REVIEWED FINANCIAL
RESULTS FULL YEAR 2019

Letshego

OUR STORY

The Letshego Group is a proudly African multinational organisation, headquartered and listed in Botswana and focused on delivering inclusive finance solutions to underserved populations across 11 Sub Saharan Markets.

With a staff compliment of over 3,000 – including both direct and indirect sales agents - and more than four hundred thousand customers, Letshego seeks to leverage its regional experience, innovation and technology to improve the lives of individuals who have limited access to traditional financial services.

In 2019, Letshego celebrated 21 years of supporting regional communities, demonstrating strong progress towards the Letshego's ambition to be a world class retail financial services organisation.

PROUDLY AFRICAN

Through its 11 country footprint, Letshego provides simple, accessible and appropriate solutions to underserved communities, in line with its ambition to be a world class retail financial services organisation.

"Our 2019 results reflect both the resilience of our franchise, as well as the challenges we faced through the year. We appreciate the support of our customers, shareholders and partners for their ongoing commitment. Looking ahead, I am confident we are well equipped to create a future-ready organisation, cementing the Letshego brand as a world-class retail financial services organisation."

Andrew F. Okai, Group Chief Executive

3000+
Team members across Africa

899
Customer access points

700K+
Total customers

20+
Nationalities across our people

*Rated **Ba3(stable)** by Moody's*

CELEBRATING OUR
FOOTPRINT

11 UGANDA
est. 2005

Opened doors in 2005 as Micro Provident Uganda. Rebranded to Letshego Uganda Limited in 2011.

253 STAFF | **43,383** CUSTOMERS | **45** BRANCHES

10 KENYA
est. 2000

Opened doors in 2000 as part of Micro Africa Group. Acquired by Letshego Group in 2012.

187 STAFF | **19,115** CUSTOMERS | **29** BRANCHES

9 RWANDA
est. 2004

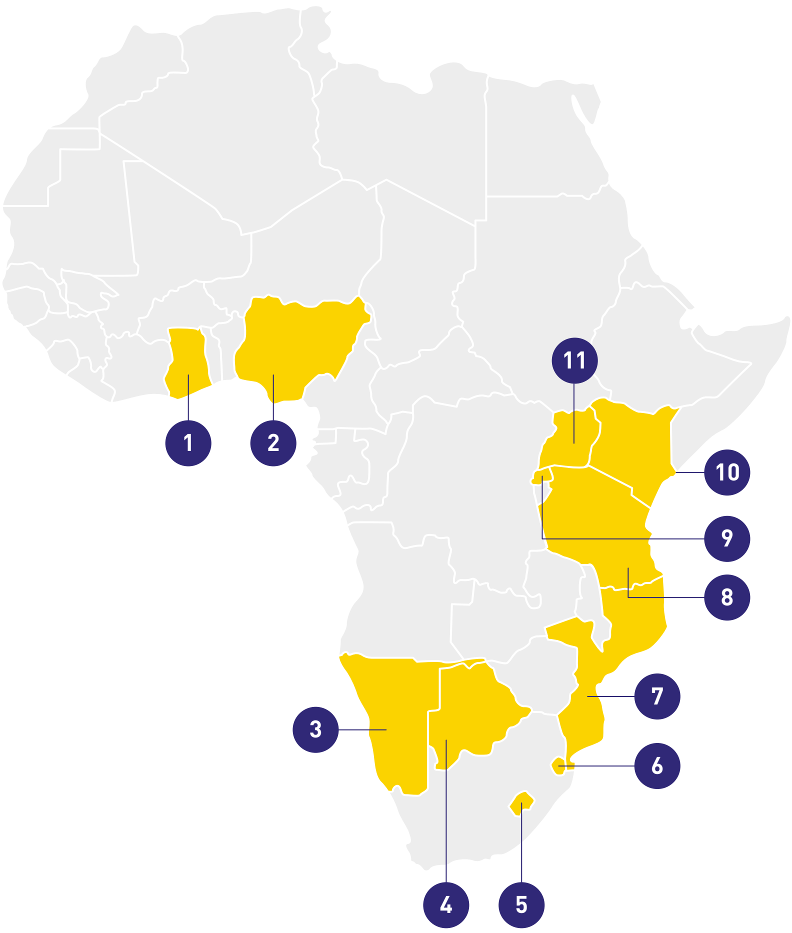
Opened doors in 2004 as part of MicroAfrica Group.Acquired by Letshego Group in 2012.

66 STAFF | **16,047** CUSTOMERS | **8** BRANCHES

8 TANZANIA
est. 2006

Faidika opened doors in 2006. Letshego Group acquired Advans Bank in 2015 and rebranded to Letshego Bank Tanzania.

80 STAFF | **32,754** CUSTOMERS | **103** BRANCHES



7 MOZAMBIQUE
est. 2011

Opened doors in 2011. Commercial banking licence awarded in 2016.

174 STAFF | **123,977** CUSTOMERS | **25** BRANCHES

6 ESWATINI
est. 2006

Opened doors in 2006 as Micro Provident Eswatini and rebranded in 2010.

28 STAFF | **8,549** CUSTOMERS | **3** BRANCHES

5 LESOTHO
est. 2012

Opened doors in 2012.

38 STAFF | **6,817** CUSTOMERS | **5** BRANCHES

1 GHANA
est. 2010

Opened doors in 2010 as afb Ghana. Acquired by Letshego Group in 2017.

194 STAFF | **86,736** CUSTOMERS | **27** BRANCHES

2 NIGERIA
est. 2008

Opened doors as FBN microfinance bank in March 2008. Acquired by Letshego Group in 2015 and rebranded to Letshego MFB.

265 STAFF | **86,302** CUSTOMERS | **24** BRANCHES

3 NAMIBIA
est. 2002

Opened doors in 2002 as Edu Loan Namibia. Acquired by Letshego Group in 2008. Awarded banking licence in 2016. Listed on NSE on 28 Sept 2017.

145 STAFF | **60,200** CUSTOMERS | **16** BRANCHES

4 BOTSWANA
est. 1998

Opened doors in 1998. Listed on the Botswana Stock Exchange in 2002.

293 STAFF | **31,745** CUSTOMERS | **15** BRANCHES

LETSHEGO HOLDINGS LIMITED GROUP

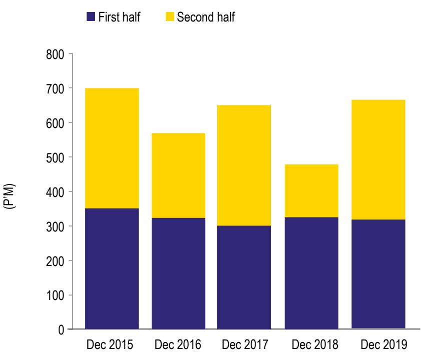
FULL YEAR REVIEWED GROUP FINANCIAL RESULTS

The Board of Directors of Letshego Holdings Limited ("the Group") herewith presents an extract of the reviewed consolidated financial results for the year ended 31 December 2019.

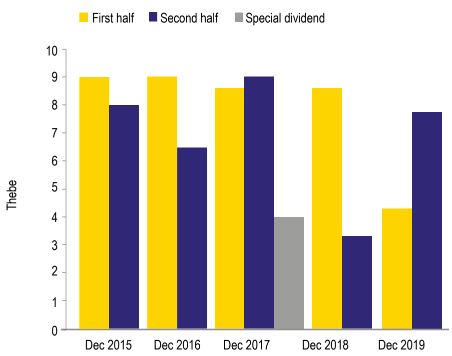
HIGHLIGHTS

▲ 1% Operating Income	▲ 4% Net advances to customers	▲ 35% Profit after Tax	7.7t Final dividend per share

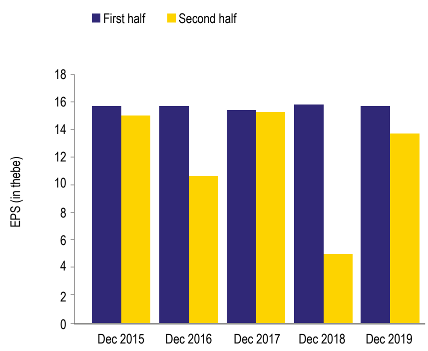
Profit After Tax (P'M)



Dividends per Share (Thebe)



Basic Earnings per Share (Thebe)



OVERVIEW

Letshego achieved growth in both income and profits in 2019, with profits after tax enjoying a strong resurgence on 2018. This is against a backdrop of a challenging year for Letshego following unexpected changes in the Group's senior leadership team and new regulatory regimes in some of its markets. The focus for the year was on embedding the strategy to deliver positive performance through maintaining stability, cost control, improving portfolio collection quality and stabilising the effective tax rate. Satisfactory progress was made in these areas that allowed forimprovements in profit before and after tax. The Group does recognise that the 2019 results benefited from a number of non-recurring items compared to 2018.

FINANCIAL HIGHLIGHTS:

- Profit before tax was P1,130 million; a 11% increase from the prior year (2018: P1,021 million)
- The effective tax rate was 39% (2018: 50%)
- Profit after tax was P692 million; a 35% increase (2018: P511 million)
- Gross advances to customers increased by 3%
- Net advances to customers increased by 4% with the credit loss rate of 1.7% (2018: 4.1%)
- Customer deposits and borrowings reduced by 7%
- The Group remains well capitalised with a capital adequacy ratio of 36% (2018: 33%) and a debt to equity ratio of 109% (2018: 131%)
- Return on equity was 16% (2018: 12%) and return on assets 6% (2018: 5%)

NON-FINANCIAL HIGHLIGHTS:

- Total borrowing customers were 343,000 (2018: 364,000) (both excluding mobile customers)
- Total savings customers 402,298 (2018: 173,074)
- The Group employed 1,863 (2018: 1,882) full time employees supplemented by an additional 1,277 (2018: 1,321) commission-based sales agents

ACCESS POINTS

Group	2019	2018	2017
Cash handling branches	45	43	43
Non cash handling branches	104	106	88
Other sales offices (satellite branches)	161	166	183
Agency banking locations	589	650	307
Total	**899**	**965**	**621**

Letshego's financial inclusion strategy is to expand both physical and digital (or mobile) access to customers. As a result of this strategy, we have seen significant growth in the volume and value of the alternative digital channels:

NON-BRANCH TRANSACTION VOLUMES

Group	2019	2018
Customers using agency outlets	20,500	10,473
Digital transactions (USSD and card)	225,404	57,866

The portion of our savings LetsGo customers using electronic channels to transact has risen from 54% in 2018 to 81% in 2019 and mainly the result of the increasing usage of Card and USSD.

FINANCIAL PERFORMANCE REVIEW

The Group's financial performance for the year ended December 2019 was within expectations. Overall profit before tax increased by 11%, profit after tax by 35% and earnings per share by 41%. Net income growth was however muted as the focus was placed on improved portfolio quality.

NET INTEREST INCOME

Gross yields on loans to customers, including related credit insurance arrangements, was 33% (2018: 34%). As expected gross yields continue to come under pressure, mainly due to the competitive markets in which we operate.

Borrowing costs increased by 42% on the back of one off adjustments. The borrowing costs include a notional IFRS adjustment for mobile loans of P250 million (2018: P84 million). If this notional IFRS adjustment was excluded from borrowings, the increase year-on-year would be 19%.

This was due to the timing of when new debt was put onto or removed from the balance sheet – that is, most of the new debt was put onto the balance sheet in the second half of 2018 and some of the less expensive debt was repaid in early 2019 due to the facility reaching its contractual maturity.

The overall blended cost of borrowings was 12.0% (2018: 12.1%). Focus has been, and will continue to be, on broadening the funding base, extending the tenor of debt funding and getting more local currency funding directly at the operating subsidiaries.

NON-FUNDED INCOME

Core non-funded income almost doubled on 2018 levels, closing at P59 million (2018: 31 million) or 2.4% (2018: 1.3%) of total net income. Early signs of progress are noted in the number of customers with active current or savings accounts with Letshego. Further, as shown below under the 'Deposits' section, progress has been made in the number of credit customers converting to transactional banking ("LetsGo") customers as well.

OPERATION EXPENSES

Overall operational expenses increased by 10% in 2019.

Operating costs increased by 6% and staff costs by 16%.

Operating expenses included a goodwill write-off of P38.7 million and impairment of cash balances of P6 million. If these are excluded, on a normalised based, operating expenses increased by less than 1%.

This reflects the greater focus on cost management during 2019. The Group's cost to income ratio was 45% (2018: 42%). This is above the target range of 35% to 40% and mainly due to modest growth in the loan portfolio as well as pressure on net interest margins.

TAX

The effective tax rate was 39% (2018: 50%), demonstrating progress towards the target range of 30% to 35%, as tax health and compliance is optimised.

The factors that influenced the exceptionally high 2018 effective tax rate include:

- Specific tax provison for East Africa ,
- Increased dividend flows from subsidiaries leading to a higher withholding tax on these dividends, and
- Inter Group tax costs

The one off tax charge from an East African subsidiary did not re-occur.

The at-source withholding tax on dividend flows from subsidiaries is expected to remain part of the overall tax charge going forward, as higher dividend volumes are declared from subsidiaries to the holding company on the back of profitability.

Further initiatives to optimise the Group's tax structure are being explored.

Components of the Effective Tax Rate	2019	2018	2017
Baseline tax charge	31%	32%	29%
Specific tax provision (East Africa)	-	4%	-
Inter Group tax costs	8%	14%	3%
Effective tax rate	39%	50%	32%

LOAN PORTFOLIO

In 2019, the Group prioritised improvement in asset quality. This resulted in a marginal decrease in gross loans and advances to customers from the interim period to year-end. This initiative delivered an overall credit loss rate of 1.7% for the year against 4.1% in 2018; a significant improvement towards earnings quality. There were three once-off items included in the 2018 results.

These were:

- the adoption of IFRS 9,
- a specific credit provision in relation to a single entity in East Africa and
- a higher contribution to the impairment charge from the informal (mobile) loan segment in West Africa.

If the above were normalised out of the 2018 results, the credit loss rate would have been 2.0% (2019: 1.7%).

We continue with the application of IFRS 9 in 2019. Coverage ratios, being the amount of bad debt provisions we hold against loans to customers that are contractually above 90 days in arrears, were adequate at 105%. This was lower than the 2018 coverage ratio of 115% in reflection of the 2019 portfolio quality.

The informal (mobile loan) portfolio exposure in Ghana was deliberately reduced to mitigate portfolio risk. This portfolio is now P339 million at year end (2018: P507 million).

The core part of our credit offering to customers, deduction at source loans, contributed 88% of the overall loan portfolio (2018: 86%). Of our three largest markets, Botswana, Namibia and Mozambique performed well with net growth of 6%, 16% and 6% respectively.

Our micro finance portfolio declined by 1.5% in response to stricter credit risk assessments. Our micro finance portfolio makes up 8.5% (2018: 10%) of the overall portfolio.

Asset quality	2019	2018	2017
Portfolio at risk - 90 days	6.9%	7.1%	6.8%
Portfolio at risk - 30 days	10.0%	10.4%	9.9%
Non-performing loan coverage ratio	105%	115%	70%
Loan loss rate - actual	1.7%	4.1%	3.1%
Loan loss rate - excluding once-off items	1.7%	2.0%	2.5%

DEPOSIT MOBILISATION

Overall deposits from customers reduced from P498 million to P427 million. During the year, following our strategic re-focus on mass retail deposit mobilisation, we were more selective in the institutional deposits accepted. This resulted in the value of institutional deposits reducing from P412 million to P211 million. The reduction in institutional deposits is expected to continue in 2020 as the focus on retail deposit mobilisation efforts intensify.

From a retail (individual) deposit perspective good progress was made. This included the number of retail depositor customers increasing from 173,074 to 402,298. Of these, 93,619 are also credit customers (2018: 58,988). The value of retail deposits was P215 million (2018: P85 million). Mozambique and Namibia made considerable progress in this area.

CAPITAL STRUCTURE, FUNDING AND DIVIDEND POLICY

Ratings Agency Moody's maintained Letshego Holdings Limited credit rating unchanged at Ba3 with stable outlook. The Group remains well capitalised with a CAR of 36% (2018: 33%) which is well above the regulatory minimum in all of its operating countries. Despite high reliance on wholesale funding, significant progress has been made in diversification of the Group's funding base away from the bank loan market through the issuance of local currency corporate bonds in Botswana, Ghana, Mozambique and South Africa. The Group has also been successful in refinancing maturing facilities and attracting new funding from specialist international investors based in the UK and Europe with a focus on micro and inclusive finance funders. The new funding has enabled the Group to better manage its debt maturity profile and liquidity position. The Group recognises the importance of diversifying its funding mix and building deposits to mitigate refinancing risk.

The Group has complied with all of its financial covenants for senior secured lenders as set out in the Security Sharing Agreement. All interest and capital debt payments were honoured during the year.

The Board has reviewed the Group's dividend policy and has determined to reinstate the dividend up to 50% of profit after tax. This follows the stabilisation of the debt to equity levels at the current base. The 50% dividend is based on the profit after tax for the six months ended 31 December 2019 of P328 million.

No shares were repurchased during the year, with no immediate plans to do so in 2020.

MANAGEMENT

Andrew Okai was appointed as the Group CEO with effect from 1 February 2020. Andrew brings more than 20 years of international banking experience to Letshego's top executive post. Andrew enjoyed a dynamic and successful career in Standard Chartered Bank, where his latest role as Group Chief Operating Officer (Group COO) based him in Singapore, with responsibilities spanning the international bank's footprint across 30 countries in Africa, Asia, the Middle East, Europe and the America's.

Enos Banda, Group Chairman: "Andrew's career path denotes multi-geography financial expertise in diverse disciplines within a retail banking environment, including governance, strategy, risk and strategic transformation. His experience is not only drawn from Africa, but from diverse emerging markets internationally. I am confident Andrew will bring the leadership, vision and strategic insight Letshego needs to secure our next phase of focus and impact, all while empowering existing and future leaders across our business and delivering long term value for our investors."
The Board is progressing with a number of other executive management appointments to fill current vacancies that are held on an interim or acting capacity plus strengthening the overall executive management team.

The Board expresses its sincere appreciation to Dumisani Ndebele, who served as the Interim Group CEO. Dumisani will remain with the Group to to support and ensure a smooth transition over the coming months.

BOARD

During the year there were a number of changes to the Board. Two Independent Non-Executive Directors, Josias de Kock and Christian van Schalkwyk resigned during the year and three new Independent Non-Executive Directors, Phillip Odera, Abiodun Odubola and Ronald Hoekman were appointed (two during December 2019 and one in January 2020).

The composition of the Board at the current date is made up of eleven Directors; seven Independent Non- Executive Directors, three Non-Executive Directors and one Executive Director. These Directors bring additional relevant skills and experience to the Board in the areas of risk management, financial services and fintech.

The Board takes this opportunity to thank the Independent Non-Executive Directors who stepped down over the last twelve months for their contribution to the Group and welcomes the new Independent Non-Executive Directors to Letshego.

STRATEGIC REVIEW

A comprehensive review is underway with the appointment of the new Group CEO. This is at a geographic, product and channel level. The Board will keep shareholders apprised of developments.

PROSPECTS

The Board expects the company's financial fundamentals to remain robust. Over the immediate 12 to 18-month horizon, the key risks to the business will continue to come from changing economic fundamentals across our regional footprint and margin contraction in select markets, in particular in Namibia, due to changes in regulations relating to insurance and pricing. Despite these risks, we target to grow Group Net Advances to customers above 10% year-on-year, in line with improving shareholder returns.

AUDITORS' REVIEW

The condensed annual financial statements from which the financial information set out in this announcement has been reviewed but not audited by Ernst & Young, the Letshego Group's external auditors. Their unqualified review report is available for inspection at the Group's registered office.

DIVIDEND NOTICE

Notice is hereby given that the Board has declared a final dividend of 7.7 thebe per share for the year ended 31 December 2019. In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax rate will be deducted from the final gross dividend for the year ended 31 December 2019.

Important dates pertaining to this dividend are:

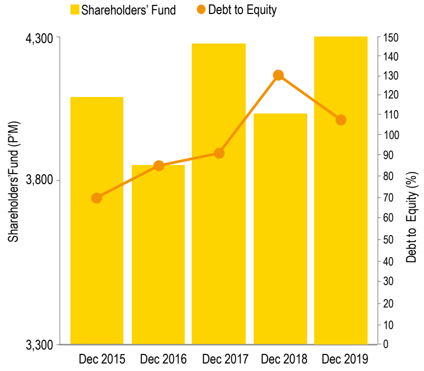
- Declaration date, 26 February 2020
- Therefore, the shares go ex-dividend from 27 April 2020
- Last date to register is 29 April 2020
- Dividend payment date on or about, 11 May 2020

For and on behalf of the Board of Directors:

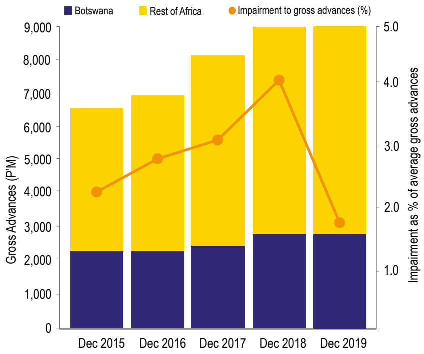
E Banda Group Chairman	**A Okai** Group Chief Executive Officer

GABORONE, 2 March 2020

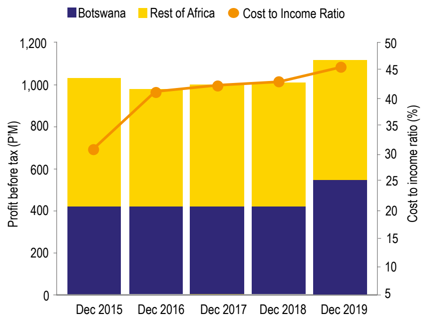
Shareholders' Fund: Debt to Equity



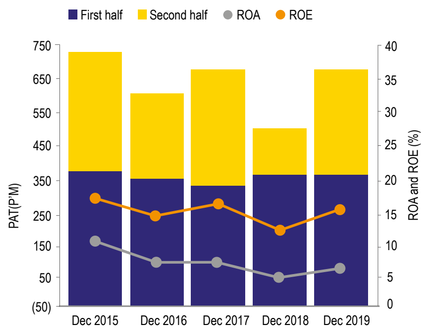
Gross Advances and Impairment



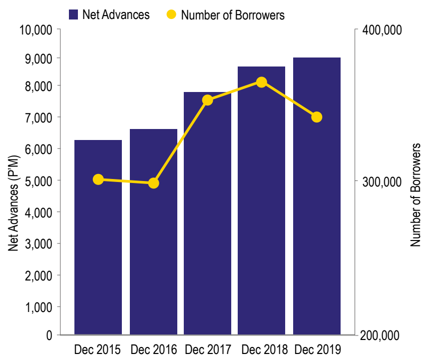
Geographic Diversification PBT and Cost to Income ratio



ROA vs ROE vs PAT



Net Advances and Number of Borrowers



RATIOS

	31 Dec 2019 (Reviewed)	31 Dec 2018 (Audited)
Return on average assets (%)	6%	5%
Return on average equity (%)	16%	12%
Cost to income ratio (%)	45%	42%
Debt to equity ratio (%)	109%	131%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 Dec 2019 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000	Change %
ASSETS				
Cash and cash equivalents	1	1,035,513	1,188,402	
Advances to customers	2	9,071,484	8,698,831	4
Other receivables	3	247,996	252,491	
Financial assets at fair value through OCI		53,591	53,591	
Income tax receivable		39,499	19,074	
Property, plant and equipment	4	99,671	80,532	
Right of use assets	5	61,436	-	
Intangible assets	6	45,221	45,488	
Goodwill	7	68,233	106,229	
Deferred tax assets		144,699	211,651	
Total assets		**10,867,343**	**10,656,289**	**2**
LIABILITIES AND EQUITY				
Liabilities				
Customer deposits	8	426,673	497,718	(14)
Cash collateral	9	21,721	27,028	
Trade and other payables	10	552,356	492,225	
Lease liabilities	11	64,760	-	
Income tax payable		239,743	232,132	
Borrowings	12	4,982,175	5,329,319	(7)
Deferred tax liabilities		805	3,205	
Total liabilities		**6,288,233**	**6,581,627**	
Shareholders' equity				
Stated capital	13	862,621	862,621	
Foreign currency translation reserve		(713,418)	(696,276)	
Legal reserve		195,793	73,519	
Share based payment reserve		24,304	18,089	
Retained earnings		3,837,070	3,500,317	
Total equity attributable to equity holders of the parent company		**4,206,370**	**3,758,270**	
Non-controlling interests		372,740	316,392	
Total shareholders' equity		**4,579,110**	**4,074,662**	
Total liabilities and equity		**10,867,343**	**10,656,289**	**2**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 Dec 2019 (Reviewed) P'000	Year ended 31 Dec 2018 (Audited) P'000	Change %
Effective interest income	14	2,974,839	2,718,257	9
Effective interest expense	15	(931,164)	(654,079)	42
Net interest income		**2,043,675**	**2,064,178**	**(1)**
Fee and commission income		59,451	30,735	93
Other operating income	16	273,018	267,421	2
Operating income		**2,376,144**	**2,362,334**	**1**
Employee costs	17	(454,023)	(390,177)	16
Other operating expenses	18	(622,737)	(590,158)	6
Net income before impairment and taxation		**1,299,384**	**1,381,999**	**(6)**
Expected credit losses	19	(169,101)	(361,491)	(53)
Profit before taxation		**1,130,283**	**1,020,508**	**11**
Taxation		(438,781)	(510,026)	
Profit for the year		**691,502**	**510,482**	**35**
Attributable to :				
Equity holders of the parent company		620,034	438,639	
Non-controlling interest		71,468	71,843	
Profit for the year		**691,502**	**510,482**	**35**
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences arising from foreign operations		(11,284)	(48,688)	
Total comprehensive income for the year		**680,218**	**461,794**	
Attributable to :				
Equity holders of the parent company		602,892	422,780	
Non-controlling interests		77,326	39,014	
Total comprehensive income for the year		**680,218**	**461,794**	
Weighted average number of shares in issue during the year (millions)		2,124	2,124	
Dilution effect - number of shares (millions)		40	42	
Number of shares in issue at the end of the year (millions)		2,144	2,144	
Basic earnings per share (thebe)		29.2	20.7	**41**
Fully diluted earnings per share (thebe)		28.7	20.3	

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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Shared based payments reserve P'000	Foreign exchange translation reserve P'000	Legal reserve P'000	Non-controlling interest P'000	Total P'000
Balance at 31 December 2017 - Audited	**849,845**	**3,709,308**	**38,840**	**(680,417)**	**39,607**	**313,309**	**4,270,492**
Impact of adopting IFRS 9	-	(178,951)	-	-	-	(12,923)	(191,874)
Recognition of deferred tax on IFRS 9 adjustment	-	38,133	-	-	-	1,880	40,013
Adjusted balance 1 January 2018	**849,845**	**3,568,490**	**38,840**	**(680,417)**	**39,607**	**302,266**	**4,118,631**
Total comprehensive income for the year							
Profit for the year	-	438,639	-	-	-	71,843	510,482
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(15,859)	-	(32,829)	(48,688)
Transactions with owners, recorded directly in equity							
Acquisition of Non-controlling interest - Tanzania Bank	-	(9,611)	-	-	-	(5,936)	(15,547)
Allocation to legal reserve	-	(33,912)	-	-	33,912	-	-
Allocation to share based payment reserve	-	-	(7,975)	-	-	-	(7,975)
New shares issued from long term incentive scheme	12,776	-	(12,776)	-	-	-	-
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(18,952)	(18,952)
Dividends paid to equity holders	-	(463,289)	-			-	(463,289)
Balance at 31 December 2018 - Audited	**862,621**	**3,500,317**	**18,089**	**(696,276)**	**73,519**	**316,392**	**4,074,662**
Impact of adopting - IFRS 16	-	492	-	-	-	1	493
Adjusted balance 1 January 2019	**862,621**	**3,500,809**	**18,089**	**(696,276)**	**73,519**	**316,393**	**4,075,155**
Total comprehensive income for the year							
Profit for the year	-	620,034	-	-	-	71,468	691,502
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(17,142)	-	5,858	(11,284)
Transactions with owners, recorded directly in equity							
Allocation to legal reserve	-	(122,274)	-	-	122,274	-	-
Allocation to share based payment reserve	-	-	6,215	-	-	-	6,215
Dividends paid by subsidiary to minority interests	-	-	-	-	-	(20,979)	(20,979)
Dividends paid to equity holders	-	(161,499)	-	-	-	-	(161,499)
Balance at 31 December 2019 - Reviewed	**862,621**	**3,837,070**	**24,304**	**(713,418)**	**195,793**	**372,740**	**4,579,110**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 Dec 2019 (Reviewed) P'000	Year ended 31 Dec 2018 (Audited) P'000
Operating activities			
Profit before taxation		1,130,283	1,020,508
Add : Amortisation, depreciation and right of use assets		85,024	51,505
: Impairment and write off charge	19	352,868	508,211
: Impairment of goodwill	7	38,737	22,000
Movement in working capital and other changes		(753,826)	(1,281,971)
Cash generated from operations		853,086	320,253
Taxation paid		(386,826)	(478,948)
Net cash generated / (utilised) from operating activities		466,092	(158,695)
Investing activities			
Purchase of property, plant and equipment and intangible assets		(69,960)	(29,891)
Net cash flows used in investing activities		(69,960)	(29,891)
Financing activities			
Dividends paid to equity holders and non-controlling interest		(182,478)	(482,241)
Payment for acquisition of interest in a subsidiary		(2,577)	(15,547)
Payment of lease liabilities		(42,565)	-
Finance obtained from third parties		1,135,522	1,938,071
Repayment of borrowings		(1,415,529)	(638,687)
Net cash (utilised) / generated from financing activities		(507,627)	801,596
Net movement in cash and cash equivalents		(111,495)	613,010
Cash and cash equivalents at the beginning of the year		1,100,342	492,367
Effect of exchange rate changes on cash and cash equivalents		(16,724)	(5,035)
Cash and cash equivalents at the end of the year	1	**972,123**	**1,100,342**

SEGMENTAL REPORTING

For the year ended 31 December 2019

The Group's geographical primary segments are the countries that Letshego has operations in and are reported below:

Reportable segments December 2019	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Swaziland P'000	Kenya P'000	Rwanda P'000	Uganda P'000	Tanzania P'000	Nigeria P'000	Ghana P'000	Holding company P'000	Total P'000
Operating income	**669,189**	**561,126**	**316,740**	**88,591**	**67,452**	**156,116**	**9,414**	**142,348**	**168,278**	**53,430**	**284,979**	**(141,519)**	**2,376,144**
Profit before taxation	**527,892**	**423,836**	**198,742**	**42,078**	**38,310**	**55,232**	**2,678**	**42,096**	**90,386**	**7,162**	**14,161**	**(312,290)**	**1,130,283**
Taxation - consolidated													(438,781)
Profit - consolidated													**691,502**
Gross Advances to customers	2,768,646	2,226,635	1,361,331	398,937	503,314	714,843	41,452	392,453	446,716	120,264	858,297	-	9,832,888
Impairment provisions	(167,400)	(21,227)	(21,142)	(40,047)	(8,002)	(145,981)	(2,513)	(47,809)	(96,848)	(14,381)	(196,054)	-	(761,404)
Net Advances	**2,601,246**	**2,205,408**	**1,340,189**	**358,890**	**495,312**	**568,862**	**38,939**	**344,644**	**349,868**	**105,883**	**662,243**	**-**	**9,071,484**
Borrowings	**1,163,526**	**348,212**	**404,866**	**260,410**	**348,696**	**319,143**	**15,281**	**218,503**	**20,900**	**850**	**503,509**	**1,378,279**	**4,982,175**

Reportable segments December 2018	Botswana P'000	Namibia P'000	Mozambique P'000	Lesotho P'000	Swaziland P'000	Kenya P'000	Rwanda P'000	Uganda P'000	Tanzania P'000	Nigeria P'000	Ghana P'000	Holding company P'000	Total P'000
Operating income	**655,835**	**577,985**	**226,515**	**87,480**	**56,479**	**137,288**	**11,602**	**136,364**	**203,902**	**57,503**	**240,192**	**(28,811)**	**2,362,334**
Profit before taxation	**457,854**	**447,740**	**109,225**	**57,168**	**32,698**	**(22,034)**	**(772)**	**37,210**	**95,358**	**14,320**	**43,148**	**(251,407)**	**1,020,508**
Taxation - consolidated													(510,026)
Profit - consolidated													**510,482**
Gross Advances to customers	2,702,359	1,920,415	1,291,433	357,831	434,953	722,623	54,093	359,647	552,020	103,390	1,043,202	-	9,541,966
Impairment provisions	(239,776)	(18,489)	(26,726)	(20,768)	(5,765)	(128,404)	(8,567)	(49,695)	(154,588)	(23,649)	(166,708)	-	(843,135)
Net Advances	**2,462,583**	**1,901,926**	**1,264,707**	**337,063**	**429,188**	**594,219**	**45,526**	**309,952**	**397,432**	**79,741**	**876,494**	**-**	**8,698,831**
Borrowings	**1,010,044**	**362,793**	**370,122**	**240,003**	**292,313**	**536,614**	**27,361**	**174,797**	**32,766**	**-**	**552,203**	**1,730,303**	**5,329,319**

	At 31 Dec 2019 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000
1. Cash and cash equivalents		
Cash at bank and in hand	944,882	822,897
Statutory cash reserve	63,390	88,060
Short term investments	27,241	277,445
	1,035,513	1,188,402
Cash and cash equivalents for the purpose of cashflow statements	972,123	1,100,342
2. Advances to customers		
Gross advances to customers	9,832,888	9,541,966
Less : Expected credit losses		
- Stage 1	(148,664)	(167,994)
- Stage 2	(92,123)	(100,646)
- Stage 3	(520,617)	(574,495)
	9,071,484	8,698,831
3. Other receivables		
Deposits and prepayments	33,744	38,909
Receivable from insurance arrangements	160,084	147,331
Withholding tax and value added tax	405	881
Deferred arrangement fees	14,593	16,365
Other receivables	39,170	49,005
	247,996	252,491

4. Property plant and equipment

	Carrying amount at 1 Jan 2019	Additions	Transfers	Disposal and write off	Depreciation charge	Forex translation	Carrying amount at 31 Dec 2019
Motor vehicles	4,831	2,213	1,350	(2)	(2,637)	17	5,772
Computer equipment	24,201	41,381	(4,138)	(12)	(19,851)	530	42,111
Office furniture and equipment	27,514	10,379	1,280	(74)	(12,682)	(468)	25,949
Land and building	18,518	-	-	-	-	221	18,739
Work in progress	5,468	5,437	(3,653)	-	-	(152)	7,100
	80,532	59,410	(5,161)	(88)	(35,170)	148	99,671

5. Right of use asset

	Carrying amount at 1 Jan 2019	Implementation of IFRS 16	Transfers	Disposal	Depreciation charge	Forex translation	Carrying amount at 31 Dec 2019
Property	-	97,024	-	-	(35,473)	(115)	61,436
	-	97,024	-	-	(35,473)	(115)	61,436

The Group has adopted IFRS 16 using the modified retrospective approach from 1 January 2019, but has not restated comparatives for the 2018 reporting period. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet of 1 January 2019.

6. Intangible assets

	Carrying amount at 1 Jan 2019	Additions	Transfers	Disposal	Amortisation charge	Forex translation	Carrying amount at 31 Dec 2019
Computer software	39,649	10,550	5,161	-	(13,276)	(1,236)	40,848
Brand value	2,363	-	-	-	(280)	(465)	1,618
Core deposit	3,476	-	-	-	(737)	16	2,755
	45,488	10,550	5,161	-	(14,293)	(1,685)	45,221

	At 31 Dec 2019 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000
7. Goodwill		
Goodwill arose on the acquisition of:		
Letshego Holdings Namibia Limited	23,111	22,774
Letshego Tanzania Limited	1,874	1,891
Letshego Kenya Limited	33,238	33,367
Letshego Bank (T) Limited	-	15,130
Letshego Microfinance Bank Nigeria Limited	-	23,942
AFB Ghana Plc	10,010	9,125
	68,233	106,229

Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. The Group assesses the recoverable amount of goodwill in respect of all cash generating units noted above to determine indications of impairment. In the current period an impairment provision of P38.7 million was recognised for goodwill arising from the acquisitions of Letshego Microfinance Bank Nigeria Limited and Letshego Bank Tanzania.

	At 31 Dec 2019 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000
8. Customer deposits		
Deposits from customers	426,673	497,718
9. Cash collateral		
Cash collateral on loans and advances	21,721	27,028

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.

	At 31 Dec 2019 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000
10. Trade and other payables		
Insurance premium payable	36,184	65,547
Payroll related accruals	103,933	91,437
Other provisions	59,573	60,866
Guarantee funds	194,582	168,215
Trade and other payables	119,184	91,790
Value added tax / withholding tax payable	38,900	14,370
	552,356	492,225

11. Lease liabilities

	Carrying amount at 01 Jan 2019	Implementation of IFRS 16	Interest expense	Cash payments	Forex translation	Carrying amount at 31 Dec 2019
Lease liability	-	97,024	10,416	(42,565)	(115)	64,760

	At 31 Dec 2019 (Reviewed) P'000	At 31 Dec 2018 (Audited) P'000
12. Borrowings		
Commercial banks	1,920,085	2,504,294
Note programmes	1,729,542	1,787,303
DFI's	1,118,927	887,655
Pension Funds	213,621	150,067
Total borrowings	4,982,175	5,329,319

	Year ended 31 Dec 2019 (Reviewed) P'000	Year ended 31 Dec 2018 (Audited) P'000
13. Stated capital		
Issued: 2,144,045,175 ordinary shares of no par value (2018: 2,144,045,175) of which 19,054,190 shares (2018: 19,054,190) are held as treasury shares	862,621	862,621
14. Effective interest income		
Advances to customers	2,504,158	2,466,385
Interest income on risk informal / mobile loans	193,786	140,503
Interest income on non-risk informal / mobile loans	250,414	83,535
Deposits with banks	26,481	27,834
	2,974,839	2,718,257
15. Effective interest expense		
Overdraft facilities and term loans	663,495	566,797
Interest expense on non-risk informal / mobile loans	250,414	83,535
Interest expense on leases	10,416	-
Market to market adjustment on hedge contracts	1,488	11,586
Foreign exchange loss / (gain)	5,351	(7,839)
	931,164	654,079
16. Other operating income		
Early settlement fees	52,627	41,241
Income from insurance arrangements	195,026	213,483
Sundry income	25,365	12,697
	273,018	267,421
17. Employee costs		
Salaries and wages	364,146	313,382
Staff incentive	40,280	54,466
Staff recruitment costs	8,152	2,666
Staff pension fund contribution	27,106	17,913
Directors' remuneration – for management services (executive)	8,124	9,725
Long term incentive plan	6,215	(7,975)
	454,023	390,177
18. Other operating expenses		
Accounting and secretarial fees	687	1,084
Advertising	15,941	17,421
Audit fees	5,565	4,836
- Audit services	5,265	4,675
- Covenant compliance fees	237	161
- Tax advisory services	63	-
Bank charges	7,208	7,305
Computer expenses	12,317	18,599
Consultancy fees	50,308	46,116
Corporate social responsibility	3,266	4,138
Collection commission	50,636	49,700
Direct costs	39,844	27,561
Direct costs - informal loans	44,370	32,817
Data centre decommissioning	-	5,000
Depreciation and amortisation	49,463	36,291
Depreciation - right of use assets	35,473	-
Directors' fees – non executive	6,474	7,105
Directors' fees – subsidiary boards	5,832	4,892
Government levies	26,789	22,876
Insurance	9,359	10,136
Impairment of goodwill	38,737	22,000
Impairment of cash accounts	6,039	-
Office expenses	22,043	24,301
Operating lease rentals - property	15,909	48,115
Other operating expenses	86,098	91,324
- Claim expenses - cell captive	-	5,726
- Entertainment	576	1,057
- IT costs	5,222	15,325
- Loss on disposal of fixed assets	36	6,351
- Motor vehicle expenses	6,196	6,192
- Printing and Stationery	8,145	7,673
- Repairs and Maintenance	6,111	3,806
- Storage costs	1,940	1,496
- Subscriptions and licenses	5,282	3,953
- Other expenses	52,590	39,745
Payroll administration costs	2,234	2,066
Professional fees	27,465	42,643
Telephone and postage	29,261	26,471
Travel	31,419	37,361
	622,737	590,158
19. Expected credit losses		
Amounts written off	434,599	298,297
Recoveries during the year	(183,767)	(146,720)
Expected credit losses raised during the year	(81,731)	209,914
	169,101	361,491

NON EXECUTIVE DIRECTORS
E.N. Banda (Chairman) (RSA), R.N. Alam (USA), H. Karuhanga (Uganda), C.Lesetedi (Botswana), S.D. Price (UK), Dr. G. Somolekae (Botswana), G.L. van Heerde (RSA), Ronald Hoekman (Holland), Philip Odera (Kenya), Abiodun Odubola (Nigeria).

EXECUTIVE DIRECTOR
A.F Okai (Group CEO) Ghana

ALTERNATE DIRECTORS
T.I Mutasa (Zimbabwe), (Alternate to R.N Alam (USA); M Viljoen (Alternate to G.L. Van Heerde)

COMPANY SECRETARY
M.Kimwaga

CERTIFIED AUDITORS
Ernst and Young, 2nd Floor, Plot 22, Khama Crescent, Gaborone, Botswana

TRANSFER SECRETARIES
PricewaterhouseCoopers (Pty) Limited, Plot 50371, Fairground Office Park, Gaborone, Botswana

REGISTERED OFFICE
Plot 50371, Fairground Office Park, Gaborone, Botswana
www.letshego.com