE solutions, and build disruptive transactional and savings solutions to acquire and defend market share.
- Invest in fostering the growth of talent and expertise, empowering the next generation of leaders and managers to thrive.
- Adopting a comprehensive and robust credit risk management framework incorporating key risk metrics and performance measures to monitor loan portfolio quality and mitigate impairment effectively.
- Increase local funding concentration while efficiently and effectively allocating capital to our three core products to drive sustainable growth.
- Optimise costs by strategically investing in revenue-generating products and assets while minimising expenses.

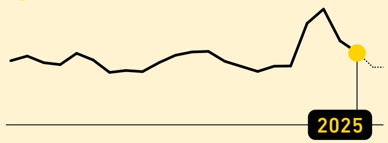
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

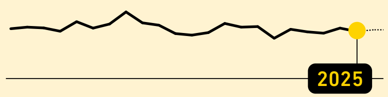
8



Real GDP growth[1]

Annual percent change

4.4



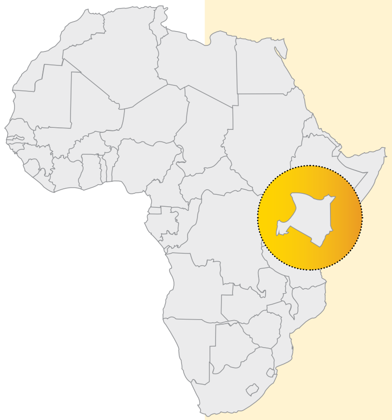
1 *IMF Regional economic outlook, October 2024: https://www.imf.org/external/datamapper/profile/GHA.*

EAST AND WEST AFRICA COUNTRY REVIEW

KENYA

Jeff Ngeta
Country CEO

The business started in 2000 as Micro Africa and was acquired by the Letshego Group in 2012. Since 2023, it is also licensed by the Central Bank of Kenya as a digital credit provider.



Unemployment rate:

5.7%
(World Bank)

Current monetary policy lending rate:

11.25%
(Central Bank of Kenya)

Operating overview

- GDP grew an estimated 4.7% in 2024, compared to 5.6% in 2023, largely due to the resilience of the agriculture and service sectors.
- Monetary policy shifted towards interest rate reductions in 2024, with the Central Bank lowering the base lending rate from 13% at the beginning of the year to 11.25% by December. There was a lag in the translation of these measures into the reduction of commercial bank lending rates, which is expected to take place in 2025.
- Additional taxes and increased statutory deductions impaired the affordability in the consumer lending segment. The impact of tax relief measures in 2025 will be negligible.
- Floods and Gen-Z demonstrations also impacted the Kenyan economy, although Letshego Kenya managed to minimise disruptions and ensure business continuity.
- The Kenyan Shilling remained stable against. the US Dollar at an average rate of KES129: USD1 for the better part of H2 2024.

PRODUCTS OFFERED

LetsGo borrow
LetsGo save
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**104**	105	148	156
Total part-time employees	**33**	19	34	32
Number of direct sales agents (DSAs)	**127**	76	97	87
Number of access points	**17**	17	29	29
LLR to average gross advances (%)	**24.9%**	16.2%	1%	(12.1%)
NPL's provision coverage (%)	**67.9%**	60%	32%	0%
Profit/(loss) before tax and Group charges (P'million)	**(132)**	(37)	5	57
Net disbursements to customers (P'million)	**34**	190	113	133
Advances Loan book (P'million)	**372**	4	576	636
Net Advances Formal Loans (P'million)	**53.2**	64	187	127
Net Advances MSE Loans (P'million)	**319**	408	489	509
Total active customers	**7 918**	96 144	10 106	11 115
% Customers Female	**50%**	52%	37%	31%

2024 PERFORMANCE HIGHLIGHTS

- Letshego Kenya successfully implemented its turnaround and transformation strategy to enable sustainable growth going forward.
- Portfolio remediation measures showed improvements with reversals of provisions for impairments being realised from improved collections and recovery. Post-write-off recoveries also improved by 13% compared to 2023.
- Cost containment measures yielded savings of 6%. However, Operating Income decreased by 41% year-on-year, resulting in a high cost to income ratio of 86%, up from 54% in 2023.
- The Instant Loan product, launched in April 2023, was withdrawn in March 2024.

Looking ahead

- Letshego is well-positioned for profitable, sustainable growth in 2025 following the implementation of strategic initiatives.
- Areas of focus include financial inclusion loans for women entrepreneurs, supported by a USD1 million guaranteed fund, short-term salary advance loans for tier1 private sector company employees, partnerships with vehicle dealerships and market expansion of facilities for SMEs.
- Our online platform enables all loan products to be digitally originated, reducing operating costs and enabling expansion of the footprint to more locations via digital branches.
- Ongoing improvement of credit and collections processes will continue as loan book health and the profitability improves.

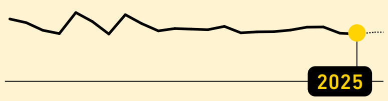
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

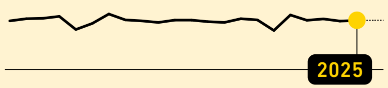
5.3



Real GDP growth[1]

Annual percent change

5



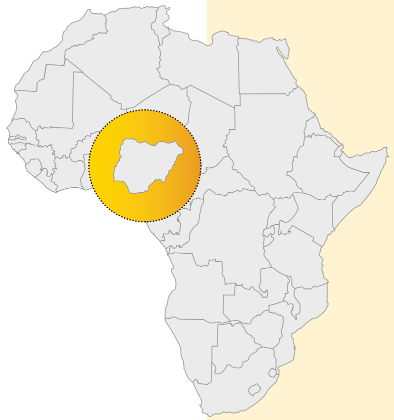
1 *IMF Regional economic outlook, October 2024: https://www.imf.org/external/datamapper/profile/KEC.*

EAST AND WEST AFRICA COUNTRY REVIEW

NIGERIA

Adebowale Aderoju
Country CEO

The business first opened doors in 2008 as FBN Microfinance Bank and was acquired by the Letshego Group in 2015 and rebranded as Letshego MFB Nigeria.



Unemployment rate:

22.6%

(IMF 2025 forecast)

Current monetary policy lending rate:

27.25%

(Central Bank of Nigeria)

Operating overview

- Nigeria faced macroeconomic challenges due to increasing inflation, fluctuating foreign currency rates and tightening liquidity.
- Increased adoption of online banking and mobile financial services, with the Central Bank's cashless policy in early 2023 driving a shift in consumer behaviour with a surge in digital payments.
- Ongoing regulatory changes and compliance focus, driven by the Government that assumed power the previousinyear, with ongoing policy clarity anticipated to underpin strong economic growth.
- Following the Naira regime moving from a fixed to a floating currency, there has been significant currency fluctuations, while the removal of the fuel subsidy resulted in higher fuel prices driving inflation to 34%.
- There was moderate economic recovery driven by driven by non-oil sectors like agriculture and technology; unlocking opportunities for microfinance institutions. Rising inflation heightened the demand for microloans while simultaneously challenging borrowers' repayment capacity.
- Foreign exchange volatility strained funding channels but underscored the need for innovative risk management strategies.
- Regulatory initiatives from the Central Bank supported the adoption of digital financial solutions and reinforced consumer protection measures.
- High unemployment levels fueled increased demand for tailored financial products to alleviate poverty and support job creation.

PRODUCTS OFFERED

LetsGo borrow
LetsGo save
LetsGo pay
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**231**	192	235	282
Number of direct sales agents (DSAs)	**192**	123	97	203
Number of access points	**14**	20	21	22
LLR to average gross advances (%)	**6.6%**	(2.3%)	(9.2%)	9.7%
NPL's provision coverage (%)	**120%**	105%	62%	82%
Profit/(loss) before tax and Group charges (P'million)	**3.5**	15	11	6
Net disbursements to customers (P'million)	**164**	175	224	159
Advances Loan book (P'million)	**104**	126	176	143
Net Advances Formal Loans (P'million)	**34**	64	107	102
Net Advances MSE Loans (P'million)	**69**	62	69	41
Net Advances Informal Loans (P'million)	**2**	0.4	–	–
Total active customers	**115 741**	109 797	100 618	94 837
% Customers Female	**41%**	47%	46%	44%
Customer deposits (P'million)	**31**	42	24	53
Net deposits – Retail (P'million)	**13**	15	15	24
Net deposits – Corporate (P'million)	**18**	27	9	29

2024 PERFORMANCE HIGHLIGHTS

- Continued to strengthen brand presence as a leading provider of inclusive financial services, reinforcing our commitment to financial inclusion and empowerment through targeted marketing campaigns and community initiatives across Nigeria.
- Grew net loan book by 34% and 70% increase in retail deposits balance, both in local currency with non-performing loans ratio declining from 21.0% to 12.5% year on year.
- Launched our online account opening capability and bill payments service, with over 40 billers integrated to date to enable our customers to buy airtime, data, electricity and other services online.
- Maintained ISO certification (ISO 22301, ISO 200000 and ISO 27001).
- Maintained regulatory minimum capital requirements and remained adequately capitalised with sound risk management practices to harness growth opportunities for the microfinance sector.
- Leveraged the power of partnerships digital offerings, including alliances with MIGO, Interswitch, Lydia and BFREE, to enable ease of access to lending through our Instant Loan offering while improving operational efficiency, customer experience and collections and recoveries.

Looking ahead

- Our lending business is predominantly MSE and Consumer Finance, with Digital Loans continuing to be a high priority for 2025.
- We will continue to enhance and stabilise our digital banking capabilities, including online account and bill payments.
- We will expand our digital channels to include POS Terminals to help with collections and Deposit Mobilisation
- Letshego MFB NIgeria remains steadfast in empowering Nigerians through inclusive and customer-centric financial services

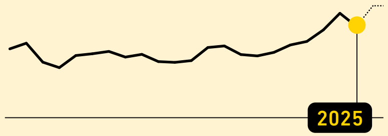
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

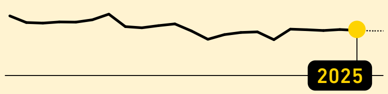
21



Real GDP growth[1]

Annual percent change

3.2

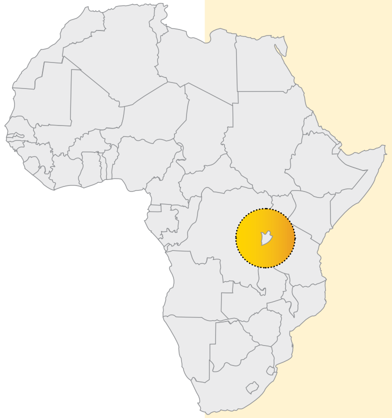


1 *IMF Regional economic outlook, October 2024: https://www.imf.org/external/datamapper/profile/NGA.*

EAST AND WEST AFRICA COUNTRY REVIEW
RWANDA

Mbuso Dlamini
Country CEO

The business first opened doors in 2004 as Micro Africa Group and was acquired by the Letshego Group in 2012.



Unemployment rate:
16.8%
(National Institute of Statistics Rwanda)

Current monetary policy lending rate:
6.5%
(National Bank of Rwanda)

Operating overview

- Economic growth remained strong in 2024, at 9.8%, and is expected to maintain the momentum in 2025-27 driven by agriculture, service and industry.
- Inflation stands at 6.5% as of end 2024, dropping from 14% in 2023.
- Financial inclusion reached 96% in 2024, up from 93% in 2020. Placing the country close to achieving the universal access target of 100%.
- The competitive landscape continues to evolve with mergers of commercial banks and the increasing market penetration of digital payments.
- The National Bank of Rwanda continue to reinforced personal data protection and privacy laws requiring ongoing adaption to maintain regulatory compliance and customer confidence.

PRODUCTS OFFERED

LetsGo borrow
LetsGo save
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**55**	58	55	52
Number of access points	**4**	4	4	4
LLR to average gross advances (%)	**2.2%**	0.2%	(2.7%)	(10%)
NPL's provision coverage (%)	**449%**	23.3%	23.3%	62.1%
Profit/(loss) before tax and Group charges (P'million)	**8**	2	3	1
Net disbursements to customers (P'million)	**63**	60	95	39
Advances Loan book (P'million)	**178**	175	149	57
Net Advances Formal Loans (P'million)	**3**	3	5	1
Net Advances MSE Loans (P'million)	**175**	172	144	56
Total active customers	**16 151**	13 307	15 671	14 462
% Customers Female	**39%**	37%	36%	34%
Customer deposits (P'million)	**58**	60	46	23
Net deposits – Retail (P'million)	**38**	30	39	16
Net deposits – Corporate (P'million)	**20**	27	9	7

2024 PERFORMANCE HIGHLIGHTS

- The business developed strong performance in 2024, increasing profitabilityfive-fold.. This was driven by enhanced by loan book quality and operational excellence.
- Net loan and advances grew by 12% year on year, driven by product enhancement and deeper penetration of the MSE segment.
- Enhanced loan book quality during the year with NPL less than 1% below industry and regulatory benchmark, which was driven by improved credit process and collection focus.
- Collaboration with MNO to launch instant loans expanding our financial services to a broader customer base and create sustainable revenue streams. The targeted launch of instant loan product is scheduled for 2025.
- Improved transactional efficiency through integration with the National Payment Platform (R-Switch), enhancing customer experience, enabling interoperability, and boosting retail deposit mobilisation.

Looking ahead

- Letshego Rwanda remains committed to building on the solid foundation laid over the past two years to accelerate loan book growth, reinforce digitalisation efforts and augment brand recognition to achieve our strategic agenda.
- We will continue to grow a high quality loan book through strategic partnerships that enhance our products while introducing new offerings to complement our existing portfolio.
- We successfully connected to the Rwanda National Payment System, R-Switch, in early 2024, which will continue to enhance our payment capabilities and customer accessibility.
- Our efforts to enhance our operational capabilities and embed a high-performance culture are ongoing and will continue to support our longer-term sustainability and growth.

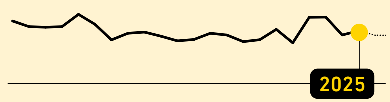
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

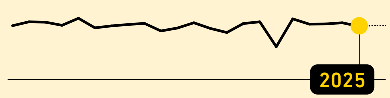
5



Real GDP growth[1]

Annual percent change

6.5



1 *IMF Regional economic outlook, October 2024: https://www.imf.org/external/datamapper/profile/RWA.*

EAST AND WEST AFRICA COUNTRY REVIEW

TANZANIA

Baraka Munisi
Country CEO

The business first opened doors in 2006 as Faidika Advans Bank and was acquired by the Letshego Group in 2015 and rebranded to Letshego Bank Tanzania. In 2023, Faidika and Letshego Bank Tanzania were merged into Letshego Faidika Bank Tanzania.

Unemployment rate:
8.7%

Current monetary policy lending rate:
6%
(Bank of Tanzania)

Operating overview

- Despite challenges in the year, the banking sector remained stable with sufficient liquidity and improved asset quality, highlighting strong regulatory frameworks and effective risk management practices.
- The government launched an online loan marketplace for government employees in the year. This growing adoption of digital channels and mobile banking reflects increased technological access and customer preference for digital solutions, signalling progress in financial inclusion and innovation.
- GDP growth of 5.4% for 2024 and 5.7% projected for early 2025 indicate steady economic recovery, driven by robust private consumption and export performance. These figures demonstrate Tanzania's resilience and economic potential over the medium term.
- Inflation remained around 3%, reflecting sound monetary policies by the Bank of Tanzania. The balance between controlling inflation and fostering growth showcases effective economic management, with expectations of stability in 2025.

PRODUCTS OFFERED

LetsGo borrow
LetsGo save
LetsGo pay
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**69**	61	74	56
Total part-time employees	**34**	34	34	12
Number of direct sales agents (DSAs)	**163**	251	291	251
Number of access points	**207**	192	277	282
LLR to average gross advances (%)	**3.7%**	1.3%	5.8%	1.5%
NPL's provision coverage (%)	**98%**	93%	95%	75%
Profit/(loss) before tax and Group charges (P'million)	**17**	10	(33)	54
Net disbursements to customers (P'million)	**388**	26	8	278
Advances Loan book (P'million)	**455**	427	74	338
Net Advances Formal Loans (P'million)	**372**	390	74	338
Net Advances Informal Loans (P'million)	**58**	–	–	–
Net Advances MSE Loans (P'million)	**25**	37	–	–
Total active customers	**993 382**	506 771	411 586	386 104
% customers female	**33%**	33%	28%	35%

2024 PERFORMANCE HIGHLIGHTS

- Achieved a remarkable turnaround from an after-tax loss-making position to a profit, demonstrating strategic and operational excellence.
- Upgraded our alternative channels while expanding our footprint, ensuring an exceptional customer experience. This included the successful launch of government bill payments (GEPG) in the digital mall.
- Recorded 117% year-on-year growth in net interest income, driven by increased loan book volumes and robust business expansion in 2024.
- Net loans and advances grew by 10% year-on-year, reflecting increased customer confidence and business activity. Customer deposits increased by 2% year-on-year, fuelled by initiatives like the TIMIZA deposit campaign.
- Collaborated with MNOs to launch Instant Loans, extending our financial services to a broader customer base and creating sustainable revenue streams. Expanded partnerships by onboarding one additional MNO to enhance digital loan and savings products.
- Successfully launched E-Mkopo, enabling seamless government staff loans and positioning us as one of the first banks to integrate into this platform. Continued growth in mobile instant loans and digital channels, reinforcing our financial inclusion mandate amid increasing competition from MNOs.
- Maintained a strong position as one of the industry leaders across balance sheet metrics.

Looking ahead

- Maintain our leading position in digital innovation to deliver our 2025 strategy.
- Scale product portfolios through strategic partnerships and extend platform ecosystems to meet diverse customer needs.
- Enhance debt collection and recovery processes to improve outcomes and ensure sustainable financial performance.
- Leverage advanced digital capabilities, including machine learning, to grow and scale our digital self-service offerings.
- Continue embedding our #PeopleFirst culture to optimise skills, strengthen capacity, and support a digitally driven business model.
- Leverage our competitive advantages by harnessing our customer-centric approach, cutting-edge technology, extensive network, and committed workforce to consistently deliver value to all stakeholders.

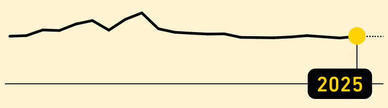
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

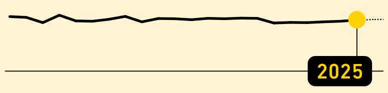
4



Real GDP growth[1]

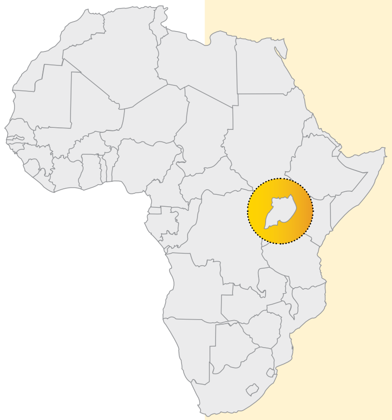
Annual percent change

6



1 *IMF Regional economic outlook, October 2024: https://www.imf.org/external/datamapper/profile/TZA.*

EAST AND WEST AFRICA COUNTRY REVIEW
UGANDA



Unemployment rate:

3.2% – 3.4%

Current monetary policy lending rate:

10%

(Bank of Uganda)

Giles Aijukwe
Country CEO

The business first opened doors in 2005 as Micro Provident Uganda and rebranded to Letshego Uganda Limited in 2011.

Operating overview

- Stable macro environment with GDP growth of 6% driven primarily by the agriculture, services, and construction sectors.
- Mobile money transaction value continues to grow, with MTN processing UGX1.4 trillion in 2024, enhancing financial access.
- Tight monetary policy to curb inflation affects borrowing and repayment behaviour.
- The Ugandan shilling has remained relatively stable but vulnerable to global shocks, impacting international transactions and investment.
- The Central Bank rate remains at 10%, up after a short reduction during the year.
- Although inflation is expected to slow down, it is projected to remain above the medium-term target of 5%.

PRODUCTS OFFERED

LetsGo borrow

LetsGo live

LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**141**	152	182	192
Number of direct sales agents (DSAs)	**240**	240	185	230
Number of access points	**18**	40	43	44
LLR to average gross advances (%)	**3.9%**	6.4%	1.5%	(0.4%)
NPL's provision coverage (%)	**9.1%**	85%	53%	67%
Profit/(loss) before tax and Group charges (P'million)	**48**	26	36	27
Net disbursements to customers (P'million)	**179**	246	254	173
Advances Loan book (P'million)	**546**	527	509	403
Net Advances Formal Loans (P'million)	**426**	424	395	291
Net Advances MSE Loans (P'million)	**120**	103	114	112
Net Advances Informal Loans (P'million)	**0.4**	0.4	–	–
Total active customers	**38 845**	33 252	35 590	41 748
% Customers Female	**44%**	45%	40%	28%

2024 PERFORMANCE HIGHLIGHTS

- Launched a mobile loan product with Airtel, LetsGo Pesa, with planned LetsGo Agent rollout in partnership with MTN
- Enrolment for Credit Reference Bureau Listing with Metropol Uganda for our clients
- Launched #BuliDaily, a collections campaign, that improved non-performing loans and collected over UGX1 billion, up from UGX870 million in 2023.
- Enhanced the LetsGo Insure benefit in partnership with Sanlam for DAS customers, covering hospital, cash and funeral insurance.

Looking ahead

- Leveraging MNO partnerships to scale mobile loans as an alternative revenue stream
- Full migration of the Government of Uganda Payroll System to HCM (Human Capital Management), facilitating efficient collection of DAS repayments
- Works are underway to roll out a fully digitalised call center to boost service excellence, collections, and driving operational efficiency
- Decentralise the MSE loan process to the branches to improve turn around times and scale the MSE business

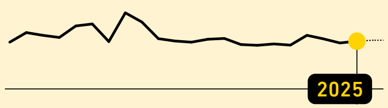
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

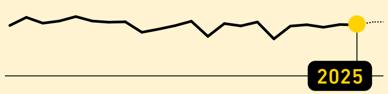
5.1



Real GDP growth[1]

Annual percent change

7.5



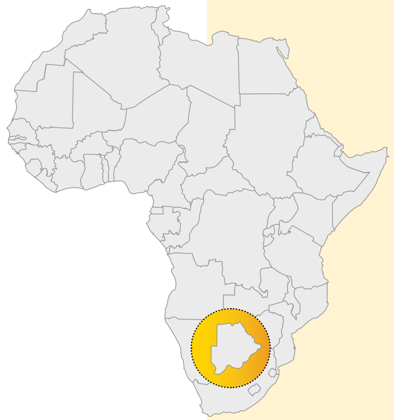
1 *IMF Regional economic outlook, October 2024: https://www.imf.org/external/datamapper/profile/UGA.*

SOUTHERN AFRICA COUNTRY REVIEW

BOTSWANA

Kgotso Bannalotlhe
Country CEO

Letshego Financial Services Botswana first opened its doors in 1998. Letshego Botswana has steadily grown into a leading financial services provider and the largest microlender in Botswana.



Unemployment rate:
23.25%

Current monetary policy lending rate:
1.9%
(Bank of Botswana)

Operating overview

- 2024 saw a change in Government in Botswana for the first time since independence in 1966.
- Economic performance was significantly impacted by reduced demand for diamond exports, a major driver of the economy, with the country in a technical recession for most of the year as GDP declined. This impacted business as the fiscus was challenged, necessitating a cautious approach to lending to select employees as well as MSEs.
- Inflation remained low, reducing to 1.7% by year end, largely due to stability across key spending on transport, housing and food, subdued government spending and the economy operating below capacity.
- Business performance was impacted by competitive pressures from second tier banks (mostly state banks) who, having received substantial liquidity injections, significantly reduced pricing in favour of asset book acquisition.
- Letshego defended its market share with product enhancements and retention campaigns to ensure competitiveness which allowed the entity to endure the transitory challenges.
- The business wrote off a significant amount of NPLs, mainly from a Test and Learn open market lending product and in line with enhanced credit policy requirements.

PRODUCTS OFFERED

LetsGo borrow
LetsGo insure
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**151**	152	156	149
Number of direct sales agents (DSAs)	**252**	186	121	130
Number of access points	**15**	15	16	16
LLR to average gross advances (%)	**6.7%**	6.3%	5.0%	0.6%
NPL's provision coverage (%)	**114%**	96%	130%	89%
Profit/(loss) before tax and Group charges (P'million)	**257**	159	475	495
Net disbursements to customers (P'million)	**171**	739	625	379
Advances Loan book (P'million)	**3 025**	3 490	3 179	2 920
Net Advances Formal Loans (P'million)	**2 981**	3 457	3 292	2 899
Net Advances MSE Loans (P'million)	**29**	19	31	21
Net Advances Informal Loans (P'million)	**15**	14	–	–
Total active customers	**146 421**	79 661	37 404	32 198
% Customers Female	**50%**	50%	41%	40%

2024 PERFORMANCE HIGHLIGHTS

- Strong performance in Fee and Commission Income driven by implementation of better margins on credit life cover and maintaining strong gross payouts despite strong competitive pressures drove a 4% increase in Operating Income.
- Launched MoMo loans with BTC, a second mobile operator partner, in March 2024 in line with our diversification and growth aspirations. MoMo loans product increased in payouts to over P15 million per month.
- Significant improvement in brand engagement with well received financial literacy poetry campaign generating a 12% increase in online engagements.

Looking ahead

Current accommodative monetary policy stance is expected to continue in the year ahead. Early signs of global diamond market recovery are emerging, pointing to opportunities to build our franchise in a better economic conditions.

Letshego Botswana will continue to focus on diversifying and growing profitability and customer relevance by:

- Defending and growing our market share of DAS by developing a wider DAS offering
- Expanding our digital lending partnerships, developing a presence in short term and medium term convenience lending partnerships
- Developing capacity for transactional and savings mobilisation products
- We believe our strategy, when fully implemented, will continue to build a resilient, leading non-bank financial business in Botswana.

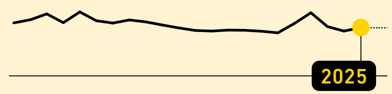
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

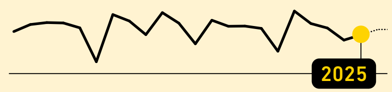
4.5



Real GDP growth[1]

Annual percent change

5.2

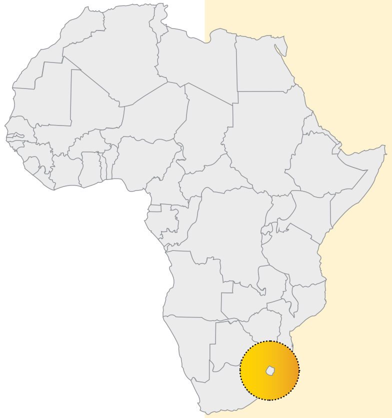


1 *IMF Regional economic outlook, October 2024 https://www.imf.org/external/datamapper/profile/BWA.*

SOUTHERN AFRICA COUNTRY REVIEW ESWATINI

Mongi Dlamini
Country CEO

The business first opened doors in 2006 as Micro Provident Swaziland and rebranded in 2010 to Letshego Eswatini.



Unemployment rate:
24%

Current monetary policy discount rate:
7.00%
(Central Bank of Eswatini)

Current prime lending rate:
10.50%
(Central Bank of Eswatini)

Operating overview

- The operating environment has remained conducive, with government and regulators maintaining their support of the financial sector.
- With consideration of relevant global, regional and domestic factors, the Central Bank of Eswatini pursued a restrictive stance in 2024, cumulatively reducing interest rates by 500 bps in the last quarter of the year.
- Legislation, including the AML Act and the FSRA Act, were amended in the year to strengthen measures to combat the financing of terrorism and eradicate money laundering.

PRODUCTS OFFERED

LetsGo borrow
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**29**	28	29	27
Number of direct sales agents (DSAs)	**70**	9	7	7
Number of access points	**3**	3	3	3
LLR to average gross advances (%)	**13.9%**	5.3%	1.3%	4.9%
NPL's provision coverage (%)	**86%**	92%	81%	99%
Profit/(loss) before tax and Group charges (P'million)	**(42)**	34	56	13
Net disbursements to customers (P'million)	**401**	172	86	144
Advances Loan book (P'million)	**559**	576	530	489
Net Advances Formal Loans (P'million)	**548**	473	442	489
Net Advances MSE Loans (P'million)	**1**	6	17	–
Net Advances Informal Loans (P'million)	**10**	97	71	–
Total active customers	**106 681**	356 993	303 892	137 026
% Customers Female	**41%**	51%	44%	33%

2024 PERFORMANCE HIGHLIGHTS

- Due to a challenging economic and competitive environment, the loan book declined by 10% year on year, largely due to technical challenges in loan collections driving increased provisioning.
- The Instant Loans product was revamped and system re-engineered to improve collections and limit product losses with recoveries commencing in late 2024 and into 2025.
- Local and regional debt and capital markets continued to show support, with the business raising in excess of SLZ100 million to diversify access to funding.
- We continue to entrench ourselves in the Eswatini market and remain a top 2 credit provider in the non-banking financial institutions industry.

Looking ahead

- We continue to consolidate the business, focusing on collections and enhancing our core products.
- We continue to seek avenues to grow Instant Loans in partnership with MNOs.
- We will focus on our core business and grow our DAS offering through deeper government penetration and improved employer onboarding.
- We are exploring avenues to transform into a deposit-taking institution to further diversify our funding base and lower our cost of funding.

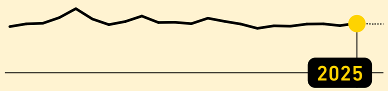
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

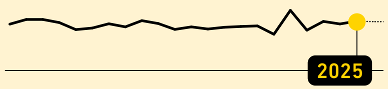
4.7



Real GDP growth[1]

Annual percent change

4.2

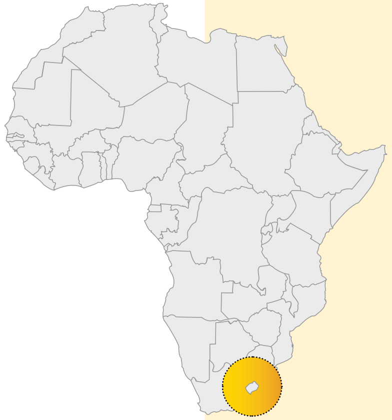


1 *IMF Regional economic outlook, October 2024 https://www.imf.org/external/datamapper/profile/SWZ.*

SOUTHERN AFRICA COUNTRY REVIEW
LESOTHO

Selloane Tsike
Country CEO

The business first opened its doors in 2012.



Unemployment rate:
16.1%

Current monetary policy lending rate:
7.5%
(Central Bank of Lesotho)

Operating overview

- Despite the challenging macroeconomic environment, GDP grew by an estimated 2.3% in 2024, up from 1.8% in 2023, largely driven by infrastructure investment, particularly the Lesotho Highlands Water Project (LHWP).
- The Central Bank reduced the interest rate from 7.75% in November 2024 to 7.25% by February 2025.
- The second phase of the LHWP will continue to support employment and economic growth.
- Headline inflation dropped to 4.2% in March 2025 from 5.2% in September 2024, due to lower fuel and food prices and a stronger Rand, which reduced imported inflation.
- Near-term growth is predicted to be limited by challenges in manufacturing, with some offset from the mining industry.

PRODUCTS OFFERED

LetsGo borrow
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**57**	58	49	45
Total part time employees	**6**	18	7	5
Number of direct sales agents (DSAs)	**62**	50	11	10
Number of access points	**5**	5	5	5
LLR to average gross advances (%)	**7.8%**	4.7%	(1.5%)	4.2%
NPL's provision coverage (%)	**79%**	98%	75%	93%
Profit/(loss) before tax and Group charges (P'million)	**4**	19	40	48
Net disbursements to customers (P'million)	**142**	136	106	(22)
Advances Loan book (P'million)	**546**	481	413	331
Net Advances Formal Loans (P'million)	**546**	480	413	331
Total active customers	**7 615**	5 831	5 056	4 984
% Customers Female	**51%**	52%	55%	52%

2024 PERFORMANCE HIGHLIGHTS

- Delivered on our growth strategy, with focus on resourcing top leadership.
- Increased brand awareness and expanded direct sales agents to increase reach and grow the loan book.
- Focused ecosystem growth by building strong partnerships with mobile network operators and other organisations like BEDCO and LNDC, and introducing insurance and open market lending product offerings.
- Strategic review of our core product offering to drive growth in the loan book.
- Enhanced technology infrastructure through projects like cloud migration and introduction of Oracle Fusion.
- Digitisation of key business processes to increase efficiencies and improve service turnaround times
- Improved collection and recovery processes which drove 128% YTD recoveries on the post write off loan book.

Looking ahead

We will continue to focus on

- Defending and growing market share in the DAS offering and introducing short-term credit through strategic partnerships.
- Introducing deposit taking capabilities.
- Maintaining initiatives to ensure collections and recoveries that support a strong credit portfolio performance.
- Strengthening our product offering through the launch of microloans with MNOs.
- Reviewing other product offerings including MSE and short term lending products.
- Ensuring and building diversified funding capabilities.

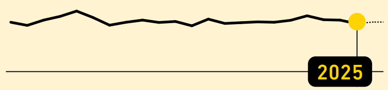
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

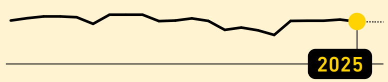
5.6



Real GDP growth[1]

Annual percent change

2.3



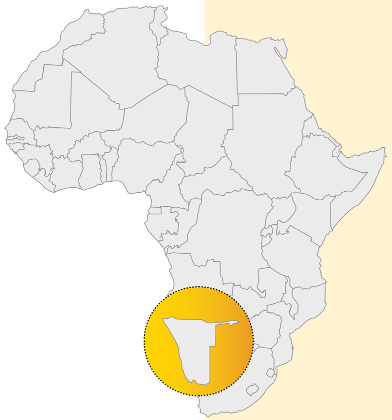
1 *IMF Regional economic outlook, October 2024 https://www.imf.org/external/datamapper/profile/LSO.*

SOUTHERN AFRICA COUNTRY REVIEW

NAMIBIA

Dr Ester Kali
CEO Letshego Holdings and Letshego Bank Namibia

Established in 2008 following the acquisition of Edu Loan Namibia, Letshego Holdings Namibia listed on the Namibian Stock Exchange in 2017. Namibia listed the Group's inaugural social bond on the Namibian Stock Exchange to fund impactful initiatives to improve the lives of its over 63 000 customers.



Unemployment rate:

24% – 43%

Current monetary policy lending rate:

7%

(Bank of Namibia)

Melvin Angula
CEO Letshego Micro-Financial Services Namibia

Operating overview

- Namibia's regulatory environment provides a robust framework for financial institutions, fostering compliance and economic stability. However, new regulations such as BID34, which governs outsourcing and cloud computing, and recent amendments to the Banking Institutions Act have added layers of complexity to operational practices.
- Economic conditions in 2024 were shaped by a 3.5% GDP growth rate, driven by robust performances in sectors such as health (+16.0%) and logistics (+7.9%). Despite these gains, primary industries, including mining (-6.7%) and agriculture (-6.3%), experienced setbacks due to global demand fluctuations and persistent drought conditions.

PRODUCTS OFFERED

LetsGo borrow
LetsGo save
LetsGo pay
LetsGo live
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**185**	149	148	157
Total part time employees	**30**	33	45	46
Number of direct sales agents (DSAs)	**52**	55	53	51
Number of access points	**17**	17	17	16
LLR to average gross advances (%)	**(0.22%)**	(0.8%)	0.7%	(0.4%)
NPL's provision coverage (%)	**7%**	15%	8%	27%
Profit/(loss) before tax and Group charges (P'million)	**376**	287	320	267
Net disbursements to customers (P'million)	**1 156**	626	1 234	1 064
Net Advances Formal Loans (P'million)	**3 994**	3 475	3 591	3 164
Total active customers	**126 017**	119 901	114 570	84 674
% Customers Female	**47%**	47%	47%	43%
Net deposits – Retail (P'million)	**39**	24	23	18
Net deposits – Corporate (P'million)	**925**	583	380	266

2024 PERFORMANCE HIGHLIGHTS

- Total revenue increased by 18%, which is largely driven by the growth in Advances to customers and repricing of low interest loans. Profit after tax surged by 23% year-on-year, reflecting solid asset quality with a low LLR of -0.2% (2023: 0.25%).
- Advances grew by 15%, driven by increase in DAS loans and increase in Home loans. Customer deposits saw a significant 59% growth year-on-year.
- The cost-to-income ratio remained stable at 47%, reflecting the impact of stringent cost control measures and operational efficiencies.
- Letshego Namibia supported over 64 000 customers, with a female customer base of 47%, reinforcing its commitment to financial inclusion.

Looking ahead

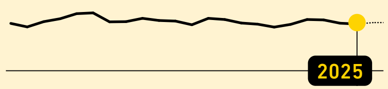
- We are steadfast in our commitment to fostering a high-performance culture and ensuring alignment between organisational goals and employee performance. This includes upskilling critical talent to address growing demands and sustain excellence.
- We continue to enhance relationships with key stakeholders to deliver shared value and improve lives. Strategic partnerships will broaden our reach to deliver innovative and affordable financial services to under-served communities.
- The Namibian economy is projected to grow in 2025, driven by improved rainfall, enhanced fiscal policy initiatives and improved global demand. Letshego Namibia aims to capitalise on these favourable conditions by:
  - Scaling DAS and instant lending offerings to grow market share.
  - Expanding transactional banking capabilities by enhancing digital financial services solutions and tailoring products to meet customer needs.
  - Expanding retail and corporate deposit base to support future growth.
  - Strengthening digital-first strategy to enhance customer engagement and operational agility.

OUTLOOK

Economic outlook for near term (2025 forecast)

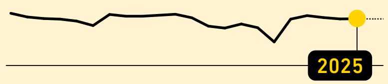
Inflation rate, end of period consumer prices[1]
Annual percent change

4.5



Real GDP growth[1]
Annual percent change

4.2



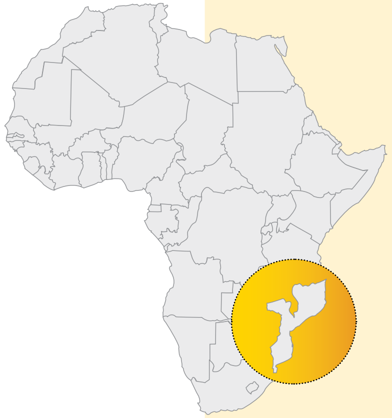
1 *IMF Regional economic outlook, October 2024 https://www.imf.org/external/datamapper/profile/NAM.*

SOUTHERN AFRICA COUNTRY REVIEW

MOZAMBIQUE

Carlos Nhamahango
Country CEO

The business first opened doors in 2011, and was awarded a commercial banking licence in 2016.



Unemployment rate:
3.7%

Current monetary policy lending rate:
12.75%
(MIMO)

Operating overview

- 2024 was marked by persistent geopolitical and domestic challenges, including the ongoing Russia-Ukraine war, unrest in Cabo and Delgado, general elections.
- Inflation was 4.15%, enabling monetary policy shifts with the prime rate reducing from 24.10% in 2023 to 19.70% in 2024
- Digital platforms remained key to expanding rural access.

PRODUCTS OFFERED

LetsGo borrow
LetsGo save
LetsGo pay
LetsGo Digital Mall

Country statistics

	2024	2023	2022	2021
Total full time employees	**171**	153	166	169
Number of direct sales agents (DSAs)	**335**	335	314	241
Number of access points	**13**	378	463	466
LLR to average gross advances (%)	**0.9%**	(0.2%)	2.1%	(0.3%)
NPL's provision coverage (%)	**15%**	7%	7%	21%
Profit/(loss) before tax and Group charges (P'million)	**350**	311	264	166
Net disbursements to customers (P'million)	**836**	830	531	470
Advances Loan book (P'million)	**2 889**	2 528	2 084	1 770
Net Advances Formal Loans (P'million)	**2 864**	2 522	2 084	1 770
Net Advances MSE Loans (P'million)	**25**	6	–	–
Total active customers	**117 541**	416 083	386 784	318 332
% Customers Female	**25%**	25%	25%	25%
Net deposits Retail (P'million)	**522**	574	568	542
Net deposits Corporate (P'million)	**81**	467	449	328

2024 PERFORMANCE HIGHLIGHTS

- Customer base increased 14%, driving growth in net credit portfolio volume of 9.8% over the same period.
- Loans market share increased from 4.35% in 2023 to 4.69%, while deposits market share slightly declined to 0.39%.
- Ranked 22nd among Mozambique's Best 100 companies. Letshego Mozambique achieved best efficiency ratio (19.93%) in the banking sector
- The solvency ratio declined slightly from 34.65% to 33.04%, while still remaining well above the regulatory minimum of 12%.
- Maintained a 100% Mozambican workforce, introducing gender equity strategies during the year
- Activated an ethics whistleblowing channel to reinforce good governance.

Looking ahead

- Continue to protect the DAS loan book and diversify the product offering to MSE and Instant loans.
- Expand accessibility to banking services and solutions through Digital Mall and Cards, with a focus on remote and emerging markets.
- Enhance collection and recovery capabilities.
- Ongoing focus on cost rationalisation, including reducing the cost of funding through the mobilisation of retail depositors.

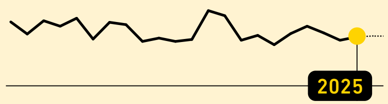
OUTLOOK

Economic outlook for near term (2025 forecast)

Inflation rate, end of period consumer prices[1]

Annual percent change

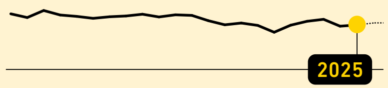
5



Real GDP growth[1]

Annual percent change

4.3



1 *IMF Regional economic outlook, October 2024 https://www.imf.org/external/datamapper/profile/MOZ.*

GOVERNANCE REPORT

Letshego's Board of Directors oversees a group of companies operating across 11 African countries.

The Board's primary responsibility is to:

- Oversee and ensure the Group's overall safety and soundness as well as approve the Group Strategy and oversee its execution.
- Safeguard our brand and ensure that the Group creates and preserves value for current stakeholders and future generations.
- Protect the interest of shareholders and other stakeholders.
- Foster a culture of ethical conduct and compliance across the Group.
- Approve the Group-wide Governance Framework and ensure compliance with laws and regulations in the countries in which the Group operates.
- Approved the Enterprise Risk Frameworks, Group risk policies, risk appetite statements and metrics.

The Board, supported by its five standing committees, is the custodian of corporate governance. It is committed to ensuring that sound governance principles and world-class risk management frameworks are fully integrated into all business aspects and transparently reported. The Group-wide Governance Framework, which applies to all our markets, and related Group-wide policies are informed by ethical trade, transparency, accountability and sustainability principles. The Governance Framework is controlled and executed within a structured and formal system and is being enhanced in line with our target operating model. The governance, ethics and business conduct principles and codes of best practice adopted by the Group are the purview of the Group Governance and Nominations Committee and the Group Risk, Social and Ethics Committee.

Mechanisms that assist the Board to satisfy itself that an effective control environment is maintained include:

- The adoption of King IV assists the Board in ensuring that the Code's recommendations are materially entrenched across its primary risk type frameworks, policies, terms of reference and overall procedures and processes.
- The Board Charter clearly defines the Board's duties, responsibilities and powers to ensure clarity and accountability.
- The Group's governance structure supports clear delegation of authority while enabling the Board to retain visibility and effective control. The Board delegates authority to its committees and the Group CEO, who in turn, mandate the Group's various management committees. The delegation of authority framework clearly defines the responsibilities of the Board and those of management.
- Controls to ensure compliance with applicable laws, regulations and governance practices.

Letshego's governance structure supports the execution of the Group's strategy and ensures that the Group complies with all relevant legislation and practices of good corporate governance, acts ethically, balances the interests of our stakeholders and delivers fair outcomes for our customers. It sets clear authority thresholds for the Board, its committees and the Group's management committees.

GOVERNANCE STRUCTURE

GOOD GOVERNANCE PRACTICES

The Board drives the Group's commitment to high ethical standards through a sound ethical culture, transparency, good performance, effective controls and integrity.

Ethical culture

King IV principles

PRINCIPLE 1
Ethical leadership ✓

PRINCIPLE 2
Organisational values, ethics and culture ✓

PRINCIPLE 3
Responsible corporate citizenship ✓

Responsible Board committees

- Board
- Group Audit Committee
- Group Governance and Nominations Committee
- Group Risk, Social and Ethics Committee
- Group Strategy and Investment Committee
- Group Remuneration Committee

Ethics management

Our leaders are committed to ethical practices and business conduct principles set out by the Board Charter and our Governance Framework, which go beyond mere compliance. Our values, Code of Conduct and policies clearly articulate our ethical standards and expected business conduct.

The Board is responsible for ensuring that our strategy is delivered with integrity and high ethical standards that engender customer and stakeholder trust. The Group Risk, Social and Ethics Committee assists the Board in sustaining an ethical corporate culture communicated through clearly articulated ethical standards. It oversees and monitors ethics awareness and inculcates our ethics and business conduct principles in the Group's strategies and operations. The Group Audit Committee also ensures ethical conduct, particularly monitoring and oversight of initiatives to mitigate potential fraud-related risk.

Our ethics and business conduct principles

Our ethics and business conduct principles guide the Group in ensuring an ethical corporate culture.

- Conducting the Group's business with integrity and accountability and in line with its values.
- Fully complying with all applicable local and international legislation and regulatory requirements.
- Maintaining and fostering an inclusive and empowering culture and working environment.
- Protecting the Group's intellectual property, information and data.
- Protecting and maintaining the best interests of the Group's stakeholders.
- Continuously leveraging innovation and creativity.
- Celebrating success.
- Proactively identifying, managing and mitigating possible, emerging, actual or perceived conflicts of interest.
- Empowering and encouraging our people and stakeholders to report any unlawful conduct.

GOOD GOVERNANCE PRACTICES CONTINUED

Conflicts of interest

Members of the Board are held accountable for identifying and being transparent about actual or potential conflicts of interest between their personal interests and the interests of the Group.

All actual or potential conflicts of interest must be declared at the first Board meeting that is held subsequent to becoming aware of the conflict. Directors submit a declaration of interest annually, outlining all their directorships and personal financial interests, including those of their related parties.

Directors are also required to make a declaration of interest at every Board meeting and review the agenda to identify any potential conflicts. This proactive approach helps prevent conflicts and ensures transparency in decision-making processes.

Where an actual or potential conflict arises, the director concerned is excluded from discussions and any decision-making relating to the conflict.

Ethics line

The Group operates a whistle-blowing hotline, which is independently managed by Deloitte.

The ethics hotline allows all stakeholders to lodge an anonymous complaint or grievance. The independence of the ethics line provides Letshego with the confidence that any concerns raised via the ethics line will be managed in a professional manner and with appropriate discretion applicable to the matter raised.

Stakeholders, whether internal or external, are our most valuable asset when it comes to combating fraud by reporting and raising potentially suspicious behaviour that goes against the Group's Code of Conduct.

Employee awareness

Training and awareness programmes ensure that our employees understand our commitment to ethical trade, transparency, accountability and sustainability. Training is provided on our Code of Conduct, the values and behaviours we expect of employees, and their responsibilities in maintaining an ethical culture within the Group. Topics covered include the giving and receiving of gifts, anti-bribery, anti-corruption and anti-money laundering (AML), conflicts of interest, transparent and fair dealings with customers and how to report unethical behaviour and suspected fraud, among others.

Corporate citizenship governance

Letshego strives to make a measurable and sustainable social impact within the markets where we operate. Our innovations are inspired by the societal challenges faced by local communities.

A key driver towards being a force for social good is our lending approach, which provides solutions that are inclusive and ethical and support more people to improve their lives and the lives of future generations. Our business activities align with government mandates that encourage the productive use of loans, ultimately increasing income potential, employment creation and sustainable economic development.

The Board is ultimately responsible for promoting and monitoring our ESG performance and is assisted by the Group Strategy and Investment Committee. The committee reviews the Group's frameworks, policies and guidelines for safety, health, social investment, community development, environmental management and climate change.

Approach to sustainability

Letshego continues to make progress in building a comprehensive Sustainability Framework that incorporates all functions and subsidiary businesses in the Group's quest to foster ethical and robust business practices across its network. Core streams of focus include framework development, impact strategy, ESG risk management, ESG data management, reporting, funding, accreditation and thought leadership.

After an independent due diligence, gap analysis and leadership review process, Letshego has effectively updated policies, procedures and tools to align with international environmental & social (E&S) risk management standards and appointed and trained ESG Champions across all 11 subsidiaries, along with country leadership teams. The final stages of implementation in 2024 included the review of case studies to evaluate the effectiveness and success of its operationalisation of the E&S Risk Management project, as well as 'Train-the-Trainer' sessions to ensure the sustainability of global E&S Risk Management practices.

The Group Sustainability Management Committee has the mandate to oversee and track the progress and development of the Group's long-term sustainability ambitions across representative functions and subsidiaries.

2024 PERFORMANCE

- The Board is satisfied with the Group's progress in applying the recommendations of King IV.
- Continued to operationalise and deepen ESG practices across the Group.
- Continued to make progress in enhancing digital platforms to collect ESG and impact data.
- Delivered ESG e-learning to all employees to embed the ESG culture.

Group strategy and reporting

King IV principles

PRINCIPLE 4

Strategy, implementation and performance ✓

PRINCIPLE 5

Reports and disclosure ✓

Responsible Board committees

- Board
- Group Audit Committee
- Group Strategy and Investment Committee
- Group Risk, Social and Ethics Committee

Strategy

The Board approves the Group's strategy and monitors strategic progress and the associated business plans for the Group and its subsidiaries. At the annual strategy session, the Board deliberates on the Group's strategy and its alignment with the Group's financial inclusion mandate and long-term sustainability. It also considers the risks and opportunities facing the Group and the progress made in implementing the strategy.

The Group Strategy and Investment Committee reviews and recommends to the Board for approval all new strategic investments and material funding initiatives needed to advance the delivery of the Group's strategic intent. This may include start-up operations, mergers and acquisitions, joint venture partnerships, and divestments when objectives are not achieved. The committee also provides input on strategy formulation and recommends the strategy to the Board for approval. At a management level, Group Exco and the Group Technology and Operations Committee drive strategy implementation from approving and prioritising projects to monitoring trends and identifying strategic partnerships.

Reporting and disclosure governance

The Board, Group Risk, Social and Ethics Committee and Group Audit Committee all have responsibilities to ensure the integrity of the Group's financial and integrated reporting. This includes ensuring that our reporting is transparent and meets the information needs of stakeholders so that they are able to make informed decisions about the Group's prospects. The integrated report is compiled according to applicable reporting frameworks and is approved by the Board. The Group Audit Committee is responsible for oversight of the preparation of accurate financial statements that comply with all applicable legal requirements and accounting standards.

2024 PERFORMANCE

- To support the delivery of the Group's strategy:
  - The Board oversaw and monitored the implementation of the Group's key strategic projects.
  - The Board approved key senior management appointments.
  - The Group Audit Committee, following its review, was satisfied with the competency and expertise of the Group Chief Financial Officer.
  - Reviewed material investment and capital allocation recommendations to support the strategy.
- Reviewed and recommended the 2024 financial statements and integrated reports for Board approval.

The Board

King IV principles

PRINCIPLE 6

Role of the governing body

PRINCIPLE 7

Board composition

PRINCIPLE 9

Performance evaluation

Responsible Board committees

- Board
- Group Governance and Nominations Committee

Overview

The Board plays a pivotal role in creating and preserving value. It approves strategy, sets policy, ensures capital prudence, and oversees the Group's governance frameworks and control environment.

All Board members have a fiduciary duty to represent the best interests of the Group and its key stakeholders.

The Board Charter documents the role, responsibilities and procedural conduct of the Board. It aligns with King IV and relevant statutory and regulatory requirements and covers corporate governance, trading by directors in the securities of the Group, declaration of personal interests and potential conflicts of interest, alternative dispute resolution and business continuity procedures, among others. The Board Charter is reviewed annually. Subsidiary Boards oversee strategy implementation within each of our markets. The role, responsibilities and procedural conduct of these Boards is set out in the Group-wide Governance Framework.

Subsidiary Boards ensure that country management maintains effective and efficient operations and internal controls and complies with laws and regulations. A key focus for the Group is to align the composition of the subsidiary Boards to the requirements of the principles of King IV.

Board composition

The Group's non-executive directors are individuals of a high calibre and credibility who significantly contribute to the Board's deliberations and decisions. The Board comprises a mix of skills, knowledge and expertise appropriate for the nature and strategic demands of the Group. The diversity of the Board supports different perspectives when strategic decisions are made.

The Chair sets the ethical tone for the Board and is responsible for ensuring that the Board operates with a collective mind and in an efficient and effective manner. Mr Philip Odera is an independent, non-executive Chair. The role of the Chairperson is separate from that of the Group CEO.

The Board, assisted by the Group Governance and Nominations Committee, regularly reviews its composition to ensure it is appropriate for the strategy, supports the effective execution of the Board's responsibilities and aligns with the requirements of King IV. When gaps in knowledge or skills are identified and/or new appointments are made, directors are provided with development training. Development training is provided on matters such as the Group's risks, applicable laws, accounting standards and policies, and the Group's operating environment.

Director independence is reviewed annually, including the independence of the Chairperson. Directors who have served for three consecutive years or have been Board members the longest must stand for re-election at the annual general meeting (AGM).

The maximum term for non-executive directors is nine years.

Appointment process

The director appointment process and criteria for assessing the appropriateness of potential candidates are documented in the Board Charter and Identification, Appointment and Re-appointment of Directors Framework. Shareholders vote on the appointment of all non-executive directors at the AGMs, either by ratifying appointments made by the Board or voting on the re-election of directors who retire by rotation. Full disclosure on the appointed directors is provided to shareholders to assist their assessments.

The Group Governance and Nominations Committee ensures that the appointment process is transparent. In addition to a candidate's experience, knowledge, skills, availability and likely fit, the committee also considers the candidate's integrity and ability to dedicate sufficient time to the Board in terms of their other directorships and commitments. The committee seeks to balance experience and institutional knowledge with fresh insight.

Induction

Our induction programme provides new directors with information on their fiduciary duties and responsibilities, as well as the business and workings of the Group. Appointment letters clearly explain what is expected of Board members in terms of time commitments, committee service and involvement outside Board meetings.

Access to information and professional advice

The Board has unrestricted access to Group information and is able to get advice from alternative sources if needed. Board and committee meeting papers are circulated timeously ahead of scheduled meetings so that directors are able to prepare and discharge their duties adequately.

Performance evaluation

Independent Board performance evaluations and self-assessments are conducted every two years. The self-assessment process provides open and constructive two-way feedback between the Chairperson and Board members on the performance of the Board and its committees across various governance areas. Action plans are then implemented to address areas of improvement.

In 2024, the Board conducted both a Board performance evaluation and peer evaluation for directors with the assistance of the Institute of Directors in Southern Africa.

The Board achieved a strong overall score, and actions were taken to achieve improvements on identified matters.

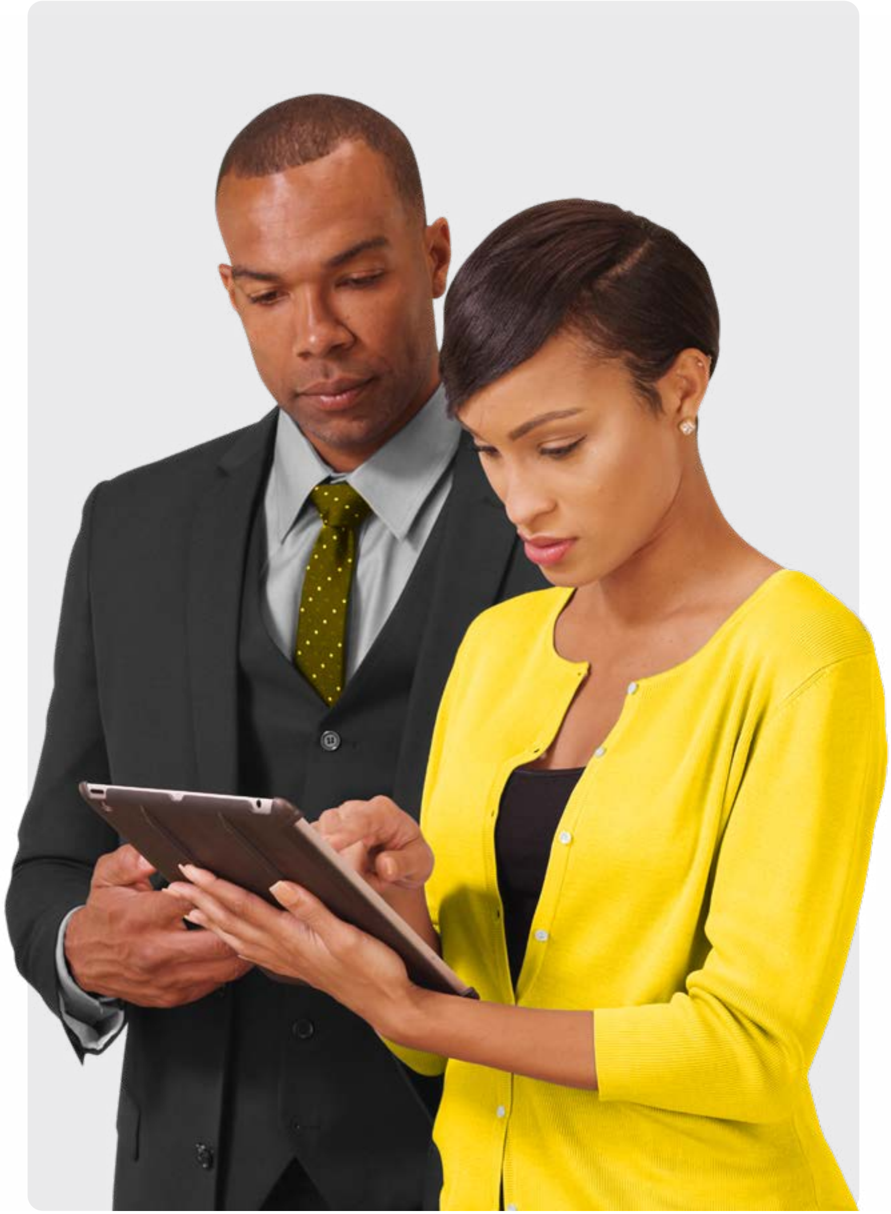
While some subsidiary Boards have initiated performance assessments for individual Board members, efforts are ongoing to ensure that this practice is adopted consistently across all subsidiaries. The objective is to embed a uniform standard of governance and accountability throughout the Group.

Company Secretary

The Company Secretary plays a key role in the Group's management of corporate governance and reports to the Board Chair on all statutory duties and functions pertaining to the Board.

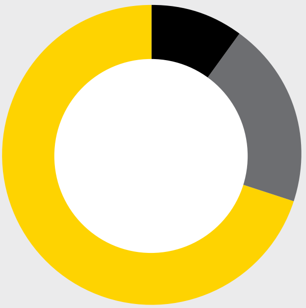
The Company Secretary's primary responsibilities are to:

- Facilitate Board administration.
- Ensure the Board and its committees comply with statutory procedures and their respective Charters and that Board and committee procedures are adhered to and regularly reviewed.
- Guide the Board on the proper discharge of its responsibilities.
- Keep the Board updated on developments regarding best practice corporate governance.
- Ensure that Board and committee meetings are effectively conducted, including appropriate input to the meetings and follow-up and feedback to the Board when queries are raised.
- Ensure that the Group complies with the governance aspects of applicable laws and regulatory frameworks, including the BSE Listings Requirements.
- Ensure that the correct procedures are followed when appointing new directors, including their induction.



Independence

The Board is sufficiently independent to support diverse thinking and opinions. The Board Chairperson, Mr Philip Odera, is independent and free from any conflicts of interest.



- Non-executive Directors **2**
- Executive directors **2**
- Independent Non-executive Directors **7**

Age

The average age of the Board is 56 years. Board succession plans are reviewed regularly and considered adequate with appropriate interim measures should an unforeseen loss of expertise occur.

- 50 – 59 years **7**
- Over 60 years **4**

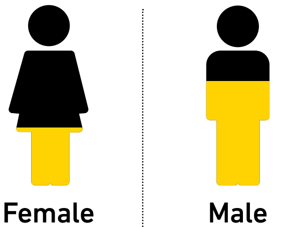
Skills

The Board has the appropriate skills needed to oversee the delivery of the Group's strategic intent and to navigate the Group's operating environment.

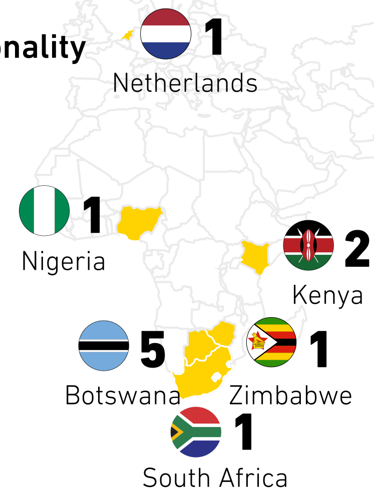
Skills	%
Financial services (banking and insurance) knowledge	64
Finance, Accounting and Audit	55
C-suite experience	45
Legal, Regulatory	9
Risk management and controls	27
Government, Public Sector	8
Stakeholder relations	9
Strategic planning	27
Technical, Operations	9
Corporate governance	18
Credit	18
Economics	9
Public Administration	18

Gender

The requirements of the Board Charter and the Directors' Induction Guidelines in terms of Board appointments were met.

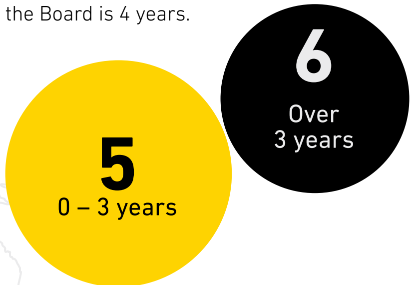


Nationality



Tenure

The average tenure of the Board is 4 years.



Board meeting attendance

Board and sub-committee meeting attendance from 1 January 2024 to 31 December 2024 was as follows:

Director	Board	GAC	GRSEC	GRemCo	GGNC	GSIC[1]	Training	Board Strategy
P Odera (Chair)	5/7	–	–	–	4/5	–	3/4	1/1
A Odubola	7/7	8/8	4/4	6/6	–	3/3	4/4	1/1
R Mwaura	7/7	8/8	4/4	-	–	7/7	4/4	1/1
R Hoekman	7/7	–	4/4	6/6	–	7/7	4/4	1/1
C Lesetedi	6/7	–	–	3/6	3/5	–	2/4	1/1
C Mokgware	7/7	8/8	–	–	5/5	7/7	4/4	1/1
J Ramesh	7/7	8/8	–	6/6	–	7/7	4/4	1/1
Prof E Botlhale	6/7	7/8	4/4	–	5/5	–	4/4	1/1
K Motshegwa[1]	7/7	–	–	5/6	4/5	–	2/4	1/1
A Monyatsi (CEO)[2]	7/7	–	–	–	–	–	4/4	1/1
G Muteiwa (CFO)	7/7	–	–	–	–	–	4/4	1/1

1. *Resigned effective February 2025.*
2. *Resigned effective January 2025.*

2024 PERFORMANCE

The Board met seven times during the year, comprising four quarterly meetings, the annual strategy review meeting and separate meetings to review and approve the final audited financial statements.

GAC

- Reviewed and approved the Internal Audit Charter.
- Reviewed and recommended the Group Audit Committee Charter for Board approval.

GRSEC

Reviewed the following frameworks and policies during the year:

- Third-Party Risk Management Policy
- Sanctions Policy
- Credit Risk Policy changes for alignment with ESG related requirements
- Procurement Policy
- Compliance Risk Framework
- AML, CFT & PF Policy
- Appointment of Key Persons and Controllers Policy
- Information Security Policy
- Acceptable Use Policy, including AI acceptable use
- AI Governance Policy
- Changes to Intercompany Transactions Policy

GGNC

- Reviewed and approved the refreshed Group-Wide Governance Framework and Identification, Appointment and Re-Appointment of Directors Framework for Group and subsidiary Boards.

GREMCO

- Reviewed and approved the organisational restructuring of the business and recommended the same for Board approval.
- Approved the Culture Blueprint and renewed values.

GSIC

- Approved several strategic projects and corporate actions.

Committees of the governing body

King IV principles

PRINCIPLE 8

Committees of the governing body ✓

PRINCIPLE 9

Performance evaluation ✓

Overview

The Board sub-committees have specific areas of responsibility to assist the Board in discharging its duties and responsibilities.

The Board considers each committee's information, opinions, recommendations, reports and statements at its quarterly meetings.

An independent non-executive director chairs each committee. Committee Charters are approved by the Board and reviewed at least every two years or as necessary. The Board must also approve any changes to Charters. When joining a Board committee, new members are provided with information on the committee's responsibilities and the specific practices and procedures that pertain to its oversight of Group functions and activities.

GROUP AUDIT COMMITTEE

Minimum of **three members**
Majority = quorum

Meets at least
four times a year

Independent non-executive directors

- R Mwaura (Chair)
- A Odubola
- J Ramesh
- C Mokgware
- Prof E Botlhale

Independent attendees

- External Audit Engagement Partner

Management attendees

- Group Chief Executive Officer
- Group Chief Financial Officer
- Group Chief Internal Auditor

Permanent invitees

- Group Chief Risk and Compliance Officer
- Group Head of Credit Risk

Key areas of responsibility

- Provides independent assurance to the Board on the financial reporting process, systems of internal controls, the audit process and the process for monitoring compliance with laws and regulations.
- Oversees the Group's reporting and disclosure and reviews the Group's accounting policies.
- Oversees the Group's corporate accountability, such as ethical conduct and tax compliance, among others, and the management of associated risks, including the risk of fraud.
- Oversees the Group's combined assurance approach.
- Oversees the effectiveness of the Group's internal audit, finance and reporting functions.
- Review with the Group Internal Auditor, the audit plans, internal audit financial budget, staffing plan, activities, and organisational structure of the internal audit function; and consider whether or not the standing of the Group Internal Audit (GIA) function provide adequate support to enable the Committee to meet its objectives.
- Review the performance of the GCIA and concur with the annual compensation and salary adjustment.
- Review the effectiveness of the internal audit function, including conformance with the Global Internal Audit Standards.
- Evaluating the performance and effectiveness of GIA, Group Chief Financial Officer and the finance function.
- Reviewing the adequacy and effectiveness of the Company's systems of internal control in responding to risks within the organisation's governance, operations and information systems, including internal financial control and business risk management.

GROUP RISK, SOCIAL AND ETHICS COMMITTEE

Minimum of **three members**
Majority = quorum

Meets at least
four times a year

Independent non-executive directors
- A Odubola (Chair)
- R Hoekman
- R Mwaura
- Prof E Botlhale

Management attendees
- Group Chief Executive Officer
- Group Chief Financial Officer
- Group Chief Risk and Compliance Officer

Permanent invitees
- Other Exco members

Key areas of responsibility
- Formulates the Group's risk profile and risk appetite.
- Oversees the Group's Enterprise Risk Management Framework (ERMF) and monitors the Group's primary risks against the approved risk appetite and controls.
- Approves the nature, role, responsibility and authority of the risk management function and its scope of work.
- Monitors external developments relating to corporate accountability and any associated risks, including emerging risks and their prospective impacts.
- Oversees the management of organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships, including the Group's social and environmental frameworks, policies and guidelines.
- Considers succession plans for the Group's Chief Risk and Compliance Officer

GROUP GOVERNANCE AND NOMINATIONS COMMITTEE

Minimum of **three members**
Majority = quorum

Meets at least
four times a year

Independent non-executive directors
- P Odera (Chair)
- C Mokgware
- Prof E Botlhale

Non-executive directors
- C Lesetedi

Management attendees
- Group Chief Executive Officer

Key areas of responsibility
- Determines the principles of governance, social ethics and codes of best practice for adoption by the Board and the Group.
- Manages director appointments, retirements and re-elections, as well as the induction of new directors.
- Oversees succession planning for the Board Chairperson.
- Facilitates the performance evaluation of the Board and its committees and oversees the action plans to achieve improvements.
- Oversees the performance evaluation of individual Board members.
- Oversees the education of directors.
- Conducts the annual directors' independence assessment.

GROUP REMUNERATION COMMITTEE

Minimum of **three members**
Majority = quorum

Meets at least
four times a year

Independent non-executive directors

- J Ramesh (Chair)
- R Hoekman
- A Odubola

Non-executive directors

- C Lesetedi

Management attendees

- Group Chief Executive Officer
- Group Chief People and Culture Officer

Key areas of responsibility

- Reviews the Group's Remuneration Policy and Framework.
- Ensures that the remuneration of all employees is fair and market related for key roles.
- Ensures that remuneration is linked to the Group's strategic and financial performance.
- Oversees the policies related to the appointment, succession planning, and professional development of executive directors and senior managers.
- Establishes performance targets for the Group's incentive scheme.
- Recommends non-executive directors' fees.
- Oversees the management of people-related risk, including the policies and frameworks to manage the workforce.
- Oversees talent management and succession planning, including for the CEO.

Read more about remuneration: page 107.

GROUP STRATEGY AND INVESTMENT COMMITTEE

Minimum of **three members**
Majority = quorum

Meets at least
four times a year

Independent non-executive directors

- R Hoekman (Chair)
- R Mwaura
- J Ramesh
- C Mokgware

Management attendees

- Group Chief Executive Officer
- Group Chief Financial Officer
- Group Chief Operations Officer
- Group Chief Products Officer

Key areas of responsibility

- Oversees all new strategic investments and major funding initiatives as well as funding mechanisms to support the Group's strategy.
- Participates in investment and funding negotiations when appropriate.
- Manages the Group's investment policies and guidelines.
- Participates in the development of the Group's strategy and recommends it to the Board for approval.
- Review and assess proposals for significant restructuring, including changes to the business model, organisational structure or strategic direction, and provide recommendations to ensure alignment with the Group's long-term strategy and investment objectives.
- Monitors and reviews the annual business plan, budget and capital structure of the Group.
- Responsible for integrating ESG considerations into the organisation's strategic and governance frameworks. This includes evaluating ESG factors in strategic initiatives and investments, promoting transparency in ESG reporting, engaging stakeholders to incorporate their perspectives, monitoring ESG performance metrics, and collaborating with management to embed ESG principles across the organisation.

Delegation to management

King IV principles

PRINCIPLE 10

Delegation to management

Overview

The Board delegates the implementation of the Group's strategy and the individual country strategies and the running of day-to-day activities to the Group CEO and Exco.

Various management committees address specific business imperatives. Exco reports to the Board and its committees. This provides an appropriate flow of information and progress reports from mandated management teams to the relevant oversight Board committees. The Board constructively challenges management holding it to account for the Group's progress.

The Board appoints the Group CEO, who serves as the link between management and the Board. The Group CEO is accountable to the Board and delivers regular reports on strategic progress to the Board.

GROUP EXECUTIVE COMMITTEE

Majority of Exco members

Weekly

- Group CEO (Chair)
- Exco members

Key areas of responsibility

- Provides unified leadership in delivering the Group's strategic intent and addressing business challenges.
- Drives strategy implementation and sets the budgets for the Group and country and business strategies.
- Ensures that significant risks are appropriately managed and that the Board is kept updated on these risks as well as emerging risks.
- Monitors the external environments of each market in which the Group operates.
- Promotes a culture that is ethical and customer centric and drives innovation, high performance and stakeholder engagement.
- Ensures the Group's commitment to the workforce is appropriate.
- Ensures exemplary governance and effective cost control.

GROUP MANAGEMENT RISK COMMITTEE

Majority of Exco members

Quarterly

- Group CEO (Chair)
- Selected Exco members

By invitation

- Risk owners and other specialists

Key areas of responsibility

- Reviews the Group ERMF and its supporting Primary Risk Type Frameworks, level 1 Policies and Risk Appetite before recommending the same to the Board for approval.
- Reviews the Group Level 2 Policies, Standards and Guidelines before recommending them to Group Exco for approval.
- Approves all Group Procedures and Processes recommended by Group Functional Heads.
- Promotes a culture of risk management discipline, anticipation and compliance.
- Reviews models and approaches to inform the Group's risk appetite and the risk appetite for each market for approval by Exco and the Board.
- Oversees the implementation of all elements of the Group's ERMF.
- Monitors compliance with the Group and country risk appetites.
- Manages and takes action to mitigate all primary risks facing the Group.
- Reviews significant risk events and ensures that the control environment is adequate to prevent recurrence

GROUP TECHNOLOGY AND OPERATIONS COMMITTEE

50% of members + 1, including the chair or alternative

Bi-monthly

- Group Chief Operations Officer (Chair)
- Group Chief Digital and Data Officer
- Group Chief Products Officer
- Group Head of Technology
- Senior representatives from IT, Digital and Data, Cybersecurity, and Operations
- Representatives from strategic business units with significant technology dependencies, including Products, Marketing, Sales

Key areas of responsibility

- To ensure that technology strategy and investments align with and support the overall Group strategy and objectives.
- To foster innovation and technological advancement within the Group.
- To provide oversight and guidance on technology-related risks and cybersecurity.

GROUP BALANCE SHEET MANAGEMENT COMMITTEE

Majority of members

Monthly

- Group CEO (Chair)
- Selected Exco members

Key areas of responsibility

- Responsible for balance sheet planning and management for the Group within set risk parameters.
- Reviews, accepts and recommends Asset and Liability (ALM) management limits for approval by the Board.
- Reviews and monitors the capital management process, including capital planning, capital allocation, economic capital calculation and stress testing.
- Monitors liquidity and funding, including liquidity contingency plans.
- Monitors interest rate risk, foreign exchange risk exposures, cost of funds and product pricing across the Group.
- Conducts stress testing and model validation for ALM.

GROUP MANAGEMENT CREDIT PORTFOLIO REVIEW COMMITTEE

Four members, including the Chair or alternate Chair.

Country heads of risk and business must be represented.

Bi-monthly

- Group Chief Risk and Compliance Officer (Chair)
- Selected Exco members
- Head of Group Credit Risk
- Group Credit Operations Manager
- Group Head of Shared Services
- Country Chief Risk Officers
- Country Heads of Business
- Country Heads of Risk and Credit
- Country Collections and Recoveries manager

By invitation

- Country CEOs
- Other specialists and senior management may be invited where appropriate

Key areas of responsibility

- Oversees credit risk management and underwriting processes and ensures they are in line with the Group's credit risk management framework.
- Agrees on key credit risk decisions and strategies to improve portfolio quality.
- Oversees the collections and recoveries processes to ensure they are effective and meet set targets and budgets.
- Escalates all material variations within lending portfolios (Group and country) and deviations from the Group's credit risk management framework.
- Ensures that businesses operate within the set mandates of all governance structures (e.g. loan limits and other operating limitations imposed).
- Oversees all agreed deep dives and portfolio investigations.
- Ensures that terms of reference are in place for local Portfolio Review Committees.

GROUP SUSTAINABILITY MANAGEMENT COMMITTEE

Majority of members

Quarterly

- Group Chief Risk and Compliance Officer (Chair)
- Representatives from all functions

Key areas of responsibility

- Drives the ESG framework and its implementation across the Group's footprint.
- Monitors and reports on ESG data across the Group.
- Monitors ESG performance against the Group's adopted principles, targets, and development finance institutions (DFIs) funding and ESG covenants.
- Monitors ESG returns.
- Participates in thought leadership opportunities, memberships and forums.

COUNTRY MANAGEMENT COMMITTEES

Majority of members

Monthly

- Country CEOs
- Country management team

Key areas of responsibility

- Promote the Group's desired culture.
- Provide unified leadership on key strategic and other business initiatives within the country operations.
- Drive the implementation of country business strategies within budget.
- Timely reporting of any significant risks or issues in-country.
- Monitor external developments in their respective markets and the associated risks.
- Promote and implement an effective risk management framework in their respective operations aligned to the Group's framework.
- Ensure that their respective operations operate according to the highest standards of regulatory compliance and best practice.
- Approve all new products and service offerings for approval by Exco.

Risk and opportunity

King IV principles

PRINCIPLE 11

Risk and opportunity governance ✓

Responsible Board committees

- Board
- Group Risk, Social and Ethics Committee
- All Board committees oversee the risks pertaining to their specific responsibilities

Governing risk

Risks are governed and managed using an extensive multi-layered and integrated structure, with the Board being ultimately responsible for the governance of risk.

Our ERMF promotes a sound risk culture and risk visibility, ensuring that risks are adequately identified, measured, managed and monitored. Informed by our Agile Ways of Work Risks are governed and managed using an extensive multi- layered and integrated structure, with the Board being ultimately responsible for the governance of risk. Our ERMF promotes a sound risk culture and risk visibility, ensuring that risks are adequately identified, measured, managed and monitored. Informed by our Agile Ways of Work programme, our risk management approach can be quickly adapted to respond to changing risks encountered as we execute our strategy.

The Group Risk, Social and Ethics Committee is responsible for developing and reviewing the ERMF that supports strategic delivery, including the principles, policies, systems, processes and training needed to ensure effective risk governance. If required, the committee can establish additional committees to manage risk. It also formulates the Group's risk profile and appetite. The Board approves the risk appetite, and ERMF and the primary policies that support it. The Board and the committee are responsible for ensuring the effective implementation and management of the ERMF.

Managing risk

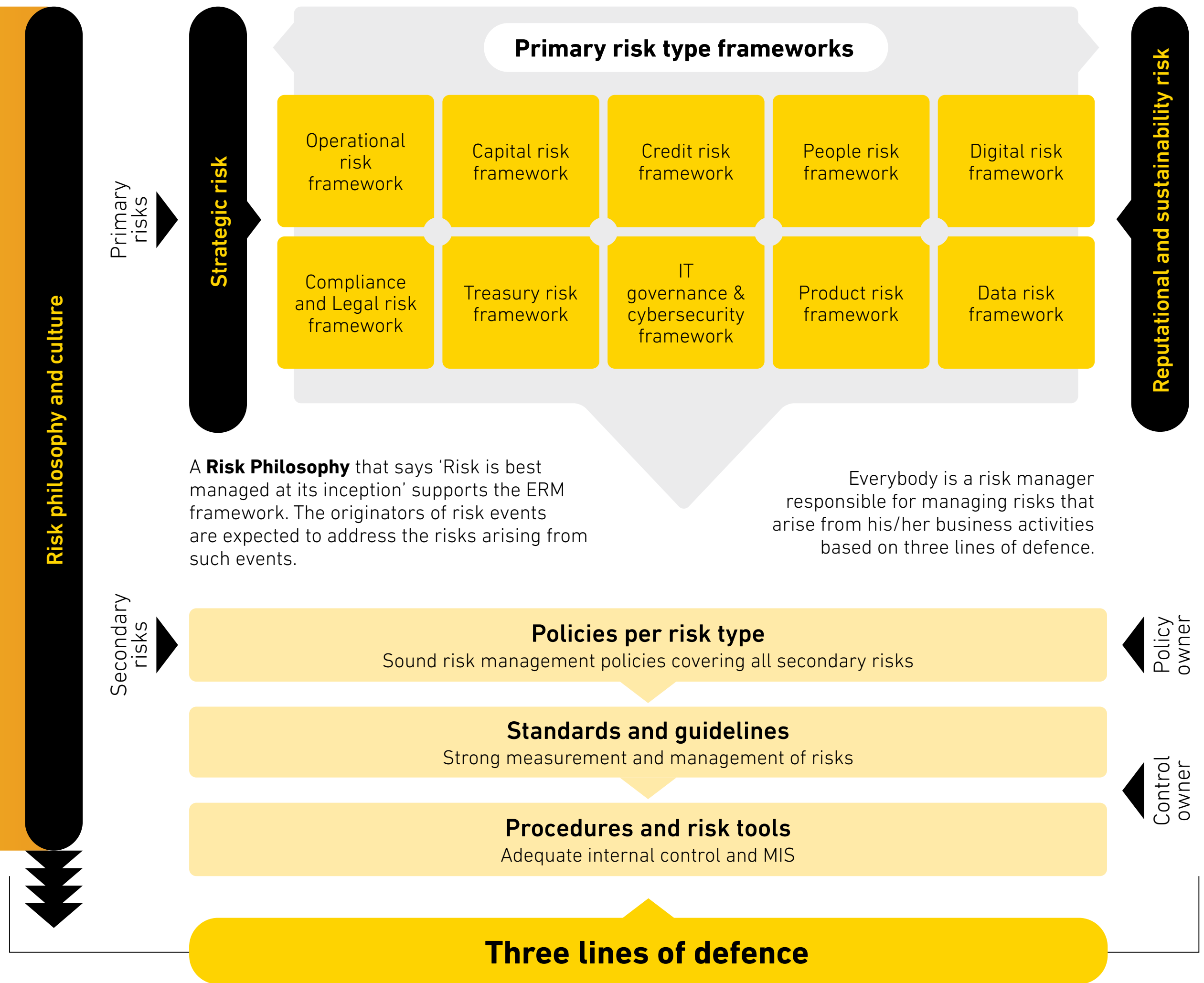
The Group's management teams are responsible for identifying key risks. The GRSEC makes sure that the processes to identify key risks are appropriate across our operations, and it assesses the integrity of our risk control systems. Both the Board and the GRSEC review the key risks that impact or may impact the achievement of our strategic imperatives and/or our business model, and the strategies and systems in place to mitigate their impact and protect the Group from financial loss. Our key risks include operational (people, supplier and product risks), strategic (market, digital and data risks), compliance (regulatory and legal risks), and financial (capital, credit and treasury risks).

The Executive Committee approves the models and approach to determine risk appetite, and monitors the operating environment, including within the regional operations, to identify emerging risks and ensures appropriate actions are taken to mitigate the risks. The Group Management Risk Committee implements the ERMF, proactively manages the Group's key risks and ensures compliance with the Group's risk appetite and that remedial action is taken to prevent recurrence of any risk event. It also ensures that the subsidiary risk management frameworks are effective, align to the Group ERMF, comply with regulation and adequately identify, assess, monitor, control and report regional risks. The risk appetite framework communicates our risk profile and helps subsidiaries manage risks within the approved risk appetite. Country CEOs and their Country Management Committees are responsible for effectively implementing their risk management frameworks in their respective operations. We regularly review and assess the maturity of risk management processes in the subsidiaries and deliver awareness, knowledge and capacity building initiatives when required.

2024 PERFORMANCE

- Reviewed and recommended Third Party Risk Management Policy
- Reviewed and recommended Data Protection and Privacy Policy
- Reviewed and recommended Cyber and Information Policy and related chapter policies.

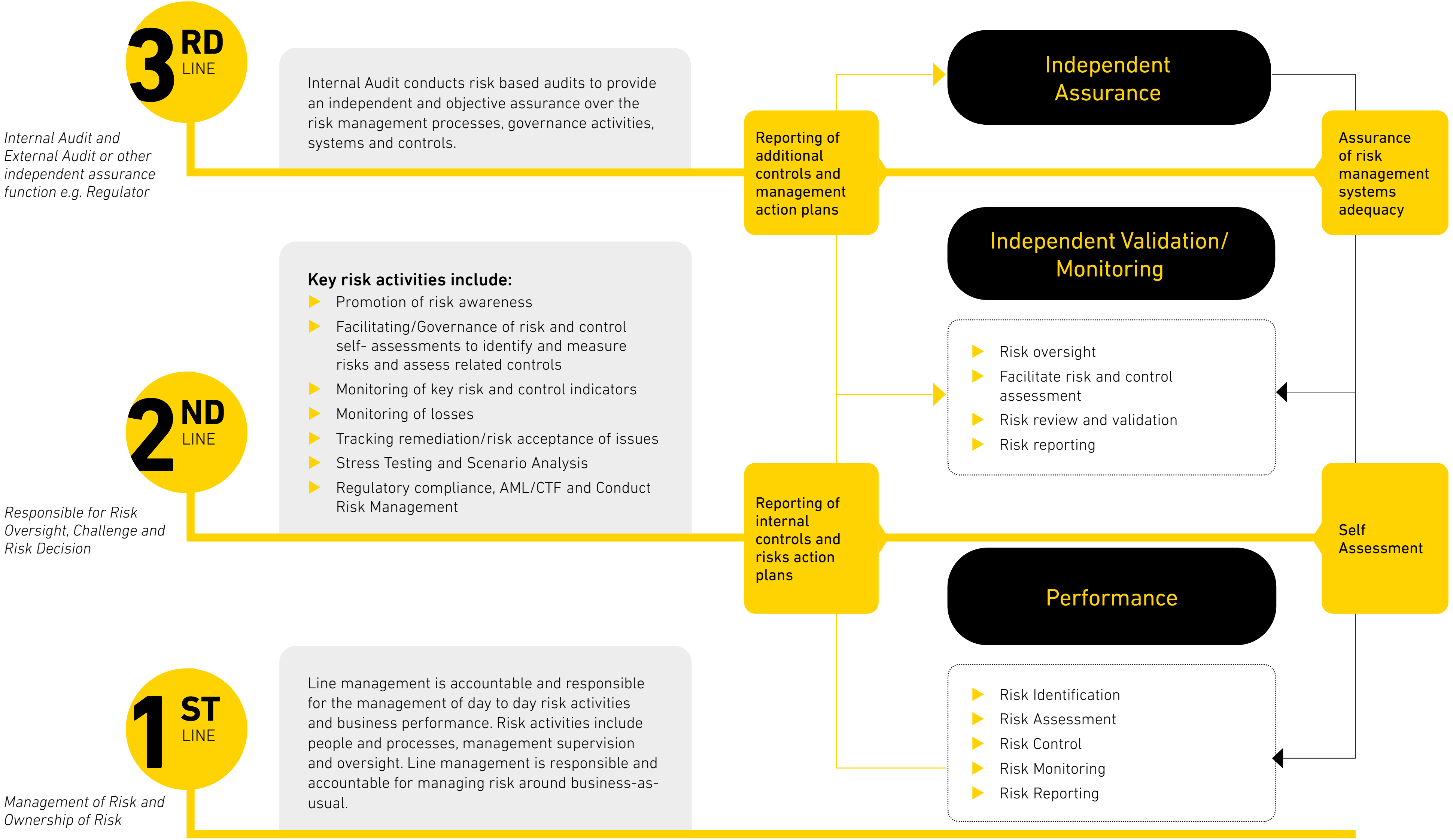
Enterprise-wide risk management framework (ERMF)



Our Group level policies are categorised into level 1 and 2. Level 1 policies are required to meet regulatory, governance and legal requirements. These policies are approved by the Board. Level 2 policies are required to meet a range of operational requirements and Exco takes responsibility for the approval of these policies. Risk appetite statements and metrics are approved by the Board.

Three lines of defence model

The effectiveness of the Group's ERMF is underpinned by our three lines of defence model. The model clearly divides risk management responsibilities between the risk owners (line management), the control functions (risk and compliance management functions) and the internal audit function. The model helps the Group address all identified risks, design and implement control activities, and ensure that risks are taken within the approved risk appetite.



Technology and information

King IV principles

PRINCIPLE 12

Technology and information governance

Responsible Board committees

- Board
- Group Audit Committee
- Group Risk, Social and Ethics Committee
- Group Strategy and Investment Committee

Overview

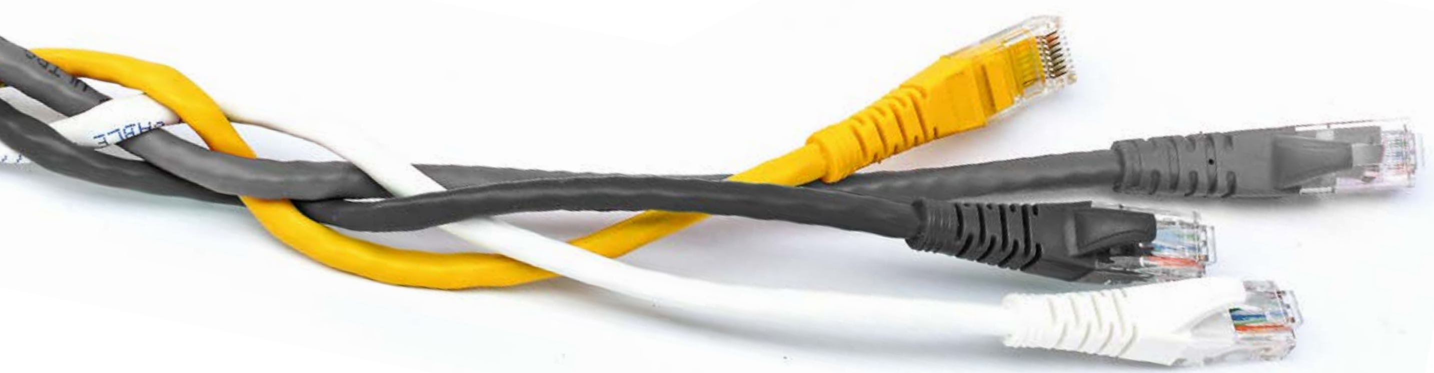
The Group's operations and sustainability are critically dependent on information and technology (I&T), particularly the delivery of innovative products that enhance our competitive advantage.

As we advance our digital transformation, the governance of information security has also become key.

Both the IT and Cybersecurity Risk Framework and ERMF cover the management of all significant I&T risks as well as disaster management, cybersecurity, I&T policies, legal risks and compliance with laws, rules, codes and standards. Both a digital framework policy and a data framework policy are in place. At subsidiary level, country managers are responsible for the effective implementation of their respective business continuity and disaster management plans.

Our IT and Cybersecurity Risk Framework ensures that best practices are implemented, I&T performance is robustly monitored and measured, I&T costs are optimised and I&T resources efficiently used.

Read more about our efforts in the digitisation section on page 38.



2024 PERFORMANCE

- Remediated customer information using AI to improve data management, eliminate silos and ensure data integrity.
- Modernised compliance and AML risk management by leveraging advanced technologies to mitigate regulatory adaptation challenges, including delayed responses and regulatory complexity.

Compliance

King IV principles

PRINCIPLE 13

Compliance governance ✓

Responsible Board committees

- Board
- Group Audit Committee
- Group Risk, Social and Ethics Committee

Overview

Regulators and other governmental bodies perform a number of activities, including requests for information, audits, investigations, legal and other proceedings to determine our compliance with consumer protection policy and other legislation and regulations relating to our trading and business activities.

As a key risk, compliance is a standing agenda item of GRSEC. The Board is kept abreast of any upcoming new legislation or regulatory changes and their impact on the Group and/or its subsidiaries, and the controls being implemented to ensure compliance.

A number of jurisdictions have recently been grey listed by the Financial Action Task Force (FATF). A significant number of new laws relating to anti-money laundering (AML), cybercrime and the protection of personal information were passed to facilitate removal from the grey list.

To ensure compliance, enhanced monitoring and reporting systems were implemented and/or enhanced to bolster AML and CFT including all other regulatory requirements. Throughout the year, the Group upheld rigorous compliance with legal, regulatory, and governance standards which ensured operational integrity and stakeholder confidence. The Group Audit Committee and Group Risk, Social and Ethics Committee and, at a management level, the Group Management Risk Committee assist the Board in this responsibility.

Tax governance

The Group undertakes legitimate and responsible tax planning in all countries of operation. We do not use artificial or abnormal tax structures intended to avoid tax.

Our objective is to generate enough taxable income to absorb a greater portion of our accumulated tax losses and to utilise withholding tax credits to reduce our effective tax rate to optimal levels.

The Group Tax Committee is responsible for the achievement of the Group's tax strategy, promotes an ethos of tax compliance, manages tax risks and acts as a trusted advisor to the Group's businesses. It manages tax policy and other tax-related governance tasks. The committee reports directly to GAC.

Our approach to tax is underpinned by a commitment to complying with tax laws in a responsible manner, and having open and constructive relationships with tax authorities, governments and fiscal authorities.

Effective tax rate: page 42.

2024 PERFORMANCE

- Leveraged AI to enhance the Group's compliance and AML risk management, to modernise our operations and reduce operational costs and resource misallocation.
- Streamlined processes, reducing time-consuming tasks and enhancing scalability.
- Remediated customer information using AI, significantly improving data management, eliminating silos and ensuring data integrity. This mitigated regulatory adaptation challenges, including delayed responses and regulatory complexity.
- Implemented a quarterly risk assessment process to identify tax risks, their impact and mitigation

Remuneration

King IV principles

PRINCIPLE 14

Compliance governance ✓

Responsible Board committees

- Board
- Group Remuneration Committee

Overview

The Board, with Group Remco's assistance, ensures that our employees are remunerated fairly, responsibly, transparently and in line with industry standards. Remuneration is governed by a Group-wide remuneration policy and framework.

We use independent surveys and consultants to ensure that our remuneration is market-related and establish remuneration credibility with our shareholders. We provide performance-based short- and long-term incentives to attract, incentivise and retain top talent.

Executive directors, senior leaders and management are appraised relative to predetermined strategic objectives and the achievement of specific Group performance targets that the Board approves annually. The Remco Chair reports to the Board after each meeting.

Read more about remuneration: page 107.

2024 PERFORMANCE

- The Board is satisfied that the Group's remuneration policy supports the achievement of the Group's strategic objectives.
- Oversaw implementation of the Group's Culture Blueprint, including new company values.
- Enhanced execution of regional strategy by approving a realigned organisational design that facilitates matrix reporting, enhancing efficiencies and creating room for new skills.
- Developed Letshego Namibia's Employee Share Option Plan (ESOP) for review and subsequent approval by shareholders in compliance with the Bank of Namibia regulatory requirements.

Compliance

King IV principles

PRINCIPLE 15

Assurance

Responsible Board committees

- Board
- Group Audit Committee

Overview

Combined assurance is a collaborative approach between the three lines of defence. It ensures that the Group's assurance processes are coordinated, gaps are prevented and the duplication of assurance effort is avoided.

Combined assurance assures the Board that adequate controls are in place to address the Group's significant risks.

GAC ensures that the roles and functions of external and internal audit are clear, coordinated and appropriate to address the significant risks facing the Group and support the integrity of the Group's reporting. It approves the internal and external audit plans for the year and oversees the testing of internal controls. Where material weaknesses are found, GAC monitors remedial action. The internal and external auditors have unlimited access to GAC.

Internal audit function

Group Internal Audit (GIA) promotes sound risk management practices and protects the organisation by providing independent assurance that the internal controls put in place by management and the Board are both adequate and effective.

GIA quarterly reports to the GAC on audit outcomes, progress made against the audit plan and towards closing internal and external audit findings. The Group Chief Internal Auditor has a functional reporting line to the GAC and administratively reports to the Group CEO.

External auditors

Following an evaluation of performance and independence, the GAC recommends the appointment, reappointment or removal of the external auditor/s to the Board. The appointment of external auditors is approved by shareholders at the AGM. Engagement partners are rotated at least every five years (or such other frequency deemed to be appropriate) to enhance actual and perceived independence. In 2024, the audit partner for the external auditors was rotated.

2024 PERFORMANCE

- Leveraged AI to identify, assess and mitigate inefficiencies in systems to streamline and reduce manual processes and strengthen the control environment.
- Conducted a range of audits including compliance and Anti Money laundering to assess and strengthen internal controls across the group.
- Ernst & Young independently audited the 2024 annual financial statements. The audit opinion can be found on in the financial statements section of this report.

Stakeholder engagement

King IV principles

PRINCIPLE 16

Stakeholder engagement ✓

Responsible Board committees

- Board
- Group Risk, Social and Ethics Committee

Overview

Our key stakeholders are defined as those groups who are affected by our business, who could potentially influence how we conduct our business, and who have an interest in our activities and how these are performed. GRSEC oversees the implementation of the Group's Stakeholder Management Policy.

Our Stakeholder Engagement Framework is managed by our Group and Country leadership teams. The Group CEO provides an update on material feedback from our key stakeholder groups at each Board meeting, including from investment analysts, institutional investors and regulatory authorities, customers and strategic partners. The frequency and means of engagement varies per stakeholder group. To support continuous improvement we ensure that our channels of communication invite feedback and open dialogue.

The Company Secretary and the Group Head of Investor Relations act as primary points of contact for institutional investors, other shareholders and all stakeholders. The Board encourages proactive engagement with shareholders; the Chairs of each Board committee attends the AGM as well as the designated external audit partner to respond to shareholder queries.

Read more about stakeholder relationships: page 14.

REMUNERATION REPORT

The Group aims to remunerate Board members and Group employees adequately, fairly and within industry norms. The Group's remuneration practices balance rewards with its strategic objectives.

Remuneration policy

The Group's Remuneration Committee is responsible for recommending the remuneration for Non-executive Directors and employees.

Board and Non-executive Director remuneration

Key aspects of Director remuneration includes the following:

- Non-executive Director fees are fixed for a period of two years post-adjustment.
- Directors of the Group's Board and subsidiaries are remunerated with an annual retainer and sitting fees for meetings attended.
- Non-executive Directors do not receive any additional fees relating to the performance of the Group and do not participate in any share-based payments or incentives.
- The current structure was approved by shareholders at the Extraordinary General Meeting held on 25 October 2022. No changes were made for 2024.

Non-executive Director remuneration

The Board remuneration for the 2024 financial year is set out alongside:

- **Board Chairperson**
  P950 000 all inclusive fixed fee.
- **Board Directors**
  P27 285 per meeting.
- **Board Committees**
  Chairperson
  P30 000 per meeting attended
- Members
  P20 000 per meeting attended or
  P2 000 per hour, capped at P10 000 per meeting.
- **Annual retainer**
  Board Director
  P240 000

REMUNERATION REPORT CONTINUED

Director	Board P	Retainer P	Board strategy session P	GGNC P	GSIC P	GREMCO P	Joint GREMCO & GSIC P	Joint GAC/Board P	Training P	GRSEC P	GAC P	AGM P	Total P
P Odera	–	950 000	–	–	–	–	–	–	–	–	–	–	950 000
C Lesetedi	109 140	240 000	54 570	60 000	–	46 000	6 000	40 000	54 570	–	–	–	610 280
R Hoekman	109 140	240 000	54 570	–	126 000	88 000	6 000	40 000	109 140	80 000	–	–	852 850
A Odubola	109 140	240 000	54 570	–	40 000	88 000	6 000	40 000	109 140	120 000	104 000	–	910 850
R Mwaura	109 140	240 000	54 570	–	86 000	6 000	6 000	60 000	109 140	80 000	154 000	–	904 850
C Mokgware	111 855	240 000	54 570	92 000	86 000	–	6 000	40 000	109 140	–	104 000	30 000	873 565
Prof E Botlhale	109 140	240 000	54 570	82 000	–	–	–	20 000	109 140	80 000	104 000	–	798 850
J Ramesh	109 140	240 000	54 570	–	86 000	128 000	6 000	40 000	109 140	–	104 000	–	876 850
K Motshegwa	109 140	240 000	54 570	62 000	–	80 000	–	40 000	54 570	–	–	–	640 280
	875 835	**2 870 000**	**436 560**	**296 000**	**424 000**	**436 000**	**36 000**	**320 000**	**763 980**	**360 000**	**570 000**	**30 000**	**7 418 375**

Non-Executive Director remuneration review and benchmarking

In line with the Group's commitment to compensate Board members and employees on a fair and transparent basis in line with market trends, the Group Remuneration Committee conducts a benchmarking review of the Group's Non-Executive Director remuneration strategy every two years.

Employee remuneration

The Letshego Employee Remuneration Policy serves to drive an inspired and loyal employee culture that fosters proactive engagement, individual leadership and productivity, leveraging the Letshego #PeopleFirst agenda.

Our reward philosophy and principles are aligned with global and national standards in structure and regulation while enhanced to include reward and incentive programmes that initiate proactive support of Letshego's business strategy and values - mitigating inherent operational risks and entrenching ethical business practice. Through Letshego's Reward Program, employees are motivated to understand their respective role objectives and minimum deliverables while providing the flexibility to excel in individual performance with additional personal effort and contribution to boost delivery and overall performance.

The Group uses a Total Reward approach encompassing all components of reward in a competitive set. Total reward takes into account the totality of the relationship between Letshego and individual employees. This policy recognises that although the financial dimension is vital, the relationship has other elements that contribute to creating a fulfilling, multi-faceted employee experience,

The Letshego Employee Experience

At Letshego, our Employee Experience refers to the holistic journey an employee takes with Letshego from their first day in the office through their career trajectory and importantly, after the employee leaves the organisation. When an employee leaves our organisation, we still value them as 'alumni' of our brand, and as such, they continue to be valued ambassadors of our brand and business for years to come.

The Employee Experience embodies our #PeopleFirst culture by leveraging engagement tools and initiatives that evidence how our people remain our priority in strengthening our business and brand across our pan-African footprint. #PeopleFirst celebrates our people as assets, and our competitive advantage, and it is integral to us being able to deliver sustainable economic, social, and financial returns for all our stakeholders.

Employee Diversity remains a key attribute in the workplace with more than 21 nationalities represented in our employee population, diversity also remains a strength and differentiator for Letshego as a truly pan-African brand and operation dedicated to achieving tangible social and economic benefits across regional communities. Every individual has a unique contribution to make when it comes to our brand and business.

Employee talent, skills and experience are critical to building a sustainable business that grows within an ever-evolving digital and tech-orientated industry. In this way, Letshego's robust Employee Learning Framework is a multi-tiered, multi-functional framework that not only empowers employees at all levels of the business with the latest skills and functional trends in areas like credit, operations, finance and technology but also includes broader people development curricula including individual leadership, entrepreneurial thinking, agility methodologies and strategy formulation.

Total reward model

Reward components

Component	Characteristic
SALARY	▶ Paid for skills and experience brought to a role. ▶ Linked to market rates.
BENEFITS	▶ Non-financial reward elements designed to assist and support the employee. ▶ Includes medical cover, pension contributions, Group life, paid and unpaid leave.
PERFORMANCE BONUS	▶ Paid for achievement of pre-determined performance targets by the Group and individual.
DEFERRED BONUS	▶ Aligns the Group senior and country management team with the overall Group objectives and strategy. ▶ Is an incentive to drive performance and also acts as a retention tool for key employees. ▶ Paid upon achievement of Group and personal targets as a motivation and retention tool. ▶ Aligns senior management's objectives with those of the Group and is linked to movements in the share price. ▶ Vests in two tranches, 50% after two years and the remaining 50% after three years.
LONG TERM INCENTIVE PLAN SCHEME	▶ Ensures competitiveness in the market to attract top talent into the organisation. ▶ Incentivises senior executives to drive the successful execution and delivery of the Group's strategy through higher performance and measured in sustainable shareholder value creation. ▶ Awards are conditional on achieving targets set on ROE and EPS. ▶ Vesting of awards is in one tranche at the end of three years.

REMUNERATION REPORT CONTINUED

Executive Director remuneration

Executive Directors' remuneration as at 31 December 2024

Executive Director incentive bonuses are evaluated and recommended by the GRemCo for the approval of the Board. All amounts disclosed below are in Botswana Pula.

Executive Director	Period served as director	For management services	Legacy Leave Encashment[1]	Total
Aobakwe Aupa Monyatsi	13/05/2022 – 31/12/2024	5 264 616	697 667	**5 962 283**
Tinotenda Gwendoline Muteiwa	24/03/2020 – 31/12/2024	3 815 192	392 880	**4 208 072**
Total		9 079 808	1 090 547	**10 170 355**

In 2024, in terms of the Long Term Incentive Scheme, no ordinary shares vested to Executive Directors that related to the 31 December 2024 financial year end. Aobakwe Aupa Monyatsi resigned on 15 January 2025 and his last day in office was 14 February 2025.

There were no performance bonuses awarded in March 2025.

1. *The Group did a once-off leave encashment in 2024*

Executive Directors' remuneration as at 31 December 2023

Executive Director	Period served as director	For management services	Legacy Leave Encashment	Total
Aobakwe Aupa Monyatsi	13/05/2022 – 31/12/2023	4 945 789	–	4 945 789
Tinotenda Gwendoline Muteiwa	24/03/2020 – 31/12/2023	3 561 100	–	3 561 100
Total		8 506 889	–	8 506 889

In 2023, in terms of the Long Term Incentive Scheme, no ordinary shares vested to Executive Directors that related to 31 December 2023 financial year end.

There were no performance bonuses awarded in March 2024.

Top three earners who are not Executive Directors as at 31 December 2024

	For management services	Legacy Leave Encashment	Total
Employee 1	4 065 169	278 439	**4 343 608**
Employee 2	3 244 726	302 568	**3 547 293**
Employee 3	2 892 300	243 218	**3 135 518**

2024: In terms of the Long Term Incentive Scheme, no ordinary shares vested to the top three earners that related to the 31 December 2024 financial year.

There we no performance bonuses awarded in March 2025.

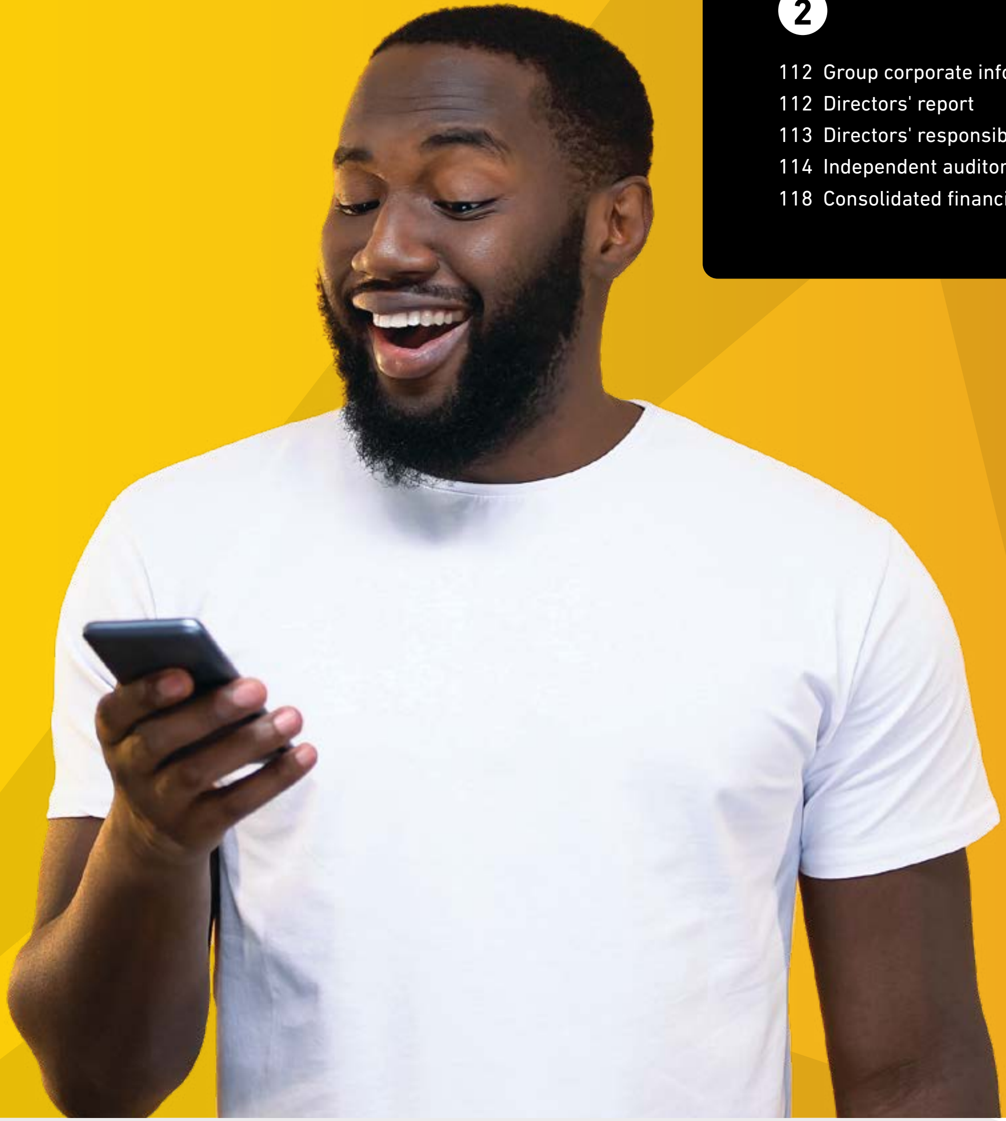
Top three earners who are not Executive Directors as at 31 December 2023

	For management services	Legacy Leave Encashment	Total
Employee 1	4 111 622	–	4 111 622
Employee 2	3 044 302	–	3 044 302
Employee 3	2 983 349	–	2 983 349

2023: In terms of the Long Term Incentive Scheme, no ordinary shares vested to the top three earners that related to 31 December 2023 financial year.

There were no performance bonuses awarded in March 2024.

CONSOLIDATED ANNUAL **FINANCIAL STATEMENTS**



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GROUP CORPORATE INFORMATION

Letshego Africa Holdings Limited is incorporated in the Republic of Botswana
Registration number: UIN BW00000877524 and previously Co. 98/442
Date of incorporation: 4 March 1998
A publicly listed commercial entity whose liability is limited by shares

Company Secretary and Registered Office
Gorata Tlhale Dibotelo
Tower C, Zambezi Towers
Plot 54352
Central Business District
Gaborone, Botswana

Independent External Auditors
Ernst and Young
2nd Floor, Plot 22
Khama Crescent
Gaborone, Botswana

Transfer Secretaries
Central Securities Depository Botswana (CSDB)
4th Floor, Fairscape Precinct
Plot 70667, Fairgrounds
Gaborone, Botswana

Attorneys and Legal Advisors
Armstrongs
Acacia House
Plot 53438
Cnr Khama Crescent Extension and PG Matante Road
Gaborone, Botswana

DIRECTORS' REPORT

for the year ended 31 December 2024

The Directors have pleasure in submitting to the Shareholders their report and the audited consolidated financial statements of Letshego Africa Holdings Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2024.

Nature of business

Letshego Group is a retail financial services organisation involved in banking and microfinance activities in 11 African countries across East, West and Southern Africa. Six of the 11 operations have deposit-taking licenses, with the remainder being microfinance institutions.

Financial results

The consolidated financial statements adequately disclose the results of the Group's operations for the year ended 31 December 2024.

Stated capital

Stated capital of the Group at 31 December 2024 amounted to P897,909,651 (31 December 2023: P917,909,651).

On 14 June 2024, the Group bought back 17,245,784 ordinary shares in accordance with the Company's constitution, which permits the Directors of the Company to make on market share buy backs from time to time.

Dividends

No dividends were declared in the year under review.

Directors

The following persons were directors of the Group:

Non-executive

NAME	DETAILS	NATIONALITY
P. Odera		Kenya
C. Lesetedi		Botswana
A. Odubola		Nigeria
R. Hoekman		The Netherlands
R. Mwaura		Kenya
J. Ramesh		Botswana
C. Mokgware		Botswana
K. Motshegwa	*Resigned 19 February 2025	Botswana
Prof. E. Botlhale		Botswana

Executive

Directors' report continued

NAME	POSITION	NATIONALITY
A.A. Monyatsi	Group Chief Executive Officer (resigned 14 February 2025)	Botswana
B. Banda	Interim Group Chief Executive Officer (appointed to the Board 15 March 2025)	South Africa
T.G. Muteiwa	Group Chief Financial Officer	Zimbabwe

Directors' shareholdings

The aggregate number of shares held directly by Directors at 31 December 2024 were 6,623,906 shares (31 December 2023: 6,623,906 shares). Full details of this shareholding are available at the registered office of the Company or at the office of the transfer secretaries.

Long Term Incentive Plan

The Group operates an equity-settled conditional Long-Term Incentive Plan (LTIP), which was approved by shareholders at an Extraordinary General Meeting held on 20 December 2005. Under the plan, conditional share awards are granted to management and key employees. The estimation of shares to vest for a year is based on internal projections as to the specified non-market conditions being achieved. Shares are awarded in the holding company, Letshego Africa Holdings Limited, which is listed on the Botswana Stock Exchange.

Potential transaction

Towards the end of the third quarter of the financial year under review, the Group announced a potential transaction to the market, where it is exploring options that may result in material changes to its shareholdings in businesses operating in East and West Africa. In line with listing regulations, the potential transaction remains subject to shareholders' and regulatory approvals.

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 December 2024

The Directors are responsible for the preparation of the consolidated annual financial statements of Letshego Africa Holdings Limited (the "Group") that give a true and fair view, comprising the consolidated statement of financial position at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and the Botswana Companies Act.

The Directors are also responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these financial statements.

The Directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe the businesses will not be a going concern in the year ahead. Notwithstanding the matters outlined in Note 2.9 of the consolidated annual financial statements, the Directors have satisfied themselves that the Group has access to sufficient funding resources to meet its foreseeable requirements.

The External Auditor is responsible for reporting on whether the consolidated annual financial statements give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Approval of the consolidated annual financial statements:

The consolidated annual financial statements of Letshego Africa Holdings Limited as identified in the first paragraph, were approved by the Board of Directors on 14 April 2025 and are signed on its behalf by:

P. ODERA
Chairman

B. BANDA
Interim Group Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

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Firm of Chartered Accountants
2nd Floor
Plot 22 Khama Crescent
P O Box 41015
Gaborone, Botswana

Tel +267 397 4078/ 365 4000
Fax +267 397 4079
Email: eybotswana@za.ey.com
Partnership registered in Botswana
Registration No: 10829
VAT No P03625401112
www.ey.com

Independent Auditor's Report

To the Shareholders of Letshego Africa Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Letshego Africa Holdings Limited and its subsidiaries (the Group) set out on pages 118 to 191, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of material accounting information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2024, and of its consolidated financial performance and of its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act (CAP 42:01).

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

The Key Audit Matters apply only to the audit of the consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
IFRS 9 considerations (Expected credit loss allowance of loans and advances) The Group's net loans and advances of P13,6 billion (2023: P13,5 billion) comprised 75% (2023: 74%) of the Group's total assets at the reporting date. The related ECL impairment allowance was P979 million (2023: P858 million) representing a 14% increase in the impairment allowance compared to the prior year. The ECL impairment allowance is significant in the context of the consolidated financial statements in respect of IFRS 9 - *Financial Instruments*. The estimation of credit losses is inherently uncertain and subject to significant judgement and estimates. Furthermore,	With the support of our internal specialists, we performed the following audit procedures, amongst others: We obtained an understanding of the Group's credit policy, evaluated and tested the design and the operating effectiveness of key controls over the processes of credit assessment, loan classification and loan impairment assessment. We assessed the appropriateness of the models and methodologies against accounting standards and generally accepted industry principles as applied by similar organisations operating in the same economic sector and geographical

Independent auditor's report continued

models used to determine credit impairments are complex, and certain inputs used in the models are not fully observable. Any model and data deficiencies are compensated for by applying overlays to the outputs. The calculation of these overlays is highly subjective. Significant judgements and estimates applied in determining the Group's expected credit loss (ECL) allowance include: • Choosing appropriate models and assumptions for the measurement of expected credit loss allowances • Determining criteria for significant increase in credit risk (SICR) • Determination of overlays for model and data deficiencies • Estimation of the probability of default (PD), exposure at default (EAD) and loss given default (LGD) parameters. This estimation uncertainty is further increased by ongoing volatility in the geographical markets in which the Group operates. The expected credit loss models require the application of forward-looking information in determining key inputs such as economic variables that affect the output of the models. Given the combination of inherent subjectivity in the preparation of the excepted credit loss models, and the judgement and estimates involved in determining the inputs into the models, we considered the calculation of the	areas. We challenged management's rationale and assessments as to whether overlays should be considered for model and data deficiencies against our understanding of the factors considered by management and independent data. We reconciled and agreed the data from the core banking systems of each jurisdiction to the inputs used in the respective ECL models. We evaluated the appropriateness of the forward-looking macroeconomic scenarios and the probability weightings developed by management by comparing these to historical data and those applied by similar organisations operating in the same economic sector and geographical areas. We reperformed the staging distribution for a sample of loans and advances to assess the accuracy of the staging applied in the models against the criteria indicated by management. We evaluated management's criteria used to allocate the loans and advances between stages 1, 2 or 3 against the requirements of IFRS 9. We developed a challenger model to independently calculate the PD, LGD and EAD parameters and compared the results from the challenger model to the ECL allowance recognised by the Group in its consolidated financial statements.
expected credit loss allowance in accordance with IFRS 9 - *Financial Instruments* as applicable to the Group's loans and advances to be a key audit matter in our audit of the consolidated financial statements. The disclosures associated with credit impairment of loans and advances are set out in the consolidated financial statements in the following notes: • Note 1.3.1 - *Credit risk* • Note 2.1 - *Impairment of advances to customers* • Note 6 - *Advances to customers*	We assessed the appropriateness of the accounting policies, loan impairment methodologies applied and the adequacy of the disclosures by comparing these to the requirements of IFRS 9 - *Financial instruments*.

Other Information

The directors are responsible for the other information. The other information comprises information included in the 103-paged document titled "Letshego Africa Holdings Limited Consolidated Annual Financial Statements for the year ended 31 December 2024" which includes the Group Corporate Information, the Directors' Report, the Directors' Responsibility Statement, the Group Value Added Statement, the Five-Year Financial History and the Analysis of Shareholding which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

Independent auditor's report continued

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Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act (CAP 42:01) and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

Independent auditor's report continued

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young
Firm of Certified Auditors
Practicing Member: Thomas Chitambo (CAP0011 2025)
Gaborone

15 April 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Note	31 December 2024 P'000	31 December 2023 P'000
ASSETS			
Cash and similar instruments	3	**1,658,667**	1,401,824
Investment securities	4	**654,830**	866,718
Financial assets at fair value through profit or loss	5	**730,123**	952,610
Advances to customers	6	**13,569,163**	13,487,892
Insurance contract assets	7	**122,980**	105,549
Other receivables	8	**384,754**	333,672
Financial assets at fair value through other comprehensive income	9	**11,038**	11,038
Income tax receivable		**13,830**	108,436
Property and equipment	10	**99,353**	104,812
Right-of-use assets	11	**95,076**	89,241
Intangible assets	12	**393,068**	398,710
Goodwill	13	**30,097**	30,591
Deferred tax assets	30.1	**201,298**	219,000
Total assets		**17,964,277**	18,110,093
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities at fair value through profit or loss	14	**661,386**	980,519
Customer deposits	15	**2,147,299**	1,537,984
Cash collateral	16	**17,038**	15,853
Income tax payable		**70,088**	116,133
Trade and other payables	17	**328,908**	796,541
Lease liabilities	18	**98,289**	97,972
Borrowings	19	**9,676,565**	9,626,301
Deferred tax liabilities	30.1	**3,494**	18,903
Total liabilities		**13,003,067**	13,190,206
Shareholders' equity			
Stated capital	20	**897,909**	917,909
Hyperinflation translation adjustment		**83,920**	83,920
Foreign currency translation reserve		**(436,182)**	(662,550)
Legal reserve	21	**417,373**	377,121
Share based payment reserve	22	**18,575**	34,832
Retained earnings		**3,526,599**	3,725,824
Total equity attributable to equity holders of the parent company		**4,508,194**	4,477,056
Non-controlling interests		**453,016**	442,831
Total shareholders' equity		**4,961,210**	4,919,887
Total liabilities and equity		**17,964,277**	18,110,093

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	31 December 2024 P'000	31 December 2023 P'000
Interest income at effective interest rate	23	**3,936,523**	3,424,947
Interest expense at effective interest rate	24	**(1,584,235)**	(1,646,268)
Other interest expense	24.1	**(12,540)**	(12,244)
Net interest income		**2,339,748**	1,766,435
Fee and commission income	25	**111,349**	57,028
Other operating income	26	**223,772**	256,141
Insurance revenue	27	**325,671**	286,519
Insurance service expense	27	**(119,782)**	(85,316)
Insurance service result		**205,889**	201,203
Operating income		**2,880,758**	2,280,807
Expected credit losses	6.3	**(782,770)**	(456,591)
Net operating income		**2,097,988**	1,824,216
Employee benefits	28	**(518,403)**	(611,604)
Other operating expenses	29	**(1,325,001)**	(1,091,151)
Total operating expenses		**(1,843,404)**	(1,702,755)
Profit before taxation		**254,584**	121,461
Taxation	30	**(347,918)**	(270,260)
Loss for the year		**(93,334)**	(148,799)
Attributable to:			
Equity holders of the parent company		**(158,973)**	(201,049)
Non-controlling interest		**65,639**	52,250
Loss for the year		**(93,334)**	(148,799)
Other comprehensive income, net of tax			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Foreign currency translation differences arising from foreign operations, including the effect of hyperinflation*		**235,109**	(180,058)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Fair value loss on financial asset designated at fair value through other comprehensive income	9	**–**	(43,107)
Total comprehensive income/(loss) for the year		**141,775**	(371,964)
Attributable to:			
Equity holders of the parent company		**67,395**	(414,053)
Non-controlling interest		**74,380**	42,089
Total comprehensive income/(loss) for the year		**141,775**	(371,964)
Earnings per share			
Basic loss per share – (thebe)	31	**(7.4)**	(9.3)
Diluted loss per share – (thebe)	31	**(7.2)**	(8.9)

* *During the year the Group recognised the movement in hyperinflationary reserves occurring subsequent to the first period of application of IAS 29: Financial Reporting in Hyperinflationary Economies through OCI as is required by IFRS.*

NOTE: The diluted EPS has been calculated based on the total number of shares that may vest in terms of the Group's long term staff incentive scheme.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Note	Stated capital P'000	Hyperinflation translation adjustment P'000	Retained earnings P'000	Share-based payments reserve P'000	Fair value adjustment reserve P'000	Foreign currency translation reserve P'000	Legal reserve P'000	Non-controlling interests P'000	Total P'000
Balance as at 1 January 2023 (restated)		899,571	–	4,366,646	42,474	(13,144)	(492,653)	313,780	468,877	5,585,551
Total comprehensive income for the year										
Loss for the year		–	–	(201,049)	–	–	–	–	52,250	(148,799)
Other comprehensive income, net of income tax										
Fair value adjustment of financial asset		–	–	–	–	(43,107)	–	–	–	(43,107)
Foreign currency translation reserve		–	–	–	–	–	(169,897)	–	(10,161)	(180,058)
Hyperinflation restatement adjustment		–	83,920	–	–	–	–	–	–	83,920
Transactions with owners, recorded directly in equity										
Allocation to legal reserve	21	–	–	(63,341)	–	–	–	63,341	–	–
Recognition of share-based payment reserve movement	22	–	–	–	10,696	–	–	–	–	10,696
New shares issued from long term incentive scheme	22	18,338	–	–	(18,338)	–	–	–	–	–
Dividends paid by subsidiary to minority interests		–	–	–	–	–	–	–	(68,135)	(68,135)
Dividends paid to equity holders	32	–	–	(320,181)	–	–	–	–	–	(320,181)
Transfer to retained earnings		–	–	(56,251)	–	56,251	–	–	–	–
Balance at 31 December 2023		917,909	83,920	3,725,824	34,832	–	(662,550)	377,121	442,831	4,919,887
Total comprehensive income for the year										
Loss for the year		**–**	**–**	**(158,973)**	**–**	**–**	**–**	**–**	**65,639**	**(93,334)**
Other comprehensive income, net of income tax										
Fair value adjustment of financial asset		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Foreign currency translation reserve		**–**	**–**	**–**	**–**	**–**	**226,368**	**–**	**8,741**	**235,109**
Transactions with owners, recorded directly in equity										
Recognition of share-based payment reserve movement	22	**–**	**–**	**–**	**(16,257)**	**–**	**–**	**–**	**–**	**(16,257)**
Allocation to legal reserve	21	**–**	**–**	**(40,252)**	**–**	**–**	**–**	**40,252**	**–**	**–**
Share buyback		**(20,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(20,000)**
Dividends paid by subsidiary to minority interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(64,195)**	**(64,195)**
Balance at 31 December 2024		**897,909**	**83,920**	**3,526,599**	**18,575**	**–**	**(436,182)**	**417,373**	**453,016**	**4,961,210**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	Note	31 December 2024 P'000	31 December 2023 P'000
OPERATING ACTIVITIES			
Profit before taxation		**254,584**	121,461
Adjustments for:			
– Interest income		**(3,936,523)**	(3,424,947)
– Interest expense		**1,596,775**	1,658,512
– Amortisation of intangible assets	12	**27,901**	9,994
– Depreciation of property and equipment	10	**43,876**	44,750
– Depreciation of right-of-use assets	11	**46,107**	46,768
– Loss on disposal/scrapping of property and equipment		**1,159**	14,996
– Impairment and write off charge: advances to customers	6.3	**782,770**	465,857
– Impairment and write off (reversal)/charge: investment securities	4	**–**	(9,266)
– Mark-to-market loss on foreign currency swaps		**–**	9,345
– Net foreign exchange differences		**141,645**	(163,796)
– Net change in market adjustments on foreign currency swaps		**(92,479)**	(3,561)
– Long term incentive plan provision	22	**(16,257)**	10,696
– Net monetary loss		**87,270**	149,905
Changes in working capital:			
Movement in advances to customers		**(731,846)**	(1,298,892)
Movement in insurance contract assets		**(17,431)**	(13,399)
Movement in other receivables		**(45,558)**	(318,192)
Movement in trade and other payables		**(467,633)**	210,963
Movement in customer deposits		**609,315**	417,157
Movement in cash collateral		**1,185**	(2,623)
Cash used in operations		**(1,715,140)**	(2,074,272)
Interest received		**3,804,328**	3,424,947
Interest paid		**(1,550,329)**	(1,646,268)
Income tax paid	30.3	**(297,064)**	(320,889)
Net cash flows generated from/(used in) operating activities		**241,795**	(616,482)

	Note	31 December 2024 P'000	31 December 2023 P'000
INVESTING ACTIVITIES			
Purchase of treasury bills and bonds	4	**–**	(165,351)
Proceeds from maturity of treasury bills and bonds	4	**211,888**	–
Purchase of investment in insurance cell captive	5	**(4,167)**	–
Purchase of equity securities in financial assets	9	**–**	(11,038)
Purchase of property and equipment	10	**(46,432)**	(26,052)
Purchase of intangible assets	12	**(27,420)**	(120,026)
Net cash flows generated from/(used in) investing activities		**133,869**	(322,467)
FINANCING ACTIVITIES			
Dividends paid to equity holders	32	**–**	(320,181)
Dividends paid to subsidiary non-controlling interest		**(64,195)**	(68,136)
Share buyback		**(20,000)**	–
Repayment of principal portion of lease liabilities		**(51,625)**	(35,556)
Repayment of interest portion of lease liabilities	18	**(12,540)**	(12,244)
Proceeds from borrowings	19	**2,220,200**	3,449,546
Repayment of borrowings	19	**(2,203,842)**	(1,919,648)
Net cash flows (used in)/generated from financing activities		**(132,002)**	1,093,781
Net movement in cash and similar instruments		**243,662**	154,832
Movement in cash and similar instruments			
At the beginning of the year		**1,133,644**	994,582
Movement during the year		**243,662**	154,832
Effect of exchange rate changes on cash and similar instruments		**18,706**	(15,770)
Cash and similar instruments at the end of the year	3	**1,396,012**	1,133,644

ACCOUNTING POLICIES

for the year ended 31 December 2024

Reporting entity

Letshego Africa Holdings Limited (formerly Letshego Holdings Limited, 'the Company') is a limited liability company incorporated and domiciled in Botswana. The address of the company is Tower C, Zambezi Towers, Plot 54352, Central Business District, Gaborone, Botswana. The consolidated financial statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a retail financial services organisation involved in banking and microfinance activities in 11 African countries across East, West and Southern Africa. Six of the 11 operations have deposit-taking licenses with the rest being microfinance institutions. The Group's ambition is to increase its deposit taking capabilities across its footprint.

The consolidated financial statements for the year ended 31 December 2024 have been approved for issue by the Board of Directors on 14 April 2025.

The following principal accounting policies, which are consistent with prior years except for the adoption of new/amended accounting standards, have been adopted in the preparation of these consolidated annual financial statements.

Statement of compliance

The consolidated annual financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Botswana Companies Act.

Basis of preparation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated annual financial statements are presented in Botswana Pula, which is the Group's reporting currency and the Company's functional currency. Except where indicated, financial information presented in Botswana Pula has been rounded to the nearest thousand.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated annual financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position; financial assets classified at fair value through other comprehensive income (FVOCI), and financial assets and liabilities classified at fair value through profit or loss (FVTPL). These financial statements have also been adjusted to take account of the effects of inflation in accordance with International Accounting Standard 29, 'IAS 29' (Financial Reporting in Hyperinflationary Economies).

Hyperinflation

The financial statements of the Group's entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

The presentation currency of the Group, however, is that of a non-hyperinflationary economy and comparative amounts are not adjusted for changes in the index in the current year. Differences between these comparative amounts and current year hyperinflation adjusted amounts are recognised through other comprehensive income. The main procedures applied in the restatement of transactions and balances are as follows:

- Monetary assets and liabilities are not restated because they are already stated in terms of the measuring unit current at the balance sheet date;
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' funds are restated by applying the change in index from the date of transaction, or if applicable, from the date of their most recent revaluation to the balance sheet date, 31 December 2024. Depreciation is based on the restated amounts;
- At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period;
- Income statement transactions, except for depreciation charge, are restated by applying the change in the index from the month of the transactions to the balance sheet date, 31 December 2024;
- Net gain or loss arising from the net monetary asset or liability positions are included in the income statement; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

The assessment as to when an economy is hyperinflationary is an area of significant judgement and is based on the guidelines of IAS 29: *Financial Reporting in Hyperinflationary Economies* (IAS 29), which considers both qualitative and quantitative factors, including whether the accumulated inflation over a three-year period is in excess of 100%. During 2023 the Group classified Ghana as a hyperinflationary economy following a number of professional organisations outside of Ghana, including global accounting firms, having assessed the economy of Ghana to be hyperinflationary. The IMF World Economic Outlook report released in October 2024 provided updated data in respect of current and expected levels of inflation and the global accounting firms and other professional organisations have maintained the position that entities with the currency of Ghana as their functional currency continue to consider this to be hyperinflationary as at 31 December 2024. The Group's conclusion to continue to classify Ghana as a hyperinflationary economy is therefore based on the indication that multi-national groups that need to consolidate Ghanaian subsidiaries under IFRS Accounting Standards as issued by International Accounting Standards Board apply this position.

Accounting policies continued

Consequently, the results of the Group's activities in Letshego Ghana Savings and Loans PLC have been prepared in accordance with IAS 29 (this is prior to the translation of those results to the Group's presentation currency of Botswana Pula). The restatement is based on conversion factors derived from the Ghana Consumer Price Index (CPI) compiled by the Ghana Statistical Service. The indices and conversion factors used were as follows:

Date	Indices	Conversion factors
December 2024	**248.3**	**1.0000**
December 2023	200.5	1.2384

The cumulative inflation rate over three years as at 31 December 2024, according to the Ghana CPI was 135%.

Basis of consolidation

Investments in subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are presently exercisable are taken into account. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable assets acquired and liabilities assumed.

Transaction costs are expensed as incurred except if it relates to the issue of debt or equity securities.

Goodwill

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The carrying amount of goodwill is assessed annually for impairment. An impairment loss recognised on goodwill is not reversed in a subsequent period.

Transactions eliminated on consolidation

Intra group balances and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

Non-controlling interest (NCI) is shown separately in the consolidated statement of financial position and statement of profit and loss and other comprehensive income. NCIs are viewed as equity participants of the Group and all transactions with minorities are therefore accounted for as equity transactions and included in the consolidated statement of changes in equity. NCI is measured at the proportionate share of the acquiree's identifiable net assets.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained is measured at fair value when control is lost.

Change in the Group's interest in subsidiaries

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with the equity owners of the Group. A change in ownership in interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect the relative interests in the subsidiary. Any differences between the amount of the adjustment to non-controlling interests and any consideration paid or received is recorded in equity.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and any accumulated impairment/losses.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the plant and equipment. The estimated useful lives for current and prior periods are as follows:

Computer equipment	3 years
Office furniture and equipment	4 – 5 years
Motor vehicles	4 years
Buildings	30 – 50 years

Land is stated on the historical cost basis and not depreciated as these assets are considered to have indefinite economic useful lives. Repairs and maintenance are recognised in profit or loss during the financial period in which these costs are incurred, whereas the cost of major renovation is included in the carrying amount of the related asset when it is probable that future economic benefits will flow to the Group. When the cost of major renovation is included in the carrying amount of the asset and significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

The residual value and useful life of each part of plant and equipment, if not insignificant, is reassessed annually. Depreciation costs are recognised on a prorate basis from the date the asset is available for use.

Subsequent expenditure is capitalised when it is probable that the future economic benefits will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains and losses on disposal of property, plant and equipment items are determined by comparing proceeds with the carrying amounts and recognised in profit or loss.

Accounting policies continued

Work in progress

Work in progress comprises of costs incurred in the on-going construction of items that are held for use in the production and supply of goods or services and incurred in on-going design, construction and testing of computer software that is identifiable, which the Group has control over and future economic benefits will flow from the asset. The costs associated with the construction and development processes indicated are recognised as work-in-progress until a time that the assets are available for use, that is, when the assets are in the location and condition necessary to be capable of operating in the manner intended by management. At this point, the respective element will be transferred from work-in-progress to an appropriate category of property and equipment and/or intangible assets and is depreciated/amortised over the useful life of the asset.

Foreign currency transactions

Transactions conducted in foreign currencies are translated to Botswana Pula at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Botswana Pula using the closing exchange rate at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign operations' financial statements

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Botswana Pula using the closing exchange rate at the financial period end. The income and expenses of foreign operations whose functional currency is not the currency of a hyperinflationary economy are translated to Botswana Pula at rates approximating those exchange rates at the dates of the transactions. The income and expenses of a foreign operation whose functional currency is the currency of a hyperinflationary economy are translated to Botswana Pula at the closing exchange rate at the most recent statement of financial position.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, either in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	2 to 5 years

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Discount factor

Under IFRS 16 'Leases', discount rates are used to determine the present value of the lease payments used to measure a lessee's lease liability. Discount rates are also used to determine lease classification for a lessor and to measure a lessor's net investment in a lease. For lessees, the lease payments are required to be discounted using:

- the interest rate implicit in the lease if readily determinable, or
- the lessee's incremental borrowing rate.

Leases continued

The lessee's incremental borrowing rate

Where the lessee is unable to readily determine the interest rate implicit in the lease, the discount rate will be the lessee's incremental borrowing rate. The incremental borrowing rate is an interest rate specific to the lessee that reflects:

- the credit risk of the lessee
- the term of the lease
- the nature and quality of the security
- the amount 'borrowed' by the lessee, and
- the economic environment (the country, the currency and the date that the lease is entered into) in which the transaction occurs.

The Group uses the incremental borrowing rate as the discount factor and the applicable rates were determined per country. The discount factors take into account the interest rates on the existing facilities where applicable and commercial rates that Group entities could be offered by their lenders if they were to source funding.

Intangible assets

Computer Software

Software acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is measured at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software for current and prior periods is 3 years to 10 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Computer software is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains and losses on disposal of these intangible asset items are determined by comparing proceeds with the carrying amounts and recognised in profit or loss.

Brand value and core deposits

Brand value and core deposits acquired in a business combination are recognised at fair value at the acquisition date. Brand value is the right to use the trade name and associated brands of the acquired entity and core deposits relates to the customer relationships attributable to customer deposits of the acquired entity. These are carried at cost less accumulated amortisation at each reporting period. Amortisation is recognised in profit or loss using the straight-line method over their estimated useful lives.

Brand value is amortised over its expected useful life of 7 years whereas core deposits are amortised over its useful life of 8 years. These intangible assets are tested for impairment annually at the cash generating unit level.

Brand value and core deposits is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains and losses on disposal of these intangible asset items are determined by comparing proceeds with the carrying amounts and recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present legal obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities)

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity.

Current tax

Current tax comprises tax payable/refundable calculated on the basis of the expected taxable income for the year, using tax rates enacted at the reporting date, and any adjustment of tax payable/refundable for previous years.

Deferred tax

Deferred tax is provided on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Accounting policies continued

Income tax continued

Deferred tax is recognised in profit or loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination. The effect on tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Interest income

Interest income is recognised in profit or loss at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual/behavioural terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and administration charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income

Administration fees – lending

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Where fees and commissions form an integral part of the effective interest on a financial asset or liability these are included and measured based on effective interest rate. Fees and commissions, which relate to transaction and service fees where the performance obligation is satisfied over a period of time are recognised on an accrual basis as the service is rendered.

Credit life and disability insurance commission

Where the Group is acting as an agent, commissions and fees earned on the sale of insurance products to customers on behalf of the insurer are recognised on a time-apportionment basis over the period the service is provided.

Early settlement fee

This is a settlement penalty fee, which is levied on customers when they settle their loans before the maturity date and are recognised in profit or loss as other operating income when these loans are settled

Other income

Other income comprises income from statement fees, mark-to-market gains on foreign currency swaps and other non-core income streams which are recognised in profit and loss as and when they are earned.

Interest expense

Interest expense is recognised in profit or loss using the effective interest method as describe under the interest income policy above. Foreign currency gains and losses on interest earning financial liabilities are recognised in profit or loss, as part of interest expense, as they are incurred.

Interest from bank deposits

Interest from bank deposits is recognised on an accruals basis at the agreed interest rate with the respective financial institution.

Legal reserve

According to the commercial code applicable to certain subsidiaries, a non-distributable legal reserve of the subsidiaries' annual profits is transferred till the reserve meets the regulatory requirements in respective jurisdictions.

Stated capital

Stated capital is recognised at the fair value of the consideration received. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from initial measurement of the equity instrument.

Treasury shares is where the Group purchases its own stated capital. The consideration paid, including any directly attributable incremental costs, is deducted from total shareholders' equity as treasury shares until they are re-issued or sold. Where the shares are subsequently sold or re-issued, any consideration received net of any directly attributable incremental costs, is included in shareholders' equity.

Dividends paid

Dividends on ordinary shares are recognised against equity in the period in which they are approved by the Directors. Dividends declared after the reporting date, are not recognised as a liability in the consolidated statement of financial position.

Employee benefits

Short-term employee benefits

Short term employee benefits are expensed as the related services are provided. Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is recognised for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Post-employment benefits

The Group operates a defined contribution retirement benefit fund. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the profit or loss as an expense when they are due in respect of service rendered before the end of the reporting period.

Under the defined contribution plans in which the Group and its employees participate, the Group and the employees contribute fixed percentages of gross basic salary on a monthly basis.

Staff incentive bonus scheme

The Group also operates a staff incentive bonus scheme. The provision for employee bonus incentive is based on a predetermined group policy and is recognised in trade and other payables. The accrual for employee bonus incentives is expected to be settled within 12 months to 36 months.

Accounting policies continued

Employee benefits continued

Payroll administration costs

Administration costs are charged by employers for payroll deduction facilities. These costs are set-off against recoveries made from clients. Where the Group is not able to recover in full such administration costs, they are recognised in profit or loss as incurred.

Share-based payment transactions

The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP). Conditional awards are granted to management and key employees. The Group also grants its own equity instruments to employees of its subsidiaries as part of group share-based payment arrangements. The number of vesting awards is subject to achievement of specific performance metrics.

The grant date fair value of awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards that vest.

The fair value of the options is determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of options expected to vest. At each reporting date, the Group revises its estimate of the number of options expected to vest.

The Group recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Amounts recognised for services received if the options granted do not vest because of failure to satisfy a vesting condition, are reversed through profit or loss. If options are forfeited after the vesting date, an amount equal to the value of the options forfeited is debited against the share based payment reserve and credited against retained earnings.

The proceeds received net of any attributable transaction costs are credited to stated capital when the options are exercised.

Determination of fair value of equity instruments granted

The share price of Letshego Africa Holdings Limited (as quoted on the Botswana Stock Exchange) of the Group's equity instruments at grant date is the estimated fair value of the share options granted. No adjustments are made for non-market vesting conditions as there are none. Therefore, no valuation techniques are used (Monte Carlo/Black Scholes etc.) as the quoted price at grant date is the fair value. The details of the Group's Share Incentive Scheme are reflected in Note 22.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments. Segment results include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares arising from the Long Term Incentive Plan (LTIP) awards.

Dividend per share

Dividend per share is calculated by dividing the earnings attributable to ordinary equity holders by the number of shares outstanding at the end of a period. The number of shares used to calculate the dividend per share excludes shares held as treasury shares.

Contingent liabilities

The Group discloses a contingent liability where it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Group.

Financial assets and liabilities

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

The Group initially recognises financial assets on the date that they are originated or on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Accounting policies continued

Financial assets and liabilities continued

Financial assets continued

Initial recognition and measurement continued

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets and liabilities consist of the following significant items.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost consists of advances to customers, other receivables and cash and cash equivalents.

Advances to customers

Advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. Advances to customers are initially measured at fair value plus incremental direct transaction costs, and are subsequently measured at their amortised cost using the effective interest method.

Other receivables

Other receivables comprise deposits and other recoverables which arise during the normal course of business. These are initially measured at fair value plus incremental direct transaction costs, and are subsequently measured at their amortised cost using the effective interest method.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with financial institutions. Bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents. Cash and cash equivalents are measured at amortised cost in the consolidated statement of financial position.

Purchased or originated credit impaired (POCI) assets

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Financial assets at fair value through OCI

Financial assets at fair value through OCI are non-derivatives that are designated in this category. For debt instruments, the classification is mandatory for certain assets unless the fair value option is elected, whilst for equity instruments the fair value through OCI classification is an election. Financial assets at fair value through OCI are subsequently measured at fair value and gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Dividends received from financial assets at fair value through OCI equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss

The Group may designate financial assets at fair value through profit or loss when either:

- the assets are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets at fair value through profit or loss are derivatives or non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures, or management intends to dispose of it within 12 months of the reporting period. Financial assets at fair value through profit or loss are recorded and measured in the statement of financial position at fair value. Gains and losses arising from changes in fair value are recognised in profit or loss. Interest or income is recognised in the profit or loss when the contract comes to an end or when the right to payment has been established.

Financial liabilities

Initial recognition and measurement

The Group initially recognises financial liabilities on the date that they are originated or on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified, at initial recognition, as financial liabilities measured at fair value through profit or loss, or financial liabilities measured at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, customer deposits, cash collateral, financial liabilities at fair value through profit or loss and trade and other payables.

Accounting policies continued

Financial assets and liabilities continued

Financial liabilities continued

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

The Group may designate financial liabilities at fair value through profit or loss when either:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings including trade and other payables, customer deposits and cash collateral are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included as finance costs in profit or loss.

Borrowings and deposits from customers

Borrowings and customer deposits are the Group's sources of funding. These are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30 to 90 day terms, are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Cash collateral

Cash collateral consist of cash received as security for advances to customers and is held until the customer loan is fully settled, at which point the balance is refunded to the customer. The cash collateral is set off against a loan balance only when the loan balance is deemed irrecoverable from the customer.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques.

Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like interest rate swaps. For these financial instruments, inputs into models are market observable.

When entering into a transaction, the financial instrument is recognised initially at fair value. The best evidence of fair value of a financial instrument at recognition is normally the transaction price, the fair value of the consideration given or received. The value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase in fair value indicated by valuation techniques, is recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

Financial assets and liabilities continued

Fair value measurement continued

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments measured at fair value.

Identification and measurement of impairment for financial assets

At each reporting date the Group assesses whether there is evidence that financial assets not measured at fair value through profit or loss are impaired.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Group.

In assessing impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, and forward-looking information such as such as economic inputs, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on financial assets measured at amortised cost are calculated as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against the financial asset. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Write-offs

Financial assets are written off either in their entirety or partially when the Group has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Insurance arrangements

The Group has credit and disability cover in place in most markets. Under these arrangements premiums are collected from customers and paid on to the insurer, with the Group earning a fee, commission or profit share.

Cell captive arrangements

The Group has cell captive insurance arrangements, under which it accepts significant insurance risk from its policyholders. These arrangements offer credit life and credit default protection over the Group's loan portfolios in certain of the markets where the Group operates. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

A cell captive structure represents an agreement between an insurance entity and the Group to facilitate the writing of insurance business. The Group has entered into agreement with insurance providers under which the insurance provider set up an insurance cell within its legal entity, for example a corporate entity subscribes for a separate class of share. The arrangement provides that all claims arising from insurance contracts written by cell are paid out of the cell's assets, with any profit after deduction of the insurers' fees, allocation taxes and other costs payable to the Group.

Recognition

The Group assesses its lending products to determine whether they contain distinct components which must be accounted for under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) lending contract. Currently, the Group's lending products do not include any distinct components that require separation. The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Insurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues under its cell captive arrangements, since:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to above).

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised. The Group had no onerous contracts at the reporting date.

Insurance arrangements continued

Cell captive arrangements continued

Insurance contracts – initial measurement continued

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group chooses to expense insurance acquisition cash flows as they occur.

Insurance contracts – subsequent measurement

The Group measures the carrying amount of the asset or liability for remaining coverage at the end of each reporting period as the asset or liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and includes an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant asset or liability for remaining coverage.

Presentation

The Group presents separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets and portfolios of insurance contracts issued that are liabilities.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense. The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position. Changes in its fair value are recognised immediately in profit or loss.

Impairment for non-financial assets

At each reporting date, the Group reviews the carrying value for its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses in respect of goodwill are not reversed. For assets excluding goodwill, if there is an indication of impairment, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The Group did not have any supplier finance arrangements at the reporting date, therefore, the amendments had no impact on the Group's consolidated financial statements.

Accounting policies continued

New and amended standards and interpretations continued

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have no effect on the measurement of any items in the financial statements of the Group. However, the classification of certain borrowings in the Group's disclosures has changed from 'non-current' to 'current' as result of the application of the amendments. The impact of the amendments is that total borrowings amounting to P1.87 billion in the "Between 6 and 12 months" and "After 12 Months" age categories have been reflected under the "Within 6 Months" age category as a result of breaches in covenants. Refer to Note 19 and Note 39 for further details.

Amendments to IAS 1: Non-current liabilities with covenants

The amendment to IAS 1 clarifies that an entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement also known as covenants. If a covenant is required to be complied with at the end of the reporting period, the covenant still affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period. However, covenants do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period.

The amendment further clarifies that if an entity has the right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. Additionally, when an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach.

The Group has performed an assessment of the impact of the above amendments and as a result has classified borrowings that are required to comply with covenants as current liabilities during the current financial period. The impact of the amendments is that total borrowings amounting to P1.87 billion in the "Between 6 and 12 months" and "After 12 Months" age categories have been reflected under the "Within 6 Months" age category as a result of breaches in covenants. Refer to Note 19 and Note 39 for further details.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently assessing the impact of the Amendments on its operations, but not intending to early adopt the Amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as the Group, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

Accounting policies continued

Standards issued but not yet effective continued

IFRS 18 Presentation and Disclosure in Financial Statements continued

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently assessing the impact that the amendments will have on the primary financial statements and notes to the financial statements.

Annual Improvements to IFRS Accounting Standards-Volume 11: – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

On 18 July 2024, the International Accounting Standards Board (IASB) issued the Annual Improvements to IFRS Accounting Standards-Volume 11. It contains amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

The IASB's annual improvements are limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards.

The amendments contained in the Annual Improvements relate to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter
- IFRS 7 Financial Instruments: Disclosures:
  - Gain or loss on derecognition
  - Disclosure of differences between the fair value and the transaction price
  - Disclosures on credit risk
- IFRS 9 Financial Instruments:
  - Derecognition of lease liabilities
  - Transaction price
- IFRS 10 Consolidated Financial Statements – Determination of a 'de facto agent'
- IAS 7 Statement of Cash Flows – Cost Method.

These amendments are mandatory for financial years beginning on or after 1 January 2026; earlier application is permitted. The Group is currently assessing the impact of the Amendments on its operations, but not intending to early adopt the Amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

1 Risk management

1.1 Introduction and overview

Sub-Saharan African economy in which the Group operates experienced a slowdown in 2024. The region's GDP growth is expected to rise from 3.4% in 2023 to around 3.8% in 2024 with the majority of the countries anticipating higher growth. Whilst the growth is projected to continue into 2025, the region continues to face challenges that include a funding squeeze, high borrowing costs and impending debt repayments.

Baseline economic outlook for the region for 2024 and 2025 are positive with GDP growth forecasts of 3.8% and 4.0% respectively. The Group however remains alert to the material down risks that the continuing geoeconomic fragmentation, geopolitical tensions, threats of war and increasing climate risks portend for the regional political and economic stability. The Group continues to monitor and simulate the impact of potential policy changes in the major economies and all the countries in which the Group operates in.

1.2 Financial risk

During the year under review, the Group continued to face both Financial Risks and Non-financial Risks with appropriate risk mitigations being put in place and adequate oversight provided by Group Management Risk Committee at Management level and Group Risk, Social and Ethics Committee at Board level.

In line with the Group's Enterprise Risk Management Framework (ERMF), financial risk is categorized as Capital Risk, Credit Risk and Treasury Risk that covers liquidity risk, interest rate risk, investment risk and foreign exchange rate risk.

1.2.1 Capital risk

Capital risk is the risk that the Group is unable to maintain sufficient levels of capital resulting in inability to support business activities, failure to meet regulatory requirements and increased costs or reduced capacity to raise funding due to adverse changes in credit rating or funding sources.

All the Group's subsidiaries were adequately capitalized during the period under review in line with the Group's Internal Capital Adequacy Assessment Process (ICAAP Lite).

Risk Appetite metrics for Capital Risk are tracked on a regular basis with breaches being reported to the Group Balance Management Committee for adequate oversight by Management.

1.3 Financial risk

The Group's financial risk management framework is built on its enhanced Enterprise Risk Management (ERM) approach, ensuring robust oversight and proactive mitigation of key risks. Financial risk encompasses credit risk, liquidity risk, interest rate risk, and foreign currency risk, all of which are critical to sustaining the Group's financial health and stability.

The Group continues to focus on maintaining sound risk management practices, leveraging its risk governance structures to align with regulatory standards and best practices. As of the end of the financial year, the Group has implemented strategic measures to manage these risks effectively, ensuring resilience in the face of market volatility and macroeconomic pressures."

1.3.1 Credit risk

Credit risk arises from the possibility that a borrower or counterparty may fail to meet their financial obligations in accordance with agreed terms. The Group is exposed to credit risk primarily through loans and inter-bank transactions conducted by its subsidiaries.

As of December 2024, Non-Performing Loans (NPLs) decreased to 8.4% of the gross loan book, compared to 9.6% in FY 2023. Similarly, the Portfolio at Risk (PAR) over 30 days improved to 11.6%, down from 14.4% in FY 2023. This movement was primarily driven by the write-offs of underperforming loans from the "test and learn" programs launched since 2021, including mobile and individual lending (open source), along with a strong increase in collections and recoveries, particularly from new bookings in 2024.

However, the flow into NPLs was more pronounced in Botswana and Lesotho, mainly due to the underperformance of the Individual Lending product, which did not meet initial product assumptions. In Kenya, challenging macroeconomic conditions, heightened environmental risks in specific markets, and increased collection difficulties related to Non-Government Deduction at Source (DAS) products and legacy MSE portfolios have continued to present challenges and contributed to higher levels of write-offs. Furthermore, remediation efforts for underperforming programs, specifically Individual Loans and Instant Loans in Kenya and Eswatini, have progressed at a slower pace than initially anticipated.

The Stage 3 coverage ratio closed the year at 68%, up from 58% in FY 2023. This increase in coverage is a result of the Group's implementation of a Loss Given Default (LGD) methodology, which accounts for long-dated defaults under the "Time in Default" framework, alongside the transition of the Probability of Default (PD) methodology from cumulative roll rates to a chain ladder approach.

The accelerated flow into defaults and the write-offs of underperforming "test and learn" products, including open-source lending and mobile loans in Kenya and Eswatini, have contributed to a shift in the Group's overall risk profile.

Furthermore, credit default insurance remains a critical tool for credit risk mitigation in Namibia and Mozambique, offering protection against potential losses in these markets.

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Key metrics	YoY Trend	2024	2023
Growth in gross advances to customers (%)	↓	**1.4%**	7.3%
Loan loss rate (%)	↑	**5.4%**	3.3%
Non-performing loans (NPLs) as a percentage (%) of gross advances	↓	**8.4%**	9.6%
Stage 3 coverage ratio (%)	↑	**68%**	58%

Loan loss rate % – cost of risk	2024 P'000	2023 P'000
Impairment expense/(reversal), excluding Investment Securities	**783,053**	456,591
Average gross advances to customers	**14,447,025**	13,738,825
	5.4%	3.3%
Non-performing loans %		
Non-performing loans	**1,225,009**	1,379,257
Gross advances to customers	**14,548,260**	14,345,789
	8.4%	9.6%

Asset Quality

The annualized Loan Loss Rate (LLR) for FY 2024 increased to 5.4%, compared to 3.3% in FY 2023, surpassing the Group's risk appetite threshold of 3%. This rise was primarily attributed to higher impairments across key portfolios, driven by challenging market conditions and specific risks within the test-and-learn programs.

Loan Write-off policy

The Group's loan write-off framework is guided by regulatory requirements for regulated entities and an internal policy for non-regulated entities. This approach ensures timely and appropriate recognition of loan losses, accurately reflecting the institution's financial condition and operational environment.

Scenarios Leading to Loan Write-Offs

1. Contractual Write-Offs

These occur when the Group determines that it is no longer reasonably assured of recovering amounts due under the contractual terms of the loan or advance agreement.

For accounts meeting this category the following process applies:

- **Classification as Loss:** Accounts past due for 360 days will be classified as loss.
- **Provisioning for Unsecured Exposures:** The Group will apply a 100% provisioning for all unsecured exposures under the loss category.
- **Provisioning for Secured Exposures:** For exposures secured by property or motor vehicles, the Group will recognize provisions for the shortfall between the gross loan amount and the sum of the Forced Sale Value (FSV) of the collateral and existing IFRS 9 provisions.
- **Collateral Revaluation:** Secured exposures involving property or motor vehicles will undergo revaluation upon classification as loss.
- **Write-Off Timelines:**
  - Unsecured Exposures: Write-off occurs at 460 days past due, including those secured by movable collateral (excluding motor vehicles).
  - Secured Exposures: Write-off occurs at 1,080 days past due for loans secured by property or motor vehicles, adhering to regulatory timelines where applicable.

2. Non-Contractual Write-Offs

These arise when the Group loses control over its contractual rights, rendering the loan or part of the loan uncollectible.

Common scenarios include:

- **Fraud:** Proven third-party fraud, classified as an operational loss for accounting purposes, with recovery pursued through legal channels.
- **Deceased Borrower:** Where the borrower has passed away.
- **Bankruptcy:** The borrower has been declared bankrupt.
- **Court Rulings:** A court of law declares the loan or part of the loan contractually void.

For non-contractual write-offs, the write-off is executed immediately upon the occurrence of the triggering event, without adhering to the standard days-past-due framework.

Approach to managing credit risk

The Group takes a comprehensive approach to managing credit risk, aligning with its Group Enterprise Risk Management (ERM) Framework. Credit risk management is embedded as a critical component of the Group's integrated financial risk management strategy.

The Group's Credit Risk Management Framework is applied consistently across all subsidiaries through the implementation of robust Credit Risk Policies, Standards, Processes, and Systems. These are tailored to reflect the Group's business model and the operational complexity of its activities.

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Approach to managing credit risk continued

The framework enables the Group to:

- **Identify:** Accurately pinpoint credit risk exposures across its portfolios.
- **Assess:** Evaluate credit risk levels effectively to inform decision-making.
- **Monitor:** Continuously track credit risk metrics and portfolio performance.
- **Control:** Implement measures to mitigate risk exposures and maintain portfolio quality.

Additionally, the Group ensures that sufficient capital resources are allocated to support the risks undertaken, safeguarding the Group's financial resilience and compliance with regulatory requirements.

Credit risk mitigation

The Group provides credit life insurance to all clients, ensuring the repayment of outstanding loan balances to the Group in the event of a borrower's death or permanent disability. In addition, two markets offer comprehensive insurance coverage for risks such as job loss, employer default, absconding, and temporary disability.

For portfolios not backed by payroll deductions and classified as higher risk (e.g., Mobile and Non-DAS portfolios), the Group employs credit scoring, delivers customer education before extending credit, and undertakes regular portfolio reviews. Furthermore, additional retrenchment covers have been implemented in key markets to support portfolio sustainability.

Key Portfolio Management Actions

- Write-offs and Provisions: Loans are written off and provisioned in line with the Group's defined policies.
- Loan Restructuring: Loans may be restructured (contractual terms modified) in select cases to enhance the likelihood of full repayment, particularly for clients facing financial challenges due to external or internal factors such as disability, death, theft, accidents, or changes in government policies.
  - Restructured loans are classified as non-performing for provisioning purposes until six consecutive payments are made.
  - Loans may only be restructured once; a second restructuring automatically results in the loan being classified as "loss," with full provisioning.
  - No additional fees are applied to restructured loans.
  - Customers in arrears are ineligible for "top-up" loans.
- Re-aging of Accounts: In cases of missed instalments due to operational issues (not the borrower's fault), accounts are re-aged. This involves adjusting the loan's end date without changing the number of repayments or the loan principal.
- Affordability Compliance: The Group strictly adheres to affordability regulations. In most markets, independent entities, such as a central registry or gatekeeper, ensure compliance with affordability guidelines alongside the Group's internal controls.

Credit risk stress testing

The Group acknowledges the potential for events or future changes that could negatively impact its credit portfolios, subsequently affecting its capacity to generate additional business. Stress testing is a vital element of the Group's overall risk management and governance framework. It plays a central role in shaping the decision-making process at both management and Board levels, ensuring that the Group is well-positioned to respond to potential risks and challenges.

The overlay approach followed by the Group is outlined below:

General steps considered by the Group in considering impairment

The following illustrates the steps that the Group follows in calculating impairment of financial assets:

1. Establish the appropriate definition of default
2. Determine the level of assessment (individual vs. collective assessment)
3. Determine indicators/measures of significant increase in credit risk
4. Define the thresholds for significant increase in credit risk
5. Determine whether the "low credit risk assumption" will be applied to certain loans
6. Identify relevant forward-looking information and macro-economic factors
7. Identify appropriate sources of relevant forward-looking information and macro-economic factors
8. Incorporate forward-looking information and multiple scenarios in staging assessments of loans
9. Stage loans based on the forward-looking assessment of significant increase in credit risk
10. Determine the method to be used for measuring Expected Credit Losses
11. Determine the estimation period – the expected lifetime of the financial instrument
12. Establish the respective Probability of Default for loans in Stage 1 and Stage 2
13. Calculate the Exposure at Default
14. Identify relevant collateral and credit enhancements
15. Develop calculations for Loss Given Default (incorporating collateral and credit enhancements)
16. Consider the time value of money and calculate Expected Credit Losses
17. Identify modifications that occurred during the period and determine if each modification results in derecognition or no derecognition
18. Calculate the modification gain or loss and include the modified loan (or new loan)
19. Establish and document the appropriate processes, internal controls and governance for estimating Expected Credit Losses (ECL)

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

***Credit risk stress testing** continued*

The impairment requirements are inherently complex, involving critical management judgments, estimates, and assumptions. The following key concepts and management judgments are considered in the impairment assessment:

Determining a significant increase in credit risk since initial recognition (SICR)

In accordance with IFRS 9, the Group is required to recognize 12-month expected credit losses (ECL) for financial instruments where there has been no significant increase in credit risk since initial recognition (Stage 1). If credit risk has increased significantly since initial recognition (Stage 2), or if the instrument is credit-impaired (Stage 3), lifetime ECL is recognized. The Group assesses whether a significant increase in credit risk has occurred based on both quantitative and qualitative factors.

Indicators of SICR include any of the following:

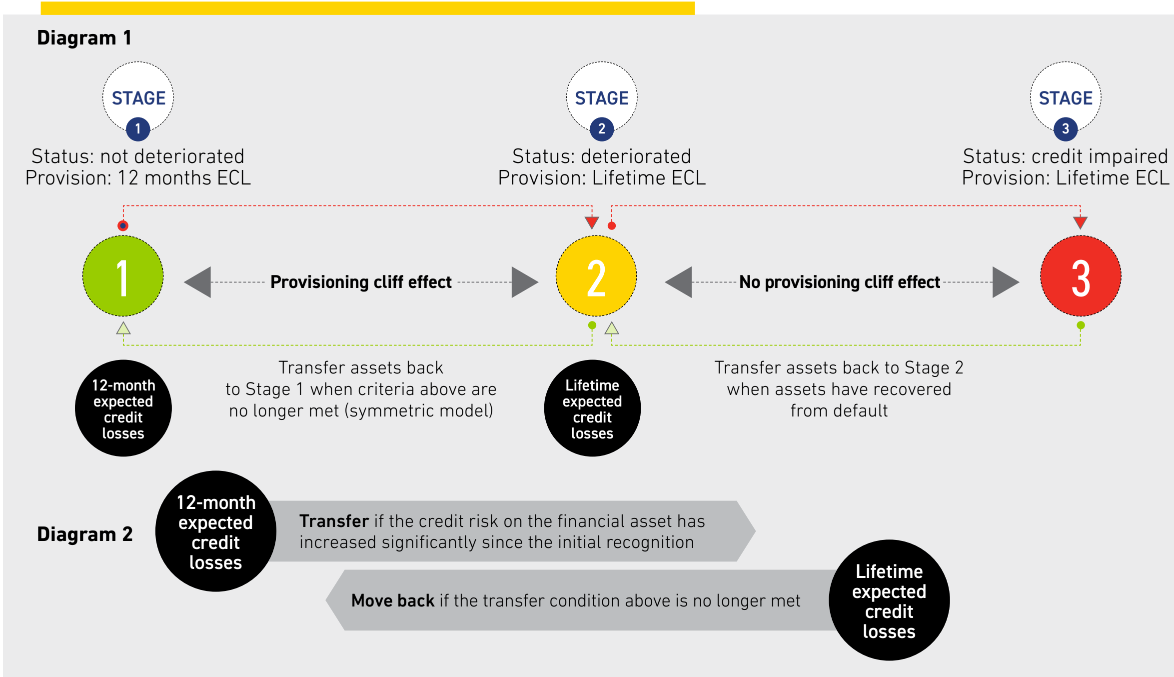
- 30 days past due rebuttable presumption
- historical delinquency behaviour of accounts that are up to date and accounts in 1-30 days category
- significant adverse changes in business, financial and/or economic conditions in which the client operates, including for example retrenchment of the customer, closure of the sponsoring employer, etc.

Two types of PDs are considered under IFRS 9:

- Twelve-month PDs – This is the estimated probability of a default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECL, which are applicable to Stage 1 financial instruments.
- Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument which is applicable to Stage 2.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.

The IFRS 9 requirements for the staging of loans is summarized in the two diagrams below



- **Stage 1:** relates to a 12-month ECL allowance on financial assets that are neither credit impaired on origination nor for which there has been a SICR.
- **Stage 2:** relates to a lifetime ECL allowance on financial assets that are assessed to display a SICR since origination.
- **Stage 3**: relates to a lifetime ECL allowance on financial assets that are assessed to be credit impaired.

1 Risk management continued
1.3 Financial risk continued
1.3.1 Credit risk continued
Forward-looking information

The IFRS 9 measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. IFRS 9 requires the use of forward-looking factors, or predictive indicators, in the calculation of ECL, including the staging assessment.

Forward-looking information inherently involves management judgment in determining key inputs such as macroeconomic factors that affect risk factors of a loan, rating category or portfolio, as the case may be, as well as the forecasted values of those risk factors. Source of the forward looking information will vary from country to country and all macroeconomic factors used will be approved at high level by the Credit Committee.

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- Unemployment rate
- Inflation Rate
- Gross Domestic Product (GDP)

The formal management working group approved the three core factors above as the starting point for all subsidiary economic reviews. The forward looking economic expectations are updated on a monthly basis.

Definition of default

Default is not defined under IFRS 9.The Group is responsible for defining this for themselves and it should be based upon its own definition used in the Group's internal risk management. Careful consideration of how default is defined is important as the definition impacts the calculation of PDs, LGDs and EADs, hence impacting the ECL results.

The simplest definition is that of failure to meet a scheduled payment of principal or interest, however, that definition has modifications depending upon the loan product. The definition of default has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument and has to consider qualitative indicators, e.g. breaches of covenants, when appropriate. Inability to pay may also be considered in making the qualitative assessment of default.

Indications of inability to pay include:

- the credit obligation is placed on non-accrued status;
- the Group makes a specific provision or charge-off due to a determination that the obligor's credit quality has declined (subsequent to taking on the exposure);
- the Group sells the credit obligation or receivable at a material credit related economic loss;
- the Group agrees to a distressed restructuring resulting in a material credit related diminished asset stemming from such actions as material forgiveness or postponement of payments or repayments of amount owing;
- the Group has filed for the obligor's bankruptcy in connection with the credit obligations; and
- the obligor has sought or been placed in bankruptcy resulting in the delay or avoidance of the credit obligation's repayment.

There is a rebuttable presumption within IFRS 9 that default does occur once a loan is more than 90 days past due. The Group has adopted this presumption.

Discounting

Expected credit losses are discounted at the effective interest rate (EIR) at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is that rate that is expected to apply when the loan is drawn down and a financial asset is recognised.

Modelling techniques

Loss Given Default (LGD)

The approach in LGD development did not change from FY2023. The LGD is created with the chain ladder methodology which allows for a granular analysis of loss patterns over time. As was implemented in FY2023, the LGDs gradually increase over time in default to create Time in Default (TiD) LGDs. This would gradually increase ECL coverage the longer an account stays in default as it moves closer towards the write-off point, approaching 100% coverage.

Exposure at Default (EAD)

The approach in estimating Exposure at Default (EAD) was updated from using a statistical regression EAD to an empirical runoff EAD. The new method essentially simulates how the balances of a loan will "run off" over time, based on contractual repayments schedules and interest accruals, and then simulates default events at multiple points throughout the remaining lifetime of the loan. These simulated default balances will then be paired with their respective marginal probabilities of default when calculating the Expected Credit Loss.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

***Modelling techniques** continued*

Probability of Default (PD)

The previous approach to PD model development used 12-month roll rates to track what portion of at-risk loan balances would, on average, roll into default within 12 months over an observation window. This was done per arrears bucket. It used a scalar adjustment for Lifetime PDs, taking a Forward-Looking Indicator (FLI) Behavioural Score (BScore) adjustment from a behavioural scorecard.

The new approach uses a chain ladder to track how at-risk loan balances migrate to default status at marginal one month increments to create marginal default rates from 1 month onwards, done per arrears bucket. The chain ladder identifies patterns in how values grow from one time period to the next. These patterns are used to create forecasts for incomplete periods. This also provides empirical Lifetime PDs that reflect the default behaviour of each arrears bucket. The previous scalar FLI Bscore has been converted into a marginal FLI factor that is added to marginal PDs by arrears bucket. This factor is updated per portfolio on a monthly basis based on economic outlooks.

Renegotiated loans treatment

Both performing and non-performing restructured assets are generally classified as Stage 3, unless it is determined that the concession granted has not led to a reduction in the financial obligation and no other regulatory default criteria have been triggered. In such cases, the asset will be classified as Stage 2. The minimum probationary period required to move an asset back to Stage 1 (cure state) is six months.

Maximum exposure to credit risk

(a) Advances to customers **31 December 2024**	**Gross advances P'000**	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Net advances P'000**	**Security held P'000**
Southern Africa	**11,518,000**	**(84,417)**	**(55,707)**	**(365,665)**	**11,012,211**	**–**
East and West Africa	**3,030,260**	**(40,463)**	**(38,113)**	**(394,732)**	**2,556,952**	**(33,226)**
	14,548,260	**(124,880)**	**(93,820)**	**(760,397)**	**13,569,163**	**(33,226)**
31 December 2023						
Southern Africa	11,030,648	(83,323)	(29,008)	(369,481)	10,548,836	–
East and West Africa	3,315,141	(34,708)	(10,487)	(330,890)	2,939,056	(465,120)
	14,345,789	(118,031)	(39,495)	(700,371)	13,487,892	(465,120)

Security held relates to cash received as security for advances to customers and is held until the customer loan is fully settled, at which point the balance is refunded to the customer (refer to Note 16).

(b) Other financial assets measured at amortised cost	**31 December 2024 P'000**	31 December 2023 P'000
Cash and similar instruments	**1,658,667**	1,401,824
Investment in securities	**654,830**	866,718
Other receivable accounts	**384,754**	333,672
	2,698,251	2,602,214

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

***Maximum exposure to credit risk** continued*

Below is a summary of the expected credit losses recognised in respect to advances to customers as at 31 December 2024:

	IFRS 9 ECL Provisions at 31 December 2024				IFRS 9 ECL Provisions at 31 December 2023			
Operating Segments	**Stage 1: 12-month ECL allowance**	**Stage 2: Lifetime ECL allowance – not credit-impaired**	**Stage 3: Lifetime ECL allowance – credit-impaired**	**Total ECL on 31 December 2024**	Stage 1: 12-month ECL allowance	Stage 2: Lifetime ECL allowance – not credit-impaired	Stage 3: Lifetime ECL allowance – credit-impaired	Total ECL on 31 December 2023
Financial assets								
Botswana	**65,105**	**44,272**	**251,063**	**360,440**	66,760	20,561	268,896	**356,217**
Namibia	**1,387**	**1,219**	**10,908**	**13,514**	5,201	1,198	25,025	**31,424**
Mozambique	**3,857**	**2,325**	**15,821**	**22,003**	2,655	1,780	9,918	**14,353**
Lesotho	**11,373**	**5,899**	**48,106**	**65,378**	5,603	1,817	19,310	**26,730**
Eswatini	**2,695**	**1,992**	**39,767**	**44,454**	3,104	3,652	46,332	**53,088**
Kenya	**14,532**	**19,204**	**137,219**	**170,955**	6,619	5,048	113,336	**125,003**
Rwanda	**967**	**427**	**2,503**	**3,897**	1,136	143	857	**2,136**
Uganda	**5,640**	**6,625**	**34,018**	**46,283**	3,920	1,186	47,245	**52,351**
Tanzania	**7,243**	**6,534**	**51,359**	**65,136**	3,966	1,308	70,222	**75,496**
Nigeria	**2,487**	**2,284**	**13,227**	**17,998**	3,501	1,959	14,225	**19,685**
Ghana	**9,594**	**3,039**	**156,406**	**169,039**	15,566	843	85,005	**101,414**
Total	**124,880**	**93,820**	**760,397**	**979,097**	118,031	39,495	700,371	**857,897**

Overall expected credit losses as at 31 December 2024 closed at P979 million, which is an increase from P858 million as at 31 December 2023.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

***Maximum exposure to credit risk** continued*

Key Highlights

Measure	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019
Gross Loan Book Balance in P'm	**14,542**	14,346	13,132	12,439	10,740	9,833
Portfolio at risk – 30 days	**11.6%**	14.4%	9.2%	9.2%	8.3%	10.0%
Portfolio at risk – 90 days (NPL)	**8.4%**	9.6%	6.5%	5.9%	5.3%	6.9%
Post Write-off Recoveries in the year in P'm	**228**	162	147	178	199	184
Bad Debt Write offs in reporting period	**843**	209	237	295	377	427
Net Impairment charge	**783**	457	99	17	26	169
Loan loss rate – actual	**5.4%**	3.3%	0.2%	(0.1%)	0.3%	1.7%
Loan loss rate – excl. once-off items	**2.3%**	2.0%	0.2%	0.6%	1.8%	1.7%
Non-performing loan coverage ratio*	**69%**	58%	53.0%	73%	98%	112%

* *Non-performing loan coverage ratio = Total ECL provision/Gross carrying amount on Non-performing loans (NPL).*

The increase in recoveries is primarily driven by the Deducted But Not Remitted (DNR) books within the Deduction at Source (DAS) portfolios, along with the successful recoveries campaigns implemented across the Group. As governments continue to honour their payment obligations, albeit with delays, this has significantly contributed to the recovery of outstanding amounts. The Group remains focused on leveraging these efforts to optimize recovery rates and enhance overall portfolio performance.

The loss allowance recognised in the period is impacted by a number of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” or “step down” between 12-months and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on measurement of ECL due to changes in PDs, EADs, and LGDs in the period arising from regular refreshing of inputs into models;
- Impact on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets and were written off during the period.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

***Maximum exposure to credit risk** continued*

The following table depicts changes in the gross carrying amount of the consumer and microfinance portfolio to explain their significance in the loss allowance for the same portfolio as discussed above:

	ECL Staging			
31 December 2024	**Stage 1 12–month ECL P'000**	**Stage 2 Lifetime ECL P'000**	**Stage 3 Lifetime ECL P'000**	**Total P'000**
Loss allowance:				
At 1 January	**118,031**	**39,495**	**700,371**	**857,897**
New assets originated or purchased	**1,082,491**	**–**	**–**	**1,082,491**
Payments or assets derecognised	**(105,550)**	**(6,406)**	**(107,249)**	**(219,205)**
Transfers:				**–**
Transfers from Stage 1 to Stage 2	**(51,872)**	**51,872**	**–**	**–**
Transfers from Stage 1 to Stage 3	**(167,678)**	**–**	**167,678**	**–**
Transfers from Stage 2 to Stage 3	**–**	**(103,591)**	**103,591**	**–**
Transfers from Stage 3 to Stage 2	**–**	**3,602**	**(3,602)**	**–**
Transfers from Stage 2 to Stage 1	**2,796**	**(2,796)**	**–**	**–**
Changes to PDs and LGD rates	**(753,338)**	**111,644**	**742,670**	**100,976**
Write-offs	**–**	**–**	**(843,062)**	**(843,062)**
	124,880	**93,820**	**760,397**	**979,097**

	ECL Staging			
31 December 2023	Stage 1 12–month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Loss allowance:				
At 1 January	106,909	47,025	323,069	477,003
New assets originated or purchased	926,102	–	–	926,102
Payments or assets derecognised	(155,063)	(16,097)	(376,990)	(548,150)
Transfers:				–
Transfers from Stage 1 to Stage 2	(115,162)	115,162	–	–
Transfers from Stage 1 to Stage 3	(646,110)	–	646,110	–
Transfers from Stage 2 to Stage 3	–	(214,489)	214,489	–
Transfers from Stage 3 to Stage 2	–	1,309	(1,309)	–
Transfers from Stage 2 to Stage 1	3,628	(3,628)	–	–
Changes to PDs and LGD rates	(2,273)	110,213	103,819	211,759
Write-offs	–	–	(208,817)	(208,817)
	118,031	39,495	700,371	857,897

Notes to the consolidated annual financial statements continued

1 Risk management continued
1.3 Financial risk continued
1.3.1 Credit risk continued
***Maximum exposure to credit risk** continued*

	At 31 December 2024 (IFRS 9) P'000	At 31 December 2023 (IFRS 9) P'000
Gross advances to customers	**14,548,260**	14,345,789
Of which Stage 1	**12,480,003**	12,118,775
Of which Stage 2	**641,382**	755,182
Of which Stage 3	**1,426,875**	1,471,832
Expected credit loss provisions	**(979,097)**	(857,897)
Of which Stage 1	**(124,880)**	(118,031)
Of which Stage 2	**(93,820)**	(39,495)
Of which Stage 3	**(760,397)**	(700,371)
Net advances to customers	**13,569,163**	13,487,892
Of which Stage 1	**12,355,123**	12,000,744
Of which Stage 2	**547,562**	715,687
Of which Stage 3	**666,478**	771,461
Impairment (ECL) Coverage Ratio	**7%**	6%
Stage 3 Coverage Ratio	**69%**	58%

Expected credit losses: Stress Testing and Sensitivity Analysis

As a predominately Government Deduction at Source (DAS) retail business, Letshego was able to remain resilient to the worst effects of external economic pressures at the back of pressures in inflation and increases in interest rates. Although inflation is expected to remain persistent, we expected central banks to exercise caution in rolling out monetary easing. Furthermore, despite the muted GDP outturns and persistent challenges associated, growth is expected to accelerate in the second half of the year driven by an uptick in demand as well as disinflation.

Model recalibrations are performed at two points, in April and October every year. Additionally, Macroeconomic factors are updated to align with Fitch Solutions revised forecasts at every recalibration period as well as monthly. In 2024, model recalibration was done once a year to allow for external validations of models.

Loss given default (LGD)

LGDs between December 2023 and December 2024 have shown mixed results with decreases in some markets that have shown increase in recovery rates and increase in predominantly MSE countries that have high-risk sectors. The LGD model uses the run-off triangle method, which allows for a granular analysis of loss patterns over time, as well as Time in Default LGD for accounts in stage 3 to gradually increase coverages towards write-off. This provides an indication of the sensitivity of recovery rates during periods of economic duress. The company was therefore comfortable with setting the LGD shock at +10%, for prudence sake.

Probability of default (PD)

The PD approach uses a chain ladder to track how at-risk loan balances migrate to default status at marginal one month increments to create marginal default rates from 1 month onwards, done per arrears bucket. The chain ladder identifies patterns in how values grow from one time period to the next. These patterns are used to create forecasts for incomplete periods. This also provides empirical Lifetime PDs that reflect the default behaviour of each arrears bucket. The previous scalar FLI Bscore has been converted into a marginal FLI factor that is added to marginal PDs by arrears bucket. This factor is updated per portfolio on a monthly basis based on economic outlooks.

Macroeconomic analysis

	Forecast movements from 2024 to 2025		
Country	**Unemployment rate**	**Real GDP growth**	**Inflation**
Botswana	↓	↑	↑
Eswatini	↑	↓	↓
Ghana	↑	↓	↓
Kenya	↓	↑	↓
Lesotho	↓	↑	↓
Mozambique	↓	↑	↑
Namibia	↓	↑	↓
Nigeria	↑	↑	↓
Rwanda	↓	↓	↑
Tanzania	↓	↑	↑
Uganda	↓	↓	↑

The above table shows the main macroeconomic factors used to estimate the expected credit loss allowance on loans.

Notes to the consolidated annual financial statements continued

1 Risk management continued

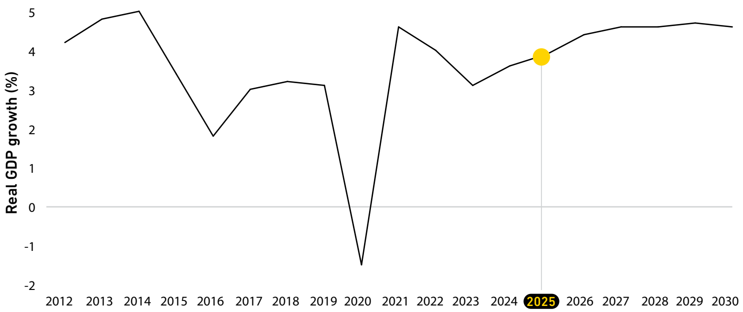
1.3 Financial risk continued

1.3.1 Credit risk continued

***Macroeconomic analysis** continued*

The chart below shows GDP Growth over time for Sub-Saharan Africa, reflecting how the region is still in a recovery phase. Changes in the macroeconomic environment are monitored continuously at Group and Country level. Mitigating actions will be implemented by Management for Portfolios showing adverse effects linked to macroeconomic events.

Global Growth Outlook in 2025 to pick up (Evolution of Real GDP Growth forecasts, %)



Influence of economic variables on estimate of ECL

A behavioural scorecard is used to incorporate forward-looking macroeconomic variables into lifetime PDs. A weighted score is calculated based on the outlook of economic conditions of each country and is updated when there is a change. These weighted scores are used to convert 12-month PDs into Lifetime PDs for accounts in Stage 2 (Stage 3 PD is standard at 100%).

According to forecasts from Fitch Solutions, the impact of the conflict between DR Congo and M23 Rebels is likely to result in interstate conflict between Congo and Rwanda in the Short term. However, there remains a short to medium term risk that the conflict could draw more actors in and around the region.

Expected credit losses: Forward looking

MSE portfolios were stressed Downside-heavy while the DAS book was stressed Base-heavy to reflect their respective sensitivities to macroeconomic conditions.

The table below summarises the ECL impact of the sensitivity analysis after application of forward looking factors for the year ending 31 December 2024:

	Base case	Upside		Downside		Probability Weighted ECL	Weighted Impact*
BWP'000	**ECL**	**ECL**	**Impact**	**ECL**	**Impact**	**ECL**	**Impact**
Consumer	**575,981**	**446,027**	**(129,954)**	**716,584**	**140,603**	**603,399**	**27,418**
MSE	**173,225**	**136,002**	**(37,223)**	**219,221**	**45,996**	**191,723**	**18,498**
Informal	**184,181**	**167,419**	**(16,762)**	**341,027**	**156,846**	**183,975**	**(206)**
Total	**933,387**	**749,448**	**(183,939)**	**1,276,832**	**343,445**	**979,097**	**45,710**

* *The Probability weighted ECL is derived by assigning weights to the base, upside and downside scenarios based on management projections. The weights used in the last reporting cycle were 50%, 20% and 30% respectively for Deduction at source portfolio that holds a low credit risk and 30%, 20% and 50% respectively for MSE and Informal portfolio. Refreshed assessment used the higher end of risk weightings hence as at October 2024 the weightings used are 30%,20%,50%.*

The total weighted impact of P45.7 million is distributed to operating subsidiaries as follows:

Country	Base ECL BWP'000	Probability Weighting BWP'000	Impact BWP'000
Botswana	**382,672**	**360,439**	**(22,233)**
Eswatini	**39,203**	**44,453**	**5,250**
Ghana	**165,886**	**169,040**	**3,154**
Kenya	**127,653**	**170,955**	**43,302**
Lesotho	**48,359**	**65,378**	**17,019**
Mozambique	**26,169**	**22,003**	**(4,166)**
Namibia	**17,855**	**13,514**	**(4,341)**
Nigeria	**14,636**	**17,999**	**3,363**
Rwanda	**1,170**	**3,897**	**2,727**
Tanzania	**63,976**	**65,136**	**1,160**
Uganda	**45,808**	**46,283**	**475**
Group	**933,387**	**979,097**	**45,710**

The Group applied probability weighted ECL as at 31 December 2024. Stressed outcome is the worst case scenario.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Credit quality

The table below presents an analysis of the Group's gross advances based on the customer segments to which the Group is exposed:

Formal: these are unsecured loans including government and non-government payroll Deduction at Source and individual(Open source) lending.

Micro finance: micro and small entrepreneurs mainly associated with health, housing, agriculture and education segments.

Informal (Instant loans): short-term loans via mobile platforms.

Analysis of exposure by segment as at 31 December 2024	Formal P'000	Micro finance P'000	Informal P'000	Total gross advances P'000
Southern Africa	**11,266,712**	**190,382**	**60,906**	**11,518,000**
Botswana	3,309,334	37,563	38,545	3,385,442
Namibia	3,889,640	117,970	–	4,007,610
Mozambique	2,886,407	24,515	–	2,910,922
Lesotho	610,989	131	–	611,120
Eswatini	570,342	10,203	22,361	602,906
East and West Africa	**1,361,074**	**885,857**	**783,329**	**3,030,260**
Kenya	84,910	458,458	–	543,368
Rwanda	4,638	177,173	–	181,811
Uganda	465,413	125,478	1,572	592,463
Tanzania	398,918	40,627	81,039	520,584
Nigeria	44,183	76,256	1,066	121,505
Ghana	363,012	7,865	699,652	1,070,529
Gross advances	**12,627,786**	**1,076,239**	**844,235**	**14,548,260**
Expected credit losses	(589,966)	(191,584)	(197,547)	(979,097)
Net advances	**12,037,820**	**884,655**	**646,688**	**13,569,163**

Analysis of exposure by segment as at 31 December 2023	Formal P'000	Micro finance P'000	Informal P'000	Total gross advances P'000
Southern Africa	10,827,579	82,551	120,518	11,030,648
Botswana	3,796,659	34,894	14,167	3,845,720
Namibia	3,488,963	17,097	–	3,506,060
Mozambique	2,535,882	6,339	–	2,542,221
Lesotho	507,330	403	–	507,733
Eswatini	498,745	23,818	106,351	628,914
East and West Africa	1,582,958	880,442	851,741	3,315,141
Kenya	76,813	457,947	67,646	602,406
Rwanda	14,330	162,773	–	177,103
Uganda	472,103	106,929	403	579,435
Tanzania	427,781	74,423	–	502,204
Nigeria	70,638	74,067	1,193	145,898
Ghana	521,293	4,303	782,499	1,308,095
Gross advances	12,410,537	962,993	972,259	14,345,789
Expected credit losses	(550,364)	(144,149)	(163,384)	(857,897)
Net advances	11,860,173	818,844	808,875	13,487,892

Expected Credit Loss (ECL) are categorised as either **'Performing – Stage 1', 'Underperforming -Stage 2', or 'Non-Performing-Stage 3'.**

Stage 1: Performing

- when a significant increase in credit risk since initial recognition has not occurred, a 12-month ECL is recognised for all Stage 1 financial assets.

Stage 2 : Underperforming

- when a significant increase in credit risk since initial recognition has occurred, a lifetime ECL is recognised.

Stage 3: Non-Performing/Impaired

- when objective evidence exists that an asset is credit impaired, a lifetime ECL is recognised. The Group's definition of default is 90 days past due ("DPD") which is similar to the rebuttable presumption under IFRS 9.

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Credit quality continued

The table below presents an analysis by geographic location of the credit quality based on staging:

31 December 2024	Expected Credit Loss Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total ECL P'000
Southern Africa				
Formal	**80,737**	**52,260**	**315,395**	**448,392**
Micro finance	**2,787**	**3,211**	**14,989**	**20,987**
Informal	**893**	**235**	**35,280**	**36,408**
	84,417	**55,706**	**365,664**	**505,787**
East and West Africa				
Formal	**17,341**	**15,454**	**108,779**	**141,574**
Micro finance	**16,292**	**19,737**	**134,568**	**170,597**
Informal	**6,830**	**2,923**	**151,386**	**161,139**
	40,463	**38,114**	**394,733**	**473,310**
Total Portfolio				
Formal	**98,078**	**67,714**	**424,174**	**589,966**
Micro finance	**19,079**	**22,948**	**149,557**	**191,584**
Informal	**7,723**	**3,158**	**186,666**	**197,547**
	124,880	**93,820**	**760,397**	**979,097**

31 December 2023	Expected Credit Loss Stage 1	Stage 2	Stage 3	Total ECL
Southern Africa	P'000	P'000	P'000	P'000
Formal	77,620	24,177	326,901	428,698
Micro finance	4,671	4,831	28,010	37,512
Informal	1,032	–	14,570	15,602
	83,323	29,008	369,481	481,812
East and West Africa				
Formal	11,707	3,023	106,936	121,666
Micro finance	12,501	7,361	86,775	106,637
Informal	10,500	103	137,179	147,782
	34,708	10,487	330,890	376,085
Total Portfolio				
Formal	89,327	27,200	433,837	550,364
Micro finance	17,172	12,192	114,785	144,149
Informal	11,532	103	151,749	163,384
	118,031	39,495	700,371	857,897

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Movement in gross exposures and impairment allowance

A reconciliation of changes in gross carrying amount and corresponding allowances for ECL by stage for Group is as follows:

Loans and advances at amortised cost

31 December 2024	Stage 1 Gross carrying amount P'000	Stage 1 ECL P'000	Stage 2 Gross carrying amount P'000	Stage 2 ECL P'000	Stage 3 Gross carrying amount P'000	Stage 3 ECL P'000	Total Gross carrying amount P'000	Total ECL P'000
As at 1 January 2024	**12,118,775**	**118,031**	**755,182**	**39,495**	**1,471,832**	**700,371**	**14,345,789**	**857,897**
New assets originated	**2,584,254**	**1,082,491**	**–**	**–**	**–**	**–**	**2,584,254**	**1,082,491**
Payments and assets derecognised	**(1,963,128)**	**(105,550)**	**(979,893)**	**(6,406)**	**(1,104,417)**	**(107,249)**	**(4,047,438)**	**(219,205)**
Transfers from Stage 1 to Stage 2	**(335,022)**	**(51,872)**	**335,022**	**51,872**	**–**	**–**	**–**	**–**
Transfers from Stage 1 to Stage 3	**(335,022)**	**(167,678)**	**–**	**–**	**335,022**	**167,678**	**–**	**–**
Transfers from Stage 2 to Stage 3	**–**	**–**	**(498,449)**	**(103,591)**	**498,449**	**103,591**	**–**	**–**
Transfers from Stage 3 to Stage 2	**–**	**–**	**544,559**	**3,602**	**(544,559)**	**(3,602)**	**–**	**–**
Transfers from Stage 2 to Stage 1	**155,298**	**2,796**	**(155,298)**	**(2,796)**	**–**	**–**	**–**	**–**
Changes to PD and LGD rates	**254,847**	**(753,338)**	**640,259**	**111,644**	**1,613,611**	**742,670**	**2,508,717**	**100,976**
Write offs	**–**	**–**	**–**	**–**	**(843,062)**	**(843,062)**	**(843,062)**	**(843,062)**
As at 31 December 2024	**12,480,002**	**124,880**	**641,382**	**93,820**	**1,426,876**	**760,397**	**14,548,260**	**979,097**

31 December 2023	Stage 1 Gross carrying amount P'000	Stage 1 ECL P'000	Stage 2 Gross carrying amount P'000	Stage 2 ECL P'000	Stage 3 Gross carrying amount P'000	Stage 3 ECL P'000	Total Gross carrying amount P'000	Total ECL P'000
As at 1 January 2023	11,229,003	106,909	1,006,469	47,025	896,388	323,069	13,131,860	477,003
New assets originated	2,234,017	926,102	–	–	–	–	2,234,017	926,102
Payments and assets derecognised	(2,517,083)	(155,063)	(2,340,350)	(16,097)	(1,437,487)	(376,990)	(6,294,920)	(548,150)
Transfers from Stage 1 to Stage 2	(336,570)	(115,162)	336,570	115,162	–	–	–	–
Transfers from Stage 1 to Stage 3	(872,052)	(646,110)	–	–	872,052	646,110	–	–
Transfers from Stage 2 to Stage 3	–	–	(215,028)	(214,489)	215,028	214,489	–	–
Transfers from Stage 3 to Stage 2	–	–	35,456	1,309	(35,456)	(1,309)	–	–
Transfers from Stage 2 to Stage 1	312,574	3,628	(312,574)	(3,628)	–	–	–	–
Changes to PD and LGD rates	2,068,886	(2,273)	2,244,639	110,213	1,170,124	103,819	5,483,649	211,759
Write offs	–	–	–	–	(208,817)	(208,817)	(208,817)	(208,817)
As at 31 December 2023	12,118,775	118,031	755,182	39,495	1,471,832	700,371	14,345,789	857,897

Notes to the consolidated annual financial statements continued

1 Risk management continued
1.3 Financial risk continued
1.3.1 Credit risk continued
Loans and advances at amortised cost continued

The table below presents an analysis by geographic location of the credit quality of advances based on arrears:

31 December 2024	Up-to-date P'000	1-30 days past due P'000	31-60 days past due P'000	61-90 days past due P'000	91 or more days past due P'000	Total Gross advances P'000
Southern Africa						
Formal	**9,907,309**	**506,820**	**108,814**	**56,935**	**686,834**	**11,266,712**
Micro finance	**153,086**	**8,482**	**1,718**	**2,880**	**24,216**	**190,382**
Informal	**35,537**	**2,948**	**1,820**	**2,353**	**18,248**	**60,906**
	10,095,932	**518,250**	**112,352**	**62,168**	**729,298**	**11,518,000**
East and West Africa						
Formal	**1,101,491**	**66,689**	**30,714**	**8,616**	**153,564**	**1,361,074**
Micro finance	**485,119**	**70,444**	**31,024**	**26,205**	**273,065**	**885,857**
Informal	**473,238**	**100,783**	**23,693**	**22,234**	**163,381**	**783,329**
	2,059,848	**237,916**	**85,431**	**57,055**	**590,010**	**3,030,260**

31 December 2023	Up-to-date P'000	1-30 days past due P'000	31-60 days past due P'000	61-90 days past due P'000	91 or more days past due P'000	Total Gross advances P'000
Southern Africa						
Formal	9,165,612	403,496	230,584	95,283	932,604	10,827,579
Micro finance	36,499	5,881	1,885	4,642	33,644	82,551
Informal	46,997	15,555	9,096	9,218	39,652	120,518
	9,249,108	424,932	241,565	109,143	1,005,900	11,030,648
East and West Africa						
Formal	1,294,612	62,112	25,041	8,712	192,480	1,582,957
Micro finance	521,031	72,765	41,832	131,360	113,454	880,442
Informal	592,392	70,186	43,885	77,855	67,424	851,742
	2,408,035	205,063	110,758	217,927	373,358	3,315,141

Quality of Loan book

Stage 3 exposures decreased compared to the prior year, leading to an increase in write-offs. However, credit risk remained elevated in 2024, driven by heightened environmental risks in certain markets, significant operational disruptions in central registries, and underperformance of test-and-learn programs launched in 2021 and 2023. The impact was particularly pronounced in Botswana and Lesotho , due to challenges associated with the now-suspended open market lending, and in Kenya, where the MSE portfolio underperformed.

Ghana movement is as a result of Mobile loan classification of Stage 3 from 31 days past due and delays in write off approvals by the regulator.

	Stage 3 Exposures Transitions		
BWP'000	**2024**	2023	Movement
Financial assets			
Botswana	**315,494**	374,929	(59,435)
Namibia	**204,055**	210,207	(6,152)
Mozambique	**144,856**	212,605	(67,749)
Lesotho	**60,517**	27,159	33,358
Eswatini	**49,016**	96,960	(47,944)
Kenya	**251,955**	208,922	43,033
Rwanda	**868**	1,304	(436)
Uganda	**50,825**	61,947	(11,122)
Tanzania	**66,508**	81,292	(14,784)
Nigeria	**14,968**	18,679	(3,711)
Ghana	**267,813**	177,828	89,985
Total	**1,426,875**	1,471,832	(44,957)

Remedial Actions put in place to address the above

- Introduce specific provisions for operational and fraud impacted portfolios.
- Intensify control testing and quality assurance programs for critical credit processes to mitigate operational risks and failures.
- Implemented revamped collection structure and strategy (including legal) to rapidly remediate the Individual loan portfolio in Botswana and rest of stressed markets.
- Implement and Embed new Test and Learn control framework.
- Explore Debt Sales for stressed portfolios.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Quality of Loan book (continued)

LGD represents an estimate of the percentage of EAD that will not be recovered, should the obligor default occur and below is an analysis by segments. However, in Southern Africa, Letshego Namibia and Letshego Mozambique have credit insurance in place and this is included as part of recoveries in the LGD calculations.

Country	Portfolio	2024	2023
Botswana	Botswana Government	**51.76%**	56.62%
	Botswana NonGov- DAS	**60.65%**	60.56%
	Botswana NonGov-Individual Lending	**73.93%**	68.34%
	Botswana MSE	**87.23%**	74.49%
Ghana	Ghana DAS	**50.13%**	54.42%
	Ghana MSE	**80.73%**	53.11%
Kenya	Kenya DAS	**60.40%**	52.34%
	Kenya MSE	**50.13%**	38.35%
Lesotho	Lesotho	**60.27%**	55.73%
Mozambique	Mozambique	**6.30%**	5.24%
Namibia	Namibia Microfinance	**2.17%**	2.22%
	Namibia Bank	**1.05%**	7.80%
Nigeria	Nigeria DAS	**46.47%**	40.39%
	Nigeria MSE	**85.45%**	82.54%
Rwanda	Rwanda DAS	**69.19%**	69.76%
	Rwanda MSE	**24.58%**	36.32%
Eswatini	Eswatini DAS	**42.13%**	42.46%
	Eswatini MSE	**97.57%**	96.96%
Tanzania	Tanzania DAS	**72.85%**	65.20%
	Tanzania MSE	**95.12%**	90.36%
Uganda	Uganda DAS	**58.39%**	50.15%
	Uganda MSE	**35.10%**	36.36%

PD represent an estimate of the probability that balances in less than 90 days categories would fall into default (91 or more days past due).

		Average PDs	
Portfolio	**Stage**	**2024**	**2023**
Botswana Government	1	**2.9%**	3.1%
Botswana NonGov- DAS	1	**5.8%**	7.5%
Botswana NonGov-Individual Lending	1	**29.3%**	13.6%
Botswana MSE	1	**2.6%**	11.4%
Ghana DAS	1	**2.7%**	2.0%
Ghana MSE	1	**8.9%**	11.0%
Kenya DAS	1	**15.4%**	8.8%
Kenya MSE	1	**13.2%**	13.0%
Lesotho	1	**3.8%**	3.2%
Mozambique	1	**3.2%**	3.7%
Namibia Microfinance	1	**1.5%**	2.1%
Namibia Bank	1	**2.1%**	3.3%
Nigeria DAS	1	**18.0%**	26.3%
Nigeria MSE	1	**1.4%**	10.1%
Rwanda DAS	1	**2.3%**	16.3%
Rwanda MSE	1	**2.4%**	3.8%
Eswatini DAS	1	**1.51%**	1.48%
Eswatini MSE	1	**1.1%**	25.2%
Tanzania MSE	1	**5.7%**	13.6%
Tanzania DAS	1	**2.06%**	2.09%
Uganda DAS	1	**3.7%**	2.0%
Uganda MSE	1	**2.5%**	8.1%

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Quality of Loan book (continued)

		Average PDs	
Portfolio	**Stage**	**2024**	2023
Botswana Government	2	**46.6%**	49.9%
Botswana NonGov- DAS	2	**62.9%**	57.2%
Botswana NonGov-Individual Lending	2	**72.0%**	63.1%
Botswana MSE	2	**24.8%**	39.9%
Ghana DAS	2	**52.0%**	34.5%
Ghana MSE	2	**25.2%**	27.0%
Kenya DAS	2	**51.8%**	42.7%
Kenya MSE	2	**43.2%**	56.6%
Lesotho	2	**37.0%**	33.2%
Mozambique	2	**23.3%**	27.0%
Namibia Microfinance	2	**35.3%**	36.9%
Namibia Bank	2	**37.3%**	32.9%
Nigeria DAS	2	**52.1%**	56.8%
Nigeria MSE	2	**9.5%**	26.0%
Rwanda DAS	2	**50.2%**	23.8%
Rwanda MSE	2	**20.9%**	30.8%
Eswatini DAS	2	**56.6%**	36.2%
Eswatini MSE	2	**24.8%**	39.9%
Tanzania MSE	2	**23.6%**	41.3%
Tanzania DAS	2	**57.2%**	41.9%
Uganda DAS	2	**30.3%**	14.3%
Uganda MSE	2	**12.5%**	38.2%

Financial assets renegotiated

Restructuring

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring a previously overdue/delinquent loan is reset to current/normal status and managed together with other similar accounts. There are Group restructuring policies in place and these are kept under continuous review.

31 December 2024	**Total gross advances P'000**	**Restructured loans P'000**	**Expected Credit Loss held on Restructured loans P'000**	**Restructured %**
Southern Africa	**11,518,000**	**1,675**	**1,675**	**0.0**
East and West Africa	**3,030,260**	**10,453**	**8,977**	**0.3**
	14,548,260	**12,128**	**10,652**	**0.1**

31 December 2023	Total gross advances P'000	Restructured loans P'000	Expected Credit Loss held on Restructured loans P'000	Restructured %
Southern Africa	11,030,648	13,975	11,180	0.1
East and West Africa	3,315,141	64,033	41,621	1.9
	14,345,789	78,008	52,801	0.5

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.1 Credit risk continued

Re-phasing

The Group however does re-age accounts where instalments are missed, through no fault of the borrower, and subsequently reinstated due to operational issues. Re-phasement involves altering the end date of the loan but not the number or amount of the instalments. Refer to the analysis below.

Re-phased loans analysis

31 December 2024	Total gross advances P'000	Re-phased loans P'000	Expected Credit Loss held on Re-phased loans P'000	Re-phased %
Southern Africa	**11,518,000**	**12,675**	**8,095**	**0.1**
East and West Africa	**3,030,260**	**67,976**	**56,072**	**2.2**
	14,548,260	**80,651**	**64,167**	**0.6**

31 December 2023	Total gross advances P'000	Re-phased loans P'000	Expected Credit Loss held on Re-phased loans P'000	Re-phased %
Southern Africa	11,030,648	1,312,609	231,381	11.9
East and West Africa	3,315,141	243,369	54,382	7.3
	14,345,789	1,555,978	285,763	10.8

1.3.2 Liquidity risk

Managing liquidity risk is an integral part of the Group's business operations. Liquidity risk arises when the Group is unable to generate sufficient cash flows to meet its obligations as they fall due or when obligations are met at an unreasonable cost. The Group liquidity could be affected by various factors, both internal and external. These include customer withdrawals, unexpected market disruptions that cause liquid assets to become illiquid in the short-term, failure by funders to roll over borrowed facilities or recalling existing loan facilities, delays in expected drawdowns, credit events, natural disasters and adverse publicity among others.

The Group manages liquidity risk in line with relevant regulatory requirements and the set internal risk appetite. The Group has put in place adequate and sufficient liquidity risk mitigating controls which are frequently reviewed and monitored by an independent team.

The following tools have been put in place to manage liquidity risk:

- Adequate liquidity risk management policies, frameworks and procedures approved by the Board of Directors.
- Regular Cash flow budgeting and forecasting.
- Key liquidity ratios and other risk appetites.
- Contingency Funding Plans.
- Stress testing and scenario analysis.

The measures in place ensure that, as far as possible, the Group will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring losses above the set risk appetite or risking adverse impact on the Group's reputation.

Overall, there is a sound and robust liquidity management process to measure, monitor and manage liquidity exposures which ensure business sustainability and market confidence in the Group. The Group will continuously forecast and analyse liquidity risk using different time horizons, to ensure that the Group is able to meet its obligations optimally.

The Group's liquidity risk framework incorporates internally set liquidity limits designed to ensure the achievement of business objectives and compliance with regulatory requirements. The liquidity risk appetite is measured with reference to stressed net contractual and contingent outflows for a variety of stress scenarios and is used to determine the liquidity buffer. Stress testing is undertaken to assess and plan for the impact of various scenarios which may put the Group's liquidity at risk. Reference is made to Note 19 and Note 39, where the Group was in breach of certain loan covenants in some subsidiaries and a scenario reflecting the impact on liquidity in the event that the particular lenders recall their facilities has been presented.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.2 Liquidity risk continued

The table below summarises the maturity profile of the Group's financial assets and the undiscounted cash flows of its financial liabilities as at 31 December. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many deposit customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history. The short-term negative net liquidity position reflected is largely due to average customer loans and advances tenors that are greater than 3 years, whilst a significant portion of the Group's external liabilities' tenors are limited to 3 years. The Group resolves this by proactively managing all up-coming debt maturities that are ear-marked for rollover and maintaining a robust funding pipeline to close out any short-term gaps in liquidity created due to the maturity mismatch.

31 December 2024	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Total P'000
Contractual maturities of financial assets and liabilities				
Financial assets				
Cash and similar instruments	1,658,667	–	–	1,658,667
Investment securities	307,666	211,949	135,215	654,830
Financial assets at fair value through profit or loss	319,895	98,489	307,572	725,956
Advances to customers	1,288,213	1,700,027	10,580,923	13,569,163
Total undiscounted financial assets	3,574,441	2,010,465	11,023,710	16,608,616
Financial liabilities				
Financial liabilities at fair value through profit or loss	240,561	97,745	323,080	661,386
Customer deposits	1,947,718	199,581	–	2,147,299
Cash collateral	17,038	–	–	17,038
Trade and other payables	181,429	–	–	181,429
Lease liabilities	49,380	46,294	59,095	154,769
Borrowings	4,187,717	4,468,201	2,128,861	10,784,779
Total undiscounted financial liabilities	6,623,843	4,811,821	2,511,036	13,946,700
Net liquidity position	(3,049,402)	(2,801,356)	8,512,674	2,661,916

31 December 2023	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Total P'000
Contractual maturities of financial liabilities				
Financial assets				
Cash and similar instruments	1,401,824	–	–	1,401,824
Investment securities	246,454	149,746	470,518	866,718
Financial assets at fair value through profit or loss	373,788	471,940	106,882	952,610
Advances to customers	1,614,295	1,694,143	10,179,454	13,487,892
Total undiscounted financial assets	3,636,361	2,315,829	10,756,854	16,709,044
Financial liabilities				
Financial liabilities at fair value through profit or loss	383,392	479,181	117,946	980,519
Customer deposits	1,246,964	291,020	–	1,537,984
Cash collateral	12,074	3,240	539	15,853
Trade and other payables	796,541	–	–	796,541
Lease liabilities	48,939	47,658	57,331	153,928
Borrowings	3,961,413	4,932,770	2,360,161	11,254,344
Total undiscounted financial liabilities	6,449,323	5,753,869	2,535,977	14,739,169
Net liquidity position	(2,812,962)	(3,438,040)	8,220,877	1,969,875

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.3 Market risk

Market risk is the risk of decline in the Group's earnings or value of its holdings of financial instruments due to variations in market prices, which include currency exchange rates, interest rates and credit spreads. Market risk management is aimed at optimising return on risk while ensuring exposures are within the set risk appetite. Market risk exists wherever Letshego Africa Holdings Limited (the Group) or its subsidiaries have banking or investment positions. Market risk is proactively managed and regularly reported. The reports highlight key focus areas based on exposures which include breaches on set limits.

The key objective is to provide assurance that losses resulting from market risk will not materially reduce the Group capital and earnings.

Foreign exchange rate risk

The Group operates in various African countries and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk is managed through natural hedges in respective countries and also through derivatives such as forward contracts and cross currency swaps.

Net foreign exchange losses for the year ended 31 December 2024 were P15.4 million (31 December 2023: net loss of P52.1 million).

Interest rate risk

The Group is exposed to risks associated with the effects of fluctuations in prevailing levels of market interest rates. Interest margins may increase or decrease as a result of such changes. This may result in losses in the event that these changes are unfavourable and extreme. Interest rate risk management methodologies across the Group are designed to identify, measure, monitor and control interest rate risk in line with the operating model.

31 December 2024 Buckets P'000	**< 1 month**	**1 – 12 months**	**> 1 year**	**Total**
Rate sensitive assets				
Short term investments*	**22,237**	**–**	**–**	**22,237**
Advances to customers	**859,374**	**428,839**	**12,280,950**	**13,569,163**
	881,611	**428,839**	**12,280,950**	**13,591,400**
Rate sensitive financial liabilities				
Customer deposits	**234,336**	**1,695,371**	**217,592**	**2,147,299**
Borrowings	**1,488,532**	**2,967,092**	**5,220,941**	**9,676,565**
	1,722,868	**4,662,463**	**5,438,533**	**11,823,864**
Gap	**(841,257)**	**(4,233,624)**	**6,842,417**	**1,767,536**
Cumulative Gap	**(841,257)**	**(5,074,881)**	**1,767,536**	

* *Short term investments form part of cash and similar instruments. Refer to Note 3.*

31 December 2023 Buckets P'000	< 1 month	1 – 12 months	> 1 year	Total
Rate sensitive assets				
Short term investments	214,947	–	–	214,947
Advances to customers	1,136,008	478,286	11,873,598	13,487,892
	1,350,955	478,286	11,873,598	13,702,839
Rate sensitive financial liabilities				
Customer deposits	301,046	945,912	291,026	1,537,984
Borrowings	1,046,184	2,280,047	6,300,070	9,626,301
	1,347,230	3,225,959	6,591,096	11,164,285
Gap	3,725	(2,747,673)	5,282,502	2,538,554
Cumulative Gap	3,725	(2,743,948)	2,538,554	

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.3 Market risk continued

Market risk framework and governance

The ALM/Treasury Risk Framework outlines or discloses the methodology by which the Group identifies, measures, monitors, controls and reports on its market risk profile for every operation within the Group. Effective board oversight of the Group's exposure to Market Risk is the cornerstone of an effective market risk management process. The Board and Senior Management understands the nature and level of market risk assumed by the Group and its subsidiaries and how this risk profile fits within the overall business strategies.

The Group has an effective market risk framework which include:

The Board of Directors

The Board of Directors has ultimate responsibility for Market/Treasury Risk management and approve the risk appetite and tolerance levels by:

- Approving Treasury Risk Framework, Policies and related strategies recommended by the Risk Framework Owners and Process Owners.
- Reviewing the Group's overall current and prospective treasury risk profile on a quarterly basis.

Senior Management

The senior management is charged with implementing all approved policies that govern market risk and developing procedures for effective management of the risks. Therefore, the senior management is responsible for putting in place:

- Appropriate limits on risk taking;
- Adequate systems and standards for measuring market risk;
- Standards for valuing positions and measuring performance;
- Comprehensive market risk reporting standards and review process;
- Effective internal controls.

Interest rate benchmark reform

Overview

A fundamental reform of major interest rate benchmarks has been undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative, nearly risk-free rates (referred to as 'IBOR reform'). The Group has had borrowings that referenced to US dollar LIBOR and JIBAR, which have either already been replaced, or will be reformed in future as part of these market-wide initiatives.

IBOR reform had significant risk management and operational impacts for the Group, which included heightened interest rate risk arising from uncertainty over the timing and the methods of transition, as well as decreases in available liquidity and market volatility over the transition period. During 2023, the Group significantly reduced its exposures to IBORs that are subject to reform, which resulted in all US dollar LIBOR-linked exposures being modified to reference to the Secured Overnight Financing Rate (SOFR), with effect from July 2023. It is however anticipated that JIBAR will cease as a reference rate and transition to the South Africa Overnight Index Average ("ZARONIA") in 2026, as confirmed by the South Africa Reserve Bank (SARB) as the administrator of JIBAR.

Non-derivative Financial Liabilities

The Group's remaining IBOR exposures to non-derivative financial liabilities are in bonds indexed to JIBAR.

Derivatives

The Group holds a total return swap indexed to JIBAR for risk management purposes in a hedging relationship. All of the Group's derivative instruments are governed by contracts based on International Swaps and Derivatives Associations (ISDA)'s master agreements.

The following table summarises the significant non-derivative exposures impacted by interest rate benchmark reform as at 31 December 2024:

	JIBAR P'000	Total P'000
Non-derivative financial liabilities		
Debt securities in issue	1,412,868	1,412,868
	1,412,868	1,412,868

	JIBAR P'000	Total P'000
Derivatives held for risk management		
Total return swap	159,974	159,974
	159,974	159,974

The table above represents the derivative exposures to interest rate benchmark reform, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2024.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.3 Market risk continued

Currency risk

The following table shows the assets and liabilities of the Group in the respective currencies (Pula equivalent) at the reporting date.

31 December 2024	SA Rand P'000	Eswatini Emalangeni P'000	Namibian Dollar P'000	Lesotho Loti P'000	Tanzanian Shillings P'000	Ugandan Shillings P'000	Mozam-bican Metical P'000	Kenya Shillings P'000	Rwandan Francs P'000	Nigerian Naira P'000	Ghana Cedi P'000	United States Dollars P'000	Botswana Pula P'000	Total Pula P'000
Cash and similar instruments	8,005	31,001	556,643	9,797	124,773	42,351	566,921	35,145	20,825	8,323	181,366	–	73,517	1,658,667
Advances to customers	–	558,452	3,994,096	545,741	455,447	546,181	2,888,919	372,413	177,914	103,507	901,490	–	3,025,003	13,569,163
Investment in securities	–	–	446,135	–	–	–	–	–	–	–	208,695	–	–	654,830
Financial assets at fair value through profit or loss	–	–	–	–	–	–	–	–	–	–	–	4,167	–	4,167
Financial assets at fair value through OCI	–	–	–	–	–	–	–	–	–	–	–	11,038	–	11,038
Other receivables	781	5,911	94,490	2,237	23,011	10,829	46,975	13,726	2,789	3,714	79,395	–	156,730	440,588
Total assets	8,786	595,364	5,091,364	557,775	603,231	599,361	3,502,815	421,284	201,528	115,544	1,370,946	15,205	3,255,250	16,338,453
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	–	–	–	–	–	–	661,386	661,386
Customer deposits	–	–	965,690	–	56,261	–	602,645	–	58,254	31,153	434,327	–	–	2,148,330
Cash collateral	–	–	–	–	–	303	–	16,734	–	–	–	–	–	17,037
Borrowings	–	257,361	2,150,342	185,514	–	374,911	802,622	363,743	10,127	24,058	580,763	515,230	4,411,892	9,676,564
Trade and other payables	1,674	14,212	65,523	14,455	37,750	3,999	33,082	44,825	7,056	– 1,930	43,877	35	64,351	328,909
Total liabilities	1,674	271,573	3,181,555	199,969	94,011	379,213	1,438,349	425,302	75,437	53,281	1,058,967	515,266	5,137,628	12,832,224
Net exposure	7,112	323,791	1,909,809	357,806	509,220	220,148	2,064,466	(4,018)	126,091	62,263	311,980	(500,061)	(1,882,378)	3,506,229
Exchange rates at 31 December 2024 – mid: BWP 1.00 =	1.31	1.31	1.31	1.31	208.72	281.89	4.88	9.85	103.31	127.51	1.20	0.08	1.00	

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.3 Financial risk continued

1.3.3 Market risk continued

Currency risk continued

31 December 2023	SA Rand P'000	Eswatini Emalangeni P'000	Namibian Dollar P'000	Lesotho Loti P'000	Tanzanian Shillings P'000	Ugandan Shillings P'000	Mozam-bican Metical P'000	Kenya Shillings P'000	Rwandan Francs P'000	Nigerian Naira P'000	Ghana Cedi P'000	United States Dollars P'000	Botswana Pula P'000	Total Pula P'000
Cash and similar instruments	6,937	26,131	550,370	15,595	72,824	13,052	437,567	23,387	11,638	13,421	95,101	–	135,801	1,401,824
Advances to customers	–	575,826	3,474,636	481,002	426,708	527,085	2,527,868	477,404	174,968	126,213	1,206,679	–	3,489,503	13,487,892
Investment in securities	–	–	669,282	–	–	–	–	–	–	–	197,436	–	–	866,718
Financial assets at fair value through profit or loss	–	–	–	–	–	–	–	–	–	–	–	952,610	–	952,610
Financial assets at fair value through OCI	–	–	–	–	–	–	–	–	–	–	–	11,038	–	11,038
Other receivables	774	(3,505)	41,974	2,119	35,336	7,340	65,123	7,784	2,989	13,195	65,868	–	94,675	333,672
Total assets	7,711	598,452	4,736,262	498,716	534,868	547,477	3,030,558	508,575	189,595	152,829	1,565,084	963,648	3,719,979	17,053,754
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	–	–	–	–	–	–	980,519	980,519
Customer deposits	–	–	606,907	–	52,874	–	574,038	–	59,907	36,880	207,378	–	–	1,537,984
Cash collateral	–	–	–	–	–	3,013	–	12,840	–	–	–	–	–	15,853
Borrowings	–	263,331	2,283,919	183,232	–	341,331	658,295	365,735	–	–	513,572	1,363,474	3,653,412	9,626,301
Trade and other payables	4,379	13,460	51,554	13,285	9,177	7,022	9,597	21,940	7,257	5,983	494,348	395	158,145	796,541
Total liabilities	4,379	276,791	2,942,380	196,517	62,051	351,366	1,241,930	400,515	67,164	42,863	1,215,298	1,363,869	4,792,076	12,957,198
Net exposure	3,332	321,661	1,793,882	302,199	472,817	196,111	1,788,628	108,060	122,431	109,966	349,786	(400,221)	(1,072,097)	4,096,556
Exchange rates at 31 December 2023 – mid: BWP 1.00 =	1.36	1.36	1.36	1.36	187.32	281.85	4.76	11.71	93.92	66.85	0.89	0.07	1.00	

* *The analysis above excludes non-monetary assets and liabilities and hence the "total assets" and "total liabilities" indicated above differ from the total amounts presented on the Statement of Financial Position.*

Notes to the consolidated annual financial statements continued

1 **Risk management** continued

1.4 Non-Financial Risk

Non-financial risks relate to risks that are operational in nature and the Group broadly breaks them down as below:

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events including legal actions. The Group is exposed to specific secondary risk types of operational risks listed below:

Process risk is the failure to process, manage and execute transactions and/or other processes correctly or appropriately. The Group continues to automate most of its back end processes.

Health and Safety risk relates to an assessment of hazards that can lead to the harm, injury, death, or illness of employees across the Group. No significant health and safety risks were recorded during the year.

Business Continuity or Disruption risk is the inability of the Group to effectively respond to a disruptive event or pandemic resulting in failure to continue with the provision of services to its clients or stakeholders.

Third-Party risk is the risk arising from the exposure to the ineffective management of third-party relationships and the risks inherited through the association or services provided to the Group. The Group is in the process of enhancing its Third Party Risk Management Policies including the regulatory outsourcing arrangements in the countries in which it operates.

Fraud risk is the risk of unexpected financial or material loss as a result of fraudulent action of persons internal or external to the Group. The Group's Anti-Fraud and Corruption Policy and Whistle Blowing Policy are supported by an effective Fraud Risk Strategy covering Fraud Risk Prevention, Detection, Investigation and Recovery strategies. Fraud Losses incurred during the period under review remain within the Group's risk appetite and budgeted levels.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to reputation that the Group may suffer as a result of failure to comply with laws, regulations, rules, self- regulatory organization standards and codes of conduct applicable to its activities. Legal Risk which is a secondary risk under Compliance Risk, refers to the risk of loss resulting from unenforceability or unlawfulness of contracts, incorrect or incomplete contract documentation, absence of the country's jurisprudence or precedent and penalties or damages as a result of legislative breaches. Money Laundering risk is also a secondary risk under Compliance Risk and refers to the risk that arises from the execution of transactions to eventually convert illegally obtained money into legal money by obscuring the true nature, source, location, ownership or movement of the proceeds of crime. Conduct risk refers to inappropriate execution of business activities resulting in adverse impact to the Group's clients, or the group itself.

Information Technology (IT) risk is the risk that arises from failure to leverage on digitalization or emerging technologies and ineffective execution, maintenance, or operation of the Group's IT resources resulting in reduced competitiveness, operational disruption and possible inefficiencies.

Cyber risk is the potential digital attack on the Group's systems resulting in disrupted services, reputational damage, or financial losses.

Reputational risk is the potential loss or damage to the Group's image due to stakeholders taking an adverse or negative view of the Group as a result of actual or perceived actions or inactions of the Group, its clients and Third Party relationships.

People risk is the exposure to financial losses or adverse enterprise outcomes arising from the Group's inability to attract, develop, manage and retain the required talent. This also includes breaches to employment legislation and practices, and mismanagement of employee relations.

Data risk is the exposure to loss of value or reputation of the Group due to issues or limitations to the Group's ability to acquire, store, transform, move, use, destroy or protect the Group's data assets. The Group developed the Data Protection Policy during the third quarter to support data management across its subsidiaries.

Digital risk refers to all unexpected consequences that result from digital transformation which may disrupt the achievement of business objectives across the Group. These include cybersecurity, cloud technology, data leaks, workforce talent, compliance, system resilience, process automation, third- party risks and data security.

Product risk relates to risks arising from the product life cycle-related activities and new product evolution and failure post-deployment. These include strategic considerations, product design, marketing, product delivery, origination or consummation, product use and duration and termination of the product—this results in high costs from redevelopment and delays in going to market.

All the non-financial risks mentioned above and those not included are managed by the Group in accordance with the approved ERM Framework approved by the Board of Directors covering:

- Effective Board and Senior Management oversight at both Group and country level;
- Sound risk management practices that are in line with best practice and local regulations in the countries in which the Group operates;
- Effective segregation of duties across the footprint;
- Established processes in risk identification, assessment, controls and monitoring;
- Fostering an improved risk awareness culture; and
- Operational risk appetite.

Notes to the consolidated annual financial statements continued

1 **Risk management** continued

1.4 **Non-Financial Risk** continued

Group's approach to managing non-financial risk

The Group's approach to managing non-financial risk is to implement simple and appropriate fit for purpose risk management practices that assist the originators of risk events to understand their inherent risk and reduce their risk profile, in line with the Group's risk appetite, while maximizing on sustainable shareholder value.

Frameworks Per Risk Type and Risk Governance

All Non-financial Risks that are at Primary Risk Type level have Risk Type Frameworks and supporting policies that outline the overall risk management approach for the respective non-financial risk and ensure that an effective risk management and measurement process is adopted throughout the Group. The risk frameworks per primary risk type are maintained by the Primary Risk Type Framework Owners and formally reviewed after every two years in line with the Group's risk appetite. Furthermore, the Board is responsible for the approval of all the Primary Risk Type Frameworks and revisions thereto.

The ultimate responsibility for non-financial risk management rests with the Board of Directors. The Group Risk and Social Ethics Committee (GRSEC) meets on a quarterly basis to review all other major risks including non-financial risks. At management level, the Group Management Risk Committee reviews and monitors significant risk events and ensures that the control environment is adequate to prevent recurrence.

It is the responsibility of the Primary Risk Type Framework Owners to ensure that the risk culture, oversight and resources deployed are such that there is a capability to ensure adherence to the relevant policies, standards and procedures. The Primary Risk Type Framework Owners' purpose is to ensure the quality, integrity and reliability of all the risk management and internal control and to provide an opinion accordingly.

The management and measurement of non-financial risks

The Primary Risk Type Frameworks form the basis for the embedding of risk management into the day-to-day business processes and practices. They include qualitative and quantitative methodologies and tools to assist management to identify, assess and monitor all risks and to provide management with information for determining appropriate controls and mitigating measures.

The Group identifies and assesses non-financial risks inherent in all material products, activities, processes and systems. It ensures that before new products, activities, processes and systems are introduced or undertaken, the risk inherent in them is subjected to adequate assessment by the risk owners and control owners. To achieve this, Risk and Control Self Assessments (RCSAs) and Risk Registers are effectively used across the Group. The purpose of the RCSA process is to identify and effectively manage risks that could jeopardise the achievement of business objectives. The RCSA process identifies the appropriate controls to mitigate risk, and allows the Group Risk Framework Owners and Process Owners to rate the level of inherent as well as residual risk taking consideration of the adequacy and effectiveness of controls.

All key functions under the Group are required to perform RCSAs at least once a year with oversight from Group Operational Risk and use the Digital Registers for day to day management of risks.

In addition to the above, **Risk Appetite** metrics are tracked quarterly across the Group and any breaches are documented with action plans being put in place.

Finally, the Group has **incident management process** in place that is supported by the Incident Management Policy and Operational Risk Standards. Management and Staff proactively and appropriately manages incidents to minimize their impact. The Group tracks and maintains a database of all risk events, perform impact assessment and review risk and controls. All material risk events are recorded in the Risk Registers and reported to Group Management Risk Committee and Group Risk, Social and Ethics Committee on a quarterly basis.

Insurance risk

Insurance risk is defined as risk, other than financial risk, that is transferred from the policyholder to the issuer of a contract. The Group uses cell insurance arrangements in order to mitigate against credit life and credit default risk over its loan portfolios in the jurisdiction. Credit life insurance is designed to cover both borrowers and lenders against the default of loan repayment because of death, permanent disability, critical illness or job loss of the borrower, whilst credit default insurance indemnifies the lender against a loss occurring as a result of the failure of the borrower to repay a loan for any other reason whatsoever. Refer to Note 7 for additional information on the Group's insurance contract arrangements. The coverage periods for the Group's insurance contract arrangements are less than one year and the insurance contract asset recognised on the statement of financial position is realisable within 6 months.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.5 Financial assets and liabilities measured at fair value disclosed by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
31 December 2024	Fair value – through OCI P'000	Fair value – through profit and loss P'000	Financial Assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Total P'000	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Financial assets measured at fair value									
Financial assets at fair value through OCI	11,038	–	–	–	11,038	–	–	11,038	11,038
Financial assets at fair value through profit or loss – foreign currency swaps and forwards	–	725,956	–	–	725,956	–	725,956	–	725,956
Financial assets at fair value through profit or loss – investment in insurance cell captive	–	4,167	–	–	4,167	–	–	4,167	4,167
	11,038	730,123	–	–	741,161	–	725,956	15,205	741,161
Financial assets not measured at fair value									
Cash and similar instruments	–	–	1,658,667	–	1,658,667	–	1,658,667	–	1,658,667
Investment in securities	–	–	654,830	–	654,830	–	654,830	–	654,830
Advances to customers	–	–	13,569,163	–	13,569,163	–	13,569,163	–	13,569,163
Other receivables	–	–	227,985	–	227,985	–	227,985	–	227,985
	–	–	16,110,645	–	16,110,645	–	16,110,645	–	16,110,645
Financial liabilities measured at fair value									
Financial liabilities at fair value through profit or loss	–	661,386	–	–	661,386	–	661,386	–	661,386
Financial liabilities not measured at fair value									
Trade and other payables	–	–	–	181,429	181,429	–	181,429	–	181,429
Customer deposits	–	–	–	2,147,299	2,147,299	–	2,147,299	–	2,147,299
Cash collateral	–	–	–	17,038	17,038	–	17,038	–	17,038
Borrowings	–	–	–	9,676,565	9,676,565	–	9,676,565	–	9,676,565
	–	–	–	12,022,331	12,022,331	–	12,022,331	–	12,022,331

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.5 Financial assets and liabilities measured at fair value disclosed by category continued

31 December 2023	Carrying amount					Fair value			
	Fair value – through OCI P'000	Fair value – through profit and loss P'000	Financial Assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Total P'000	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Financial assets measured at fair value									
Financial assets at fair value through OCI	11,038	–	–	–	11,038	–	–	11,038	11,038
Financial assets at fair value through profit or loss – foreign currency swaps and forwards	–	952,610	–	–	952,610	–	952,610	–	952,610
	11,038	952,610	–	–	963,648	–	952,610	11,038	963,648
Financial assets not measured at fair value									
Cash and similar instruments	–	–	1,401,824	–	1,401,824	–	1,401,824	–	1,401,824
Investment in securities	–	–	866,718	–	866,718	–	866,718	–	866,718
Advances to customers	–	–	13,487,892	–	13,487,892	–	13,487,892	–	13,487,892
Other receivables	–	–	187,197	–	187,197	–	187,197	–	187,197
	–	–	15,943,631	–	15,943,631	–	15,943,631	–	15,943,631
Financial liabilities measured at fair value									
Financial liabilities at fair value through profit or loss	–	980,519	–	–	980,519	–	980,519	–	980,519
Financial liabilities not measured at fair value									
Trade and other payables	–	–	–	692,166	692,166	–	692,166	–	692,166
Customer deposits	–	–	–	1,537,984	1,537,984	–	1,537,984	–	1,537,984
Cash collateral	–	–	–	15,853	15,853	–	15,853	–	15,853
Borrowings	–	–	–	9,626,301	9,626,301	–	9,626,301	–	9,626,301
	–	–	–	11,872,304	11,872,304	–	11,872,304	–	11,872,304

The carrying amount of items measured at amortised cost approximate their fair values.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.5 Financial assets and liabilities measured at fair value disclosed by category continued

Measurement of fair values

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identifiable assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value is observable
- Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable

Reconciliation of fair value measurement categorises within Level 3 of the fair value hierarchy

	31 December 2024 P'000	31 December 2023 P'000
Financial asset at FVTOCI		
Opening balance	**11,038**	43,107
Fair value loss recognised in other comprehensive income	**–**	(43,107)
Acquisition of equity securities	**–**	11,038
	11,038	11,038
Financial asset at FVTPL		
Opening balance	**–**	–
Acquisition of preference shares	**4,167**	–
	4,167	–

Sensitivity of fair value measurements to changes in unobservable market data

For the financial asset at FVTOCI; a change in the value per share (based on company valuation), which is usually conducted during a cash subscription of shares, a change by 1% – 5% will result in a fair value gain or loss of P0.1m and P0.6m respectively. Where the fair value of this investment does not materially vary to its carrying value, gains or losses will not be recognised.

For the financial asset at FVTPL; a change in the value per preference share by 1% – 5% will result in a fair value gain or loss of P0.04m and P0.2m respectively. Where the fair value of this investment does not materially vary to its carrying value, gains or losses will not be recognised.

The following tables show the valuation techniques used in measuring fair values, as well as significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique		Significant unobservable inputs
Financial assets and liabilities at fair value through profit or loss – *Foreign currency swaps and forwards*	Valued by discounting the future cash flows using market interest rate applicable at that time. The sum of the cash flows denoted in the foreign currencies are converted with the spot rate applicable at the reporting date.	Level 2	Based on BWP, EURO and USD risk free rates.
Financial assets and liabilities at fair value through profit or loss – *Investment in insurance cell captive*	Valued by discounting the future cash flows attributable to the cell owner using market interest rates applicable at the time. The sum of the cash flows denoted in the foreign currencies are converted with the spot rate applicable at the reporting date.	Level 3	Based on the value per preference share of USD7,500 per share from the price of a recent transaction.
Fair value – through other comprehensive income	Since market values are not available from an observable market, as this is an investment in private equity, the investment has been valued based on a recent independent valuation of the underlying entity prepared for purposes of a restructuring and recapitalisation exercise anticipated to be undertaken by the entity. The inputs include the number of shares and the price per share.	Level 3	Based on the value per share of USD1 per share from the price of a recent transaction.

Notes to the consolidated annual financial statements continued

1 Risk management continued

1.5 Financial assets and liabilities measured at fair value disclosed by category continued

Financial instruments not measured at fair value

Type	Valuation technique		Significant unobservable inputs
Financial assets and liabilities at amortised cost	Valued by discounting the future cash flows using market interest rate applicable at that time. The sum of the cash flows denoted in the foreign currencies are converted with the spot rate applicable at the reporting date.	Level 2	Based on BWP, EURO and USD risk free rates.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

The ISDA agreements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

1.6 Summary of all financial risks and potential impact

The table below summarises each of the risks raised in this note, along with the anticipated impact should the risks crystallise.

	31 December 2024 P'000	31 December 2023 P'000
Interest rate risk		
Average cost of borrowings	**13.5%**	13.0%
Effect of increase in average borrowing cost by 3%		
– increase in interest expense	**155,040**	77,149
– Effect on profit before tax	**(60.9%)**	(24.7%)
– Effect on equity*	**(43.5%)**	(17.7%)
Currency risk		
Effect of BWP appreciation by 1%		
– Effective movement in foreign exchange rates	**(1,351)**	(4,984)
– Effect on profit before tax	**(0.5%)**	(1.6%)
–Effect on equity*	**(0.4%)**	(1.1%)

* *The difference between effect on profit before tax and effect on equity is as a result of the impact of taxation.*

Summary

Impact of all above risks on profit before tax:

The impact of changes in variables in the opposite direction would be equal and opposite to the values shown above. The Group constantly evaluates these key risks through the process of governance, devises responses to risks as they arise, that are approved by the Group Balance Sheet Management Committee and Board of Directors.

2 Use of estimates and judgments

The preparation of consolidated annual financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Significant judgements made by management in the application of International Financial Reporting Standards occur mainly on loans and advances, impairments and share based payment calculations. Judgement is also applied to the valuation of goodwill recognised and probability of having sufficient taxable profits against which deferred tax assets may be utilised.

2.1 Impairment of advances to customers

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group regularly reviews its loan portfolio (note 6) and makes judgments in determining whether an impairment loss should be recognised in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce the differences between loss estimates and loss experience.

The below summarises the sensitivity analysis on impairment losses for changes in LGD and PD:

	Existing impairment	Impact on changes in LGD		Impact on changes in PD	
December 2024	**Provision**	**(+) 5%**	**(-) 5%**	**(+) 5%**	**(-) 5%**
Stage 1: 12-month ECL allowance	**124,880**	**120,106**	**88,214**	**141,946**	**83,626**
Stage 2: Lifetime ECL allowance – not credit-impaired	**93,820**	**38,278**	**28,615**	**36,931**	**29,962**
Stage 3: Lifetime ECL allowance – credit-impaired	**760,397**	**967,642**	**437,034**	**833,261**	**833,261**
Total	**979,097**	**1,126,026**	**553,863**	**1,012,138**	**946,849**

		Impact on changes in LGD		Impact on changes in PD	
December 2023	Existing impairment Provision	(+) 5%	(-) 5%	(+) 5%	(-) 5%
Stage 1: 12-month ECL allowance	118,031	147,278	91,926	238,752	83,070
Stage 2: Lifetime ECL allowance – not credit-impaired	39,495	68,390	33,449	43,883	35,278
Stage 3: Lifetime ECL allowance – credit-impaired	700,371	830,672	608,671	809,825	645,004
Total	857,897	1,046,340	734,046	1,092,460	763,352

The sensitivity analysis has been calculated to show the impact of a 5% increase or decrease in the LGD and PD rates on the provision level. Therefore, based on the above, an increase in LGD or PD would have an adverse impact to Group profits. Measures are in place as per the risk governance framework to address this including portfolio management, which is inclusive of collection and recoveries, strategic focus and the risk appetite framework (note 1.3.1).

Notes to the consolidated annual financial statements continued

2 Use of estimates and judgments continued

2.1 Impairment of advances to customers continued

Estimates and judgements in determining impairment of financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
- the segmentation of financial assets when their ECL is assessed on a collective basis
- development of ECL models, including the various formulas and the choice of inputs
- determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- model adjustments and overlays will persist under IFRS 9 to account for localised impacts on the portfolio that are either not picked up by the model or late breaking news where running the ECL model would not be feasible
- as the ECL model is more quantitative in nature the formulation of provision overlay is backed by detailed analysis. The Group ensures that the following is done:
  - rationale as to why overlay is appropriate is provided
  - documentation of methodology and data used in determining the overlay is in place
  - persistent overlays to be incorporated into the ECL model at a future date where applicable

Full implementation of Time in Default LGD

The Group regularly reviews its loan portfolio and makes judgments in determining whether an impairment loss should be recognised in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce the differences between loss estimates and loss experience.

During the financial year, The Group fully implemented a Time in Default Loss Given Default (LGD) approach for Stage 3 accounts in accordance with IFRS 9. This enhancement aligns with best practices in credit risk modelling and improves the accuracy of expected credit loss (ECL) provisioning. Time in Default LGD is a methodology that recognizes the dynamic nature of loss severity based on the duration an account has remained in default. Empirical studies indicate that recovery rates and loss expectations vary significantly over time, making it imperative to differentiate LGD estimates based on the time elapsed since default. This methodology ensures a more granular assessment of credit risk and better alignment with observed recovery trends.

2.2 Share-based payment transactions

The Group operates an equity settled conditional Long Term Incentive Plan (LTIP). The plan is now only based on non-market conditions. These non-market performance conditions are determined by the Remuneration Committee. The number of awards to vest are assessed and adjusted for the attrition in participants as well as the extent of achievement of those conditions at the reporting dates. The assumption is that there will be a 45.41% (2023: 45.41%) vesting probability. Based on historical experience, the estimated achievement of conditions is considered accurate. Refer to Note 22 on Share-Based Payment Scheme.

Sensitivity analysis

The table below details the impact on the profit following a deviation from the 45.41% (2023: 45.41%) vesting probability.

	31 December 2024 P'000	31 December 2023 P'000
Impact of a 10% deviation	**4,127**	7,671
Impact of a 25% deviation	**10,317**	19,177
Impact of a 50% deviation	**20,633**	38,354

In the event that more than 45.41% of the shares vest the impact would be adverse to profit. In the event that less than 45.41% of the shares vest, the impact would be favourable to profit.

2.3 Deferred tax asset

The Group has recognised a deferred tax asset of P201.3 million (2023: P219 million) which arises from tax losses and other temporary differences that are available to set-off against future taxable income and other deductible temporary differences. The Group expects to generate sufficient taxable profits to utilise the deferred tax assets based on historical probability trends, management's plan on future business prospects and through the use of various tax planning opportunities which are available to the Group. In addition, the Group reviews the carrying amount of the deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Notes to the consolidated annual financial statements continued

2 Use of estimates and judgments continued

2.3 Deferred tax asset continued

		31 December 2024 P'000	31 December 2023 P'000
Deferred tax asset movement on tax losses			
Opening balance		**82,254**	48,626
Recognised during the year		**10,797**	90,010
Derecognised or reversed during the year		**(16,692)**	(55,420)
Utilised during the year		**(908)**	(962)
Balance at the end of year		**75,451**	82,254
Summary of LHL Company tax losses recognised	**Year of expiry**		
December 2024	2028	**67,361**	83,216
		67,361	83,216

2.4 Income tax expense

The Group is subject to income taxes in various jurisdictions. The Group applies significant judgement in identifying uncertainties over income tax treatments in line with IFRIC 23. Since the Group operates in multinational environments, it assessed whether the interpretation had an impact on its consolidated financial statements. Significant judgement is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.5 Estimating the incremental borrowing rate used in lease liabilities

The Group applied judgement in determining the interest rate implicit in its lease liabilities. The Group uses its incremental borrowing rate, which reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for similar financed transactions (where and when available), and is required to make certain entity specific estimates, such as the adjustments to the rates for the subsidiaries' stand-alone credit rating and country specific risks. Refer to Note 18 on Lease Liabilities.

2.6 Estimates in determining deferred revenue and related commissions

The Group recognises interest income using the effective interest method. The effective interest is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual/behavioural terms of the financial instrument. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as other fee income/expense that are an integral parts of the instrument. Refer to Note 23 on Interest Income at Effective Interest Rate.

2.7 Goodwill

As required by IAS 36 Impairment of assets, the goodwill was assessed for impairment at year end. This goodwill arose from acquisition of Letshego Holdings Namibia Limited, Letshego Tanzania Limited, and Letshego Ghana Plc. For the purpose of assessing goodwill for impairment, the relevant entities are considered to be cash generating units. Such impairment assessment was done using a discounted cash flow model incorporating budgets approved by those charged with governance. Cash flows beyond the period covered by approved budgets were forecasted based on projected growth rates for the relevant cash generating unit. The evaluation was based on a five year strategy and terminal value.

In light of the current economic factors, the Group assessed the recoverable amount of goodwill for the entities and determined that they were profitable with positive growth expected, indicating sufficient headroom to cushion against any future variations or pressures.

The recoverable amount of the cash generating units was determined with reference to the value in use. The growth rate is estimated based on past experience and anticipated future growth. The discount rate used is the weighted average cost of capital adjusted for specific risks relating to the entity. Refer to note 13 for the carrying value of each cash generating unit at the reporting date.

The table below shows the discount and growth rates used in calculating the value in use of each cash generating unit:

	31 December 2024		31 December 2023	
Entity	**Discount rates**	**Long term growth rates**	Discount rates	Long term growth rates
Letshego Holdings Namibia Limited	**16%**	**4%**	13%	4%
Letshego Tanzania Limited	**24%**	**5%**	24%	5%
Letshego Ghana Plc	**44%**	**5%**	26%	17%

Notes to the consolidated annual financial statements continued

2 Use of estimates and judgments continued

2.7 Goodwill continued

Key assumptions used in value in use calculations and sensitivity to change in assumptions

The calculation of value in use for each cash generating unit is most sensitive to:

- discount rates
- inflation rate
- long term growth rates used to extrapolate cash flows beyond the forecast period

Discount rates

Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in the pre-tax discount rate by 0.5% – 1% for each cash generating unit would not result in a further impairment.

Inflation rate

Estimates are obtained from published indices for each country and forecast figures are used if data is publicly available.

If inflation rates increased by an average of 0.5% – 1% above the forecast price inflation, the Group will not have a further impairment.

Long term growth rates used to extrapolate cash flows beyond the forecast period

When using industry data for growth rates, these assumptions are important because management assesses how each subsidiary position, relative to its competitors, might change over the forecast period. Management also reviews each subsidiary's previous years' performance against performance targets and an average performance rate is used to extrapolate future cash flows.

An increase in the growth rate assumption will result in a decrease in impairment whereas a decrease in growth rate will have a further impairment.

2.8 Insurance contracts

The Group has cell captive insurance arrangements for its Namibia subsidiary. Cash flows arising from insurance contracts usually involve a high degree of uncertainty regarding the timing and amount of a claim. In addition, there may be changes to the assumptions made about the insurance business as a result of changes in policyholder behaviour. The Group relies on the expertise of its insurers, who manage the cell captive entities, to determine the present value of insurance cash flows and ultimate cost of outstanding claims through the use of a range of standard actuarial techniques. The insurance experts apply judgements in determining the inputs used in the methodology employed to determine expected future cash flows, discount rates and risk premiums (where applicable) and resultant insurance contract assets and liabilities relating to the cell captive arrangements. Refer to Note 7 for the carrying amount of the Group's insurance contracts at the end of the reporting period.

2.9 Going concern

The Group incurred a loss after taxation of P93.3 million for the year ended 31 December 2024. In light of the possible implication of this performance and the existence of debt covenant breaches outlined in Note 19 on the Group's liquidity and funding pipeline, management made an assessment of the Group's ability to continue as a going concern. As outlined in Note 19 and Note 39, the debt covenant breaches existing had implications on outstanding obligations amounting to approximately P2.4 billion at the reporting date. However, there was a total of P1.65 billion in letters of no action received from funders. While the engagements remain positive, below are some of the key initiatives being undertaken to address the challenges impacting performance that resulted in the covenant breaches:

Credit risk management

Stricter onboarding criteria and reduced loan terms for high-risk sectors have been introduced to manage concentration risk. A Group-wide framework to enhance controls over management of test-and-learn programs has also been implemented. Stop-loss measures have been implemented on Open Marketing and the product has been decommissioned in Botswana and Lesotho to safeguard the portfolio, with a strategy in place to gradually wind down the portfolio through legal recovery. Stop-loss measures have also been implemented on Deduction at Source (DAS), where lending to employers with collection rates below 95% has been halted to protect the portfolio and stop-loss measures have been enforced on Micro and Small Enterprise (MSE) portfolios, halting lending in key MSE markets in East and West Africa. Conservative thresholds for cash flow and collateral margin discounting have also been established on new credit assessments to ensure better risk control.

Collections and recoveries

There is ongoing monitoring and adjustment of collections strategies in response to emerging environmental and regulatory risks. A standardized settlement discount program has been implemented across all markets to drive better portfolio performance. Additional staff resources have also been added to the collections team in markets with capacity gaps, and legal action has been pursued in cases of memorandum of understanding breaches, with positive results in Eswatini.

Notes to the consolidated annual financial statements continued

2 Use of estimates and judgments continued

2.9 Going concern continued

Litigation efforts

Litigation has been initiated against employers who breach agreements, thereby improving collections. Focus has also been placed on recovering distressed Micro and Small Enterprise (MSE) portfolios through collateral realization and other recovery mechanisms.

Electronic collection methods

New secondary electronic collection methods have been implemented to enhance off-payroll deductions.

Strengthening partnerships

Enhancing relationships with pension fund administrators for timely benefit information to facilitate collections. In addition to this, enhanced stakeholder engagements with employers and government departments.

Upon making the going concern assessment, management took into consideration the existing and anticipated effects of the current macroeconomic and geopolitical uncertainties on the Group's activities. Management also took into consideration the possibility of its outstanding debt obligations becoming due and payable to the funders on demand, due to the debt covenant breaches existing at the reporting date. In the extreme circumstance of the Group not being able to roll forward existing facilities and also not being able to access new funding earmarked in its future pipeline, the Group would be required to meet funding commitments of approximately P2.7 billion for the period extending to 12 months after the issue of the financial statements.

The above indicated scenario is however highly unlikely and following on from this, management assessed the going concern assumption as being appropriate for the Group in light of:

- In the current year under review, the Group managing to achieve 69% of the funding pipeline (roll-overs and new funding) forecasted for 2024 in the previous year. This was despite the loan covenant breaches disclosed by the Group in the previous financial year.
- The Group having P9.65 billion in Borrowings at the balance sheet date and about 25% (approximately P2.41 billion) of the outstanding Borrowings being in breach of certain loan covenants. At the time of reporting, letters of no action were received for borrowing facilities amounting to P1.65 billion. The Group did not receive letters of no action for P760 million which constitute 8% of the total Borrowings. Engagements with funders for the remaining P760 million are also ongoing.
- The Group forecasting its funding pipeline of new facilities and roll-overs in its projected cash flows on a conservative conversion rate of 50%, although in the previous year the Group managed to achieve a 69% conversion of its forecasted funding pipeline.
- In the event of liquidity pressure, the Group would take a conservative forecast on net payouts on advances in order to build liquidity.
- The forecast of the Group's cash resources position for the 12 months after the date of issue of the financial statements, given the above assumptions, reflecting that the Group will have adequate liquidity to operate over the forecasted period. This resultant forecast is summarised below:

Group Forecast of Cash and Similar Instruments, including Undrawn Facilities	BWP '000
Forecast cash and similar instruments position, including undrawn facilities as at 31 March 2025	1,626,157
Forecast net cash outflows Apr- June 2025	(508,654)
Forecast cash and similar instruments position, including undrawn facilities as at 30 June 2025	1,117,503
Forecast net cash inflows July – September 2025	870,335
Forecast cash and similar instruments position, including undrawn facilities as at 30 September 2025	1,987,838
Forecast net cash outflows October – December 2025	(84,423)
Forecast cash and similar instruments position, including undrawn facilities as at 31 December 2025	1,903,415
Forecast net cash outflows January – March 2026	(324,100)
Forecast cash and similar instruments position, including undrawn facilities as at 31 March 2026	1,544,625

In arriving at the above forecasted cash flow, the Group also took into consideration anticipated operating and capital expenditure, and the possibility of funders with loan covenant breaches who had not provided 'letters of no action' to the Group (refer to Note 19) recalling their facilities prior to their maturity.

3 Cash and similar instruments

	31 December 2024 P'000	31 December 2023 P'000
Cash at bank and in hand	**1,373,774**	918,697
Statutory cash reserve	**262,656**	268,180
Short term investments	**22,237**	214,947
	1,658,667	1,401,824
Cash and similar instruments for the purpose of the statement of cash flows	**1,396,011**	1,133,644

Short term investments constitute amounts held in fixed deposit with external financial institutions. The deposits attract interest ranging between 4% – 14% per annum (2023: 4% – 14% per annum). Cash at bank is held with reputable financial institutions with good credit standing. Statutory cash reserve relates to cash held by the Central Bank for the respective subsidiaries based on the average customer deposits and therefore not available for day to day operations.

Notes to the consolidated annual financial statements continued

4 Investment securities

	31 December 2024 P'000	31 December 2023 P'000
Government and Corporate bonds : 2 – 5 year fixed-rate notes	**666,333**	878,221
Government and Corporate bonds : Above 5 years fixed-rate notes	**15,258**	15,258
	681,591	893,479
Less : Expected credit losses	**(26,761)**	(26,761)
	654,830	866,718
Movement in expected credit losses:		
Balance at the beginning of the year	**26,761**	36,027
Impairment (reversal)/charge for the year	**–**	(9,266)
Balance at the end of the year	**26,761**	26,761

Investment securities are treasury bills and bonds and are classified as financial assets measured at amortised cost as the business model is to hold financial assets to collect contractual cash flows, representing solely payments of principal and interest. These were issued by the central bank, government and corporates in Ghana and Namibia. The instruments held in Namibia are denominated in local currency, whilst the Ghana instruments constitute local currency denominated bonds and United States dollar denominated bonds. The Ghana instruments are deemed to be purchased or originated credit impaired (POCI). The reduction in the carrying amount of investment securities between the current and prior year was as a result of maturities of a portion of the investment instruments held in Namibia.

Due to the nature of the instruments held in Namibia, as well as historical experience, the instruments are regarded as having a low probability of default and the ECL in respect of these is considered immaterial at the reporting date.

At the reporting date it was assessed that the Group is currently holding adequate expected credit loss provisions on the Ghana government bonds held. This was based on an independent valuation applying a discounted cash flow model. The model incorporated the fact that although the instruments are listed on the Ghana Stock Exchange, they are only being traded amongst a few financial institutions. Market data that was collected from these institutions indicated that prior to the restructure of the bonds in 2022 and 2023, the highest yields on the instruments were between 5% to 6%. The model applied on the bonds in the independent valuation went on to incorporate a margin of between 100 to 300 basis points on these yields in order to reflect the additional risk premium attached to the new instruments that were received.

P11 million (2023: P17 million) of the borrowings in Ghana are secured by lien over Treasury Bills and Government instruments. The aggregated value of these Treasury Bills and Government instruments is P112 million (2023: P217 million).

P205 million (2023: P339 million) of the borrowings in Namibia are secured by lien over Government instruments. The aggregated value of these Government instruments is P446 million (2023: P669 million).

An analysis of the carrying amount in investment securities held is as follows:

31 December 2024	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	POCI P'000	Total P'000
Gross carrying amount as at 1 January 2024	639,076	–	–	254,403	893,479
New assets originated or purchased*	–	–	–	7,624	7,624
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Assets sold during the year	(215,347)	–	–	–	(215,347)
Effects of movement in exchange rates	(8,591)	–	–	4,426	(4,165)
Gross carrying amount	415,138	–	–	266,453	681,591
Reconciliation of expected credit losses:					
Opening ECL amount as at 1 January 2024	–	–	–	(26,761)	(26,761)
New assets originated or purchased	–	–	–	–	–
Impairment writeback	–	–	–	–	–
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Assets sold during the year	–	–	–	–	–
As at December 2024	–	–	–	(26,761)	(26,761)

* *The above movement relates to accrued interest and does not have a cash flow impact.*

Notes to the consolidated annual financial statements continued

4 Investment securities continued

31 December 2023	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	POCI P'000	Total P'000
Gross carrying amount as at 1 January 2023	459,787	–	–	268,341	728,128
New assets originated or purchased	151,133	–	–	14,218	165,351
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Assets sold during the year	–	–	–	(28,686)	(28,686)
Effects of movement in exchange rates	28,156	–	–	530	28,686
Gross carrying amount	639,076	–	–	254,403	893,479
Reconciliation of expected credit losses:					
Opening ECL amount as at 1 January 2023	–	–	–	(36,027)	(36,027)
New assets originated or purchased	–	–	–	–	–
Impairment writeback	–	–	–	9,266	9,266
Transfer from Stage 1 to Stage 2	–	–	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Assets sold during the year	–	–	–	–	–
As at December 2023	–	–	–	(26,761)	(26,761)

5 Financial assets at fair value through profit or loss

	31 December 2024 P'000	31 December 2023 P'000
Foreign currency swaps and forwards	**725,956**	952,610
Investment in insurance cell captive	**4,167**	–
	730,123	952,610

Foreign currency swaps relate to short term arrangements with financial institutions, where the Group pays a specified amount in one currency and receives a specified amount in another currency to reduce its exposure on currency risk. These were translated using reporting date exchange rates to reflect the changes in foreign currencies. The related financial liability at fair value through profit or loss is in Note 14.

During the year the Group acquired preference shares in a cell captive investment vehicle domiciled in Mauritius in order to self insure its credit risk exposure in some of the jurisdictions where it operates.

Refer to Note 1.5 for details of the fair value and valuation technique adopted for Financial Assets at Fair Value through Profit or Loss in light of unobservable market data.

6 Advances to customers

	31 December 2024 P'000	31 December 2023 P'000
Gross advances to customers	**14,548,260**	14,345,789
Less : Expected credit losses	**(979,097)**	(857,897)
– Stage 1	**(124,880)**	(118,031)
– Stage 2	**(93,820)**	(39,495)
– Stage 3	**(760,397)**	(700,371)
Net advances to customers	**13,569,163**	13,487,892
6.1 Maturity analysis		
Maturing within one year	**1,381,207**	1,196,084
Maturing after one year within five years	**6,557,116**	5,877,029
Maturing after five years	**6,603,938**	7,272,676
Total gross advances to customers	**14,542,261**	14,345,789
Certain advances to customers are pledged as security to borrowings as set out in note 19.		
6.2 Impairment of advances		
Balance at the beginning of the year	**857,897**	477,003
Net impairment on advances to customers	**121,200**	380,894
Balance at the end of the year	**979,097**	857,897
An analysis of net advances by credit risk, including related impairment provisions, is contained in Note 1.3.1 to these financial statements.		
6.3 Charges to profit or loss		
Amounts written off	**(843,061)**	(208,817)
Recoveries during the year	**181,491**	123,854
Net remeasurement of allowance for expected credit losses: advances to customers	**(121,200)**	(380,894)
Net remeasurement of allowance for expected credit losses: investment securities	**–**	9,266
	(782,770)	(456,591)

Notes to the consolidated annual financial statements continued

7 Insurance contract assets

	31 December 2024 P'000	31 December 2023 P'000
Based on how the Group manages its Namibia cell captive insurance arrangements, it disaggregates information to provide disclosure in respect of credit life insurance and credit default insurance. The breakdown of groups of insurance contracts issued that are in an asset position is set out in the table below:		
Credit life insurance	**88,562**	80,497
Credit default insurance	**34,418**	25,052
	122,980	105,549

7.1 Roll-forward of net asset for insurance contracts issued

The roll-forward of the net asset for insurance contracts issued, also showing the liability for remaining coverage and the liability for incurred claims for the credit life insurance arrangements, is disclosed in the table below:

	Assets for remaining coverage P'000	Liabilities for incurred claims P'000	Total P'000
At 1 January 2023	123,116	(30,966)	92,150
Insurance revenue	286,519	–	286,519
Insurance service expenses	–	(85,316)	(85,316)
Deemed premiums received	(285,020)	–	(285,020)
Deemed claims paid	–	99,360	99,360
Effects of movement in exchange rates	(2,263)	119	(2,144)
At 31 December 2023	**122,352**	**(16,803)**	**105,549**
Insurance revenue	**325,671**	**–**	**325,671**
Insurance service expenses	**–**	**(119,782)**	**(119,782)**
Deemed premiums received	**(303,324)**	**–**	**(303,324)**
Deemed claims paid	**–**	**113,830**	**113,830**
Effects of movement in exchange rates	**1,365**	**(329)**	**1,036**
At 31 December 2024	**146,064**	**(23,084)**	**122,980**

8 Other receivables

	31 December 2024 P'000	31 December 2023 P'000
Deposits and prepayments	**141,275**	140,898
Receivable from insurance arrangements	**127,439**	77,586
Withholding tax and value added tax receivable	**15,494**	5,577
Deferred arrangement and commission fees	**31,601**	53,484
Settlement and clearing accounts	**57,165**	45,193
Other receivables	**11,780**	10,934
	384,754	333,672

Due to the short-term nature of the current receivables, their carrying amount approximates their fair value.

9 Financial assets at fair value through other comprehensive income

	31 December 2024 P'000	31 December 2023 P'000
Balance at the beginning of the year	**11,038**	43,107
Acquisition of equity securities	**–**	11,038
Fair value loss recognised through other comprehensive income	**–**	(43,107)
	11,038	11,038

The Group holds a stake in a company that operates a financial services platform. A fair value assessment of this investment is performed annually.

Notes to the consolidated annual financial statements continued

10 Property and equipment

	Motor vehicles P'000	Computer equipment P'000	Office furniture & equipment P'000	Land & building P'000	Total P'000
Cost					
Balance at 1 January 2024	18,786	143,114	153,358	17,262	332,520
Additions	3,949	16,466	26,017	–	46,432
Transfers	–	(4)	4	–	–
Disposals	(436)	(25,976)	(1,606)	–	(28,018)
Forex translation	(1,118)	(6,107)	180	(164)	(7,209)
Balance at 31 December 2024	21,181	127,493	177,953	17,098	343,725
Accumulated depreciation					
Balance at 1 January 2024	10,666	122,369	94,673	–	227,708
Charge for the year	3,623	18,393	21,860	–	43,876
Transfers	–	(4)	4	–	–
Disposals	(436)	(25,955)	(1,146)	–	(27,537)
Forex translation	(1,846)	851	1,320	–	325
Balance at 31 December 2024	12,007	115,654	116,711	–	244,372
Net book value at 31 December 2024	9,174	11,839	61,242	17,098	99,353

None of the Group's property and equipment has been pledged as security for Borrowings as at the reporting date.

The 'disposals' in the current reporting period pertain mainly to branch assets that were scrapped upon closure of branches.

Notes to the consolidated annual financial statements continued

10 Property and equipment continued

	Motor vehicles P'000	Computer equipment P'000	Office furniture & equipment P'000	Land & building P'000	Total P'000
Cost					
Balance at 1 January 2023	19,419	156,410	154,630	18,420	348,879
Additions	6,817	10,353	8,882	–	26,052
Transfers	1,268	5,201	12,093	–	18,562
Disposals	(6,680)	(24,068)	(16,192)	–	(46,940)
Forex translation	(2,038)	(4,782)	(6,055)	(1,158)	(14,033)
Balance at 31 December 2023	18,786	143,114	153,358	17,262	332,520
Accumulated depreciation					
Balance at 1 January 2023	13,399	128,776	89,943	–	232,118
Charge for the year	3,459	18,928	22,363	–	44,750
Disposals	(2,046)	(18,478)	(12,478)	–	(33,002)
Forex translation	(4,146)	(6,857)	(5,155)	–	(16,158)
Balance at 31 December 2023	10,666	122,369	94,673	–	227,708
Net book value at 31 December 2023	8,120	20,745	58,685	17,262	104,812

Notes to the consolidated annual financial statements continued

11 Right-of-use assets

	Property P'000	Total P'000
Cost		
Balance at 1 January 2024	**251,610**	**251,610**
Additions	**53,905**	**53,905**
Adjustment on lease terminations	**(3,828)**	**(3,828)**
Forex translation	**(77)**	**(77)**
Balance at 31 December 2024	**301,610**	**301,610**
Accumulated depreciation		
Balance at 1 January 2024	**162,369**	**162,369**
Charge for the year	**46,107**	**46,107**
Adjustment on lease terminations	**(3,150)**	**(3,150)**
Forex translation	**1,208**	**1,208**
Balance at 31 December 2024	**206,534**	**206,534**
Net book value at 31 December 2024	**95,076**	**95,076**

The 'adjustment on lease terminations' in the current reporting period pertain to lease terminations arising from closure of branches.

	Property P'000	Total P'000
Cost		
Balance at 1 January 2023	235,206	235,206
Additions	15,214	15,214
Adjustment on lease modification	18,595	18,595
Adjustment on lease terminations	(14,798)	(14,798)
Forex translation	(2,607)	(2,607)
Balance at 31 December 2023	251,610	251,610
Accumulated depreciation		
Balance at 1 January 2023	133,552	133,552
Charge for the year	46,768	46,768
Adjustment on lease modification	6,439	6,439
Adjustment on lease terminations	(13,738)	(13,738)
Forex translation	(10,652)	(10,652)
Balance at 31 December 2023	162,369	162,369
Net book value at 31 December 2023	89,241	89,241

Notes to the consolidated annual financial statements continued

12 Intangible assets

	Computer Software P'000	Brand value P'000	Core deposit P'000	Work in progress P'000	Total P'000
Cost					
Balance at 1 January 2024	**214,897**	**2,177**	**9,277**	**280,683**	**507,034**
Additions	**5,200**	**–**	**–**	**22,220**	**27,420**
Transfers	**173,157**	**–**	**–**	**(173,157)**	**–**
Disposals	**(1,249)**	**–**	**–**	**–**	**(1,249)**
Forex translation	**(9,811)**			**(173)**	**(9,984)**
Balance at 31 December 2024	**382,194**	**2,177**	**9,277**	**129,573**	**523,221**
Accumulated amortisation					
Balance at 1 January 2024	**96,870**	**2,177**	**9,277**	**–**	**108,324**
Charge for the year	**27,901**			**–**	**27,901**
Transfers	**–**	**–**	**–**	**–**	**–**
Disposals	**(1,249)**	**–**	**–**	**–**	**(1,249)**
Forex translation	**(4,823)**	**–**	**–**	**–**	**(4,823)**
Balance at 31 December 2024	**118,699**	**2,177**	**9,277**	**–**	**130,153**
Net book value at 31 December 2024	**263,495**	**–**	**–**	**129,573**	**393,068**

Work-in-progress relates to software development projects embarked on by the Group. The significant proportion of the amount pertains to a digital retail financial services platform being internally developed with a carrying amount of approximately P86.1 million as at the reporting date. All components of the digital financial services platform is anticipated to be completed in 2026.

None of the Group's intangible assets have been pledged as security for Borrowings as at the reporting date.

	Computer Software P'000	Brand value P'000	Core deposit P'000	Work in progress P'000	Total P'000
Cost					
Balance at 1 January 2023	110,383	4,008	9,232	286,113	409,736
Additions	22,697	–	–	97,329	120,026
Transfers	86,823	–	–	(105,386)	(18,563)
Forex translation	(5,006)	(1,831)	45	2,627	(4,165)
Balance at 31 December 2023	214,897	2,177	9,277	280,683	507,034
Accumulated amortisation					
Balance at 1 January 2023	91,721	3,605	8,612	–	103,938
Charge for the year	10,757	(1,428)	665	–	9,994
Transfer	–	–	–	–	–
Forex translation	(5,608)	–	–	–	(5,608)
Balance at 31 December 2023	96,870	2,177	9,277	–	108,324
Net book value at 31 December 2023	118,027	–	–	280,683	398,710

13 Goodwill

	31 December 2024 P'000	31 December 2023 P'000
Goodwill on the acquisition of:		
Letshego Holdings Namibia Limited	**22,671**	22,407
Letshego Tanzania Limited	**2,329**	2,163
Letshego Ghana Plc	**5,097**	6,021
	30,097	30,591
Movement in goodwill		
Balance at the beginning of the year	**30,591**	31,910
Effect of exchange rate changes	**(494)**	(1,319)
Balance at the end of the year	**30,097**	30,591

The Group performs its impairment test annually. The Group assesses the recoverable amount of goodwill in respect of all cash generating units in order to determine indications of impairment. The key assumptions used to determine the recoverable amount for the different cash generating units are projected cash flows, pre-tax discount rates and a growth rate to extrapolate any cash flows anticipated beyond a 5 year period. Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. An assessment was performed at year end using the respective entities' value-in-use to determine the recoverable amount and there were no indications of impairment for the above cash generating units.

Refer to Note 2.7 for details of the various metrics used for calculating the value in use of each cash generating unit above.

14 Financial liabilities at fair value through profit or loss

	31 December 2024 P'000	31 December 2023 P'000
Foreign currency swaps and forwards	**661,386**	980,519
	661,386	980,519

In the current year P597.6m (2023:P980.1m) of the above relates to short term foreign currency swap arrangements with financial institutions, where the Group pays a specified amount in one currency and receives a specified amount in another currency to reduce its exposure on currency risk. These were translated using reporting date exchange rates to reflect the changes in foreign currencies. The respective assets are disclosed in Note 5.

Letshego Africa Holdings Limited and Letshego Ghana Savings and Loans Plc entered into currency swap agreements with financial institutions in respect of foreign currency denominated funding listed below. The currency swaps hedge the variable factor of the capital and interest coupons payable on these. Management evaluates the effective cash flow and applicable payments on the capital and coupon payments and discounts these to calculate the fair value of the currency swap.

Entity – Cross Currency Swaps	Currency	P'000
Letshego Africa Holdings Limited	USD	565,222
Letshego Ghana Savings and Loans Plc	USD	32,331

Notes to the consolidated annual financial statements continued

15 Customer deposits

	31 December 2024 P'000	31 December 2023 P'000
Demand accounts	**400,618**	118,051
Savings accounts	**631,512**	628,561
Call and term deposits	**1,115,169**	791,372
	2,147,299	1,537,984

These are deposits from customers and are short-term in nature.

16 Cash collateral

	31 December 2024 P'000	31 December 2023 P'000
Balance at the beginning of the year	**15,853**	18,476
Raised/(utilised) during the year	**1,185**	(2,623)
Closing balance	**17,038**	15,853

Cash collateral represents payments made by customers as security for loans taken. The amounts are refundable upon the successful repayment of loans by customers or are utilised to cover loans in the event of default. Reference is made to Note 1.5 where the carrying amount of the cash collateral has been indicated to approximate its fair value.

17 Trade and other payables

	31 December 2024 P'000	31 December 2023 P'000
Insurance premium payable	**74,128**	86,534
Payroll related accruals	**22,202**	20,204
Staff incentive accrual (note 17.1)	**41,872**	63,570
Accruals (note 17.2)	**33,968**	22,936
Guarantee funds	**–**	423,013
Other payables	**107,301**	139,479
Value added tax/withholding tax payable	**49,437**	40,805
	328,908	796,541

Guarantee funds related to deposits received by the Group from a strategic partner for the funding of mobile loans in Ghana. During the year these deposits were fully settled following an alteration to the funding arrangement for the mobile loans product.

17.1 Movement in staff incentive accrual

	31 December 2024 P'000	31 December 2023 P'000
Balance at the beginning of the year	**63,570**	74,300
Current period (reversal)/charge (note 28)	**(4,068)**	35,126
(Paid)/reversed during the year	**(17,630)**	(45,856)
Balance at the end of the year	**41,872**	63,570

17.2 Movement in accruals

	31 December 2024 P'000	31 December 2023 P'000
Balance at the beginning of the year	**22,936**	20,272
Net accruals raised during the year	**11,032**	2,664
Balance at the end of the year	**33,968**	22,936

Notes to the consolidated annual financial statements continued

18 Lease liabilities

	Carrying amount at 01 January 2024	Additions	Adjustment on lease modification	Interest expense	Cash payments	Forex translation	Carrying amount at 31 December 2024
Lease liabilities	**97,972**	**53,905**	**–**	**12,540**	**(64,165)**	**(1,963)**	**98,289**

	Carrying amount at 01 January 2023	Additions	Adjustment on lease modification	Interest expense	Cash payments	Forex translation	Carrying amount at 31 December 2023
Lease liabilities	97,953	15,214	12,157	12,244	(47,800)	8,204	97,972

	31 December 2024 P'000	31 December 2023 P'000
The following are the amounts recognised in profit or loss:		
Depreciation expense of right of use asset	**46,107**	46,768
Interest expense on lease liabilities	**12,540**	12,244
Expense relating to short-term leases	**5,015**	8,521
Expense relating to low value assets	**905**	471
	64,567	68,004
Total cash outflows relating to leases were as follows:		
Leases accounted for under IFRS 16	**64,165**	47,800
Short-term leases	**5,015**	8,521
Leases relating to low value assets	**905**	471
	70,085	56,792

The Group has entered into commercial leases for premises and operating equipment. The leases have an average life of between one and five years. The Group elects not to recognise assets and liabilities with a lease term of up to 12 months and low value leases for operating equipment. There are no restrictions placed upon the lessee by entering into these. The Group's leases are mainly non-cancellable and refer to the ageing of future lease payments as at 31 December 2024.

19 Borrowings

	31 December 2024 P'000	31 December 2023 P'000
Commercial banks	**4,555,619**	4,587,754
Note programmes	**2,938,332**	2,447,226
Development Financial Institutions	**2,043,593**	2,494,878
Pension funds	**139,021**	96,443
Total borrowings	**9,676,565**	9,626,301
Contractual maturity analysis		
Maturing within one year	**4,455,624**	3,326,232
Maturing after one year within three years	**3,227,338**	3,596,288
Maturing after three years	**1,993,603**	2,703,781
Total borrowings	**9,676,565**	9,626,301
Contractual interest on borrowings to maturity at reporting date	**1,108,214**	1,628,043
Total contractual cash flows on interest bearing loans and borrowings	**10,784,779**	11,254,344
Movement in borrowings		
Balance at the beginning of the year	**9,626,301**	8,027,840
Finance obtained from third parties	**2,220,200**	3,449,546
Repayment of borrowings	**(2,203,842)**	(1,919,648)
Effect of exchange rate changes	**33,906**	68,563
Balance at the end of the year	**9,676,565**	9,626,301

Note programmes and bilateral placements

The Group has issued medium term note programmes of P2.94 billion (2023: P2.07 billion) of which P1.94 billion (2023: P1.11 billion) are on the Botswana Stock Exchange, P144 million (2023: P257 million) are on the Ghana Stock exchange, P570 million (2023: P314 million) are listed on the Namibian Stock Exchange and P281 million (2023: 290 Million) are listed on the Mozambique Stock Exchange at the reporting date. Bilateral placements have been made by pension funds and certain investment houses in Eswatini amounting to P139m (2023: P94m).

Security

P1.9 billion (2023: P2.3 billion) relates to loans that are secured by a corporate guarantee from Letshego Africa Holdings Limited. During the current year a number of subsidiaries sourced in-country and foreign funding which was guaranteed by Letshego Africa Holdings Limited.

P99 million (2023: P142 million) relates to loans that are secured by a corporate guarantee from Letshego Financial Services (Pty) Limited Botswana. This relates to debt owed by Letshego Africa Holdings Limited.

Interest rate

P1.8 billion (2023: P2.4 billion) of the borrowings are at fixed interest rates, P5.8 billion (2023: P5.7 billion) are loans issued at variable interest rates and P1.1 billion (2023: P1.2 billion) are fixed via cross currency swaps. The variable interest rates include rates linked to each country's prime lending rate, Ghana reference rate, 3-months JIBAR, 3-months and 6-months US SOFR, Ghana 182 days T-bill and 3 months Bank of Botswana's rates.

Covenant breaches

Throughout the year, the Group actively engaged funders on the covenant breaches from prior year and remedial action being taken. During the year, the Group negotiated with funders to replace covenants that have become irrelevant or unachievable over time, with some success in Ghana and Kenya. The Group also proactively engaged funders before the current year end breaches took place to obtain Letters of No Action. Some engagements continued post the balance sheet period, resulting in Letters of No Action in the subsequent period, covering the December 2024 year end.

As at the reporting date, the Group was in breach of certain loan covenants in relation to funding of P2.41 billion in certain entities. These were as follows:

Kenya – obligations amounting to P301 million, covenant relating to profitability (Kenya had a negative return on assets), non-performing loans ratio and provisioning ratio (PAR 90 and related provisions were greater than the target risk appetite level as defined by the lender) Debt to Equity ratio, liquidity ratio and solvency ratio.

Uganda – obligations amounting to P96 million, covenant relating to portfolio quality i.e. Non-performing loans ratio (Par 90 greater than the target risk appetite level as defined by the lender), cost to income ratio, Write off ratio and Monthly Collections less than the monthly collections target.

Botswana – obligations of P207 million, covenants relating to Maturity Matching Ratio, Portfolio risk and Non Performing loans ratio (PAR 90 greater than the target risk appetite level as defined by the lender).

Eswatini – obligations of P119 million, covenants relating to Bad Debts Ratio, Interest Cover Ratio and Loan loss Ratio.

Lesotho – obligations of P186 million, covenant relating to Non-DAS book Ratio (i.e. Non-DAS portfolio: Total portfolio).

Ghana – obligations of P271 million, covenants relating to Portfolio quality, Max Credit Loss Ratio, Foreign currency ratio and Minimum loan book cover ratio.

Holdings/Group – obligations amounting to P1.23 billion relating to net open currency position (Foreign Currency Assets minus Foreign-Currency Liabilities divided by Total Adjusted Equity), solvency ratio (total equity divided by total assets), return on assets, Capitalization ratio, non-performing loans, liquidity ratio and Single group exposure ratio.

At the time of reporting, letters of no action were received for borrowing facilities amounting to P1.65 billion. Engagements are ongoing for borrowing facilities amounting to P760 million. Refer to Note 39 for the impact of the indicated breaches on the maturity profile of Borrowings.

Notes to the consolidated annual financial statements continued

20 Stated capital

	31 December 2024 P'000	31 December 2023 P'000
Issued: 2,175,038,644 ordinary shares of no par value (2023: 2,175,038,644) of which 28,897,741 shares (2023: 11,651,597) are held as treasury shares. During the year, the Group bought back 17,246,144 of its own ordinary shares as per the Holding Company's constitution, which permits the Directors of the Company to make on market share buy backs from time to time in order to preserve shareholder value.	**897,909**	917,909

31 December 2024	Number of shares in issue	Shares held as treasury shares	Total number of shares
Number of shares at the beginning of the year ('000)	**2,163,387**	**11,652**	**2,175,039**
Shares issued during the year ('000)	**–**	**–**	**–**
Acquired and transferred to treasury shares during the year ('000)	**(17,246)**	**17,246**	**–**
Number of shares at the end of the year ('000)	**2,146,141**	**28,898**	**2,175,039**

31 December 2023	Number of shares in issue	Shares held as treasury shares	Total number of shares
Number of shares at the beginning of the year ('000)	2,145,124	3,990	2,149,114
Shares issued during the year ('000)	25,925	–	25,925
Acquired and transferred to treasury shares during the year ('000)	(7,662)	7,662	–
Number of shares at the end of the year ('000)	2,163,387	11,652	2,175,039

In terms of the Group LTIP (note 22), nil shares (2023: 25.925 million shares) vested at Group level during the current year. The number of shares in issue decreased to 2,146 million (2023: 2,163 million) due to the acquisition of 17.246 million treasury shares and the number of shares held as treasury shares increased to 28.898 million (2023: 11.652 million).

Every shareholder shall have one vote for every share held subject to the rights of the holders of any shares entitled to any priority, preference or special privileges. All dividends shall be declared and paid to the members in proportion to the shares held by them respectively.

Capital management

The Group monitors its capitalisation levels using metrics including Return on Equity, Capitalisation ratio (Total equity/total assets), Capital Adequacy ratio, Debt to Equity ratio and forecasts of asset and profitability performance. The Group's objectives when managing capital, which is a broader concept than the 'equity' in the consolidated statement of financial position are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group's shareholders' equity consists of stated capital and reserves. The Group uses its shareholders' equity and long term borrowings to fund growth and monitors the adequacy of its capital using internal benchmarks as well as external benchmarks set by funders and regulators in the countries of operations. A risk-based approach is also adopted whereby balances with counterparties are required to be supported by capital to a greater extent than other internally held assets.

	31 December 2024	31 December 2023
Capitalisation ratio	**24%**	24%
Return on equity	**(2%)**	(3%)
Debt to equity	**196%**	183%

Certain subsidiaries are regulated for capital requirements by the respective in-country regulators. Group maintains sufficient capital in its subsidiaries in order to meet the requirements of local jurisdictions. These are monitored constantly and actions are taken as and when required. During the year the subsidiaries have complied with the capital requirements.

Notes to the consolidated annual financial statements continued

21 Legal reserve

	31 December 2024 P'000	31 December 2023 P'000
Balance at the beginning of the year	**377,121**	313,780
Movement for the period – allocated from retained earnings	**40,252**	63,341
Balance at the end of the year	**417,373**	377,121

Legal reserve relates to non-distributable reserves and may be used to increase capital. This is applicable to the following:

▶ Letshego Financial Services Mozambique	Central Bank regulation requires a 30% transfer of annual profits.
▶ Letshego Bank (Namibia) Limited	The reserve represents the difference between provisions computed as per IFRS 9 and provisions calculated as per the regulatory approach.
▶ Letshego Ghana Plc	Central Bank regulation requires a 50% transfer of annual profits.
▶ Letshego Faidika Bank Limited	Where the provisions computed in accordance with International Financial Reporting Standards (IFRS) are less than those required by Regulations, a special non-distributable reserve shall be created through an appropriation of distributable reserves to eliminate the shortfall.
▶ Letshego Uganda Limited	Microfinance regulator requires a transfer of annual profits to be based on the difference between provisioning per IFRS 9 and as per the regulator.

22 Share-based payment scheme

Performance shares granted as Long Term Incentive Plan (LTIP) may not exceed 10% of the issued ordinary shares of the Holding Company. The incentive is subject to Group performance conditions which are based on criteria set by the Group Remuneration Committee. These are aimed at alignment of the interests of staff with shareholder interests. They apply over a specified period of time and are pegged to a continued employment condition. The maximum number of shares which can be allocated to any individual participant under the scheme is 1% of the issued ordinary shares of the holding company.

The Group does not have a past practice of cash settlement for these share options and therefore accounts for them as an equity-settled plan.

As at 31 December 2024, 63,695,087 total awards were outstanding (2023: 113,863,552) at grant date share prices of P1.25 for 2023 and 2024 awards, respectively (31 December 2023: P0.75, P1,41 and P1.25 for 2021, 2022 and 2023 awards respectively).

Reconciliation of outstanding awards	31 December 2024		31 December 2023	
	Fair values	No. of awards	Fair values	No. of awards
Outstanding at the beginning of the year	**P0.75/P1.41/ P1.25**	**113,863,552**	P0.71/P0.75/ P1.41	132,533,060
Granted during the year	**P1.25**	**32,249,203**	1.25	41,370,632
Exercised during the year		**–**	0.71	(25,924,588)
Forfeited due to not meeting performance	**P0.75/P1.41**	**(65,137,453)**	0.71	(27,466,432)
Forfeited due to resignations	**P0.75/P1.41/ P1.25**	**(17,280,215)**	P0.75/P1.41/ P1.25	(6,649,120)
Outstanding at the end of the year	**P1.25**	**63,695,087**	P0.75/P1.41/ P1.25	113,863,552

	31 December 2024 P'000	31 December 2023 P'000
Movement in share based payment reserve		
Opening balance	**34,832**	42,474
(Reversal)/charge during the year (note 28)	**(16,257)**	10,696
New shares issued from vesting of options during the year	**–**	(18,338)
Closing balance	**18,575**	34,832

The award is indexed to the Group's share price on the Botswana Stock Exchange and does not accrue notional dividends during the vesting period.

Notes to the consolidated annual financial statements continued

23 Interest income at effective interest rate

	31 December 2024 P'000	31 December 2023 P'000
Advances to customers	**3,041,832**	2,791,221
Interest income on risk informal/mobile loans	**749,654**	228,297
Interest income on non-risk informal/mobile loans	**21,130**	310,725
Interest income from deposits with banks, including investment securities	**123,907**	94,704
	3,936,523	3,424,947

24 Interest expense at effective interest rate

	31 December 2024 P'000	31 December 2023 P'000
Overdraft facilities and term loans	**1,563,105**	1,335,543
Interest adjustment on non-risk informal/mobile loans	**21,130**	310,725
	1,584,235	1,646,268
24.1 Other interest expense		
Interest expense on leases	**12,540**	12,244

25 Fee and commission income

	31 December 2024 P'000	31 December 2023 P'000
Administration fees – lending	**111,349**	29,319
Credit life insurance commission	**–**	27,709
	111,349	57,028

26 Other operating income

	31 December 2024 P'000	31 December 2023 P'000
Early settlement fees	**15,143**	56,234
Commission income from insurance arrangements	**135,452**	143,837
Market adjustment gain on interest currency swaps	**6,390**	–
Sundry income	**66,787**	56,070
	223,772	256,141

27 Insurance service result

	31 December 2024 P'000	31 December 2023 P'000
The following components are arising from cell captive arrangements in the Group's Namibia subsidiary:		
Insurance revenue	**325,671**	286,519
– Credit life	**208,078**	104,180
– Credit default	**117,593**	182,339
Insurance service expense	**(119,782)**	(85,316)
– Credit life	**(37,261)**	(25,753)
– Credit default	**(82,521)**	(59,563)
Net insurance service result	**205,889**	201,203

28 Employee benefits

	31 December 2024 P'000	31 December 2023 P'000
Salaries and wages	**488,889**	520,006
Staff incentive (note 17.1)	**(4,068)**	35,126
Staff recruitment costs	**2,889**	1,283
Staff pension fund contribution	**36,780**	35,986
Directors' remuneration – for management services (executive)	**10,170**	8,507
Long term incentive plan (note 22)	**(16,257)**	10,696
	518,403	611,604

During the year the Group reversed excess Staff Incentive and Long Term Incentive Plan provisions in light of certain of the targets set for the recognition of obligations relating to these not having been achieved.

Notes to the consolidated annual financial statements continued

29 Other operating expenses

	31 December 2024 P'000	31 December 2023 P'000
Accounting and secretarial fees	**279**	229
Advertising	**29,594**	33,182
Audit fees	**10,978**	8,418
– Audit services	**10,978**	8,124
– Other services	**–**	294
Bank charges	**34,208**	12,236
Computer expenses	**1,504**	25,304
Consultancy fees	**74,890**	82,054
Corporate social responsibility	**2,933**	2,462
Collection commission	**163,712**	101,057
Direct costs	**15,487**	16,978
Direct costs – short term loans	**218,488**	56,763
Depreciation and amortization – property & equipment, intangible assets	**71,777**	54,744
Depreciation – right of use assets	**46,107**	46,768
Directors' fees – non executive	**7,418**	6,860
Directors' fees – subsidiary boards	**11,089**	8,995
Government levies	**29,203**	26,418
Insurance	**19,798**	18,959
Insurance – customer short term	**48,364**	42,534
Loss on net monetary position	**87,270**	149,905
Loss on disposal/scrapping of property and equipment	**481**	13,937
Loss on termination of right-of-use assets	**678**	1,059
Office expenses	**34,353**	30,105
Short term leases	**5,015**	8,521
Rental expense for low value assets	**905**	471
Other operating expenses	**252,414**	203,826
– Entertainment	**1,375**	627
– IT costs	**5,349**	3,563
– Mark-to-market loss on foreign currency swaps	**–**	9,345
– Motor vehicle expenses	**8,352**	10,046
– Net foreign exchange loss	**15,368**	52,078
– Printing and Stationery	**8,052**	9,140
– Repairs and Maintenance	**5,947**	10,001
– Storage costs	**3,889**	3,912
– Subscriptions and licenses	**74,441**	38,314
– Other expenses	**129,641**	66,800
Payroll administration costs	**44**	1,203
Professional fees	**99,350**	83,820
Telephone and postage	**34,520**	30,859
Travel	**24,142**	23,484
	1,325,001	1,091,151

30 Taxation

	31 December 2024 P'000	31 December 2023 P'000
Amounts recognised in profit or loss		
Current taxation	**363,310**	328,011
– Basic taxation	**292,408**	220,633
– Withholding taxes	**57,622**	91,908
– Release of prior year's tax provision	**13,280**	15,470
Deferred tax	**(15,392)**	(57,751)
– Origination and reversal of temporary differences	**(15,392)**	(57,751)
	347,918	270,260

30.1 Deferred taxation

	31 December 2024 P'000	31 December 2023 P'000
Balance at the beginning of the year	**200,097**	142,346
Current year movement	**(2,293)**	57,751
Balance at the end of the year	**197,804**	200,097
Deferred tax assets	**201,298**	219,000
Deferred tax liabilities	**(3,494)**	(18,903)
	197,804	200,097
The Group expects to generate sufficient taxable profits to utilise the deferred tax asset based on historical profitability trends and management judgement on future business prospects.		
Deferred taxation arises from temporary differences on the following items:		
Property and equipment	**(32,348)**	(13,930)
Lease liability	**7,711**	4,911
Right of use asset	**(11,879)**	(1,482)
Share based payment provision	**10,020**	3,961
Staff incentive provision	**5,413**	557
Expected credit losses	**140,587**	129,532
Assessed losses	**75,451**	82,254
Leave pay accrual	**364**	103
Net deferred expenditure	**21,322**	(14,242)
Prepayments	**(3,087)**	(2,996)
Unrealised exchange (gain)/loss	**(1,873)**	5,246
Provisions	**(1,350)**	6,181
Borrowings	**(409)**	2,703
Financial assets and liabilities at fair value	**(12,118)**	(2,701)
	197,804	200,097

Notes to the consolidated annual financial statements continued

30 Taxation continued

	31 December 2024 P'000	31 December 2023 P'000
30.2 Tax rate reconciliation		
Profit before taxation	**254,584**	121,461
Tax calculated at Botswana statutory rate of 22%	**56,008**	26,721
Effect of net foreign deductions at tax rate of 15%	**26,900**	24,024
Effect of tax rates in foreign jurisdictions	**98,596**	88,056
Expenses and revenues not deductible for tax purposes	**114,149**	65,833
WHT tax credits adjustments	**38,985**	50,156
Release of prior year's provision	**13,280**	15,470
	347,918	270,260
30.3 Reconciliation of income tax paid		
Opening balance – net of receivables and payables	**7,697**	575
	345,625	328,011
– Tax charge per profit or loss	**347,918**	270,260
– Movement in deferred tax asset	**(17,702)**	76,315
– Movement in deferred tax liabilities	**15,409**	(18,564)
Closing balance – net of receivables and payables	**(56,258)**	(7,697)
Income tax paid	**297,064**	320,889

31 Earnings per share

The calculation of basic earnings per share is based on after taxation earnings attributable to ordinary shareholders and the weighted average number of shares in issue during the period as follows:

	31 December 2024 P'000	31 December 2023 P'000
Earnings attributable to ordinary equity holders of the parent	**(158,973)**	(201,049)
Weighted number of shares:		
At beginning of year	**2,175,039**	2,149,114
Effect of shares issued (31 December 2024 – nil: 31 December 2023 – 25,925 million shares)	**–**	14,702
Effect of treasury shares	**(20,865)**	(8,335)
Weighted number of shares at end of year	**2,154,174**	2,155,481
Basic (loss)/earnings per share (thebe)	**(7.4)**	(9.3)
The calculation of diluted earnings per share is based on after taxation earnings attributable to ordinary shareholders and the weighted average number of shares in issue during the year, adjusted for the effects of dilutive potential ordinary shares as follows:		
Weighted number of shares:		
Weighted number of shares at end of year	**2,154,174**	2,155,481
Dilution effect – number of shares (note 22)	**63,695**	113,864
	2,217,869	2,269,345
Diluted (loss)/earnings per share (thebe)	**(7.2)**	(8.9)

32 Dividend paid

	31 December 2024 P'000	31 December 2023 P'000
Previous year final dividend paid during the year	**–**	209,849
Interim dividend paid	**–**	110,332
Total dividend paid to equity holders	**–**	320,181
Dividends per share: Interim (thebe) – paid	**–**	5.1
: Final (thebe) – proposed	**–**	–

Notes to the consolidated annual financial statements continued

33 Segment information

Following the introduction of the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group Chief Executive Officer (the Chief Operating Decision-Maker), who is responsible for allocating resources to the reportable segments and assessing performance. Operating segments are reviewed and reported geographically to the CODM. All reported segments used by the Group meet the definition of a reportable segment.

The Group operates in eleven countries, namely Botswana, Namibia, Mozambique, Lesotho, Eswatini, Kenya, Rwanda, Uganda, Tanzania, Nigeria, Ghana and offers Deduction at source (DAS), MSE and Informal loans to its customers. There were no changes in the reportable segments during the year.

The performance of the Holding Company is evaluated using proportionate consolidation and its financing and its income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arms-length basis in a manner similar to transactions with third parties. No operating segments have been aggregated to form the following reportable operating segments:

33.1 Reportable segments

31 December 2024	Botswana P '000	Namibia P '000	Mozambique P '000	Lesotho P '000	Eswatini P '000	Kenya P '000	Rwanda P '000	Uganda P '000	Tanzania P '000	Nigeria P '000	Ghana P '000	Holding company or eliminations* P '000	Total P '000
Operating income	762,055	639,150	578,499	112,297	93,570	81,278	29,827	184,347	186,028	44,571	586,529	(417,393)	2,880,758
Profit/(loss) before taxation	257,326	376,432	349,703	3,906	(41,851)	(131,742)	7,989	48,226	17,101	3,492	(22,909)	(613,089)	254,584
Taxation – consolidated													(347,918)
Loss – consolidated													(93,334)
Gross Advances to customers	3,385,442	4,007,610	2,910,922	611,120	602,906	543,368	181,811	592,463	520,584	121,505	1,070,529	–	14,548,260
Impairment provisions	(360,439)	(13,514)	(22,003)	(65,378)	(44,453)	(170,955)	(3,897)	(46,283)	(65,136)	(17,999)	(169,040)	–	(979,097)
Net Advances	3,025,003	3,994,096	2,888,919	545,742	558,453	372,413	177,914	546,180	455,448	103,506	901,489	–	13,569,163
Total assets	3,372,775	5,361,562	3,542,978	584,702	621,958	482,094	203,376	626,301	615,953	119,889	1,461,857	970,834	17,964,279
Borrowings	1,746,523	2,150,342	802,622	185,514	257,361	363,743	10,127	374,911	–	24,058	580,765	3,180,599	9,676,565
Total liabilities	1,913,785	3,352,302	1,500,408	213,488	282,802	431,403	76,201	381,259	98,622	55,263	1,091,299	3,606,236	13,003,068

31 December 2023	Botswana P '000	Namibia P '000	Mozambique P '000	Lesotho P '000	Eswatini P '000	Kenya P '000	Rwanda P '000	Uganda P '000	Tanzania P '000	Nigeria P '000	Ghana P '000	Holding company or eliminations* P '000	Total P '000
Operating income	696,771	543,276	475,566	91,178	112,438	132,200	22,472	176,403	145,918	67,734	217,819	(400,968)	2,280,807
Profit/(loss) before taxation	159,327	287,089	311,371	19,078	33,982	(37,489)	2,297	24,780	9,557	15,350	(62,880)	(641,001)	121,461
Taxation – consolidated													(270,260)
Profit – consolidated													(148,799)
Gross Advances to customers	3,845,720	3,506,060	2,542,221	507,733	628,914	602,407	177,103	579,435	502,204	145,898	1,308,094	–	14,345,789
Impairment provisions	(356,218)	(31,424)	(14,353)	(26,730)	(53,088)	(125,003)	(2,135)	(52,350)	(75,496)	(19,685)	(101,415)	–	(857,897)
Net Advances	3,489,502	3,474,636	2,527,868	481,003	575,826	477,404	174,968	527,085	426,708	126,213	1,206,679	–	13,487,892
Total assets	4,000,402	5,067,530	3,063,770	517,404	618,509	566,204	190,891	573,140	627,605	158,544	1,679,328	1,046,766	18,110,093
Borrowings	1,782,885	2,283,919	658,295	183,232	263,331	365,735	–	341,331	–	–	513,573	3,234,000	9,626,301
Total liabilities	2,278,883	3,093,005	1,299,354	205,392	300,161	424,637	68,394	357,894	67,480	46,189	1,323,866	3,724,951	13,190,206

* *Included in Holding company or eliminations are intragroup charges between the Holding Company and subsidiary entities.*

Notes to the consolidated annual financial statements continued

33 Segment information continued

33.2 Disaggregated revenue information

31 December 2024	Botswana P '000	Namibia P '000	Mozambique P '000	Lesotho P '000	Eswatini P '000	Kenya P '000	Rwanda P '000	Uganda P '000	Tanzania P '000	Nigeria P '000	Ghana P '000	Holding company or eliminations* P '000	Total P '000
Interest income at effective interest rate	**844,431**	**692,371**	**827,303**	**138,055**	**144,953**	**133,225**	**41,168**	**240,172**	**181,531**	**50,431**	**804,151**	**(161,268)**	**3,936,523**
Interest expense at effective interest rate	**(174,806)**	**(298,989)**	**(282,648)**	**(29,839)**	**(51,598)**	**(60,618)**	**(12,242)**	**(59,222)**	**(1,677)**	**(7,019)**	**(308,018)**	**(297,559)**	**(1,584,235)**
Other interest expense	**(1,887)**	**(562)**	**(4,359)**	**(587)**	**(458)**	**(772)**	**(81)**	**(430)**	**(511)**	**–**	**(5)**	**(2,888)**	**(12,540)**
Net interest income	**667,738**	**392,820**	**540,296**	**107,629**	**92,897**	**71,835**	**28,845**	**180,520**	**179,343**	**43,412**	**496,128**	**(461,715)**	**2,339,748**
Fee and commission income	**–**	**27,540**	**13,069**	**–**	**–**	**2,656**	**420**	**–**	**- 7,863**	**408**	**75,119**	**–**	**111,349**
Other operating income	**94,317**	**12,901**	**25,134**	**4,668**	**673**	**6,787**	**562**	**3,827**	**14,548**	**751**	**15,282**	**44,322**	**223,772**
Net insurance service result	**–**	**205,889**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**205,889**
Operating income	**762,055**	**639,150**	**578,499**	**112,297**	**93,570**	**81,278**	**29,827**	**184,347**	**186,028**	**44,571**	**586,529**	**(417,393)**	**2,880,758**
31 December 2023													
Interest income at effective interest rate	787,803	564,652	659,293	104,995	147,262	166,525	39,085	226,715	139,032	69,448	658,497	(138,360)	3,424,947
Interest expense at effective interest rate	(183,945)	(252,178)	(238,189)	(14,765)	(35,765)	(58,097)	(17,488)	(52,109)	(1,450)	(3,719)	(500,766)	(287,797)	(1,646,268)
Other interest expense	(1,125)	(568)	(5,198)	(214)	(463)	(815)	(309)	(255)	(390)	–	(166)	(2,741)	(12,244)
Net interest income	602,733	311,906	415,906	90,016	111,034	107,613	21,288	174,351	137,192	65,729	157,565	(428,898)	1,766,435
Fee and commission income	1,081	24,476	10,860	370	–	12,804	821	–	2,611	613	3,392	–	57,028
Other operating income	92,957	5,691	48,800	792	1,404	11,783	363	2,052	6,115	1,392	56,862	27,930	256,141
Net insurance service result	–	201,203	–	–	–	–	–	–	–	–	–	–	201,203
Operating income	696,771	543,276	475,566	91,178	112,438	132,200	22,472	176,403	145,918	67,734	217,819	(400,968)	2,280,807

* *Included in Holding company or eliminations are intragroup charges between the Holding Company and subsidiary entities.*

Notes to the consolidated annual financial statements continued

34 Related party transactions

Relationships:

Letshego Africa Holdings Limited	Parent Company
Subsidiaries	Refer to note 37

The Group identifies a related party if an entity or individual:

- directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the entity (this includes parent companies and subsidiaries);
- has an interest in the entity whether it gives it significant control or not;
- has control over the entity;
- is an associate company, joint venture or is jointly controlled; or
- is a member of key management personnel of the Group. Key management personnel comprise the executive directors.

34.1 Related party transactions

The Company 'Letshego Africa Holdings Limited' is listed on the Botswana Stock Exchange. The Group partnered with Sanlam (SEM) to be its preferred insurance provider by offering innovative stand alone and embedded insurance solutions. Sanlam owns 58% of Botswana Insurance Holdings Limited (BIHL) which is a shareholder of Letshego Africa Holdings Limited and there were no transactions with BIHL. However loans and advances of Letshego Financial Services Botswana (Pty) Ltd (LFSB) are insured through Botswana Life Insurance Limited which is a subsidiary of BIHL and commission of P89.4 million was earned by LFSB during the year (2023: P45.3 million).

Letshego Africa Holdings Limited also provides guarantees to its subsidiary companies for purposes of credit enhancement as collateral for borrowings entered into by the subsidiaries. Refer to Note 19 for details of loan guarantees that were in place as at the reporting date.

	31 December 2024 P'000	31 December 2023 P'000
34.2 Compensation paid to key management personnel (executive directors)		
– Short-term employee benefits	**10,170**	8,507
	10,170	8,507

A total of 5,735,953 ordinary shares, at an exercise value of BWP7.2 million, were granted to Executives in terms of the Long Term Incentive Scheme (LTIP) for the 31 December 2024 financial year (2023: 8,518,020 ordinary shares, at an exercise value of BWP10.6 million). No ordinary shares relating to Executives vested and were exercised during the year (2023: 7,764,121 ordinary shares at a market value of BWP9.7 million vested and were exercised).

35 Capital Commitments

	31 December 2024 P'000	31 December 2023 P'000
Authorised by the directors:		
– Not contracted for	**25,378**	146,290

The above commitments are wholly in respect of capital expenditure and funds to meet these will be provided from the Group's internal resources.

36 Subsequent events

The Group continues to seek opportunities that unlock operational efficiencies in the conduct of its business. The Group is not aware of any events occurring after the balance sheet date, but prior to the issuance of the financial statements, which have a material effect on the financial statements.

37 Investments in subsidiary companies

The Group determines control over any operating entity largely by virtue of power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to effect the amount of the investor's returns. Details of subsidiaries of the Group are shown below:

Subsidiary company	Country of incorporation	Nature of business	31 December 2024 % holding	31 December 2023 % holding
Letshego Financial Services (Proprietary) Limited	Botswana	Unsecured consumer lending	**100**	100
Letshego Ghana (Plc)	Ghana	Unsecured consumer lending and deposit licensed	**100**	100
Letshego Kenya Limited	Kenya	Group lending, MSE and unsecured consumer lending	**100**	100
Letshego Financial Services Lesotho	Lesotho	Unsecured consumer lending	**95**	95
Letshego Financial Services Mozambique, SA	Mozambique	Unsecured consumer lending and deposit licensed	**98**	98
Letshego Holdings Namibia Limited	Namibia	Unsecured consumer lending and deposit licensed	**78**	78
ERF 8585 (Pty) Limited	Namibia	Property	**100**	100
Letshego Microfinance Bank Nigeria (Proprietary) Limited	Nigeria	Unsecured consumer lending and deposit licensed	**100**	100
Letshego Financial Services Eswatini Limited	Eswatini	Unsecured consumer lending	**85**	85
Letshego Faidika Bank (Tanzania) Limited	Tanzania	Unsecured consumer lending and deposit licensed	**100**	100
Letshego Uganda Limited	Uganda	Unsecured consumer lending	**85**	85
Letshego South Africa Limited	South Africa	Support services	**100**	100
Letshego Mauritius Limited	Mauritius	Investment holding company	**100**	100

Group Structure

The Group has an intermediate holding company structure in Mauritius and will continue to explore its ownership structure over the years. This does not result in any change in the ultimate ownership of the subsidiaries. It will however allow for a more tax efficient movement of dividends within the Group.

37 Investments in subsidiary companies continued

37.1 Non-controlling interest (NCI)

Set out below is summarised financial information for Letshego Holdings Namibia Limited, which has a material non-controlling interest to the Group. The amounts disclosed are before inter-company elimination and will not reconcile back to the segment report (note 33) as it includes an investment property in Namibia.

	31 December 2024 P'000	31 December 2023 P'000
Summarised statement of financial position		
Assets	**5,436,951**	5,124,361
Liabilities	**3,374,426**	3,113,356
Net assets	**2,062,525**	2,011,005
Accumulated non-controlling interest	**408,238**	395,596
Summarised statement of profit or loss and other comprehensive income		
Revenue	**937,062**	794,633
Profit for the year	**310,204**	255,960
Profit allocated to non-controlling interest	**68,245**	51,685
Dividends paid to non-controlling interest	**61,545**	62,594
Summarised statement of cash flows		
Cash flows from operating activities	**437,204**	468,006
Cash flows from/(used in) investing activities	**57,561**	(5,427)
Cash flows used in financing activities	**(494,978)**	(143,538)
	(213)	319,041

Non-controlling interest in the below markets are not material to the Group and their carrying values were as follows:

	31 December 2024 P'000	31 December 2023 P'000
Non-controlling interest		
Letshego Financial Services Lesotho	**6,275**	7,291
Letshego Financial Services Mozambique, SA	**4,937**	4,350
Letshego Financial Services Swaziland Limited	**23,225**	31,173
Letshego Uganda Limited	**10,341**	4,421
	44,779	47,235
Total accumulated non-controlling interest	**453,016**	442,831

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets to settle liabilities.

38 Involvement with unconsolidated entities

The Group did not have any entities that it holds an interest, but does not consolidate during the reporting period.

Notes to the consolidated annual financial statements continued

39 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled.

As at 31 December 2024	Within 6 months P'000	Between 6 and 12 months P'000	After 12 months P'000	Total P'000
Assets				
Cash and similar instruments	1,658,667	–	–	1,658,667
Investment securities	73,084	234,583	347,163	654,830
Financial assets at fair value through profit or loss	268,664	51,230	410,229	730,123
Advances to customers	1,000,909	287,304	12,280,950	13,569,163
Insurance contract assets	122,980	–	–	122,980
Other receivables	384,754	–	–	384,754
Financial assets at fair value through other comprehensive income	–	–	11,038	11,038
Income tax receivable	–	13,830	–	13,830
Property and equipment	–	–	99,353	99,353
Right-of-use assets	–	–	95,076	95,076
Intangible assets	–	–	393,068	393,068
Goodwill	–	–	30,097	30,097
Deferred tax assets	–	–	201,298	201,299
Total assets	3,509,058	586,947	13,868,272	17,964,287
Liabilities				
Financial liabilities at fair value through profit or loss	189,357	51,204	420,825	661,386
Customer deposits	1,214,407	715,300	217,592	2,147,299
Cash collateral	17,038	–	–	17,038
Trade and other payables	328,908	–	–	328,908
Lease liabilities	–	–	98,289	98,289
Income tax payable	70,088	–	–	70,088
Borrowings	2,846,604	1,609,020	5,220,941	9,676,565
Deferred tax liabilities	–	–	3,494	3,494
Total liabilities	4,666,402	2,375,524	5,961,140	13,003,067
Net	(1,157,344)	(1,788,577)	7,907,131	4,961,210

The Group's operations and nature of business intrinsically creates a short-term maturity mismatch between assets and liabilities. This is largely due to average customer loans and advances term out to tenors that are greater than 3 years, whilst a significant portion of the Group's external liabilities' tenors are limited to 3 years. The result is a short-term maturity mismatch which the Group resolves by proactively managing all up-coming debt maturities that are ear-marked for rollover and maintaining a robust funding pipeline to close out any short-term gaps in liquidity created due to the maturity mismatch. Refer to Note 1.3.2 for further details of how the Group addresses liquidity risks.

Reference is made to Note 19, whereby the Group is in breach of certain loan covenants in some of its entities. Historically the Group has managed to remediate similar matters without the funding counterparties recalling facilities extended. In the unlikely event of this occurring, total borrowings amounting to P1.87 billion in the "Between 6 and 12 months" and "After 12 Months" age categories have been reflected under the "Within 6 Months" age category in the above analysis as a result of the breaches in covenants. However, the Group currently has sufficient liquid resources and access to a funding pipeline to pay down these obligations upon them falling due and engagements are currently ongoing with funders.

Notes to the consolidated annual financial statements continued

39 Maturity analysis of assets and liabilities continued

As at 31 December 2023	Within 6 months P'000	Between 6 and 12 months P'000	After 12 months P'000	Total P'000
Assets				
Cash and similar instruments	1,401,824	–	–	1,401,824
Investment securities	107,399	139,055	620,264	866,718
Financial assets at fair value through profit or loss	149,634	224,153	578,823	952,610
Advances to customers	1,331,545	282,750	11,873,597	13,487,892
Insurance contract assets	105,549	–	–	105,549
Other receivables	333,672	–	–	333,672
Financial assets at fair value through other comprehensive income	–	–	11,038	11,038
Income tax receivable	–	108,436	–	108,436
Property and equipment	–	–	104,812	104,812
Right-of-use assets	–	–	89,241	89,241
Intangible assets	–	–	398,710	398,710
Goodwill	–	–	30,591	30,591
Deferred tax assets	–	–	219,000	219,000
Total assets	3,429,623	754,394	13,926,076	18,110,093
Liabilities				
Financial liabilities at fair value through profit or loss	148,383	235,009	597,127	980,519
Customer deposits	772,224	474,734	291,026	1,537,984
Cash collateral	15,853	–	–	15,853
Trade and other payables	796,541	–	–	796,541
Lease liabilities	8,977	8,976	80,019	97,972
Income tax payable	116,133	–	–	116,133
Borrowings	1,654,745	1,671,487	6,300,069	9,626,301
Deferred tax liabilities	–	–	18,903	18,903
Total liabilities	3,512,856	2,390,206	7,287,144	13,190,206
Net	(83,233)	(1,635,812)	6,638,932	4,919,887

40 Impact of IAS 29: financial reporting in hyperinflationary economies

The economy of Ghana continued to be classified as a hyperinflationary economy. Accordingly, for Group reporting purposes, the financial statements of Letshego Ghana Savings and Loans PLC were adjusted in accordance to IAS 29 *Financial Reporting in Hyperinflationary Economies.*

The restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of any index-linked items to the measuring unit current at the reporting date in the Ghana subsidiary resulted in the Group's profit for the year ended 31 December 2024 decreasing by P86.6 million as illustrated in the table below:

31 December 2024	Historical Cost for the year ended 31 Dec 2024 P'000	Impact of IAS 29 Restatements P'000	Inflation Adjusted for the year ended 31 Dec 2024 P'000
Operating income	**2,819,677**	**61,081**	**2,880,758**
Expected credit losses	**(765,090)**	**(17,680)**	**(782,770)**
Net operating income	**2,054,587**	**43,401**	**2,097,988**
Employee costs	**(515,328)**	**(3,075)**	**(518,403)**
Other operating expenses	**(1,196,549)**	**(41,182)**	**(1,237,731)**
Net monetary loss	**–**	**(87,270)**	**(87,270)**
Total operating expenses	**(1,711,877)**	**(131,527)**	**(1,843,404)**
Profit before taxation	**342,710**	**(88,126)**	**254,584**
Taxation	**(349,485)**	**1,567**	**(347,918)**
Loss for the year	**(6,775)**	**(86,559)**	**(93,334)**

31 December 2023	Historical Cost for the year ended 31 Dec 2023 P'000	Impact of IAS 29 Restatements P'000	Inflation Adjusted for the year ended 31 Dec 2023 P'000
Operating income	2,187,414	49,231	2,236,645
Expected credit losses	(459,743)	3,152	(456,591)
Net operating income	1,727,671	52,383	1,780,054
Employee costs	(609,900)	(1,704)	(611,604)
Other operating expenses	(867,924)	(29,160)	(897,084)
Net monetary loss	–	(149,905)	(149,905)
Total operating expenses	(1,477,824)	(180,769)	(1,658,593)
Profit before taxation	249,847	(128,386)	121,461
Taxation	(268,290)	(1,970)	(270,260)
Loss for the year	(18,443)	(130,356)	(148,799)

Notes to the consolidated annual financial statements continued

GROUP VALUE ADDED STATEMENT

for the year ended 31 December 2024

	31 December 2024 P'000	31 December 2023 P'000
Value added		
Value added is the wealth the Group has created by providing loans to clients		
Interest income	**3,936,523**	3,424,947
Cost of services	**(1,596,775)**	(1,658,512)
Value added services	**2,339,748**	1,766,435
Fee and commission income	**111,349**	57,028
Other operating income	**223,772**	256,141
Other operating costs	**(1,207,117)**	(989,639)
Insurance revenue	**325,671**	286,519
Insurance service expense	**(119,782)**	(85,316)
Impairment of advances and treasury bonds	**(782,770)**	(456,591)
	890,871	834,577
Value allocated		
To employees		
Staff costs	**518,403**	611,604
To expansion and growth		
Retained income	**(93,334)**	(468,980)
Depreciation	**89,983**	91,518
Amortisation	**27,901**	9,994
Deferred tax	**(15,392)**	(57,751)
	9,158	(425,219)
To Government		
Taxation	**363,310**	328,011
To providers of capital		
Dividends to shareholders	**–**	320,181
	890,871	834,577
Summary	**%**	%
Employees	**58.19**	73.28
Expansion and growth	**1.03**	(50.95)
Government	**40.78**	39.30
Providers of capital	**–**	38.36
	100.00	100.00

Notes to the consolidated annual financial statements continued

FIVE YEAR FINANCIAL HISTORY

Statements of financial position

	2024 December P'000	2023 December P'000	Restated 2022 December P'000	2021 December P'000	Restated 2020 December P'000
Assets					
Cash and cash equivalents	**1,658,667**	1,401,824	1,020,771	1,413,500	975,656
Investment securities	**654,830**	866,718	692,101	859,496	68,208
Financial assets at fair value through profit or loss	**730,123**	952,610	1,178,969	826,092	140,804
Advances to customers	**13,569,163**	13,487,892	12,654,857	11,875,595	10,161,534
Insurance contract assets	**122,980**	105,549	92,150	–	–
Other receivables	**384,754**	333,672	257,471	413,411	263,202
Financial assets at fair value through OCI	**11,038**	11,038	43,107	71,499	59,408
Income tax receivable	**13,830**	108,436	81,454	134,767	102,633
Property and equipment	**99,353**	104,812	116,761	172,822	94,229
Right-of-use assets	**95,076**	89,241	101,654	98,756	131,703
Intangible assets	**393,068**	398,710	305,798	30,040	39,091
Goodwill	**30,097**	30,591	31,910	67,715	65,598
Deferred tax assets	**201,298**	219,000	142,685	95,748	124,139
Total assets	**17,964,277**	18,110,093	16,719,688	16,059,441	12,226,205
Liabilities					
Financial liabilities at fair value through profit or loss	**661,386**	980,519	1,201,095	808,621	152,855
Customers deposits	**2,147,299**	1,537,984	1,120,827	1,175,586	664,393
Cash collateral	**17,038**	15,853	18,476	21,522	18,838
Income tax payable	**70,088**	116,133	82,029	96,268	103,057
Trade and other payables	**328,908**	796,541	585,578	965,860	714,548
Lease liabilities	**98,289**	97,972	97,953	99,646	133,377
Borrowings	**9,676,565**	9,626,301	8,027,840	7,380,768	5,649,561
Deferred tax liabilities	**3,494**	18,903	339	5,168	–
Total liabilities	**13,003,067**	13,190,206	11,134,137	10,553,439	7,436,629
Shareholders' equity					
Stated capital	**897,909**	917,909	899,571	882,224	872,169
Hyperinflation translation adjustment	**83,920**	83,920	–	–	–
Foreign currency translation reserve	**(436,182)**	(662,550)	(492,653)	(557,341)	(885,673)
Legal reserve	**417,373**	377,121	313,780	265,244	214,835
Fair value adjustment reserve	**–**	–	(13,144)	15,248	5,817
Share based payment reserve	**18,575**	34,832	42,474	39,907	31,295
Retained earnings	**3,526,599**	3,725,824	4,366,646	4,421,568	4,133,314
Total equity attributable to equity holders of the company	**4,508,194**	4,477,056	5,116,674	5,066,850	4,371,758
Non-controlling interests	**453,016**	442,831	468,877	439,152	417,819
Total shareholders' equity	**4,961,210**	4,919,887	5,585,551	5,506,002	4,789,576
Total equity and liabilities	**17,964,277**	18,110,093	16,719,688	16,059,441	12,226,205

Notes to the consolidated annual financial statements continued

Statements of profit or loss and other comprehensive income

	2024 December P'000	2023 December P'000	Restated 2022 December P'000	2021 December P'000	Restated 2020 December P'000
Interest income at effective interest rate	**3,936,523**	3,424,947	3,145,672	3,110,511	2,712,278
Interest expense	**(1,596,775)**	(1,658,512)	(1,389,202)	(1,134,038)	(850,964)
Net interest income	**2,339,748**	1,766,435	1,756,470	1,976,473	1,861,314
Fee and commission income	**111,349**	57,028	89,554	83,681	71,033
Other operating income	**223,772**	256,141	251,937	286,604	212,536
Insurance revenue	**325,671**	286,519	295,491	–	–
Insurance service expense	**(119,782)**	(85,316)	(107,625)	–	–
Insurance result	**205,889**	201,203	187,866	–	–
Total income	**2,880,758**	2,280,807	2,285,827	2,346,758	2,144,883
Employee benefits	**(518,403)**	(611,604)	(585,939)	(546,241)	(493,497)
Other operating costs	**(1,325,001)**	(1,091,151)	(799,927)	(670,969)	(595,308)
Operating income before impairment	**1,037,354**	578,052	899,961	1,129,548	1,056,078
Expected credit losses/impairment expense	**(782,770)**	(456,591)	(216,076)	17,196	(25,771)
Operating income before taxation	**254,584**	121,461	683,885	1,146,744	1,030,307
Taxation	**(347,918)**	(270,260)	(332,311)	(417,243)	(399,434)
(Loss)/profit for the year	**(93,334)**	(148,799)	351,574	729,501	630,873
Appropriations					
Dividends	**–**	(320,181)	(332,726)	(332,891)	(246,642)
Retained income	**(93,334)**	(468,980)	18,848	396,610	384,231
Attributable to:					
Equity holders of the parent company	**(158,973)**	(201,049)	287,875	671,554	575,718
Non-controlling interests	**65,639**	52,250	63,699	57,947	55,155
	(93,334)	(148,799)	351,574	729,501	630,873

The supplementary information presented does not form part of the annual financial statements of the Group, and is unaudited.

Notes to the consolidated annual financial statements continued

ANALYSIS OF SHAREHOLDING

for the year ended 31 December 2024

Top ten shareholders		31 December 2024 Shares held ('000) Number	%
Botswana Life Insurance Limited	Non Public	597,236	27.46%
FNB Botswana Nominees RE: BIFM - ACT MEM & DP EQ	Public	319,051	14.67%
Botswana Public Pension Fund: Vunani	Public	111,382	5.12%
BPOPF MORULA ACT MEM DEP EQ	Public	103,843	4.77%
BPOPF LETS STRATEGIC PORT	Public	86,478	3.98%
SCBN (Pty) Ltd RE: CITI 024/76	Public	79,751	3.67%
Stanbic Nominees Botswana RE BPOPF WT PRO PORT MCP	Public	67,293	3.09%
Botswana Public Officers Pension Fund	Public	62,778	2.89%
Stanbic Nominees Botswana RE BIFM PLEF	Public	52,574	2.42%
Business Doctor Investment Limited	Public	51,339	2.36%
		1,531,725	70.42%
Other corporate entities, nominees and trusts and individuals		614,664	28.26%
Treasury shares		28,650	1.32%
Total		**2,175,039**	**100.00%**

	31 December 2024 Number of Shareholders	%	31 December 2024 Number of Shares held ('000)	%
Total Public Shareholders	2,857	99.4%	1,524,504	70.1%
Total Non-Public Shareholders	18	0.6%	650,535	29.9%
Total Shareholders	**2,875**	**100%**	**2,175,039**	**100%**

Notes to the consolidated annual financial statements continued

Top ten shareholders		31 December 2023 Shares held ('000) Number	%
Botswana Life Insurance Limited	Non-Public	597,236	27.46%
FNB Botswana Nominees RE: BIFM – ACT MEM & DP EQ	Public	405,529	18.64%
Botswana Public Pension Fund: Vunani	Public	270,463	12.43%
Stanbic Nominees Botswana RE BPOPF WT PRO PORT MCP	Public	79,751	3.67%
SCBN (Pty) Ltd RE: CITI 024/76 SCBN (PTY) LTD RE: CITI 024/76	Public	67,989	3.13%
Hitesh Natwarlal Anadkat	Public	51,339	2.36%
Business Doctor Investment Limited	Public	49,356	2.27%
Stanbic Nominees Botswana RE BIFM MLF	Public	45,586	2.10%
Stanbic Nominees Botswana RE BIFM PLEF	Public	42,248	1.94%
Stanbic Nominees Botswana RE MORULA RE DPF	Public	32,977	1.53%
		1,642,474	75.51%
Other corporate entities, nominees and trusts and individuals		520,913	23.95%
Treasury shares		11,652	0.54%
Total		2,175,039	100.00%

	31 December 2023 Number of Shareholders	%	31 December 2023 Number of Shares held ('000)	%
Total Public Shareholders	2,867	99.3%	1,534,614	70.6%
Total Non-Public Shareholders	20	0.7%	640,425	29.4%
Total Shareholders	2,887	100%	2,175,039	100%

Directors' shareholdings

	31 December 2024 Shares held Number ('000)	**%**	31 December 2023 Shares held Number ('000)	%
Aobakwe Aupa Monyatsi*	**3,857**	**–**	3,857	–
Tinotenda Gwendoline Muteiwa	**2,467**	**–**	2,467	–
Jayaraman Ramesh	**300**	**–**	300	–
	6,624	**–**	6,624	–

* *Resigned 14 February 2025*

ADDITIONAL **INFORMATION**

Additional information

SUSTAINABLE DEVELOPMENT GOALS INDEX

SUSTAINABLE DEVELOPMENT GOALS	TARGET	OUR CONTRIBUTION
1 NO POVERTY	1.1 1.2 1.4 1.5	We provide finance to individuals as well as MSEs for housing, healthcare, and education purposes, empowering lower-income people, including women, to gain access to basic services and economic resources, including ownership of and control over land, as well as access to financial services, including microfinance. Access to affordable credit helps the poor to reduce their exposure and vulnerability to extreme events, shocks and disasters, whether these are economic, social or environmental in nature.
2 ZERO HUNGER	2.1 2.2 2.3 2.4	Our loans help enhance the incomes and sustainability of small-scale farmers, and allows them to implement better agricultural practices such as those that improve soil quality and their resilience to the impacts of climate change, extreme weather and drought.
3 GOOD HEALTH AND WELL-BEING	3.1 3.2 3.3 3.4 3.8	Our healthcare lending and tools that provide our customers with access to healthcare and wellness information, help them to maintain their health, guard against lifestyle diseases and access quality healthcare when they need it. These solutions contribute to lower mortality rates for pregnant women, newborns and children under five years old, lower the incidence of communicable diseases (such as HIV/Aids, tuberculosis and malaria), lower premature mortality from non-communicable diseases and enable more people to access quality healthcare and medicines.
4 QUALITY EDUCATION	4.3 4.4	Our education lending helps break the poverty cycle, creating opportunities for individuals to develop themselves and become productive members of society. These loans enable individuals to access technical, vocational and tertiary education, contributing towards populations with the skills needed to support employment, decent jobs and entrepreneurship.
5 GENDER EQUALITY	5.5	Access to our financial services gives women the power to make better financial decisions that impact their livelihoods and working conditions, empowering them to effectively participate in economies, enhance their socioeconomic situation and hold leadership and decision-making roles. Within the Group, our human capital policies and practices ensure that equal opportunity exists for women, including at Board and leadership level.

SUSTAINABLE DEVELOPMENT GOALS INDEX CONTINUED

SUSTAINABLE DEVELOPMENT GOALS	TARGET	OUR CONTRIBUTION
8 DECENT WORK AND ECONOMIC GROWTH	8.2 8.3 8.5 8.6 8.8 8.10	Our financial inclusion mandate to society holds us to find ways to expand our products and services to those in under-served markets. Access to financial services allows our customers to participate in productive activities, enhance their standards of living and protect themselves against unforeseen events. A key customer segment for the Group is our MSEs, who through access to financial services are able to grow their businesses, and in turn, contribute to job creation. Within our own working environment, we adopt inclusive human capital policies and practices that protect labour rights and ensure a safe and healthy workplace that supports innovation and creativity. We provide our employees with learning and development opportunities to enhance their growth, and the tools they need to maintain and enhance their wellbeing.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 9.3 9.4	We work with finance developmental institutions to build and deliver adequate and long-lasting affordable housing developments. Within our affordable housing portfolio we also provide credit towards the installation of technology and the use of processes that contribute to environmental improvement. Access to affordable housing improves the wellbeing of our customers and their families, allowing them to build on their asset wealth. We provide access to affordable credit for small enterprises, supporting their growth, access to markets and sustainability.
10 REDUCED INEQUALITIES	10.2	Our financial inclusion mandate to society holds us to finding ways to expand our banking and insurance services to those in under-served markets thereby helping them to improve their lives and effectively participate in the economy. Within our customer base, we focus on extending financial services to low- and middle-income groups, MSEs, the youth, women and those living in rural areas who tend to be more vulnerable to economic, social and environmental shocks.
11 SUSTAINABLE CITIES AND COMMUNITIES	11.1 11.3	Our affordable housing lending ensures that more people have access to adequate, safe and affordable housing and basic services such as sanitation, electricity and clean water. This contributes to inclusive urbanisation and human settlement planning and management.
13 CLIMATE ACTION	13.1 13.3	Access to affordable credit allows our customers to strengthen their resilience against climate-related hazards and natural disasters, whether this is in relation to their homes, business sites or agri-businesses.
17 PARTNERSHIPS FOR THE GOALS	17.3 17.16 17.17	Our strategic partnerships with MNOs and work with governments and regulators aim to mobilise financial resources for our markets of operation and share knowledge, expertise and technology to find collaborative solutions that contribute to the achievement of the UN SDGs.

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