



**Letshego**

LETSHEGO HOLDINGS LIMITED

Impact report 2022



# Contents

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**With Affordable Housing.**



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*Further information  
in this report*

# About this **report**

The Letshego Group's 2022 Impact Report provides stakeholders with an overview of our performance against our financial inclusion mandate to society and how we make a difference in the lives of our stakeholders and the communities in which we operate. The report focuses on the sustainable development areas where evidence exists that our commercial activities provide real and tangible benefits to our stakeholders and communities. These areas align with 11 of the 17 United Nations Sustainable Development Goals (UN SDGs).

We strive to continually improve the quality of our information, and transparently report on the factors that affect our ability to create positive impacts, to assist our stakeholders to make informed decisions about the Group and to enhance our stakeholder engagement. The information disclosed in this report is of interest to all our stakeholders, including our investors, employees, customers, funders and strategic partners as well as our broader stakeholder groups, including the governments, regulators and communities in the regions in which we operate.

## SCOPE AND BOUNDARY

Our impact report covers Letshego Holdings Limited, including its operating companies in Botswana, Eswatini, Ghana, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Rwanda, Tanzania and Uganda for the financial year starting 1 January 2022 and ending 31 December 2022.

## OUR STAKEHOLDERS

Numerous stakeholder groups, economies and communities are affected by our operations, and have either a direct or indirect interest in our strategy and success. We consider these stakeholders integral to achieving our vision of becoming a world-class retail financial services organisation. Building robust relationships with our stakeholders, and addressing their feedback and concerns, helps us shape and enhance our strategy and operations to deliver tangible value, and identify opportunities to collaborate with them to realise mutual benefits.

Our stakeholder engagement framework is managed by our Group and Country leadership teams and supported by the Board of directors (Board). The Group Chief Executive Officer (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.

## TIME HORIZONS

### SHORT TERM

2023, in which we will continue to drive our digital transformation.

### MEDIUM TERM

2024 to 2025, with 2025 being the year in which we aim to achieve our strategic targets.

### LONG TERM

2026 and beyond, drive positive impacts that contribute to United Nations Sustainable Development Goals (UN SDGs).

## REPORTING STRUCTURE

This is our second impact report to stakeholders. The report builds on the foundation set by our first impact report which was published in 2019. It has been restructured slightly to provide a more in-depth view of the positive impacts achieved by the Group through the financial inclusion of more Africans.

## Feedback

We welcome written feedback from our stakeholders on this report as well as our performance. Enquiries can be directed to the Head of Group Corporate Affairs at:



# OUR BUSINESS

## Who we are

The Letshego Group 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 (MSE) 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 (lending, savings, payments and insurance) and lifestyle (non-financial) solutions – products that help people to improve their lives but which historically were not

easily accessible. Our products are delivered in tandem with the upskilling and empowerment of our employees and customers with digital skills that support sustainable financial inclusion and digital-savvy economies.

### OUR FIVE VALUE STREAMS

#### 1 LENDING

##### Access to funding

- ▶ Loans at affordable interest rates.
- ▶ We focus on the productive use of funding where customers are able to make repayments from the income generated by the loan.
- ▶ Data driven, customised credit scoring tools accurately assess credit risk.



PERSONAL LOANS (DAS<sup>1</sup> AND NON-DAS)

MSE LOANS

PROGRAMMATIC LOANS

#### 2 SAVINGS

##### Mobilising savings

- ▶ Savings accounts with competitive interest rates.
- ▶ Guaranteed access to savings whenever needed.



INDIVIDUAL SAVINGS

GROUP SAVINGS

COMMERCIAL DEPOSITS

<sup>1</sup> DAS: unsecured personal loans issued to civil servants and other employees under a payroll deduction scheme implemented by a participating employer.

## DIGITAL TRANSFORMATION STRATEGY

We are digitising customer access channels while maintaining a complementary network of physical outlets. Our LetsGo Digital Mall offers our customers fast and easy access, simplicity, affordability and inclusivity across multiple secure channels: website, unstructured supplementary service data (USSD), mobile phone and WhatsApp.



### 3 PAYMENTS

Simple and secure payments

- ▶ Technology driven money transfers, using agency banking, USSD and mobile banking.



WALLETS  
CARDS  
REMITTANCES

### 4 INSURANCE

Protecting against risks

- ▶ A comprehensive range of insurance offerings, including digital insurance products in key markets.



LIFE INSURANCE  
SHORT-TERM INSURANCE  
LONG-TERM INSURANCE

### 5 LIFESTYLE

Beyond banking

- ▶ Value-adding lifestyle solutions that provide wellbeing, education and personal finance solutions beyond traditional banking.



DIGITAL WELLBEING  
EDUCATION LOANS

# Letshego at a glance

Our brand is trusted across Africa; based on our commitment to responsible and ethical lending, our full regulatory compliance in all our countries of operation and our responsiveness to the needs of our customers.

OUR  
PURPOSE

**IMPROVING  
LIVES**

1

## OUR VISION

To be a world-class retail financial services organisation that meets the needs of mass- and middle-income individuals and MSEs<sup>1</sup>.

2

3

## OUR MANTRA

Simplicity

Focus

Discipline

4

## OUR STRATEGY



**Product diversification**



**Digitalisation**



**Geographic rebalancing**



**Enterprise engine**



**Sustainable stakeholder**

# 5

## HOW WE WILL ACHIEVE OUR STRATEGY

### 6-2-5 execution roadmap

#### Plan 6 (2020): Productivity of solutions

- ▶ Strengthen our core business and lay the foundation for product diversification and digital platforms.

#### Plan 2 (2021 – 2022): Transformative technologies

- ▶ Be customer-led (expand and scale up our product offering) and invest in transformative technology (digitise customer journeys and automate manual processes).

#### Plan 5 (2023 – 2025): Platform thinking

- ▶ Leverage platform thinking to create a future-fit organisation (fully digitised, scaled-up business lines in all key markets and ecosystems that serve the entire customer banking journey).

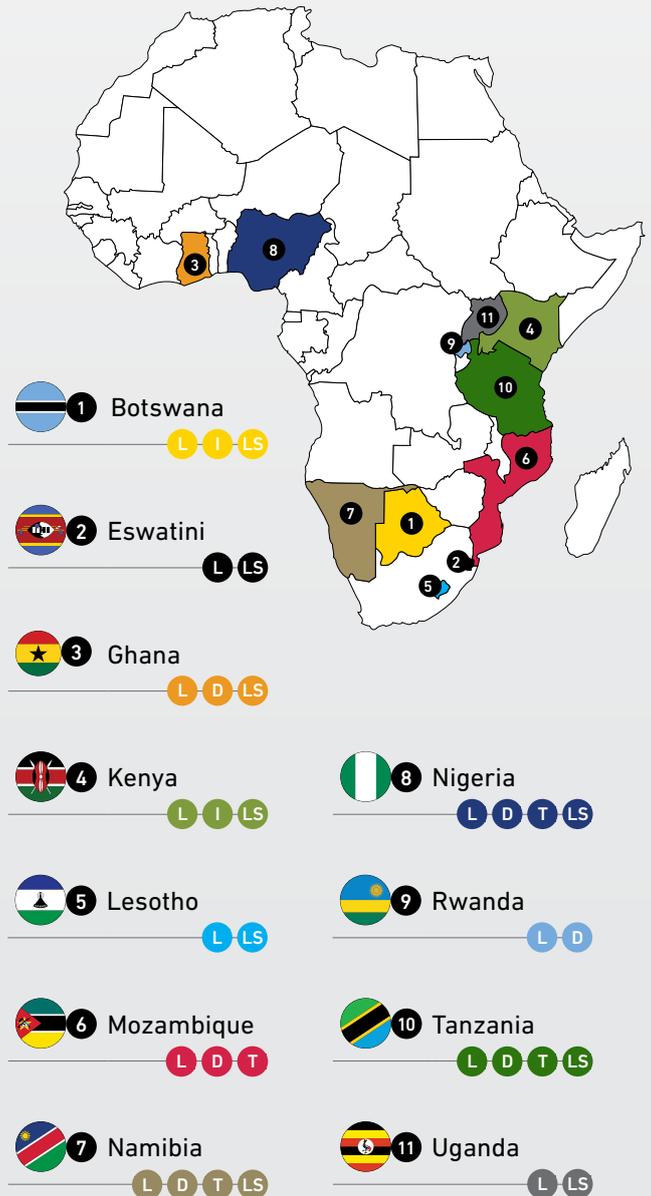
# 6

## OUR INTENDED OUTCOMES

- 1 Capture new market leading positions**  
 5% to 10% market share in product-segment combinations across our markets.
- 2 Comprehensive product offering**  
 Unique value propositions that meet changing customer preferences.
- 3 Digital solutions**  
 Digital platforms that are inclusive, expand our reach and deliver an excellent customer experience.
- 4 Sustainable value creation**  
 A sustainable financial performance with robust returns to shareholders over the long term.
- 5 Positive social impact**  
 A measurable and sustainable social impact within the markets where we operate, delivering affordable and appropriate financial solutions for emerging customers, including women, youth and entrepreneurs.

## OUR FOOTPRINT

L Lending D Savings T Payments I Insurance LS Lifestyle



## A MESSAGE FROM OUR LEADERS

# Message from our leaders

### CHAIRMAN'S MESSAGE

It gives me great pleasure to present Letshego's second stand-alone impact report, which provides an overview of how and where our commercial activities are achieving a social or environmental impact in the lives of our stakeholders and communities.

We are growing a franchise, which requires a deepened understanding of the markets in which we operate, enhancing customer engagement to better understand the needs of customers in those markets, and improving the customer experience through our digital platforms. All of these contribute to the positive social impact we can have in our communities. We have therefore placed increased focus on measuring our social performance.

Our easy and transparent digital services, accessed over multiple channels, will ensure that we are able to leverage digital technology advances to bring formal financial services to previously excluded and under-served populations at an affordable cost. The LetsGo Digital Mall, for example, is a key enabler of our ability to deliver enhanced inclusive financial services to these markets and increase our social impact. As we deepen the platform's capabilities, we aim to serve customers along their entire financial services journey.

In 2022, we conducted a social impact survey using the capabilities of a global, tech-enabled social impact measurement company, 60\_decibels, to collect customer-level impact performance data. This has helped us understand our customers better and has also provided insight into how we can deliver greater impact going forward.



**Philip Odera**  
Board Chairman

The survey results showed that Letshego is making a positive difference in enabling its customers to access financial services and improve their financial wellbeing. We also identified opportunities where we can further enhance customer experience and meet the evolving needs of financially under-served individuals and small business owners.

We are proud of the progress we are making in furthering our programmatic lending solutions and other financial and lifestyle products that help to improve the lives of customers as well as the communities where they live. Our approach is founded on research that shows that the chosen selection of economic segments are proven to have the highest positive impact in supporting social development in Africa.

We wish to thank our people, our partners, regulators and shareholders whose partnership has enabled us to deliver on our purpose to Improve Lives for more than two decades.



**Philip Odera**  
Group Chairman

## GROUP CHIEF EXECUTIVE'S MESSAGE



**Aobakwe Aupa Monyatsi**  
Group Chief Executive Officer

Letshego's purpose to improve lives is inherently ESG and impact centric. We are a proudly pan-African operation, with an established 25 year legacy. We understand our markets and empathise with the evolving needs of our people, and remain committed to growing and enhancing sustainable business practice that supports and empowers generations of customers.

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**Mr Aupa Monyatsi**  
Group Chief Executive

### Customers



> 6.6 million

### Employees



1 705

(2021: 1 765)

### Jobs supported



~ 2 000

including direct and indirect sales agents

### Lending customers



5.8 million

(2021: 5.0 million)

### Savings customers



895 541

(2021: 722 921)

### Asset base



> USD 1 billion

### Supporting regional communities



25 years

## OUR IMPACT MODEL

# Measurable and sustainable impact

Letshego strives to make a measurable and sustainable social impact within the markets where we operate. This is encapsulated in our Transformation Strategy in the pillar to deliver sustainable stakeholder value, which can only be achieved when sustainable shared value drives more equitable societal outcomes.

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. A key driver towards being a force for social good is our programmatic lending, 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. Our customised solutions to help MSEs grow their businesses is another key driver, which indirectly helps to support job creation and increased economic activity. In this, we align with government mandates that encourage the productive use of loans, ultimately increasing income potential, employment levels and sustainable economic development within local communities.

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. This insight also helps us frame our impact disclosure and identify where we contribute to the UN SDGs. Our ability to develop a track record of good social performance allows us to attract and retain development finance partners.

## ETHICS

To build and sustain an ethical corporate culture, our ethical standards are clearly articulated and integrated into the Group's strategies and operations. This ensures our lending is responsible and ethical, and that we meet all our regulatory obligations. Our leaders are committed to ethical practices and the principles of integrity and accountability.

## GOVERNANCE

The Board is ultimately responsible for promoting and monitoring environment, social and governance (ESG) matters and the principles by which we conduct our business. It is assisted in this responsibility by the Group Risk, Social and Ethics Committee, a Board committee which in addition to its risk responsibilities, oversees the following key ESG-related topics: ethics management, responsible corporate citizenship, sustainable development and stakeholder relationships. The committee reviews the Group's frameworks, policies and guidelines for safety, health, social investment, community development, environmental management and climate change. It also monitors activities relating to customer relationships, including advertising, public relations, and compliance with consumer protection laws. During the year, we established the Group Sustainability Management Committee, chaired by the Group Chief Risk Officer, to drive the ESG framework implementation across the Group.



# OVERVIEW OF OUR PROGRAMMATIC LENDING

1

## Identify strategic programmes

- ▶ Affordable housing given the significant impact this has on improving lives
- ▶ Health and wellness as the underlying tenet of social and personal productivity
- ▶ Education – a key underpin of socioeconomic development

2

## Link programmes to social impact

- ▶ Financial inclusion
- ▶ Green funding
- ▶ Youth
- ▶ Women

3

## Identify funding partners

- ▶ Development finance institutions

4

## Get cheaper funding

- ▶ Long-term funds
- ▶ Blended finance
- ▶ Deposits

7

## Grow the MSE segment

Increase lending based on:

- ▶ Data-enabled credit evaluation
- ▶ Cheaper long-term funding
- ▶ Relevant products

6

## Get book guarantees (where applicable)

- ▶ Guarantees to cover defaults

5

## Include fund technical assistance

- ▶ Product development
- ▶ De-risk the Group
- ▶ Pay contribution (where applicable)

8

## Measure social impact

- ▶ Drive our purpose
- ▶ Contribute to the UN SDGs

## OUR INTENDED OUTCOMES

- Shift in gender profile of customers and employees
- Improved financial performance of MSEs
- Increased disposable income among our customers leading to increased economic activity
- Increased access to social services (healthcare, education, housing)
- Contribution to a national gross domestic product (GDP)

## MANAGEMENT

Our current ESG management framework includes an ESG policy, the Group's strategic and social investment policy (which focuses on sustainable development and the improvement of lives in communities), ESG risk measures, stakeholder engagement and implementation manuals. The Group ESG manual ensures a uniform approach to ESG management. Each subsidiary has its own ESG manual, to drive the implementation of the Group's ESG approach while also allowing flexibility in terms of its country-specific strategy. The implementation of the Group ESG management framework at subsidiary level is driven by ESG champions. ESG training was delivered to all employees in 2021.

A project is underway to operationalise the ESG framework across Ghana, Nigeria and Tanzania. The project determines Letshego's objectives and approach, outlining gap assessments against applicable standards, to updating existing environmental and social policies. The project serves to fit within the Group's ESG framework and develop action plans for all markets. The ESG framework will be tested (three loans per country) and train the trainer workshops delivered (two in each country) with ESG enabled policies and best practice shared across all markets. Workshops will also be held with top management, along with broader skills training and awareness.

In 2023, we will implement an environmental and social data management system, and design the final ESG management framework, including updating the Group and country ESG manuals, and completing employee training in Ghana, Nigeria and Tanzania.

## SUSTAINABLE DEVELOPMENT GOALS

The UN SDGs set an agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Poverty is the single biggest obstacle to achieving global sustainable development objectives and the improved wellbeing of people. Microfinance can be an effective tool for poverty alleviation, empowering people to initiate their own ways out of poverty and using starting capital to invest in income-generating activities. The UN SDGs aim to promote the building of physical infrastructure and key services to promote social inclusion, global cooperation and universal access to the public services; all of which are needed to fight the major challenges of our times, including security crises, pandemics and climate change .

Through our business, we contribute to the objectives of 11 UN SDGs.

## IMPLEMENTING OUR ESG FRAMEWORK

### SCREENING

Environmental and social conduct screening to determine whether or not to pursue an opportunity

### CATEGORISATION

Categorise the opportunity according to a comprehensive internal rating to inform the scope of due diligence

### DUE DILIGENCE

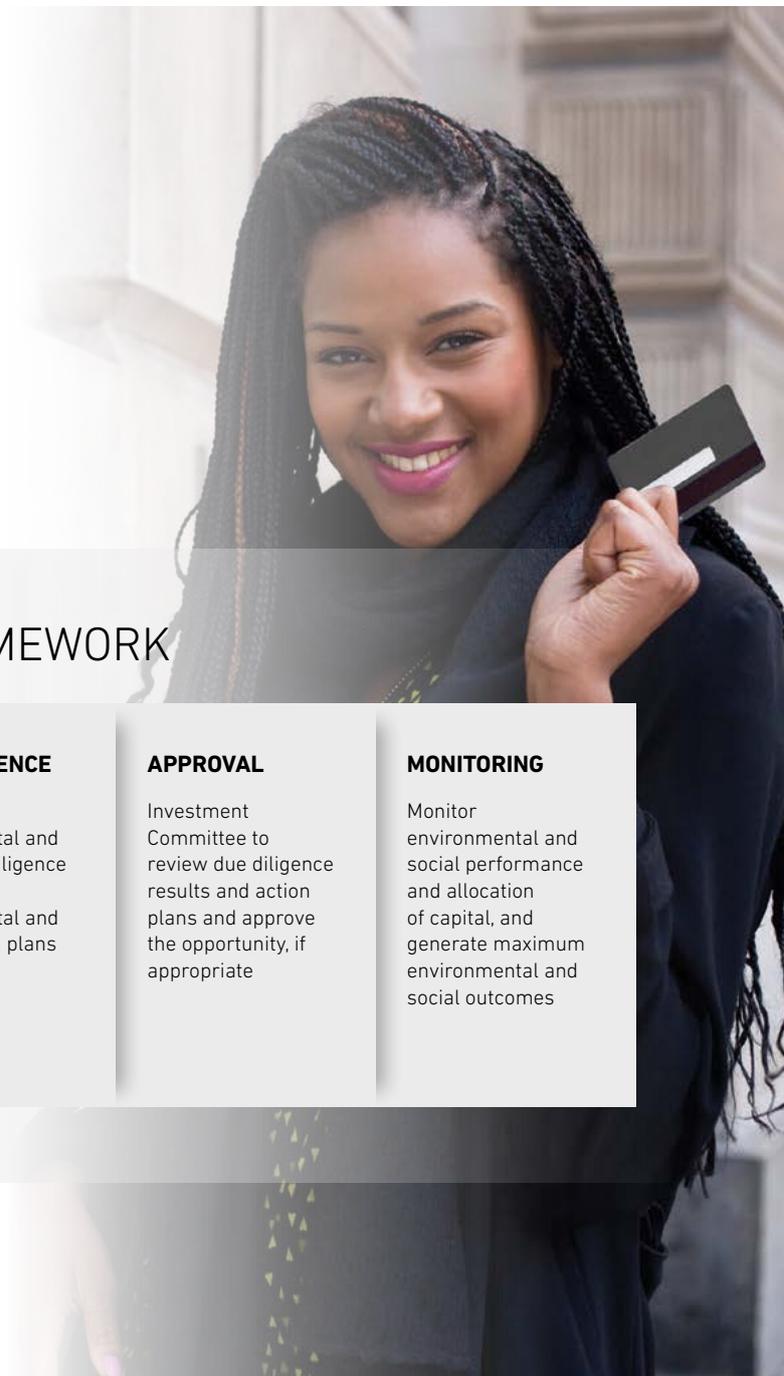
Conduct environmental and social due diligence and develop environmental and social action plans

### APPROVAL

Investment Committee to review due diligence results and action plans and approve the opportunity, if appropriate

### MONITORING

Monitor environmental and social performance and allocation of capital, and generate maximum environmental and social outcomes



# INFORMING OUR ESG FRAMEWORK

## Our key inputs

- ▶ Inclusive financial services and products.
- ▶ Digitisation.
- ▶ #PeopleFirst strategy.
- ▶ Stakeholder relationships.
- ▶ Regulatory relationships.
- ▶ Thought leadership.
- ▶ Strategic partnerships.
- ▶ Community engagement.

## Our mandate

- ▶ Extending access to inclusive financial services in under-served communities.

## Key performance indicators

- ▶ Number of appropriate and inclusive products.
- ▶ Size of customer base.
- ▶ Reduction in levels of over-indebtedness.
- ▶ Increasing levels of access to income.
- ▶ Improvement in employment opportunities.
- ▶ Increased thought leadership.

## Guidelines and standards



## ESG principles

- ▶ UN Global Compact (Appendix 13)
- ▶ UN Environment Programme Statement of Commitment by Financial Institutions on Sustainable Development (Appendix 14)
- ▶ UN Principles of Responsible Banking (Appendix 15)
- ▶ International Labour Organization Conventions (Appendix 10)



## Enablers of the ESG framework

**Creating an ESG savvy culture**  
 Training of executives, ESG champions and all our employees

**Digitising ESG data**  
 Digitising data identification, monitoring and reporting

**Automating ESG reporting**  
 Leveraging ESG reporting platforms

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# Overview of social impact survey results

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We conduct social impact surveys across all 11 of our markets, using the capabilities of a global, tech-enabled social impact measurement company. 60\_Decibels combines deep expertise, technology and a global network of over 750 researchers to collect customer-level impact performance data. The surveys help us understand the personal motivators, daily challenges, financial habits and individual needs of our customers, and provide insight on what loans are used for and how we can deliver greater impact going forward. The surveys cover the five dimensions of financial inclusion: access, business impact, household impact, management and understanding, and

resilience. In addition, questions relating to customer satisfaction, customer trust and experience, and challenges encountered are included. A total of 2 262 customers, 48% being women, were surveyed.

Overall, the latest survey results showed that Letshego is making a positive difference in enabling its customers to access financial services and improve their financial wellbeing. These results are disclosed throughout the impact report. The survey also identified opportunities where we can further improve our customer experience and expand our reach to more under-served people.



### Net Promoter Score®<sup>1</sup>



**+17**

considered a good score. Promoters of Letshego appreciate our efficient support and good customer service.

A more recent survey undertaken in the first quarter of the new financial year, indicates that our customer satisfaction score has increased 17% when compared to quarter one of 2022.

### Customer base



**64%**

of our customers are low-income earners, living under USD5.50 a day.



**40%**

live under the World Bank poverty line of USD3.20 per day.

### Impact



**44%**

of respondents said they can now afford a property, and



**26%**

said they can now afford education.

### No challenges



**63%**

of customers experienced no challenges when dealing with Letshego.

### Customer interests first



**83%**

of respondents agreed that Letshego puts the interest of the customer first.

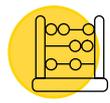
### Fair treatment



**86%**

of respondents said that Letshego treats customers in a fair manner.

### Fee transparency



**79%**

of respondents agreed that Letshego is fully transparent on its fees.

### Trust



**82%**

of respondents trust Letshego with their money.

<sup>1</sup> Net Promoter Score (NPS) is a gauge of customer satisfaction and loyalty. It is calculated as the percentage of customers who provide a rating of nine or 10 (promoters) less those providing a rating of zero to six (detractors). Ratings of seven and eight are not included.

# DELIVERING ON OUR PROMISE TO IMPROVE LIVES

## Financial inclusion

Our greatest impact on society is our ability to drive financial inclusion, developing relevant financial products and services and making them accessible to under-served markets. Financial inclusion has the power to alleviate some of the greatest challenges faced by communities today; reducing poverty and inequality, increasing economic growth and employment, supporting entrepreneurship, facilitating access to critical services such as education and healthcare, and playing a key role in environmental improvement. Expansion into under-served markets can increase people's chances of having a bank account by up to 4% and securing a loan by up to 1%.

Holding a bank account serves as an entry point into the formal financial system and enables people to mobilise household savings, protect themselves against risks and unexpected financial expenses, and build a credit history, paving the way to future access to funding which they can invest in their families, households and businesses to improve their lives.

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 a fast onboarding process and improving turnaround times, affordably priced products, and easy and transparent digital services accessed over multiple channels.

### OUR IMPACT

#### Productive use of loan

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.

#### Social impact survey measures

- ▶ Use of loans (personal or business).
- ▶ Ability to repay loans.
- ▶ Spending behaviour.
- ▶ Financial wellbeing.
- ▶ Understanding loan terms.
- ▶ Financial stress and management.
- ▶ Resilience.
- ▶ Quality of life.



# PERFORMANCE HIGHLIGHTS

for the past three years

2020

Supported our customers by way of repayment holidays and other debt relief measures during COVID-19.

Launched the LetsGo mobile digital platform for everyday transactions and savings needs at a cost-effective rate and pay-as-you-use fees. Digital channels were delivered to all 11 markets in six weeks.

Upgraded and automated our credit scoring process to reduce portfolio impairments and enhance our credit decision-making.

At year end, we were processing more loan transactions on digital channels than through traditional channels.

Launched our first standalone insurance product in Kenya:

2021

Launched the LetsGo Digital Mall in 10 of our markets - accessed through website, mobile phone and USSD:

Digitised our core lending product:

Developed our LetsGoPay Digital Account in Ghana and Namibia:

Launched five new short-term insurance products in three markets:

Expanded our lending portfolio to include programmatic lending – affordable loans that support social transformation:

Secured over USD63 million in partnership funding to accelerate our programmatic approach.

Launched a crowd savings capability:

2022

Launched a campaign to drive existing and attract new customers to the LetsGo Digital Mall and continued to add existing and new products to the platform:

Built online credit scoring capabilities for the mass mobile customer segment.

Launched our Instant Loan offering:

Launched the digital Flexi-Save Account in Ghana and Namibia:

Launched five short-term digital insurance products in the LetsGo Digital Mall:

Launched our first lifestyle solution – Digital Wellbeing:

Launched our refreshed customer proposition (LetsGo@Work) for government and private customers – a methodical approach that uses the Digital Mall to strengthen our employer offering, which we will then broaden to include other products.



## Our products

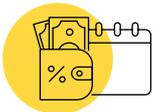
### Providing access to funding

We offer loans at affordable interest rates and focus on the productive use of capital, which helps to minimise the risk of customer over-indebtedness and reduces the number of non-performing loans within our lending portfolio.

Our data driven, customised credit scoring tools support our ability to accurately assess credit risk across all our lending portfolios, allowing us to provide loans to more individuals and MSEs. 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 dies. We also offer value-added products including loyalty benefits, and funeral and life cover.

#### *Unsecured personal loan*

Our fully digitised DAS lending product is a payroll deduction scheme for employed individuals, both in the public and private sector. Deductions, or repayments, take place prior to salaries being paid. Many of our customers in this category are government employees. This is our core lending product and is available on our LetsGo Digital Mall. Existing and new customers are able to register online, access new DAS lending solutions, track their loans and update their account information using their mobile phones.



#### *Instant loan*

Made possible by our digital evolution, we offer 'Instant Loans' on our LetsGo Digital Mall. These loans are approved quickly, and are efficient and of a high quality due to our predictive analytics which determines a customer's credit risk profile within seconds. Registered users of the LetsGo Digital Mall with documentation already on file receive their cash within 10 minutes of applying for an Instant Loan; the average loan approval time taking around seven minutes. Managing their small loans responsibly helps customers develop and improve their credit profile. For the Group, Instant Loans provide insight on what customers are using their loans for and where we can potentially develop better solutions to meet these needs.



#### **Loyalty product**

**In Namibia**, our loyalty product allows customers to top up their existing Letshego loans and benefit from lower interest rates. The product targets government officials and employees of selected parastatals and private entities where the sum of the customer's principal debt across all their active loans plus the value of the top-up loan being applied for is more than N\$100 000. The loans are consolidated under the DAS portfolio at a cheaper lending rate.

#### **Mobilising savings**

A savings account helps customers to save money safely and prepare for unforeseen and/or future costs such as a child's education. Our savings accounts offer competitive interest rates and customers are guaranteed access to their money whenever they need it. Over 2 500 digital Flexi-Save Accounts were opened in Namibia in the first six months of the product's launch. We also operate an innovative crowdfunding capability that allows family and friends to save together on the LetsGo Digital Mall.



#### **Mobile money savings product**

**In Tanzania**, our Timiza Akiba mobile money savings solution is available to all Airtel Mobile Money customers. The solution encourages the growth of healthy savings, offering no fees and a monthly reward when customers save towards a financial buffer or goal.

"OUR 'CROWD SAVING' SOLUTION ALIGNS WITH THE NEW AGE CONCEPT OF CROWD FUNDING AND ENABLES OUR CUSTOMERS TO SET THEIR SAVINGS TARGET IN THE LETSGO DIGITAL MALL, AND THEN INVITE FAMILY AND FRIENDS TO CONTRIBUTE OR DONATE FUNDS ELECTRONICALLY. IT'S A SOCIAL TOOL THAT PROMOTES NETWORKING WHILE PROMOTING THE MERITS OF SAVING, AN IMPORTANT ASPECT OF SAVVY FINANCIAL MANAGEMENT."

**CHIPILIRO KATUNDU**, GROUP CHIEF OF PRODUCTS

## Facilitating payments

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 banking, USSD and mobile banking.



### **Digital account**

We have delivered the LetsGoPay Digital Account to our customers in Ghana and Namibia. The account enables customers to make payments, send and receive money, and save and borrow; instantly, easily, anytime and anywhere. Digitising our payment solutions improves access, increases efficiencies and enhances security for our customers. The world-class platform aligns with government objectives to grow cashless economies, which yield a number of benefits. The digital account will be rolled out across our markets once the pilot is finalised.



### **Mobile account**

Mobile phone accounts are available to customers in Ghana and Mozambique.



### **Remittance**

Money sent home by migrants is one of the largest financial inflows to developing countries. The key reasons for sending or receiving funds is to help families pay for food, business expansion and school fees. Channels used to remit income include eWallets, mobile phone banking, bank transfers, international money transfers and stokvels (an informal community saving scheme). Our payments value stream includes an inward remittance service for our customers in Mozambique. Inter-regional payments is a growing opportunity for the Group and we intend to extend this service to more of our markets.

## Insuring against risks

Our standalone insurance products help our customers secure their wealth, and financial fitness and wellbeing through insurance, healthcare and life cover to meet potential losses or risks in the future. Short-term insurance, including funeral and motor cover, is available in five of our markets (Eswatini, Botswana, Kenya, Namibia and Tanzania) with digital access now enabled in all five markets. In Kenya, we partner with Liberty Life to offer funeral policies and in Botswana we partner with Botswana Life to offer credit life insurance covering death, disability and critical illness. We have also partnered with Sanlam to expand our digital insurance offering to all our markets with digital insurance products available on the LetsGo Digital Mall by the end of 2022. Our digital insurance products offer instant access to insurance, fast claims resolution, simplicity, transparency and affordable premiums.

## Offering lifestyle solutions

One of our strategic objectives is to continue diversifying our digital products to capture opportunities beyond traditional financial solutions (loans, payments and account management). Informed by research and in collaboration with key partners as well as healthtechs, edutechs, soctechs and fintechs, we aim to offer customers dynamic value-adding lifestyle solutions, that support their wellbeing, education and personal finance (including mobile data, airtime and municipal service payments) needs. The LetsGo Digital Mall will be the key point of access for these products.



## LIVING OUR PURPOSE

### Size of our personal lending portfolio

#### DAS portfolio



8%

in net loan book values to

**P11.3 billion**

(2021: P10.5 billion).

#### Mass mobile lending



26%

in the mobile mass customer net loans and advances value to

**P421 million**

impacted by the introduction of a levy on mobile money transfers in Ghana (2021: P568 million).

#### Digital loan origination

**22%**

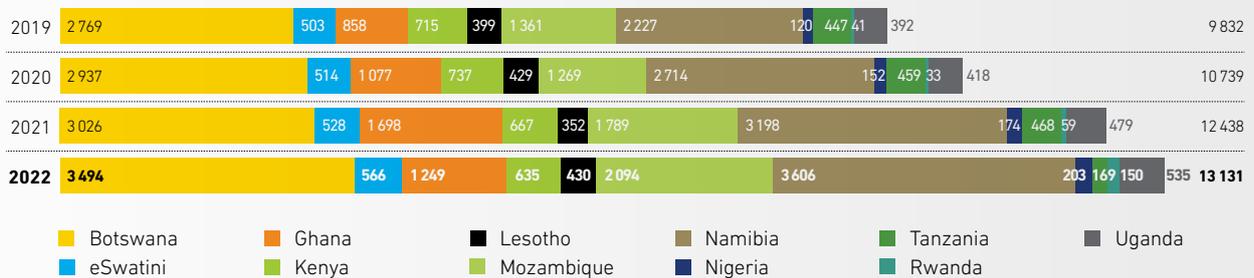
of Letshego lending customers originated loans on the LetsGo Digital Mall.

#### Loan approval time

**>18%**

reduction in turn around time for individual lending across all markets.

### Letshego's gross lending portfolio by country



## Size of our savings portfolio

### Savings customers



24%

in savings customers to

**894 541**

as a result of our partnerships with mobile network providers and payment companies (2021: 722 921).

### Deposit



5%

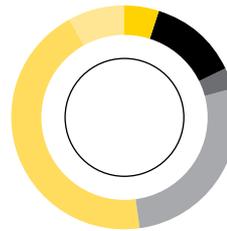
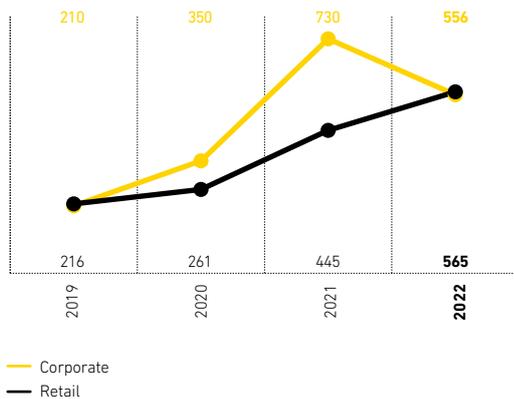
in deposits to

**P1.12 billion**

(2021: P1.18 billion).

### Deposit growth trends

(P millions)



### Deposits by access channel

Branch	5%
Direct Sales Agents	13%
Call Centre	3%
Digital Mall	27%
Web	44%
WhatsApp	8%

## Payments supported

### Card customers



31%

in card customers to 110 634 with the total number of transactions being 496 036

(2021: 84 526 and 248 057 transactions).

### USSD transactions



18%

in USSD transactions to 171 423 with a total transactions value of P128 million as more customers use these channels to pay bills and buy airtime

(2021: 145 314 and P109 million).

### Remittance

**Seven out of 10**

customers send remittances.

### LetsGoPay Digital Account

Customers across four of our markets (Ghana, Namibia, Nigeria and Rwanda) enjoy the benefits of the LetsGoPay Digital Account.

# STORY

## OUR STORY

We have provided financing for customers to start and grow their businesses.



In Mozambique, **Matizo Alfredo** started a business printing documents for customers in Monapo with financing received from Letshego. As his business grew, additional financing was obtained to open a stationery store and is now a supplier of office supplies to a number of companies in the region. Matizo has also expanded into other products and has begun building a guesthouse to diversify his revenue streams.



**Saturday Suale** has also received financial assistance from Letshego to expand and upgrade the social centre he operates, allowing him to increase the space he uses to host up to 300 people for events like weddings and birthdays, as well as catering for live shows and serving meals and other refreshments.



In Namibia, **Jeckonia Kapewasha**, a teacher, obtained financing from Letshego six years ago to build 10 apartments to earn rental income. He is planning on growing his property business by expanding his building and constructing more apartments. He has used the rental income earned to repay the financing and investing in his children's education.



## Social impact survey results

### Personal use of loans

**55%** of respondents used their loan for personal use, investing in homes or education etc.

**60%** of female respondents used their loan for personal use compared to **55%** of male respondents.

### Business use of loans

**45%** of respondents used their loan for business use – **24%** for renovations, **6%** to establish a new venture and **22%** to purchase an asset such as a vehicle or land.

### Spending behaviour

**57%** of respondents reported that they spent more on home improvement as a result of their loan, **49%** increased spending on education, **49%** on quality meals and **32%** on access to healthcare.

### Resilience

**56%** of respondents reported having an improved ability to face a major expense.

**23%** of respondents said that they now have 'very much' improved resilience due to their investments with Letshego.



Benchmark  
20%

### Loan repayments

**55%** of respondents said that repayments were not a problem.



Benchmark  
70%

**63%** said they had not had to cut back on consumption to repay their loans.

### Loan term understanding

**39%** of respondents strongly agreed that they understand the terms of their loan.



Benchmark  
66%

### Financial wellbeing

**67%** of respondents said that their ability to save had improved since becoming a Letshego customer.

**24%** said that their savings balance had 'very much' improved.

### Financial stress and management

**18%** of respondents reported that their financial stress had 'very much' reduced as a result of Letshego.



Benchmark  
20%

**24%** said that their ability to manage their finances had 'very much' improved.



Benchmark  
22%

### Quality of life

**82%** of respondents said that their quality of life had improved since becoming a Letshego customer.

**37%** said that their quality of life had 'very much' improved.



Benchmark  
35%

## LetsGo digital

The LetsGo Digital Mall is an inclusive, one-stop, world-class financial services platform that enables easy access to solutions across multiple digital channels, including website, USSD, mobile and WhatsApp. We have retained the use of USSD channels as this allows us to reach customers in areas where digital apps are not an option due to limited mobile and telecommunications infrastructure.



### LIVING OUR PURPOSE

## Key performance measures

### DAS loans

64%

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

### Automation

62%

of the lending value stream is automated.

### New customers

6 160

new customers register on the LetsGo Digital Mall each month.

### Digital loan origination

LetsGo Digital Mall activated loans have increased exponentially to

**P1.3 billion**

(2021: P49 million).

### Active lending customers

73%

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

### Customer base

1 045 869

registered customers on the LetsGo Digital Mall (2021: over 93 000).

"THE LETSGO DIGITAL MALL REPRESENTS THE MEDIUM TO LONGER TERM POTENTIAL OUR PLATFORM INTENDS TO SEIZE BY OFFERING NOT ONLY LETSHEGO SOLUTIONS, PRODUCTS AND SERVICES, BUT ALSO THE SERVICES OF THIRD PARTY VENDORS, SUPPLIERS AND POSSIBLY FELLOW INDUSTRY PLAYERS. THE DIGITAL MALL IS EVOLVING INTO A SPACE WHERE INDIVIDUALS CAN REGISTER AND ACCESS FINANCIAL SUPPORT, PRODUCTS, AS WELL AS HEALTH ADVICE AND TUTORIALS. WE WILL SOON EXPAND INTO POPULAR SERVICES SUCH AS MUNICIPAL PAYMENTS, ACQUIRING AIRTIME AND ACCESS TO LOCAL ACCREDITED SUPPLIERS."

**CHRIS HUGHES**, GROUP CHIEF OPERATING OFFICER,  
LETSHEGO GROUP

The Digital Mall is a key tool to promote inclusive financial services in our markets, enabling our customers and MSEs to unlock greater benefits and empowerment opportunities. As we deepen the platform's capabilities we aim to serve customers along their entire financial services journey. The platform currently offers access to productive loans, Instant Loans, micropayment and savings solutions, affordable and eco-friendly housing loans, education solutions, insurance, green lending options and our lifestyle solutions. Our target is to achieve 80% digital adoption by the end of 2025.

## THE BENEFITS OF THE LETSGO DIGITAL MALL INCLUDE:

- ▶ An easy to download application (app).
- ▶ Free registration.
- ▶ Digital forms that are concise and user friendly.
- ▶ Access to all five of Letshego's value streams.
- ▶ Simplicity, affordability and inclusivity across multiple channels.
- ▶ Efficient transacting anywhere and anytime.
- ▶ Accurate, secure and seamless transactions.

## Product launch



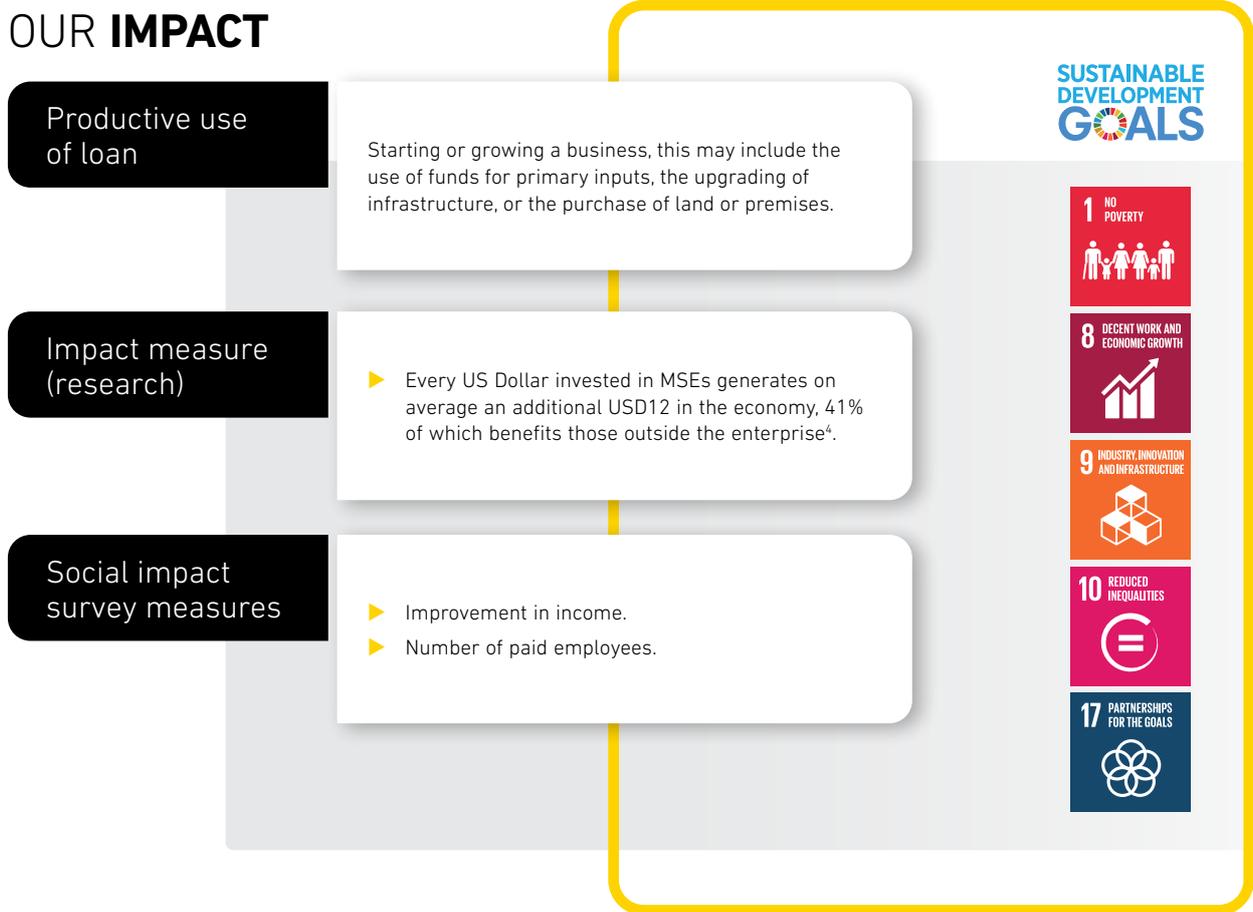
# Micro and small entrepreneurs

Entrepreneurs and their endeavours provide the economic backbone of many developing countries, with formal MSEs contributing up to 40% of GDP in emerging economies<sup>1</sup>. The majority of businesses worldwide are classified as MSEs (~90%) and it is these businesses that are the important contributors to job creation (>50%), providing seven out of 10 jobs<sup>2</sup>.

In Africa, MSEs provide an estimated 80% of jobs on the continent<sup>3</sup>, representing an important driver of economic growth. More broadly, these businesses contribute to growth in their supply chains, additional revenue to government and development of community infrastructure. Access to credit can influence an MSE's profitability by as much as 8.5%.

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 IMPACT



<sup>1</sup> <https://www.worldbank.org/en/topic/smefinance>.

<sup>2</sup> <https://www.worldbank.org/en/topic/smefinance>.

<sup>3</sup> Centre for Strategic and International Studies.

<sup>4</sup> From Poverty to Prosperity: Understanding the Impact of Investing in Small and Medium Enterprises, SEAF, 2014.

# PERFORMANCE HIGHLIGHTS

for the past three years

<p><b>2020</b></p> <p>Provided our MSE customers with a three-month repayment holiday to ensure sustainability through COVID-19.</p>	<p><b>2021</b></p> <p>Supported innovators in Botswana.</p>	<p><b>2022</b></p> <p>Launched products for MSE working capital and MSE purchase order financing on the LetsGo Digital Mall.</p>
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## Our MSE products and initiatives

### Our products and services

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.

Our vision is to create a marketplace where MSEs can trade, and acquire and sell products. In addition, 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 and build the #LetsGoNation to facilitate MSE connections.

Our programmatic lending leverages a number of partnerships and developmental funding to offer much needed solutions to MSEs in a digital and more accessible way. With this portfolio we aim to create demonstrable and sustainable social impact and at the same time deliver commercial value. Our approach continues to gain momentum, offering solutions for affordable housing, education, healthcare and agriculture. These solutions are available on the LetsGo Digital Mall.

### Mentorship

Letshego offers mentorship opportunities to innovators. For example, we work with the Botswana Innovation Hub to support promising young entrepreneurs to develop their business ideas into workable concepts. In 2020, a pitch day was hosted where eight innovators showcased their business ideas. The top three concepts selected focused on better digital banking experiences for customers, and all three received support and mentoring to enhance their growth potential and develop proof of concepts.

# STORY

## OUR STORY



Letshego Botswana's MSE purchase order finance solution supported several Botswana MSEs with the delivery of more than 18 000 laptops to students and teachers in Botswana secondary schools.

The P56 million supply agreement to purchase the laptops is sponsored by the Ministry of Basic Education and facilitated by Botswana Communications Regulatory Authority through the Universal Access and Service Fund.

The funding facility enables local small business owners to contract with the government to deliver top-class technology laptops to students and teachers across 34 secondary schools.



Letshego has partnered with the Global Climate Partnership Fund to develop a suite of green lending products to offer customers cost friendly financing solutions. An example of this is the Letshego partnership with Solar Taxi, an e-mobility company in Ghana providing e-vehicle and affordable green mobility solutions. Letshego has developed a green lending solution for Solar Taxi customers purchasing e-vehicles. The environmental benefit of each e-bike is reduced carbon emissions by 93% per annum and 93% energy savings per annum.

The lending process typically goes as follows:

#### Solar Taxi

- ▶ Vets potential riders in compliance with local transport regulations
- ▶ Refers qualifying riders to Letshego Ghana

#### Letshego Ghana

- ▶ Conducts eligibility screening for the riders
- ▶ Qualifying rider are referred to Solar Taxi to purchase an e-bike

#### Rider

- ▶ Completes loan application with Letshego Ghana
- ▶ Acquires an e-bike from Solar Taxi and generate income through transport and courier services
- ▶ Commences loan repayments



## LIVING OUR PURPOSE

### Size of our portfolio

MSE and programmatic portfolio



13%

in MSE net loan book value to

# P974 million

(2021: P859 million).

### MSE and programmatic portfolio growth

Value of loans (P millions)

2019		690
2020		804
2021		859
<b>2022</b>		<b>974</b>

# STORY

## OUR STORY

We support small business owners with financial assistance to either start a business or improve the financial performance of their current businesses.



In Namibia, we provided financial support to **Susan Lihuhwa** to start her business, SME HUT Ondangwa, which allowed her to realise her dream to assist other SMEs. Her business provides operating space for 30 SMEs to trade and includes hair salons, clothing boutiques, craft shops and other small traders.



We also assisted **Opedo Stephe**, a businessman, in building his matooke business. He used a portion of the initial financing to travel to the Mabarara District to source matooke and now supplies matooke to wholesalers in Rugaba. He has since expanded into alternative business opportunities to diversify his sources of revenue, including investing in property to earn rental income.



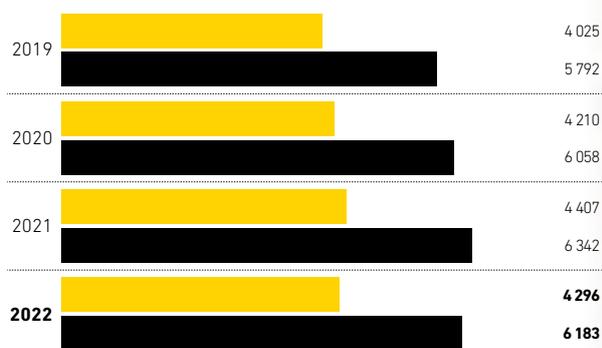
In Uganda, **Juliet Kisembo** obtained financing from Letshego to grow her small kiosk, selling food and household items, into a mini grocery supermarket in Kitebi in Kampala. As a single parent, the new location in a better and busier area has improved the lives of her family.

## Impact measure

Economic growth

# P10 billion

additional stimulus to the African economy from our MSE lending in 2022.



- Indirect economic stimulus to those outside of our customer base from our MSE lending
- Direct economic stimulus from our MSE lending



## Social impact survey results

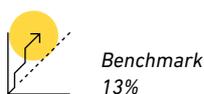
### Income improvement

**43%** of respondents reported an increase in business income. **17%** of respondents said business income had very much improved due to Letshego.



### Paid employees

**11%** of respondents had increased their number of paid employees due to Letshego.



# Affordable housing

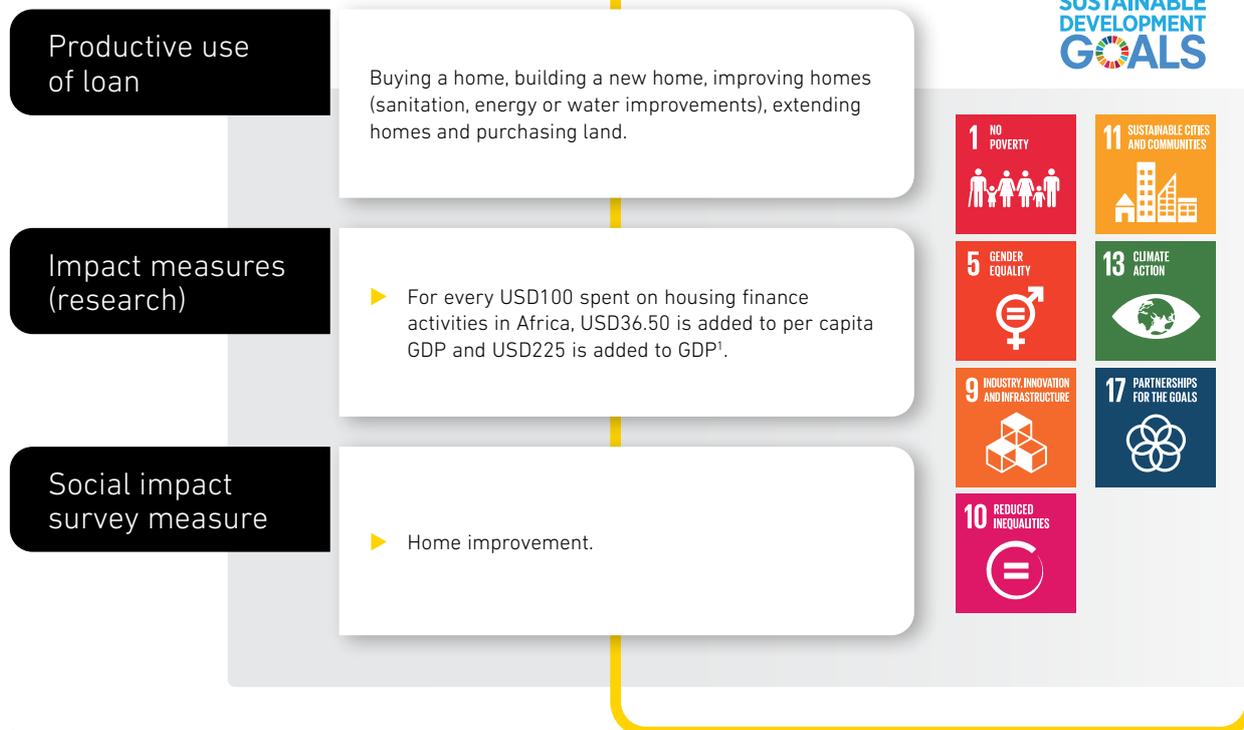
Access to affordable housing finance has profound health and financial wellbeing benefits for individuals, providing adequate and safe homes with proper sanitation, energy and water provision, ownership of a personal asset, and sustainable self-sufficiency. It also mobilises savings and investment, supports home-based enterprises, reduces incidents of child diseases and enhances the performance of school children.

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 initiatives help mass- and middle-income customers realise the benefits of owning a home.

## OUR IMPACT



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

# PERFORMANCE HIGHLIGHTS

for the past three years

2020

Introduced the EcoFridges Go initiative in Ghana:

2021

Secured USD50 million to kick start the development of an affordable housing solution for our Namibian customers:

Provided our team in Ghana with training on green housing.

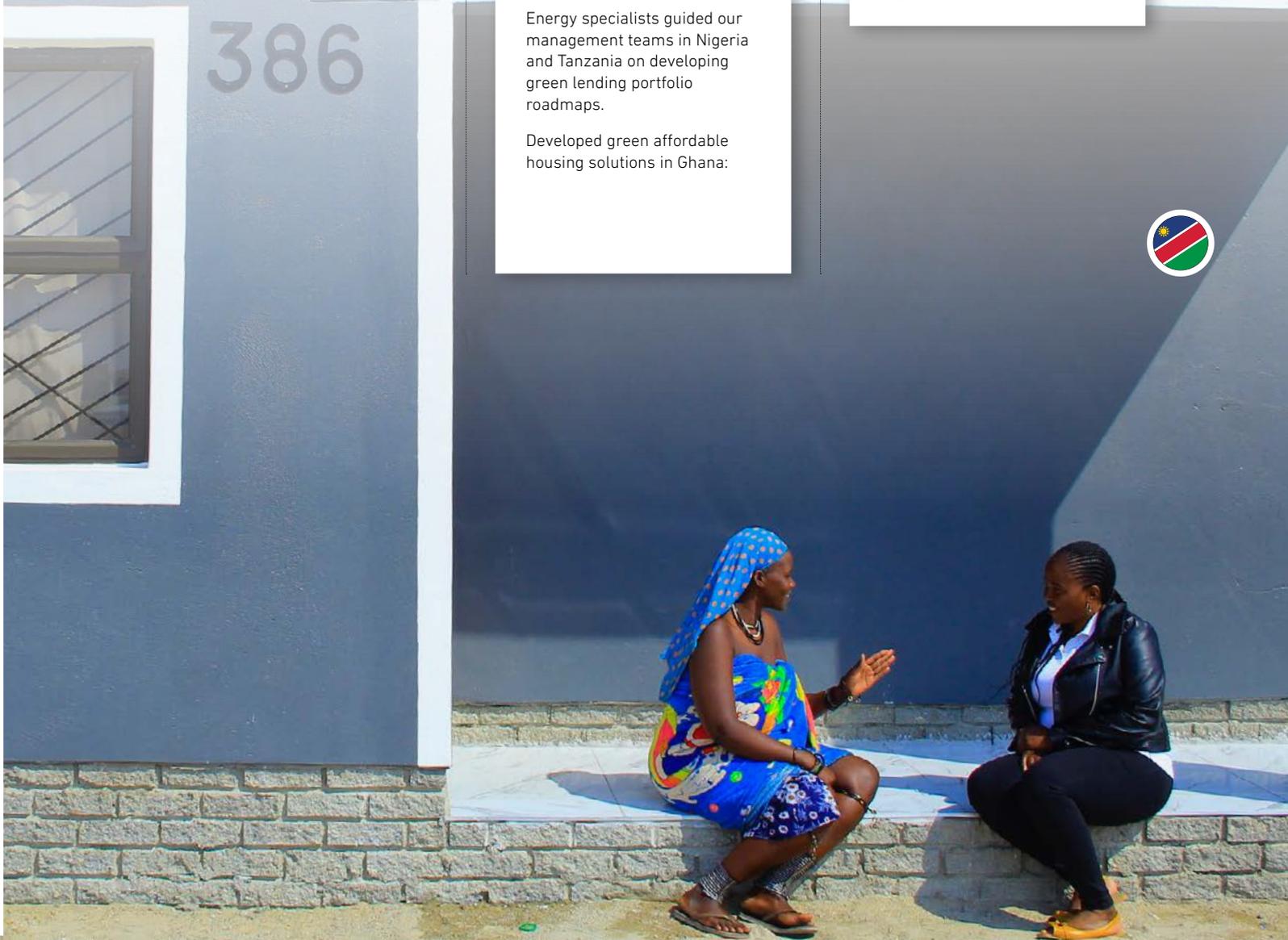
Energy specialists guided our management teams in Nigeria and Tanzania on developing green lending portfolio roadmaps.

Developed green affordable housing solutions in Ghana:

2022

Launched the affordable housing product in Botswana and Namibia:

Affordable housing solutions made available on the LetsGo Digital Mall.



## Our affordable housing products and initiatives

Our housing solutions cover affordable housing (purchase, construction, pension-backed and turnkey), green buildings and debt consolidation. Partnering with a fintech, we have reduced the time to process the documents for a housing loan from 90 days to around 30 days.

We work with developers and qualified engineers to plan houses that are affordable and of a robust quality so that future generations of Letshego customers can benefit from the products we offer today.

The IFC has made a USD50 million facility available to Letshego to deliver housing finance to over 4 000 Namibians. This funding has led to partnerships with local town councils, developers and employers to deliver affordable housing products, including for our own employees with whom we piloted the product before its formal launch. Loan approvals are determined using our credit scoring tool.

A similar solution has been launched in Botswana in partnership with the Centre of Affordable Housing Finance in Africa. The affordable housing solution includes housing finance, construction, plot purchase and renovation. Letshego's affordable housing and home renovation solutions are accessible digitally on the LetsGo Digital Mall, making it easier for rural customers to access the solution from wherever they may be located.

**"LETSHEGO'S AFFORDABLE HOUSING GOES A STEP FURTHER BY EMPOWERING AND RECOMMENDING A NETWORK OF LOCAL SUPPLIERS, ARTISANS, BUILDERS, ELECTRICIANS AND PLUMBERS. THE OBJECTIVE IS TO BUILD A SUSTAINABLE ECOSYSTEM THAT NOT ONLY SUPPORTS OUR CUSTOMERS BUT ALSO PROMOTES ECONOMIC INCLUSION."**  
**KGOTSO BANNALOTLHE, COUNTRY CEO BOTSWANA AND REGIONAL EXECUTIVE LESOTHO AND ESWATINI**



### Green housing

Between April and July 2021, we developed green housing prototypes in Ghana using only local materials. The builds achieved a 20% reduction in the consumption of energy, water and materials, making them eligible for funding from the Global Climate Partnership Fund. These homes will generate substantial financial savings, yielding short payback periods of less than 1.5 years. The construction of houses is underway, including show houses.

Assessments to understand the potential of green lending in Nigeria and Tanzania have revealed opportunities to fund solar solutions, energy efficient appliances and vehicles as well as green buildings.



### EcoFridges

Since 2020, Letshego has participated in the EcoFridges Go initiative led by the UN Environment Programme's United for Efficiency initiative (UNEP U4E), the Basel Agency for Sustainable Energy and the Ghana Energy Commission. As part of this initiative, we provide loans in Ghana to finance the purchase of qualifying energy efficient air-conditioners or refrigerators from local distributors with whom we have financing agreements. Residential households can benefit from lower electricity bills by replacing their outdated models that are more expensive to run. To reduce our environmental impact and demonstrate to customers how these energy efficient products operate, we replaced our air-conditioners in our Ghana branches with EcoFridges Go models.

On review of the pilot findings and experience, we look forward to expanding into more green, eco-friendly financing opportunities.

# STORY

## OUR STORY



**Zito Elias Amalique** received financing to build his dream home when he joined Letshego in 2014. Once his house was built, he was able to access financing to furnish his home and now has a beautiful home for his family and has also started a small business venture to further expand his income.



**Mampho Adora** is a middle-income earner and single mother in Lesotho. Her dream has been to own her own home and Letshego has helped her achieve this. Not only has our affordable housing loan made it possible to own her own home, but her daughter has also been able to further her studies in computer science through our financing.

Letshego also assisted Manthatisi Malesa with the financing to build a four-room home. Since then, additional financing has not only allowed her to expand her home but also supported the university education of her children.

## Social impact survey results

### Home improvements

**Three out of five** survey respondents spent more on home improvements as a result of a Letshego loan.

### Home improvements

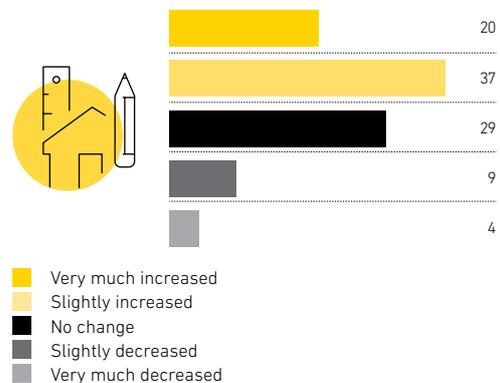
**20%** of respondents said their household spending on home improvements had 'very much' increased.



Benchmark  
16%

### Q: Because of Letshego how has the following changed?

Spending on home improvements

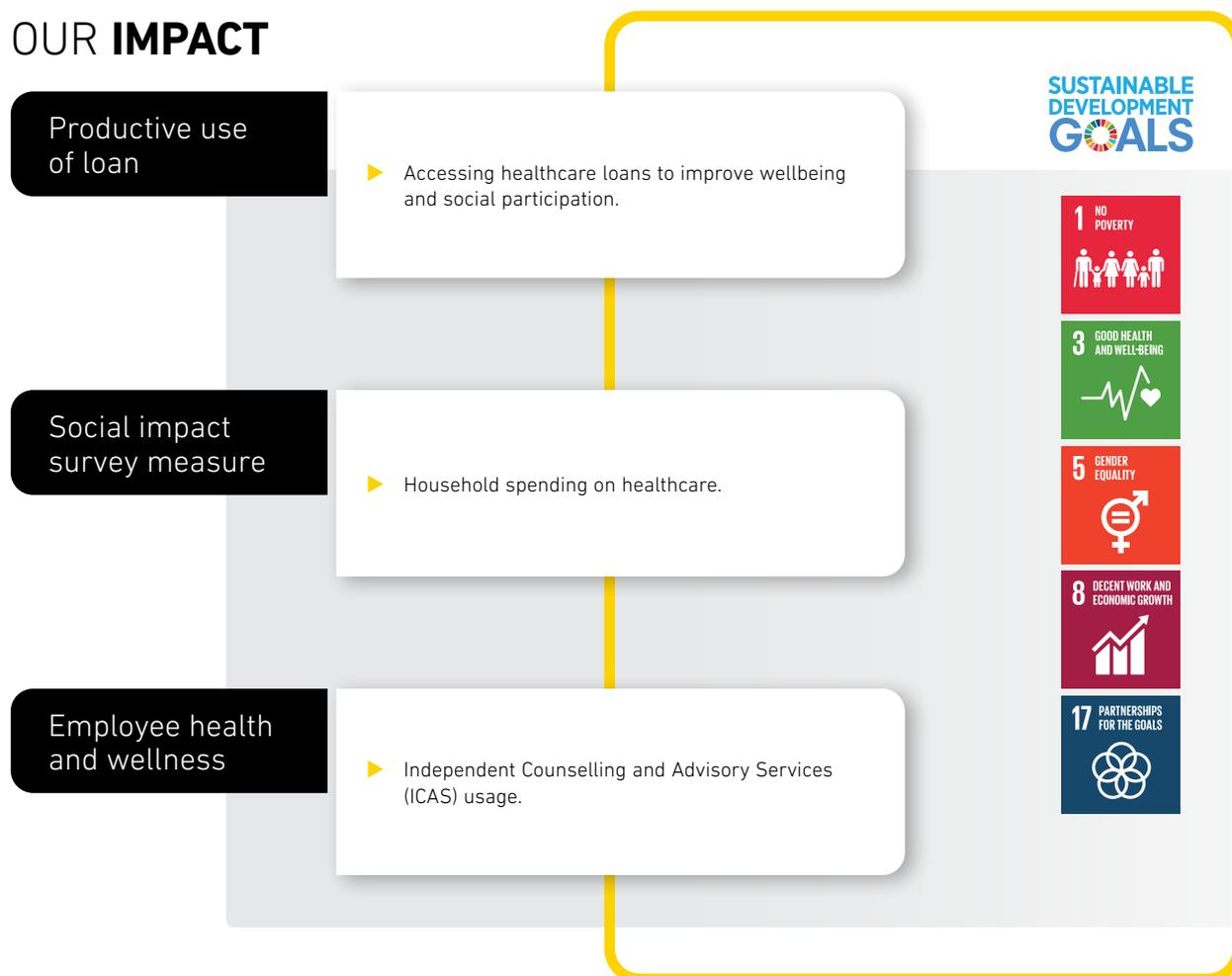


# Healthcare

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. Letshego's digital wellbeing platform provides a valuable opportunity to extend the reach of affordable, quality healthcare to many Africans.

Within our own operations, the mental and physical health and wellbeing of our employees has a direct impact on productivity and an effective and efficient working environment. Healthy employees are more optimistic, creative and motivated. We invest in providing our employees with a safe working environment where they feel cared for and have access to tools that support their wellbeing.

## OUR IMPACT



# PERFORMANCE HIGHLIGHTS

for the past three years

**2020**

Prioritised the health and wellbeing of our people, customers and onsite suppliers and contractors to protect them against COVID-19.

Supported employees who tested positive for COVID-19, providing them with health packs consisting of vitamins, sanitisers and oximeters, and regularly undertook telephonic check-ups.

**2021**

Finalised a partnership to develop a unique digital wellbeing product:

Encouraged our employees to take leave following the hardships and stress brought about by COVID-19, in turn, enhancing productivity.

Continued to manage mitigation efforts to limit the spread of COVID-19 in the workplace and provided employees with COVID-19 vaccinations.

Concluded our healthcare funding programme.

**2022**

Launched the Digital Wellbeing product in nine of our markets:

## Our healthcare products and initiatives

### Healthcare funding programme

Our healthcare funding programme was started to help reduce non-communicable diseases (NCDs) in Botswana, Kenya, Lesotho, Mozambique, Namibia, Rwanda and Uganda. Our funding strengthened the capacity of healthcare systems to care for those with these types of diseases.

In Kenya, primary care clinics were provided with income generation capacity through microfinance group networks, which enabled the provision of ongoing care for patients with hypertension and diabetes.

The programme included piloting a whole system intervention at primary care level to embed NCD care for the community at three rural health centres in Uganda. The pilot included training and mentoring health workers and creating NCD care systems. Simple protocols for diagnosis and care of hypertension and diabetes were developed and a list of low cost already available

medications provided. 49% of the adult population in the catchment area were screened. Additional funding to extend the project to 10 health centres was also secured.

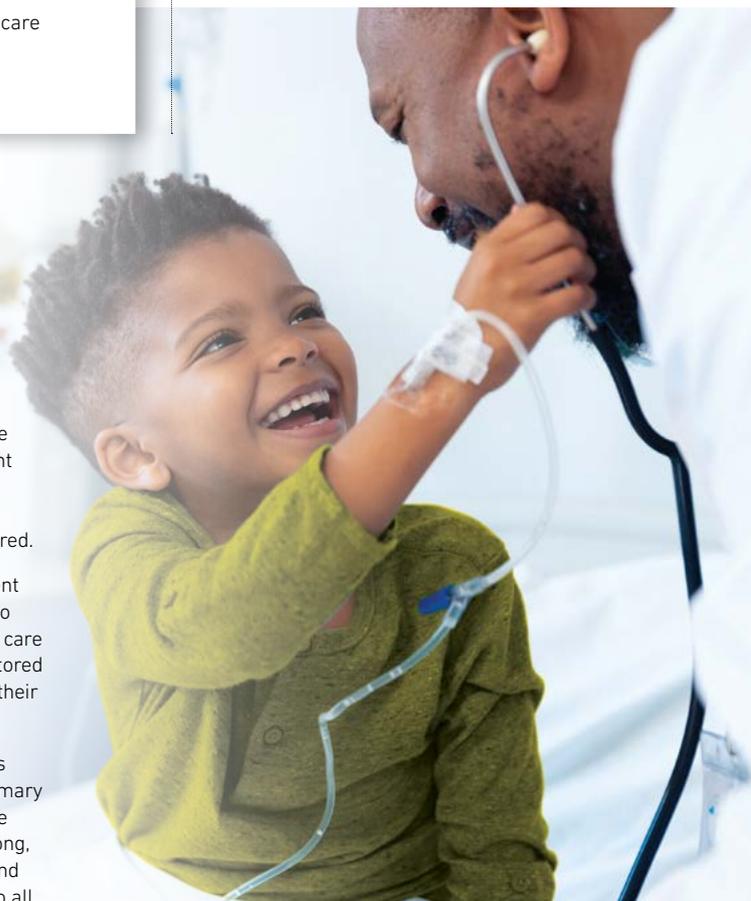
In Rwanda, a clinical management tool was developed and piloted to strengthen the quality of clinical care systems. Centre staff were mentored to build the necessary skills for their specific roles.

Learnings from the programmes have been used to develop a Primary Care Practice series to showcase the transformative power of strong, integrated primary healthcare and make the learnings accessible to all.

Read more about the programme's impact:



[www.pci-360.com/our-work/our-impact-and-learning](http://www.pci-360.com/our-work/our-impact-and-learning)



### Youth sport engagement

In Uganda, we partnered with Rotary on an initiative to support maternal and child mental health in less advantaged communities through youth sport engagement.



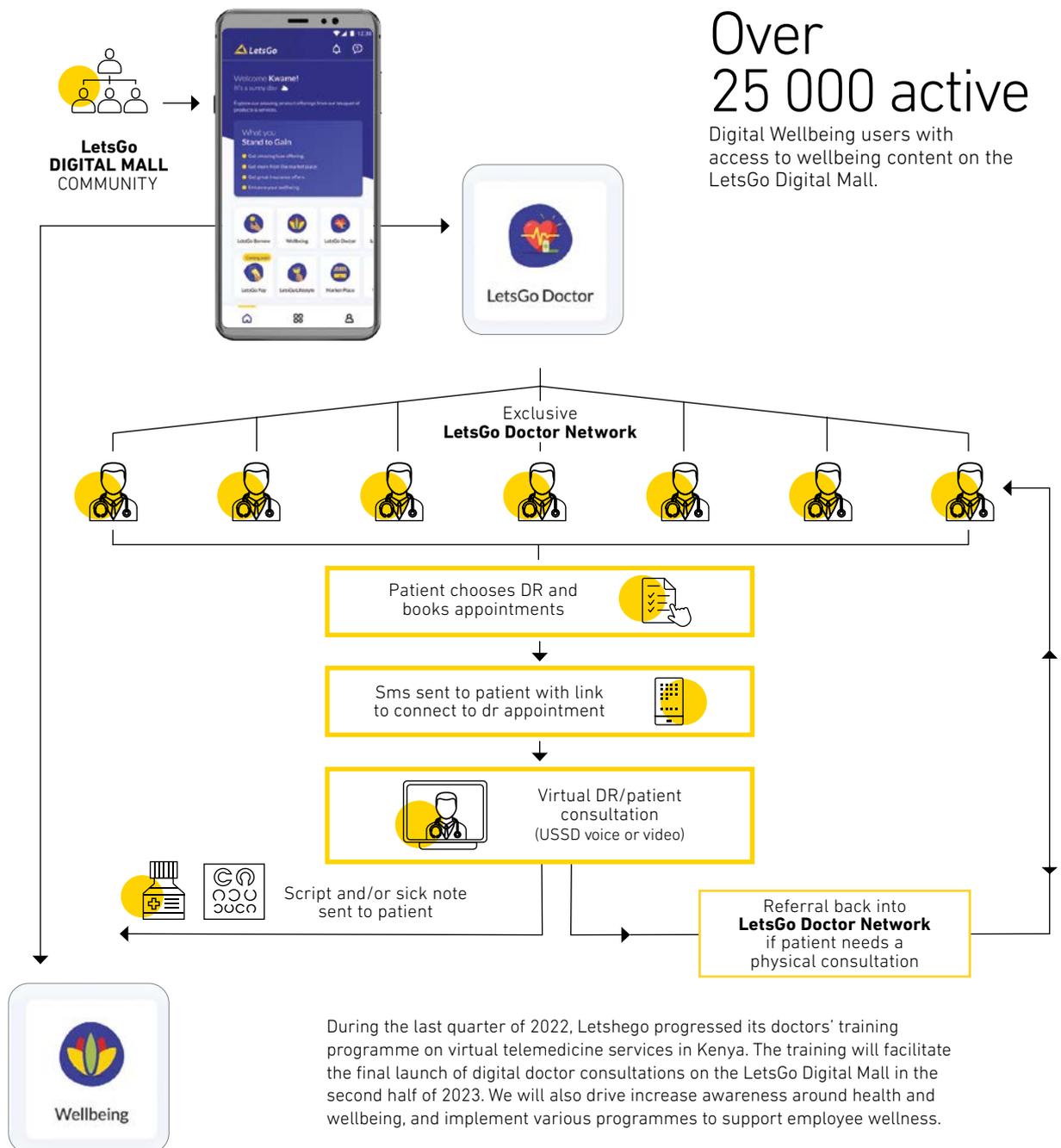
# LIVING OUR PURPOSE

## Digital Wellbeing

We offer working capital and short-term loans to help our customers access the healthcare they need. In 2021, we started broadening our offering to provide our customers with the ability to apply for a healthcare loan using our digital channels. In 2022, we launched our first lifestyle solution – Digital Wellbeing – in partnership with BrandMed. This 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, and is available in nine of our markets.

## Expanding innovation in our wellbeing offering



# Employee health and wellness

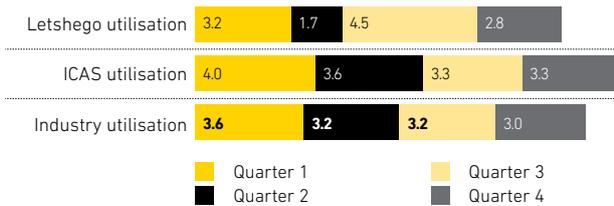
The mental and physical health and wellbeing of our employees has a direct impact on productivity and an effective and efficient working environment. Independent Counselling and Advisory Services (ICAS) manages our employee assistance programme, which gives our employees 24-hour access to a wide range of services, including counselling, and health information and advice. The service is used in three of our markets. Wellbeing initiatives have also been introduced to support our employees through the changes brought about by our strategic transformation, including resilience training.



## LIVING OUR PURPOSE

### Key performance measure

#### ICAS usage



#### Average annual ICAS usage



### Social impact survey results

#### Healthcare

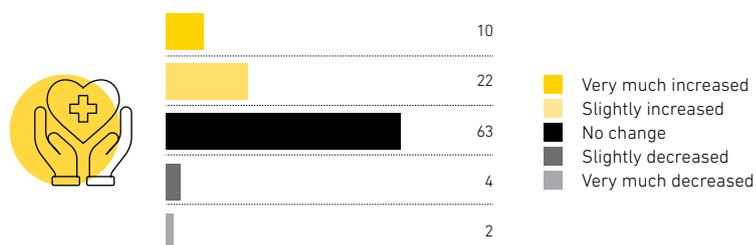
10% of respondents said their household spending on healthcare had 'very much' increased.



Benchmark  
9%

#### Q: Because of Letshego how has the following changed?

Ability to access healthcare

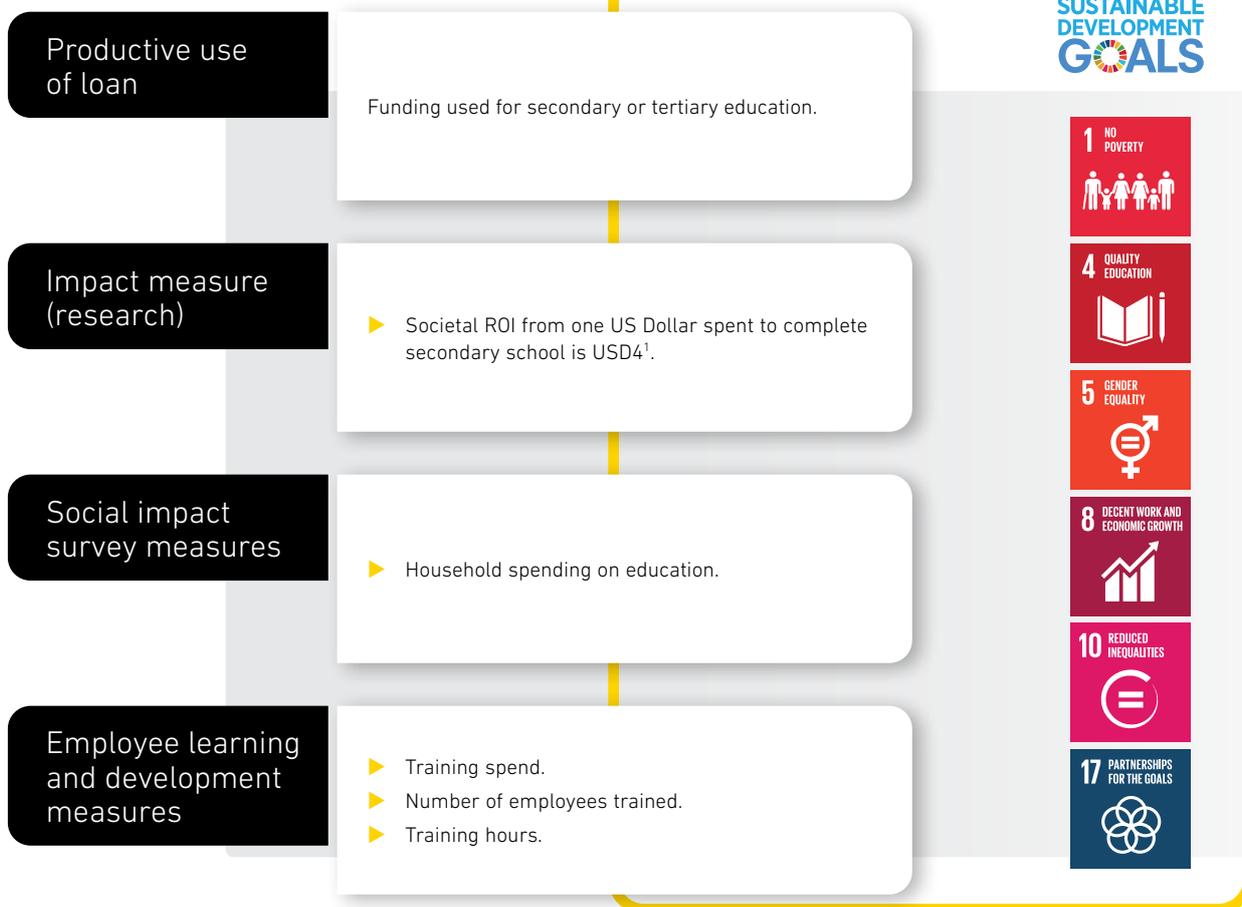


# Education, learning and development

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.

Within the Group, 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.

## OUR IMPACT



<sup>1</sup> Benefits and Costs of the Education Targets for the Post-2015 Development Agenda, Psacharopoulos, P., Copenhagen Consensus Center, July 2014.

# PERFORMANCE HIGHLIGHTS

for the past three years

2020	2021	2022
<p>Every employee received training on performance management, fraud risk and cybersecurity.</p> <p>Partnered with the Gordon Institute of Business Science (GIBS) to deliver leadership development programmes:</p> <p>Implemented a learning and development strategic skills framework to align our learning and development initiatives to employee advancement and business requirements.</p>	<p>Rolled out the Coursera Digital Learning Platform:</p> <p>Developed a Digital Mastery Programme:</p> <p>Enrolled the first cohort of Letshego leaders at the McKinsey Black Leadership Academy:</p>	<p>Enrolled the first cohort on our Digital Mastery Programme:</p> <p>Launched education solutions for MSEs on the LetsGo Digital Mall.</p>

## 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. We have also partnered with Blue Orchard to develop products for teachers and those who want to further their education.

### Teacher support

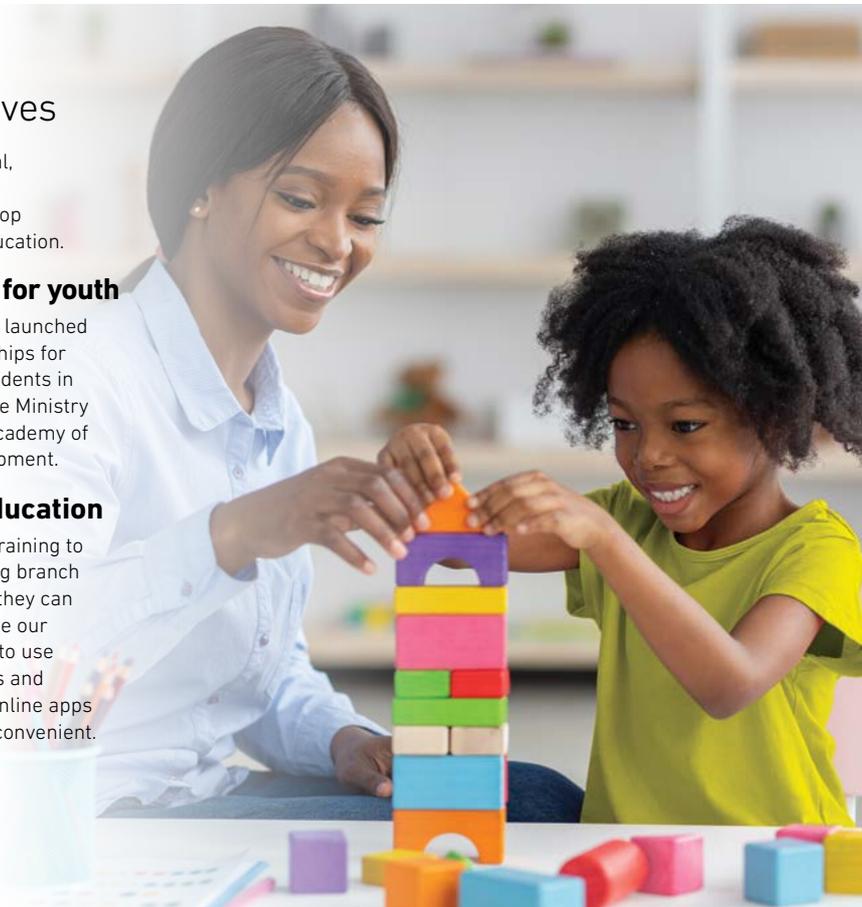
In Botswana we partnered with the Botswana Teachers Union (BTU) which represents the welfare and interests of teachers working in primary and secondary schools and tertiary institutions. Together we delivered a bespoke financial literacy programme, reaching teachers across the country over a 12-month period. Financial counselling, workshops and other interventions transferred basic financial skills and knowledge to help teachers avoid financial risk and over-indebtedness resulting from poor financial decisions. Topics included investment and advisory services, debt management and restructuring, retirement planning, risk management as well as insurance and pre-marital financial counselling.

### Scholarships for youth

In Mozambique, we launched education scholarships for young technical students in partnership with the Ministry of Education and Academy of Community Development.

### Consumer education

We have provided training to our customer-facing branch employees so that they can support and educate our customers on how to use our digital channels and demonstrate that online apps are easy, safe and convenient.





## LIVING OUR PURPOSE

# STORY

## OUR STORY



**Franklin Sheila Madsen** is the owner of Tower of David Academy, a school in Ghana. The school first opened in 2010 with five students and grew to 130 students in its first year. Letshego assisted with financing a school bus to enable the school to grow.

"I heard about Letshego Ghana during the joint programme with Opportunity Bank that was engaging with providers in the education sector....I was very interested when Letshego offered that they could provide my school with finance to buy a school bus without collateral. I have already recommended Letshego Ghana to a few schools and I will happily do that any day...many schools do not own land or have anything to offer as collateral."



Letshego Ghana also supported the **Ofsu Amoako Memorial School** in Ghana with financing to expand the school building with a new administrative block and additional washrooms to support the growth in the number of students and staff of the school.

"CURRENTLY, I'M STUDYING FOR A MASTER'S DEGREE IN DIGITAL FORENSIC TECHNOLOGY AT CHIMPA. WHEN I CAME TO LETSHEGO, I WAS DOING MY FIRST DEGREE AND HAVING FINANCIAL DIFFICULTIES PAYING FOR MY FEES. SO I APPROACHED LETSHEGO FOR FINANCIAL SUPPORT TO ENABLE ME TO PAY FOR, AND FINISH, MY FIRST DEGREE. I AM PROUD THAT THROUGH LETSHEGO I HAVE MY FIRST DEGREE. I AM VERY SATISFIED DOING BUSINESS WITH LETSHEGO. "  
**WISE TETTE DZIEDZIE AGBAKEY, GHANA**

## Social impact survey results

### Education

**18%** of respondents said their household spending on education had 'very much' increased.



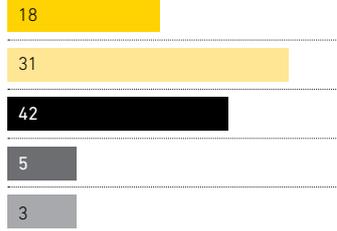
Benchmark  
13%

### School fees

**32%** of respondents used their personal loans to pay school fees. **34%** of women respondents used their loan for school fees compared to **29%** of men respondents.

### Q: Because of Letshego how has the following changed

Spending on children's education



- Very much increased
- Slightly increased
- No change
- Slightly decreased
- Very much decreased

## Advancing our employees

We provide various training and development interventions to help our employees reach their full potential. Our online learning portal is available to all employees and provides access to over 4 000 accredited training and skills-enhancing courses from world-renowned universities. Topics include cybersecurity, leadership development, lean and agile working as well as a variety of general courses.

### Enterprise agility

The transformation of Letshego into an agile organisation requires new ways of working to increase our tangible outputs, realise efficiencies and deliver value to our customers. Our Agile Ways of Work programme brings together teams from across the Group to collaborate, create and execute our strategic initiatives faster. The programme creates opportunities for learning, particularly helping employees to adapt to new and digitised ways of working. During 2022, we added an internally developed Lean and Agile Fundamentals course to our digital learning platform. Over 1 000 employees across the Group have been trained on Lean and Agile Fundamentals and the number of employees holding SAFe (Scaled Agile Framework) certification continues to increase including among our Agile coaches and product managers. In 2022, all Agile coaches completed the Release Train Engineer certification training. From these interventions we expect to see enhancements in the way that coaching and training is delivered.

### Leadership development

We rely on our leaders to drive the Group's Transformation Strategy. The GIBS leadership development programmes for executive and managerial employees incorporate 360-degree assessments and develop leadership skills that align with our strategic objectives. 104 leaders attended a GIBS programme in 2022 (2021: 136).

We also partner with the McKinsey Black Academy on a leadership development programme for top talent in our subsidiaries, enabling them to acquire unique global expertise. 50 employees attended the programme this year.

### Digital Mastery Programme

Resilience, adaptability and a solid grounding in digital literacy are now essential attributes for most employees. We provide programmes that teach our employees the skills they will need in a digital future. Our Digital Mastery Programme empowers participants to develop future-fit digital skills, digital experience and specialist knowledge. The programme is offered to our employees as well as aspiring entrepreneurs in all our markets

**"AS WE STRIVE TO BECOME A DIGITAL-FIRST ORGANISATION, OUR TALENT AND SKILLS BASE REQUIRES UPSKILLING IN DIGITAL AND SPECIALIST SKILLS TO SUPPORT THE GROUP'S ONGOING TRANSFORMATION. BY PROVIDING EASY ACCESS TO INTERNATIONALLY RECOGNISED CURRICULA ACROSS A MULTITUDE OF RELEVANT TOPICS, WE CAN EMPOWER AND TRAIN MORE OF OUR PEOPLE WHEREVER THEY MAY BE LOCATED."**

**KAMOGELO CHIUSIWA,**  
GROUP CHIEF OF PEOPLE & CULTURE

# STORY

## OUR STORY



Recognising the increasing demand for digital skills across the region, the 18-month **Digital Mastery Programme** was designed to increase the availability of specialist skills by supporting digital and entrepreneurial skills development. Partnering with an accredited education provider, the programme was first launched in Botswana and will entail a series of interactive education programmes and participation in live commercial projects in Letshego operations. The first cohort of 15 applicants started in July 2022 and will have their living expenses covered by Letshego for the duration of the programme.



"I LEARNT ABOUT THE PROGRAMME DURING A ONELETSHEGO CALL. MY INITIAL MOTIVATION WAS TO DEVELOP DIGITAL SKILLS AS I KEEP PACE WITH TECHNOLOGICAL ADVANCEMENTS. I BELIEVE THERE WILL BE EXPANDED PROFESSIONAL OPPORTUNITIES AFTER COMPLETION OF THE PROGRAM FROM THE SKILLS, KNOWLEDGE AND EXPERTISE I WILL HAVE GAINED THAT ARE IN HIGH DEMAND IN THE CURRENT DIGITAL ENVIRONMENT. THE PROGRAM HAS ALSO CONTRIBUTED TO MY PERSONAL GROWTH AS WELL AS SELF-CONFIDENCE AS I CONTINUE TO EXPAND MY SKILL SET. I DO BELIEVE LETSHEGO HAS LIVED UP TO ITS PURPOSE ON IMPROVING LIVES ESPECIALLY WITH THE PROGRAM SPONSORSHIP WHICH WAS EXTENDED TO THE PUBLIC, BEING PART OF LETSHEGO'S PEOPLE FIRST STRATEGY TO BUILD FUTURE FIT COMMUNITIES. THE ORGANISATION HAS AVAILED US OPPORTUNITIES TO DEVELOP DIGITAL LEADERSHIP SKILLS, ENTREPRENEURIAL EXPERTISE AND PRACTICAL VALUE-ADDING BUSINESS IDEAS."

**MARY WAIRIMU**, PROGRAMME PARTICIPANT



## LIVING OUR PURPOSE

### Key performance measures

#### Learning and development

82% of employees received training (2021: 17%).

#### Enterprise agility

Over 1 000 employees have been trained on Agile Ways of Work.

#### Online learning

1 408 employees have completed at least one course on the online learning platform since its inception in 2021 (2021: 1 078).

6 631

courses have been completed (2021: 3 414).

#### Online learning hours

22 627 self-led learning hours were completed, averaging 13 hours per employee (2021: 45 423 hours).



### Training spend breakdown

#### Senior management

42%  
(2021: 2%)



26%  
(2021: 1%)

#### Management

8%  
(2021: 4%)



2%  
(2021: 3%)

#### General employees

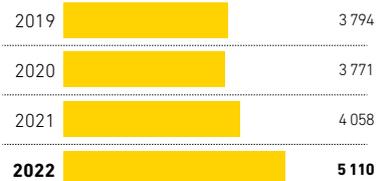
8%  
(2021: 42%)



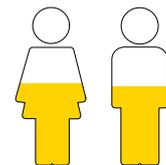
11%  
(2021: 48%)

### Training spend

(P'000)



### Training spend by gender



41% 59%

(2021: 47% women)

# Gender equality and women empowerment

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

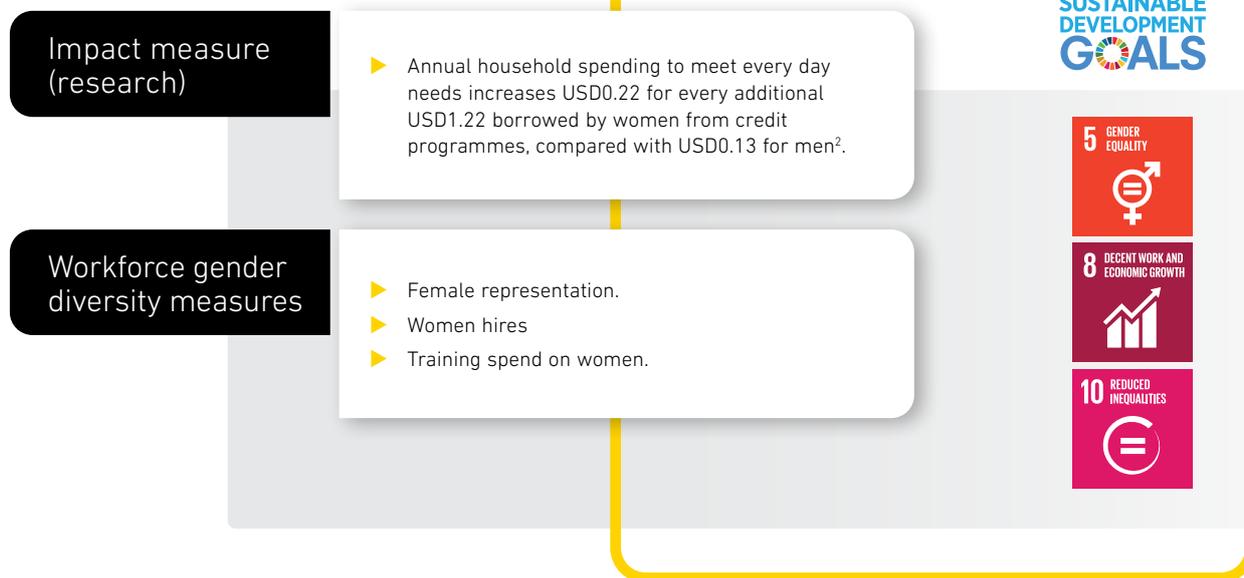
When analysing gender and microfinance usage, our female customers make more productive use of loans; however, there is no indication that gender affects non-performing loan book performance.

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.

Strong female leadership (three or more women on a board) generates a return on equity of 10.1% per year compared to the 7.4% of organisations without strong female leadership<sup>1</sup>. Our Board appointment policy ensures a formal and transparent appointment process with a focus on skills, knowledge and experience and diversity, including gender diversity.

## OUR IMPACT



### Impact measure

#### Household consumption

Annual household spending to meet every day needs increases USD0.22 for every additional USD1.22 borrowed by women from credit programmes, compared with USD0.13 for men<sup>2</sup>.

## P850 million

was used productively in annual household spending from the loans provided to women in 2022 compared to the P819 million by men for the year.

<sup>1</sup> Women on Boards: Global trends in gender diversity on corporate boards, MSCI Research, 2015.

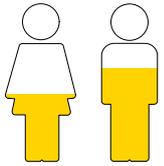
<sup>2</sup> Empowering Women through Microfinance: Evidence from Tanzania, Kato, M & Kratzer, J, ACRN Journal of Entrepreneurship Perspectives, February 2013.



## LIVING OUR PURPOSE

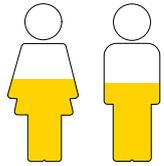
### Key performance measures

#### Management profile by gender

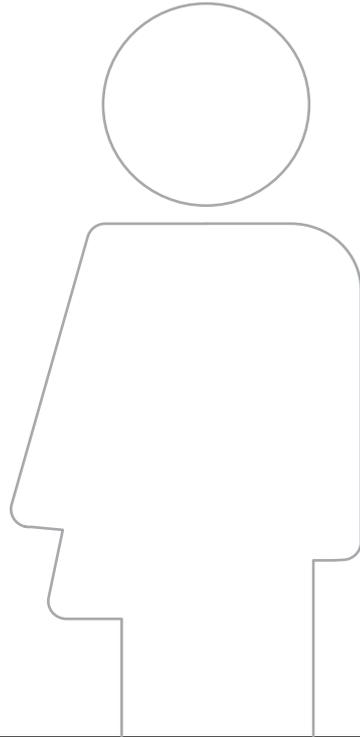


42% 58%  
(2021: 38% women)

#### General employee profile by gender



51% 49%  
(2021: 53% women)



25%

of Letshego's Board of directors are women

48%

of Letshego's workforce are women

30%

of Letshego's executive management are women

42%

of new hires are women

#### Overall customer profile by gender (%)



Women customers  
Men customers

#### Loans to women



13%

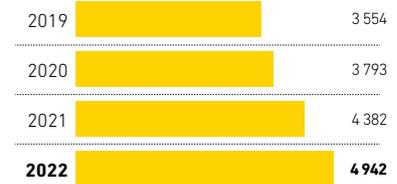
in lending to women with a total loan value of

P4.9 billion

(2021: P4.4 million).

#### Growth in loans to women

Value of loans (P million)



# STORY

## OUR STORY

We place a strong focus on empowering women in diversifying our loan book.



In Namibia, small business owner **Peggy Mathe** approached Letshego for a loan to buy equipment to grow her catering business, which she started in 2003 to supplement her income and support her family. Not only has she managed to expand her business and generate additional income, but Peggy also supports a local orphanage and sponsors school uniforms for children in her community. She plans to continue to grow her business and is hoping to relocate to larger, more accessible premises and purchase more equipment with Letshego's support.



We supported **Mpho Senatla**, a businesswoman in Lesotho, by providing her with access to financing for a larger vehicle to expand her business using our digital platforms in a quick and efficient process. She uses the larger vehicle to transport individuals to different destinations in Lesotho to appreciate different areas in Lesotho and beyond.

# Partnerships and collaboration

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.

## OUR IMPACT

#LetsGoNation

As we develop the LetsGo Digital Mall, 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.

We intend to advance the LetsGo Digital Mall to be a place where Africa's uniqueness is celebrated. The 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, and in turn Africa's development, by sharing their experiences and strengths and to learn from each other.

The LetsGo Digital Mall will support better cross-regional integration of systems, products and delivery, and match the right suppliers with the right demand in a secure environment. For Letshego, we will benefit from a better insight into what inspires our customers, enabling us to leverage this information 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.

SUSTAINABLE  
DEVELOPMENT  
GOALS



## OUR IMPACT continued

### Strategic partnerships

Our programmatic lending makes us an attractive option for international partners who share our objective to provide simple, affordable and easy-to-use solutions that deliver a positive social impact. We enjoy the support, synergy and partnership of leading and well-established organisations such as the IFC, BrandMed and Blue Orchard, among others.

Our strategic partnerships must be mutually beneficial. We look for partners who have a strong presence in Africa and are able to help us expand our reach, launch new inclusive products, achieve our Transformation Strategy 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 and have a positive social impact. Our partnerships range from fintechs who provide our customers with enhanced access to a variety of products and services on the LetsGo Digital Mall to developmental finance partners who help us extend affordable credit to more people. Strategic collaboration can release immense synergies and contribute to Africa's development.

CONTRIBUTION  
TO UN **SUSTAINABLE  
DEVELOPMENT  
GOALS**



### 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.

## PERFORMANCE HIGHLIGHTS

for the past three years

2020

Contributed more than P3 million in financial support to regional government relief efforts during COVID-19.

2021

Partnered with Sanlam to provide insurance products.

2022

- ▶ Made good progress in developing partnerships with telecommunications operators to leverage ecosystems that will further enhance financial inclusivity, social impact and digital transformation in 2023.
- ▶ We continued to work closely with governments to drive financial inclusion, and have enjoyed tremendous support from our shareholders, regulators, funders, partners and suppliers.
- ▶ We partnered with an accredited education provider to develop the Digital Mastery Programme.

# SUSTAINABLE DEVELOPMENT GOALS INDEX

## Sustainable Development Goals **index**



TARGET



- 1.1.
- 1.2.
- 1.4.
- 1.5.

We provide finance to individuals as well as MSEs for housing, healthcare, education and agri-business 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.



- 2.1.
- 2.2.
- 2.3.
- 2.4.

Our lending to agri-business allows farmers to increase their agriculture output, whether to buy inputs, equipment or land, contributing to increased levels of food production and food security, guarding against malnutrition and addressing the nutritional needs of children, adolescents, pregnant women and the elderly. 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.



- 3.1.
- 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.



- 4.3.
- 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 men and women to access technical, vocational and tertiary education, contributing towards populations with the skills needed to support employment, decent jobs and entrepreneurship.



- 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.



TARGET

	<p>8.2. 8.3. 8.5. 8.6. 8.8. 8.10.</p>	<p>One of the pillars of our Transformation Strategy is to accelerate our digital transformation, both internally and to extend our reach to more unbanked and rural people. Our financial inclusion mandate to society holds us to finding 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.</p> <p>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.</p>
	<p>9.1. 9.3. 9.4.</p>	<p>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.</p>
	<p>10.2.</p>	<p>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.</p>
	<p>11.1. 11.3.</p>	<p>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.</p>
	<p>13.1. 13.3.</p>	<p>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. Training on green housing and green lending is being provided to Letshego managers in Ghana, Nigeria and Tanzania.</p>
	<p>17.3. 17.16. 17.17.</p>	<p>Our strategic partnerships 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.</p>



[www.letshego.com](http://www.letshego.com)