Published: April 21, 2017

FREQUENTLY ASKED QUESTIONS

1. What is the purpose of the press release issued on April 21, 2017, titled "Net1 sets the record straight with external verification"?

On April 21, 2017, we issued a press release in which we noted with concern, the on-going, repetitive and false accusations regarding our operations and business practices in South Africa, particularly those activities related to our distribution of social welfare grants and the provision of financial services.

The South African Government has repeatedly expressed the urgent need for financial institutions to embrace financial inclusivity for all its citizens by providing financial services to the under banked and lower Living Standards Measure ("**LSMs**") in society.

We have, in response to this call, provided services to our customers who voluntarily subscribe to lifestyle-enhancing bank accounts, short-term loan facilities, life insurance products, prepaid airtime and electricity offerings that are materially better and cheaper, or at least competitive with the hundreds of other offerings for which beneficiary recipients contract regularly across multiple service providers including ours.

We provide bank accounts to all grant recipients to ensure interoperability with the South African National Payment System ("**NPS**") under regulated terms and conditions. This enables us to provide grant recipients with a bank account free of any charges for those who wish to withdraw their grants at SASSA pay-points and do not want to use any additional functions. For the March 2017 payment cycle, approximately 2.94 million, or 28%, of grant recipients chose to access their grants in this manner.

Those recipients who choose to access their grants through ATMs or POS connected to the NPS, pay standard interchange fees as set by the South African Reserve Bank ("**SARB**") and the Payment Association of South Africa (**"PASA"**) and these fees are earned by the relevant banks that own the infrastructures utilized. For the March 2017 payment cycle, approximately 4.14 million, or 39%, of grant recipients chose to access their grants in this manner without any EFT debits or deductions against their accounts.

In addition, recipients can elect to purchase goods and services such as airtime, electricity, insurance or loans from us or other service providers. We believe that our offerings provide true value for money in terms of accessibility and cost. For the March 2017 payment cycle, approximately 3.5 million, or 33%, of grant recipients had EFT debits, purchases or deductions against their accounts from approximately 1,300 different suppliers, including ourselves.

Our system therefore allows the bank account, at the election of the grant recipient, to be used purely as a cash conduit that bears no fees, or as a bank account with interoperable functionality that is at least on par with the accounts offered by other banks.

We provide these services in accordance with our stated mission of providing financial inclusion, in line with the wishes of Government, as expressed in the National Development Plan and the National Treasury Policy Document "A safer financial sector to serve South Africa better", to facilitate financial inclusion for all people of South Africa.

We have been accused of abusing the position of our Cash Paymaster Services (Pty) Ltd **("CPS")** subsidiary as a grants processor, to provide preferential treatment to our associated companies for the provision of financial services and credit at non-market rates.

In order to ensure that our business practices comply with applicable law, our Board of Directors (the **"Board"**) relies on our internal controls and procedures, the supervision of our compliance department, and the reports that our Board regularly receives from KPMG, our internal auditors. After two of our largest shareholders recently publicly encouraged us to procure an external review of our business practices to determine the truth or falsity of the accusations made against us; our Board concluded that such a review would assist us in setting the record straight. We therefore engaged KPMG to conduct a review specifically focusing on our business practices and to provide us with a factual findings report (**"KPMG report"**) that addresses the accusations made against us. The KPMG report has been supplemented by confirmations from a supplier and legal opinions from our legal advisors. We encourage all interested persons to read these reports and opinions, as we believe that they verify the accuracy of all of the statements of fact, calculations and data we discuss below in this release.

The KPMG report, supplier letter, legal opinions and the Constitutional Court of South Africa (**"Constitutional Court"**) judgments referenced in the Smit Sewgoolam, Inc. opinion are accessible on our website. All documents are available on our website at http://ir.net1.com/phoenix.zhtml?c=73876&p=irol-downloads.

2. What impact does the 2017 Constitutional Court order have on Net1?

On March 17, 2017, the Constitutional Court of South Africa (**"Constitutional Court"**) delivered its order regarding the continued payment of social grants upon the expiration of the contract between CPS and SASSA on March 31, 2017. The Constitutional Court essentially ordered that SASSA and CPS have a constitutional obligation to pay social welfare grants from April 1, 2017 and it directed CPS and SASSA to ensure continued payment of social grants to grant beneficiaries until March 31, 2018, under the expiring contract's terms and conditions, augmented by certain additional terms and conditions, including that (i) they contain adequate safeguards to ensure that personal data obtained during the payment process remains private and may not be used for any purpose other than the payment of grants, and (ii) preclude anyone from inviting beneficiaries to "opt-in" to the sharing of confidential information for the marketing of goods and services. The Constitutional Court also ordered that CPS may request National Treasury to investigate and make a recommendation regarding the price charged by CPS in the extension contract, and stated that National Treasury must file a report with the Constitutional Court stating its findings in this regard. **Refer to 1.1 and 1.2 to KPMG report**.

The Constitutional Court also included a public accountability provision in its March 2017 order, similar to those included in its April 2014 order, that impact CPS directly. These provisions require that CPS provide SASSA with an independently audited statement of expenses incurred, income received and profit earned under the 12-month extended contract. SASSA is also required to obtain an independent audit of the audited information provided by CPS. Furthermore, the Constitutional Court has instructed SASSA to send this audited information to National Treasury for its approval prior to submission to the Constitutional Court. The order does not state that CPS must repay any profits made during the contract period. **Refer to legal memorandum from Smit Sewgoolam Incorporated**.

The Constitutional Court has included additional public accountability provisions that impact the Minister of Social Development (**"Minister"**) and SASSA. These provisions require the Minister and SASSA to file reports on affidavit with the Constitutional Court every three months, commencing on March 17, 2017, setting out how they plan to ensure the payment of social grants after the expiry of the 12-month period, what steps they have taken in that regard, what further steps they will take, and when they will take each future step, so as to ensure that the payment of all social grants is made when they fall due after the expiry of the 12-month period. The reports filed by the Minister and SASSA must include, but are not limited to, the applicable time-frames for the various deliverables which form part of the plan, whether the time-frames have been complied with, and if not, why that is the case and what will be done to remedy the situation. The Minister and SASSA are also required to immediately report and explain any material changes to the circumstances included in the reports previously submitted to the Constitutional Court.

The Constitutional Court order also invited parties involved in the Constitutional Court proceedings to provide names and consents of independent legal practitioners and technical experts, as well as the Auditor-General, to oversee the implementation of the payment of social welfare grants during the period to March 31, 2018, as well as oversee SASSA's conduct to appoint a new service provider from April 1, 2018, or to perform the grant distribution service in-house.

Net1 has accordingly ensured uninterrupted service delivery and commenced with the distribution of social grants for the April 2017 pay-cycle on March 30, 2017.

3. Does Net1 fairly present its financial services activities?

Yes. Products and services provided to social grant recipients have always been transparently described in our annual report and we provide additional statistical information in our quarterly filings, press releases and quarterly result presentations. There is therefore no "unpeeling of the onion" required.

The original SASSA tender specification in 2011 called for proposals that would result in "financial inclusion" of all grant recipients, including interoperable access to the NPS. CPS responded with a comprehensive proposal that entailed the opening of a fully-functional bank account and the provision of financial services, including micro-credit, insurance and pre-paid utilities such as airtime and electricity. Our competitors provided similar proposals. Net1 and CPS are fully committed to the principles of financial inclusion and firmly believe that all citizens should have access to affordable financial services, within the ambit of regulations and legal requirements. We strongly disagree with the notion that it is somehow immoral to provide low-cost financial services to those citizens who need it the most. We are proud that we have not changed our mission statement (as reflected in our annual reports) since our inception and that we have been successful in the execution of our vision at the lowest possible cost to our customers. The Company's financial services and products are audited on a regular basis by independent experts and are subject to ongoing supervision and review by various regulators, as discussed below.

4. Does Net1 use or share any of the SASSA beneficiary data captured by CPS to sell products and financial services to social grant recipients through its various subsidiaries?

No. The contract between CPS and SASSA is very clear regarding the information gathered on behalf of SASSA and where ownership of the information resides. Net1 has previously provided the National Credit Regulator (**"NCR"**) with independent verification from KPMG, that its micro-lending subsidiary, Moneyline Financial Services (Pty) Ltd (**"Moneyline"**), does not have access to, or share any data gathered by CPS on behalf of SASSA (refer press release dated May 6, 2015). The Competition Commission of South Africa declined to refer a similar complaint to the Competition Tribunal (refer press release dated August 10, 2016).

The Company engaged KPMG to confirm again that it does not use or share SASSA data with any of its subsidiaries. **Refer to 1.2 in KPMG report**.

5. Does CPS or other Net1 subsidiaries sell financial services and products within pay-points?

No. We do not market or sell any financial services or products through CPS within pay-points. We have a completely separate workforce and infrastructure under the "Net1 Financial Services" umbrella and all of our customers elect to visit our offices or roving teams to access our financial services. SASSA representatives, CPS and its security provider strictly enforce the rule that no vendor is allowed inside the perimeter of a social grant pay-point. **A letter from Fidelity Security confirming these arrangements is available on our website.** Our Net1 Financial Services staff members are not incentivized through any commission arrangement, specifically to prevent aggressive marketing methodologies.

6. Does Net1 force social grant beneficiaries to open EasyPay Everywhere ("EPE") "green card" accounts?

No. We open EPE accounts only when a grant recipient expressly requests such an account – most of our micro-lending clients prefer to open an EPE account to receive and withdraw the cash from the approved loan, and to enjoy the benefits that we offer on such an account (such as free life insurance and amongst the lowest bank transaction fees in the industry). All accounts are opened in accordance with relevant legislation. Please note, however, that a client is not forced to open an EPE account with us, as is the case with other well known lenders.

The Company engaged KPMG to confirm that we do not force our financial services clients to open EPE accounts. **Refer to 1.4 in KPMG report**.

7. Does Net1 make unauthorized deductions from social grant payments?

No. We believe there is a fundamental difference between “deductions” and debit orders, EFT debits, purchase transactions, or fund transfers. As there seem to be different opinions regarding the meaning of the word “deduction” as contained in the Social Assistance Act of 2004 (**the “Social Assistance Act”**), on June 3, 2016, Net1 filed for a declaratory order with the High Court of the Republic of South Africa Gauteng Division, Pretoria, to provide certainty to the Company, as well as other industry stakeholders, on the interpretation of the Social Assistance Act and recent Regulations promulgated in terms thereof (**the “Regulations”**). Our request for a declaratory order was heard by the High Court on October 17 and 18, 2016 and judgment was reserved.

The Regulations limit direct deductions from social grants paid to beneficiaries. The Company interprets the meaning of the word “deductions” to be specific to the practice of collecting life insurance premiums from grants (as permitted by the Regulations), before the grants are paid to social welfare beneficiaries’ bank accounts, and is of the opinion that the legislature did not intend to curtail the right of beneficiaries to transact freely once the money is deposited into their bank accounts.

However, SASSA seeks to lend a broader interpretation to the meaning of the term “deductions” to incorporate any debit orders, EFT debits, purchase transactions, or fund transfers that are effected after the transfer of social grants to beneficiaries’ bank accounts. If SASSA’s interpretation were to prevail, debit transactions could no longer be used as a method for beneficiaries to make regular payments for financial or other services such as insurance premiums, loan re-payments, cell phone contracts, money transfers or any other recurring payments. The Company believes that forcing beneficiaries to pay for these products or services in cash would be a major setback to the national objective of financial inclusiveness, introduce financial and security risks for beneficiaries and result in significant price increases for these products and services.

The Company further believes that SASSA’s interpretation of the Act and the Regulations is erroneous for a number of reasons including, but not limited to, its belief that such an interpretation violates beneficiaries’ constitutional rights by limiting their fundamental right to enter into contracts and that such interpretation impermissibly encroaches on the jurisdiction and powers of the SARB and PASA, which regulate the NPS. SASSA's interpretation effectively prohibits the social welfare recipient community from enjoying the benefits of a convenient, low-cost, reliable and ubiquitous payment system that enables the recipients to procure financial services at highly competitive rates.

Net1 is therefore of the view that it does not perform any “deductions” on beneficiaries’ bank accounts for any of its financial products and services. We facilitate direct deductions only for other life insurance companies in terms of Regulation 26A of the Social Assistance Act, and with the express permission from SASSA to effect such deductions. There are currently 16 life insurance companies which make use of the Regulation 26A deduction facility. Our own life insurance company, The Smart Life Insurance Company Limited (**“Smart Life”**), has not made use of this facility since April 2016. **Refer to 1.3 and 1.16 in KPMG report**.

In accordance with the SASSA tender specification and our contract with SASSA, all 10.6 million grant recipients have been issued with a SASSA-branded MasterCard debit card, linked to a fully transactional bank account. Any provider of goods or services can debit these bank accounts via the methods allowed under the Banks Act and related regulations. There are currently approximately 1,300 goods and services providers that effect debits on grant recipients’ bank accounts. Our debit orders have no preference over other debit orders, are submitted through the national payment system and are randomized in accordance with industry practice. **Refer to 1.7 in KPMG report**.

As far as Net1’s financial services are concerned, we recover our loan repayments and insurance premiums through debit orders in accordance with the rules set by PASA, despite the fact that we have obtained the required authorization from SASSA and would therefore be entitled to processing irrevocable Regulation 26A deductions from grants for life insurance premiums, or using the AEDO/NAEDO debit system for loan repayments, as the majority of our competitors do. By utilizing the debit order system, our customers are protected by the rules of the NPS, which dictate that any disputed debit order (up to 40 days from the date of the debit order) must be reversed immediately. Furthermore, all debit orders for our life insurance premiums and loan repayments are biometrically authorized by our customers, which is the single most important reason why our disputed debit order ratio of 0.001% from March 1, 2016 to February 28, 2017 is a fraction of the national average, according to a PASA media statement dated March 15, 2016, of 7% - 8% for NAEDO transactions and 0.5% for debit order transactions.

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The following table presents the number of transactions and value of the grant file, processed and accepted EFT debits, processed and rejected EFT debits and the number of EFT disputes (number only) for the 12 months ended February 28, 2017:

	12 months ended February 28, 2017			
	No of Transactions	**Value R ' 000**	**% of Total Payments - Transactions**	**% of Total Payments - Value**
Grant file	**136,824,063**	**137,356,321**		
EFT Debits:				
Processed and Accepted (A):	**14,420,000**	4,489,447	10.5%	3.3%
- Net1 Companies (B)	7,702,000	1,296,446	5.6%	0.9%
- External Companies (C)	6,718,000	3,193,001	4.9%	2.3%
Processed and Rejected:	**1,078,000**	**289,146**	**0.8%**	**0.2%**
- Net 1 Companies	562,000	84,106	0.4%	0.1%
- External Companies	516,000	205,040	0.4%	0.1%
Split of EFT Debits – Processed and Accepted	**100%**	**100%**		
- Net 1 Companies (B/A)	**53.4%**	**28.9%**		
- External Companies (C/A)	**46.6%**	**71.1%**		
EFT Disputes (D)	1,149		0.0%	
Disputes as a percent of processed and accepted EFT debits (D/A)			0.01%	

Net1 EFT debits represent 5.6% of the number of grant payment transactions during the 12 months, however, these EFT debits only represents 0.9% of the value of the grants paid during this period, while external companies represent 2.3% of the value of grants paid. Therefore EFT debits transactions processed and accepted for external companies against SASSA-branded Grindrod accounts are 2.6x (2.3%/0.9%) higher than the value of EFT debits processed and accepted for Net1. Furthermore, overall EFT debits disputes, as a percent of Net1 processed and accepted EFT debits, was 0.01% during the 12 month period ended February 2017. **Refer to 1.6 in KPMG report**.

8. Does Net1 charge excessive interest rates and fees on its loans?

No. Moneyline is a registered credit provider in terms of the National Credit Act and is accordingly regulated by the National Credit Regulator. We are required to comply with the affordability rules dictated by legislation and in many ways exceed these requirements as we have introduced stricter rules regarding maximum allowed repayments in relation to income. Our strict approach to affordability assessments is evidenced by the fact that approximately 45% of all loan applicants are rejected. It is important to note that the National Credit Act (**"NCA"**) allows for three types of fees that may be charged on a micro-loan:

- an initiation fee;

- a monthly service fee; and
- interest.

We only charge a monthly service fee (which is meaningfully lower than the prescribed maximum in the NCA), and we do not charge interest or an initiation fee. Most of our competitors charge all three fees, at the maximum allowed under the NCA. The NCA specifically provides that the "credit cost multiple" should be provided as part of any quotation for a small loan, as this is the most appropriate measurement to indicate the total cost of a loan. Converting the credit cost multiple into an annual interest rate is inaccurate.

Unlike most of our competitors, we do not add credit life insurance to our loans. Our micro-lending customers authorize their loan repayments (through debit orders) biometrically. We regularly compare our micro-lending products to those offered by our competitors and we remain convinced that ours are the cheapest and offer the best value by a wide margin. **Refer to 1.9 in KPMG report**.

We also submit detailed annual returns to the NCR, along with an audit opinion from our external auditor who performs extensive tests in support of its opinion. Furthermore, our internal auditors visit a randomly selected sample of our Net1 Financial Services branches on a weekly basis to perform surprise inspections of our processes and procedures.

9. Does Net1 make recurring and/or unauthorized monthly deductions for prepaid airtime and electricity from grants?

No. There are no "recurring monthly deductions" for prepaid airtime or electricity. Those grant recipients who choose to utilize the Umoya Manje prepaid airtime or Power Manje prepaid electricity service do not "subscribe" to any recurring debit service – they simply buy airtime or electricity as and when required, which is settled as a purchase transaction against their account in the same manner that most of the other South African banks offer the service. Umoya Manje and Power Manje are entirely "on demand" services. **Refer to 1.11 in KPMG report**. Please note that we became aware of certain scams in early 2016 where sophisticated syndicates managed to purchase airtime through the Umoya Manje portal by utilizing "phishing" techniques. We responded immediately by publishing national advertisements advising grant recipients of the problem, and the danger of using simple PIN numbers. We redefined the Umoya Manje purchasing process and security protocols and we have reduced the number of queries to less than 0.01% of the number of prepaid products purchased.

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The table below presents Umoya (airtime and electricity) purchases (transactions and value), number of disputes, number of accounts deactivated and refunds proceeds (number and value) for the 12 months ended February 28, 2017:

Month	Twelve months ended February 28, 2017					
	Umoya Purchases		No. of Disputes	Number Accounts deactivated	Refunds processed	
	Transactions	Value			Number	Value
	’000	R ’000	’000	’000	’000	R ’000
Mar-16	30,664	196,108	10	21	1	388
Apr-16	28,473	192,418	10	21	1	246
May-16	29,480	185,582	15	19	2	694
Jun-16	27,246	187,662	6	14	1	551
Jul-16	36,215	190,623	4	12	1	321
Aug-16	18,738	209,542	3	11	2	771
Sep-16	25,803	132,991	4	11	2	886
Oct-16	25,278	166,657	3	9	0	29
Nov-16	28,284	167,039	3	7	1	79
Dec-16	17,917	167,529	2	4	0	0
Jan-17	21,209	123,455	1	5	0	11
Feb-17	24,444	137,463	2	6	0	4
Total	**313,749**	**2,057,069**	**64**	**141**	**11**	**3,981**
As a percent of Transactions			0.02%	0.04%	0.00%	0.19%

10. Does Net1 charge excessive funeral policy premiums?

No. Our life insurance subsidiary, Smart Life, is a registered Financial Services Provider regulated by the Financial Services Board (**“FSB”**) and has a separate board of directors and sub-committees (with a majority of independent, non-executive directors) in accordance with legislation, which provides further independent oversight over Smart Life’s activities. The FSB has also appointed a court-sanctioned statutory manager to provide independent oversight over Smart Life’s activities and to provide the FSB with regular monthly reports on Smart Life’s activities, administration, adherence to the “treat your customer fairly” principles and all other regulatory requirements. As part of his duties, the statutory manager performs regular inspection visits to Net1 Financial Services branches and his reports provide independent confirmation of the high standard of customer care that we have implemented. As described in Question 7 above, our Smart Life customers pay their monthly premiums by debit order and not through the section 26A deduction mechanism. Our Smart Life customers can cancel their debit orders at any time by simply visiting a Net1 Financial Services centre or by phoning our call centre – the number is printed on every bank card issued by Net1.

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We regularly compare our life insurance products to those offered by our competitors and we remain convinced that ours are among the cheapest and offer the best value. **Refer to 1.14 through 1.16 and 1.20 in KPMG report**.

The table below presents in-force policies, policies cancelled, lodged complaints, cancelled policies as a percent of in-force policies and complaints as a percent of in-force polices per the 12 months ended February 28, 2017:

	12 months ended February 28, 2017				
Month	**In-force Policies**	**Policies Cancelled**	**Lodged Complaints**	**Cancelled policies %(1)**	**Complaints % (2)**
Mar-16	68,977	1,435	4	2.08%	0.01%
Apr-16	87,447	1,489	5	1.70%	0.01%
May-16	105,324	1,062	4	1.01%	0.00%
Jun-16	125,007	604	1	0.48%	0.00%
Jul-16	152,166	792	2	0.52%	0.00%
Aug-16	165,434	345	14	0.21%	0.01%
Sep-16	188,627	449	5	0.24%	0.00%
Oct-16	211,319	281	7	0.13%	0.00%
Nov-16	241,897	203	1	0.08%	0.00%
Dec-16	256,402	76	1	0.03%	0.00%
Jan-17	273,774	43	-	0.02%	0.00%
Feb-17	290,903	43	2	0.01%	0.00%
Total		**6,822**	**46**		

(1) Cancelled policies % represents total monthly cancellations as a percent of total in-force policies at the end of the month.
(2) Complaints % represents total lodged complaints in a month as a percent of total in-force policies at the end of the month.

The trend in cancelled policies and complaints as a percent of total in-force policies has decreased over the 12 month period ended February 2017, notwithstanding the fact that the number of in-force policies has increased more than 322% during the same period.

11. Is it difficult for Net1's financial services customers to cancel these products or services?

No. The Net1 call centre has 80 staff members and operates 18 hours a day on business days, with stand-by operators for the remaining six hours. On weekends and public holidays, the Net1 call centre operates from 8am to 1pm with stand-by operators available after 1pm. We utilize state of the art technology to monitor the performance of the call centre, including the amount of unresolved queries and the time taken to resolve these. The call centre number is printed on every bank card issued by Net1 and appears on all contracts and policies. KPMG has reviewed the effectiveness of our query resolution and product cancellation process. **Refer to 1.12 in KPMG report**.

12. Is the service fee charged by CPS excessive for the work it performs?

No. CPS charges SASSA a fee of R16.44 (including VAT), or R14.42 excluding VAT, per grant recipient paid per month, regardless of the number of grants paid to each recipient. We pay approximately 10.6 million grant recipients per month and our service fee has been fixed for the last five years, in accordance with our tender proposal. **Refer to 1.10 in KPMG report**. This fee is also approximately 50% lower than the average fee paid by SASSA prior to 2012. Our fee of R 14.42 also represents approximately 1.25% of the total amount paid per grant recipient, which would make it one of the cheapest public distribution programs worldwide.

Our payment service is fully inter-operable with the National Payment System, which means that grant recipients can access their grants at any ATM, at point of sale devices at participating merchants, and at pay-points. We provide a monthly payment service at approximately 10,000 pay-points in urban, peri-urban, rural and deep rural areas, utilizing our advanced UEPS/EMV technology, a highly specialized and customized fleet of payment vehicles and a staff complement of approximately 1,800 employees. The logistics, security and controls required to disburse approximately R11 billion per month (of which R4.5 billion is transported in cash) without incident or delay are highly specialized and complex. Our fee includes the cost of the smart card and the issuance of the smart card to each grant recipient, the capturing of biometric information of each grant recipient and the comparison of each grant recipient's biometric data to the existing database to eliminate any duplicate grants.

Net1's biometric technology has eliminated fraudulent payments in excess of over R10 billion over the last five years. These savings to the National Treasury exceed the entire cost of the CPS service during that period. Grant recipients do not pay any additional fees to access their grants, unless they decide to withdraw these grants from bank ATMs, in which case the ATM owner determines the transaction fees.

13. Is the FSB probing Net1 for performing unlicensed activities and/or insufficient supervision and/or inadequately trained staff members?

Smart Life is a registered financial services provider (**"FSP"**), subject to full FSB oversight as described in Question 10 above. Net1 is not aware of any pending investigation into Smart Life's activities.

Net1 applied for three additional FSP licenses in 2015 to support the card-issuing activities performed by Moneyline, CPS and Net1 Mobile Solutions (Pty) Ltd. These applications are still pending and the FSB has requested a meeting with the Company to discuss the status of these applications. We are also not aware of any formal investigation against these Net1 subsidiaries. In the mean time, we operate as a juristic representative of Eledon Project Management (Pty) Ltd. We have ensured that we have an adequate number of natural representatives and trained key individuals registered with the FSB and that the appropriate training is provided to all relevant staff members. KPMG has confirmed the status of these representatives and the training provided. **Refer to 1.17 and 1.18 in KPMG report**.

14. What are Net1's corporate governance structures?

As a U.S. company with a primary stock exchange listing on NASDAQ, we are subject to rigorous corporate governance and disclosure standards and anti-corruption laws. Our corporate governance practices are described in detail in our annual proxy statement, which together with our corporate governance documents, are available on our website.

Our Board and its various committees meet formally at least five times per year and have numerous informal interactions on an ongoing basis. The Board's conduct, independence and effectiveness are monitored by various experts, including DLA Piper LLP (US) (corporate counsel), Deloitte & Touche (our independent external auditors) and KPMG (our internal auditors). The independent, non-executive Board members are highly experienced and reputable businessmen with significant management and corporate governance experience. Certain shareholders have also called for "improved governance." As we recently announced, our Board has determined to separate the roles of chairman and chief executive officer. The chairman is now an independent non-employee director. The Board also stated that it has been conducting a search for additional independent directors, including an IFC-approved director. It has been difficult to attract suitable additional independent directors over the past few years while regulatory investigations into our company were in process but now that most have been closed with no negative outcomes to us at all, a new agency-led search commenced towards the end of calendar 2016. At such time as additional directors are appointed, the Board will review the composition and chairmanship of all Board committees.

Net1's largest shareholder, the International Finance Corporation (**"IFC"**), a member of the World Bank Group, performed an extensive six-month due diligence investigation on Net1, its products and methodologies prior to its investment. Following its investment, the IFC recommended that Net1 conduct a responsible finance advisory assessment to potentially achieve Smart Campaign Client Protection Certification, a global "best practices" standard for the Net1 Group's financial inclusion business activities. We appointed Micro-Credit Ratings International ("M-CRIL") to conduct the initial assessment, which was completed in October 2016. We aim to complete the certification during the next three months and will be one of the first South African lenders to achieve such certification.

15. Has Net1 donated large amounts to the African National Congress ("ANC")?

No. Net1's South African businesses do not make donations to South African political parties. The Net1 group makes various donations to charities and community development initiatives. KPMG has confirmed that our donations and community development initiatives list does not contain any payments made to the ANC or other political parties. **Refer to 1.13 in KPMG report**.

Forward-Looking Statements

These frequently asked questions contain forward-looking statements that involve known and unknown risks and uncertainties. A discussion of various factors that could cause the Company's actual results, levels of activity, performance or achievements to differ materially from those expressed in such forward-looking statements are included in the Company's filings with the United States Securities and Exchange Commission. The Company undertakes no obligation to revise any of these statements to reflect future events.