Letshego Holdings Limited
Group Interim Results 2020

Andrew Fening Okai
Group Chief Executive
Tuesday, 1 September 2020
**Financial Highlights**
- Operating Environment
- COVID-19 Update
- Financial Performance

**Plan 6 Update**
- DAS and MSE
- Digital Channels
- Deposit Growth

**STRATEGIC OUTLOOK**

**Transforming our business**
- Our Vision
- 5 Strategic Conversations
- Creating a future organisation
Interim performance shows business resilience in a challenging economic environment and COVID-19

Our COVID-19 response prioritises the lives and livelihoods of our people, customers and communities

Half Year dividend reiterates positive business outlook and focus on shareholder value

Our vision is to become a world-class retail financial services organisation, empowering underserved customer segments

Transformation plan is built around 5 Strategic Conversations within a clear 6-2-5 execution roadmap

In 5 years, we aim to become a digitally-led business with 80% digital adoption and delivering ROE in excess of 20%

Our future organisation will be enabled by Organisational Design efficiencies, Enterprise Agility and a Collaborative Culture
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- Financial

**Plan 6 Update**
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- Digital Channels
- Deposit Growth

**Strategic Outlook**

**Transforming our business**
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- Creating a future organisation
Economic outlook: Muted recovery as economic activity opens up and countries adapt to COVID-19 as a new normal

IMF 2020 GDP Growth Outlook

- **Uganda**: 3.50%
- **Kenya**: 1.00%
- **Ghana**: 1.50%
- **Nigeria**: -5.40%
- **Rwanda**: 3.50%
- **Namibia**: -2.50%
- **Botswana**: -5.40%
- **Tanzania**: 2.00%
- **Mozambique**: 2.20%
- **Swaziland**: 0.90%
- **Lesotho**: -5.20%

The outlook for 2020 for sub-Saharan Africa is considerably worse than was anticipated in April and subject to much uncertainty. Economic activity this year is now projected to contract by 3.2%, reflecting weaker external environment and measures to contain the COVID-19 outbreak. Growth is projected to recover to 3.4% in 2021 subject to the continued gradual easing of restrictions.

IMF revised growth forecasts for sub-Saharan Africa, with GDP now expected to decline by -3.2% in 2020 from -1.6% previously forecasted in April 2020. The most impacted economies will be Botswana, Nigeria, Lesotho and Namibia, whilst the least affected will be Rwanda, Uganda, Mozambique, Tanzania, Ghana, Kenya and Swaziland managing to avoid recessions.

Sub-Saharan Africa Monthly Outlook End Of 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Currency</th>
<th>Exchange rate</th>
<th>Average Inflation %</th>
<th>Policy Interest Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>BWP/USD</td>
<td>12.58</td>
<td>2.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Ghana</td>
<td>GHS/USD</td>
<td>5.97</td>
<td>8.6</td>
<td>14</td>
</tr>
<tr>
<td>Kenya</td>
<td>KES/USD</td>
<td>107.78</td>
<td>5.5</td>
<td>6.75</td>
</tr>
<tr>
<td>Mozambique</td>
<td>MZN/USD</td>
<td>75</td>
<td>4.42</td>
<td>10.25</td>
</tr>
<tr>
<td>Nigeria</td>
<td>NGN/USD</td>
<td>420</td>
<td>13.69</td>
<td>12.5</td>
</tr>
<tr>
<td>South Africa</td>
<td>ZAR/USD</td>
<td>18.15</td>
<td>3.4</td>
<td>3.25</td>
</tr>
<tr>
<td>Tanzania</td>
<td>TZS/USD</td>
<td>2,400.00</td>
<td>4.17</td>
<td>6</td>
</tr>
<tr>
<td>Uganda</td>
<td>UGX/USD</td>
<td>3,775.00</td>
<td>3.87</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Fitch Solutions. Last updated: July 7 2020

Source: International Monetary Fund
Economic recovery post lockdown has been uneven

COVID impact better than expected. Mortality is low at 1% in Letshego countries (2% for Africa) with a good recovery rate of 73% (76% for Africa).

We are seeing a steady rise in COVID-19 infections in markets that were initially low (Lesotho, Botswana, Uganda, Rwanda, Mozambique, Eswatini and Namibia). Respective governments responses to flatten the curve seem to be working very well.

Letshego’s Pandemic Response proactive and robust. Prioritising lives and livelihoods W-Curve plans implemented. Compliance with National Health protocols.

Source: CDC; John Hopkins
Banking is among industries with the highest lost value, whereas most industries have recovered most of their share price drop.

Weighted average year-to-date local currency shareholder returns by industry in percent\(^1\).

Width of bars is starting market cap in $.

As of May 08 2020

1\(^{\text{Data set includes global top 5000 companies by market cap in 2019, excluding some subsidiaries, holding companies and companies who have delisted since. Source: Corporate Performance Analytics, S&CF Insights, S&P.}}\)
In this context, African banks are expected to face revenue decline of ~15-35% by 2021.

Impact of COVID on banking revenue after risk cost

% change between 2019 and 2021
Forecast as of May 27
- No. of COVID cases per 1 million people, as of May 12th 2020
- Pre-Covid
- A3 (Virus contained)
- A1 (Virus resurgent)

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of COVID cases per 1 million people</th>
<th>A3 (Virus contained)</th>
<th>A1 (Virus resurgent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>~183</td>
<td>-5%</td>
<td>-33%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>~24</td>
<td>1%</td>
<td>-23%</td>
</tr>
<tr>
<td>Kenya</td>
<td>~14</td>
<td>0%</td>
<td>-29%</td>
</tr>
<tr>
<td>Morocco</td>
<td>~175</td>
<td>10%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

Key insights

- Revenue after risk cost expected to decline by up to ~15-35% in the 4 main countries in scenario A1 (virus recurrence) between 2019 and 2021.
- Even in the more moderate case with virus containment (A3) revenue is expected to decline by up to ~5% in South Africa and ~3% in Morocco. Results show a persistent growth in Nigeria under this scenario.
- Nigeria and Kenya have significantly lower number of cases relative to their population, which correlates partially with reduced impact of COVID.

Source: McKinsey Global Banking Pools
Income Statement Highlights H1 2020

Net Interest Income

H1 2020: **P973mn**
H1 2019: **P1.037mn**

6%

Impairment Charge

H1 2020: **P71mn**
H1 2019: **P 117mn**

39%

Profit before Tax

H1 2020: **P483mn**
H1 2019: **P 600mn**

20%

Cost to income

H1 2020: 49%
H1 2019: 41%

Loan loss ratio

H1 2020: 1.4%
H1 2019: 2.5%

Return on equity

H1 2020: 13%
H1 2019: 17%
## Income Statement Commentary

<table>
<thead>
<tr>
<th></th>
<th>H1 2020</th>
<th>H2 2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>973</td>
<td>1,037</td>
<td>(6%)</td>
</tr>
<tr>
<td>Non funded income</td>
<td>90</td>
<td>183</td>
<td>(51%)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>1,063</td>
<td>1,220</td>
<td>(13%)</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(510)</td>
<td>(503)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Pre - provision profits</td>
<td>553</td>
<td>717</td>
<td>(23%)</td>
</tr>
<tr>
<td>Expected credit losses</td>
<td>(71)</td>
<td>(117)</td>
<td>39%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>483</td>
<td>600</td>
<td>(20%)</td>
</tr>
<tr>
<td>Tax charge</td>
<td>(205)</td>
<td>(236)</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>278</td>
<td>364</td>
<td>(24%)</td>
</tr>
</tbody>
</table>

### Key Messages

- **Net interest income better than expected against backdrop of COVID-19 impact in Q2, demonstrating business resilience.**
- **NFI reduction due to lower transactional volumes, and Namibia regulatory adjustment. NFI starting to show recovery in line with other business streams.**
- **Operating Expenditure largely flat,** increasing by only 1%. Other Operating Expenditure down 6% year on year.
- **Credit impairment charge reduced by 39%,** supported by improvement in mobile loan impairments from P62 million last year, to P2 million this half year.
- **ETR up to 42% from 39% at 31 December 2019,** due to lower profit before tax and prior year adjustments. Without prior year adjustments, ETR would have been 39%. Actual tax charge is down 13%.

### Basic Earnings per Share (thebe)

<table>
<thead>
<tr>
<th></th>
<th>H1 2020</th>
<th>H2 2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.3</td>
<td>15.4</td>
<td>(20%)</td>
</tr>
</tbody>
</table>
DAS Business show resilience despite the pandemic

Overall DAS Performance

Net Payouts (Actual)

- **New Customers** (June 2019 – 36%)
- **YOY Growth Net Loan Book** 8.5%
- **Collection Rate** (2019: 87%) 98%
- **YOY PBT Decline** 9.6%
The MSE book we started growing from January to April this year is flat due to COVID 19 impact.

Net loan book growth

- **YOY decline customer #s**: 25%
- **Decline in Disbursements**: 30%
- **Net loan Book Growth**: 3%
- **YOY PBT Decline**: 5%
Balance Sheet Highlights H1 2020

**Total Assets**
- **H1 2020:** P10.6bn
- **H1 2019:** P10.4bn

**Net Advances**
- **H1 2020:** P9.3bn
- **H1 2019:** P9.1bn

**Customer deposits**
- **H1 2020:** P499mn
- **H1 2019:** P306mn

**Debt to Equity**
- **H1 2020:** 106%
- **H1 2019:** 110%

**Dividend payout ratio**
- **H1 2020:** 30%
- **H1 2019:** 25%

**Capital Adequacy**
- **H1 2020:** 37%
- **H1 2019:** 36%
## Balance Sheet Commentary

<table>
<thead>
<tr>
<th></th>
<th>H1 2020</th>
<th>H2 2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>624</td>
<td>461</td>
<td>35%</td>
</tr>
<tr>
<td>Net advances to customers</td>
<td>9,256</td>
<td>9,116</td>
<td>2%</td>
</tr>
<tr>
<td>Other Assets</td>
<td>718</td>
<td>817</td>
<td>(12%)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>10,598</td>
<td>10,394</td>
<td>(2%)</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>499</td>
<td>306</td>
<td>63%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>4,809</td>
<td>4,796</td>
<td>-</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>767</td>
<td>947</td>
<td>(20%)</td>
</tr>
<tr>
<td>Shareholders Funds</td>
<td>4,198</td>
<td>4,007</td>
<td>5%</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>325</td>
<td>338</td>
<td>(4%)</td>
</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>10,598</td>
<td>10,394</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Key Messages

- **Cash and Cash equivalent up 35% year on year** with 85% comprising cash balances (H1:2019 68%) but down from P945m FY 2019.

- **Net advances to customer up 2% year on year** with a 32% increase in net payouts between May and June 2020, showing sales recovery from Covid-19 lockdowns.

- Although starting off a low base customer deposits increased by 63%, mainly driven by growth in corporate deposits in Mozambique.

- **Borrowings flat year on year**, with considerable focus on changing the deposit mix, reducing cost of funds and increasing longer dated funding from DFIs

- **Shareholders funds strong** at P4,198m and up 5% year on year.

| Debt: Equity Ratio | 106% | 110% |
Expected Credit Losses (ECL): Stable Impairment Coverage; ECL increase in downside macroeconomic environment

**ECL movement**

- Dec-19: 761.4
- Write offs: -120.0
- Recoveries: -105.3
- Jun-20: 817.6

**ECL Split**

<table>
<thead>
<tr>
<th></th>
<th>Dec-19</th>
<th>Jun-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>Stage 2</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>Stage 3</td>
<td>68%</td>
<td>62%</td>
</tr>
</tbody>
</table>

**Key Highlights**

- **Overall impairment coverage** remained stable at 8% from 2019.
- Loan loss rate moving from 1.4% from 1.7% full year 2019, with increase in average advances that increased from P9.69 billion in 2019 to P10.06 billion at H1 2020.
- **Stage 1** - Growth in DAS portfolios after affordability rules were adjusted.
- **Stage 2** - Increase in accounts having significant increase in credit risk at the back of sectoral risk in MSE portfolio.
- **Stage 3** - Reduction driven by mobile loans but increase noted in Eswatini at the back of specific defaults.
Credit Impairment Charges: Effective risk management, satisfactory performance in a difficult pandemic period

**H1 2020 Impairment Charge Bridge**

<table>
<thead>
<tr>
<th>FY 2019 Charge</th>
<th>Bad Debts Write offs</th>
<th>Eswatini Extra Provision</th>
<th>Covid-19 Provision</th>
<th>Recoveries</th>
<th>Savings to date</th>
<th>HY 2020 Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>169.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>70.9</td>
</tr>
</tbody>
</table>

**HY2020 Impairment Charge is favourable by 39% in comparison to same time last year (Jun20: P70.9m, Jun19: P116.7m)**

Turnaround strategy in mobile lending resulted in Ghana Qwikloans impairment charge reducing by 97% as compared to same period last year (Jun20: P2.1m, Jun19: P61.2m)

**Additional specific provision taken in Eswatini to increase Stage 2 and 3 cover to 100% for UNISWA**.

Annualised loan loss rate (LLR) for HY 2020 is 1.4% compared to 2.5% same period last year.

Covid-19 provisions – Stress testing led to staging amendments and therefore additional provision taken to cover 7% of Portfolio on repayment Holiday (P686m Exposure at Risk)

Forward Looking Provisions – All macro economic outlook variables stretched to downside in our ECL models. These include CPI, unemployment rate, GDP and Inflation...
We continue to diversify our funding structure

**Funding Mix 31 December 2019**
- **Borrowings**
  - Bank: 43%
  - DFI: 19%
  - Bonds: 38%

**Funding Mix June 2020**
- **Borrowings**
  - Bank: 23%
  - DFI: 37%
  - Bonds: 40%

**Funding**
- Increase in DFI funding year on year
- 49% of funding maturing within one year with approximately 90% indicating rollovers
- Increased Interest from DFIs and MIVs
- Rolled over/ refinanced 4 out of 22 maturing credit lines
- Put in place 19 new funding lines and drew down P160mn
- Issued P82.5mn on the BSE Bond Programme
- Headroom under Security Sharing Agreement (SSA) to P830mn (2019: P940mn)

**Deposit Mobilisation**
- 63% increase in year on year deposits
- Call and term deposits make up 68% of total (H1 2019: 52%)
- Mozambique continues to lead in deposit mobilisation

**Credit Rating**
- Ba3 (stable) outlook issuer rating affirmed by Moody’s
- Ba2 Corporate Family Rating (CFR) assigned

**Liquidity Coverage Ratio**
- 29% H1 2020, 31% FY 2019
- Cash reserves on hand >P500mn
Maintained strong capital levels to support loan growth and buffer economic headwinds

**Regulatory capital**

- Group maintains a CAR which is higher than minimum regulatory capital requirements for regulated entities across all our operations
- CAR 2020: 37%, (2019: 36%)
- Subsidiaries adequately capitalised with plans to capitalise LBT

**Capital Adequacy Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>CAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-20</td>
<td>37%</td>
</tr>
<tr>
<td>2019</td>
<td>36%</td>
</tr>
<tr>
<td>2018</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Dividend policy**

- Dividend pay out ratio has been increased to 30% of PAT (H1 2019:25%)
- Dividend yield at 6%

**Dividend Policy**

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Payout</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 - 1st half</td>
<td>30%</td>
<td>6%</td>
</tr>
<tr>
<td>2019 - 2nd half</td>
<td>50%</td>
<td>14%</td>
</tr>
<tr>
<td>2019 - 1st Half</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td>2018</td>
<td>50%</td>
<td>14%</td>
</tr>
</tbody>
</table>
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Plan 6 Update
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Transforming our business
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Our 6-2-5 Plan to ‘Return to growth’

Creating a world class Retail Financial services organisation

**Short term:** Leverage on our strengths to deepen impact

**Medium /Long term:** Customer; Talent, Innovation and technology

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**STRENGTHEN our foundation**
- Build on core business, DAS
- Key digital channels to improve DAS productivity
- Diversify solutions & Funding

**BECOME customer led**
- Invest in Customer Experience
- Leverage on emerging transformative technologies
- Customer led, speed to market
- Enterprise Agility as a methodology

**CREATE the future organisation**
- Talent mobility
- Relentless Innovation culture
- Digital delivery – Innovation hubs / Platform/Ecosystem thinking

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**PRODUCTIVITY OF SOLUTIONS**
- 6 Months

**TRANSFORMATIVE TECHNOLOGIES**
- 2 Years

**PLATFORM THINKING**
- 5 Years

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Creating a world class Retail Financial services organisation

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20
### Progress on Plan 6 in the first half of 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Digital** | - Digitised DAS and SME customer journey. WhatsApp & Web loan applications implemented across the group in March.  
- **Achieved 30% Digital adoption** in June. |
| **Deposits** | - Fixed Retail channels customer journeys.  
- **Achieved 63% deposits growth YOY** with Retail deposit contribution to total deposit book now at **55%** |
| **MSE** | - Design a compelling value proposition for MSE lending solution.  
- **Not yet Achieved** as MSE sector more affected by the pandemic but action carried forward to propose approach for MSE. |
| **Partnerships** | - Run acquisition tailored campaigns with strategic Partners.  
- **Achieved: 46% growth on savers** from mobile saving wallet in Tanzania and community commerce project in Mozambique.  
- **Achieved: 585k savers** as at end of June |
Growing Digital adoption over period

<table>
<thead>
<tr>
<th>Growth of Digital adoption</th>
<th>Channel contribution (%) to Loan Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% H1 2019</td>
<td>35% Branch</td>
</tr>
<tr>
<td>1% FY 2019</td>
<td>47% DSA</td>
</tr>
<tr>
<td>21% Apr-20</td>
<td>2% WhatsApp, Web &amp; Call Centre</td>
</tr>
<tr>
<td>30% Jun-20</td>
<td>51%</td>
</tr>
</tbody>
</table>

WhatsApp, Web implemented in March supported by Call centre are fastest growing channels

30% Digital Adoption
1. **Deliberate management action** in the first half has mitigated downside risk, despite COVID-19 environment.

2. **Dividend payment** indicative of business resilience, against backdrop of regulatory guidance and market trends.

3. **Digital Agenda** is demonstrating potential upside value for second half, while navigating through W-Curve scenarios.

4. Letshego has benefited from **regional governments’ commitment** to sustain public sector employment.

5. **Second Half performance** expected to endure economic headwinds, with impact still heightened for the MSE sector.
HALF YEAR REVIEW 2020

Financial Highlights
- Operating Environment
- COVID-19 Update
- Financial Performance

Plan 6 Update
- DAS and MSE
- Digital Channels
- Deposit Growth

STRATEGIC OUTLOOK

Transforming our business
- Our Vision
- 5 Strategic Conversations
- Creating a future organisation
Our **Transformational strategy** presented today encompasses the different areas that Letshego has been working on over the last few months.
Now is the right time to review our strategy and position Letshego to capture growth

3 months ago the world looked very different...

- Challenging economic landscape
- Shifting consumer preferences and behaviour
- Changing regulatory frameworks
- Rise of new competitive dynamics
To be a **world-class retail financial services** organisation meeting the needs of mass and middle income individuals and small companies

<table>
<thead>
<tr>
<th>Capture 5-10%</th>
<th>Build 7</th>
<th>Serve 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market share</strong> target in all product-segment combinations across our existing markets</td>
<td><strong>Product offerings</strong> to deliver <strong>unique value propositions</strong> in DAS loans, non-DAS loans, savings, domestic transfers, remittances, insurance and cards</td>
<td>Core customer segments through <strong>customer acquisition and retention strategies</strong> tailored to Mass Individual and Middle Individual Segments &amp; MSEs through the Group’s <strong>Digital Transformation</strong></td>
</tr>
<tr>
<td>Leverage our strength in the DAS product and government employee segment and go <strong>Big</strong> to capture new <strong>market leading</strong> positions</td>
<td><strong>Build</strong> a comprehensive product offering <strong>Beyond</strong> financial inclusion catering to changing consumer preferences</td>
<td><strong>Diversify</strong> our <strong>customer segments</strong> and introduce <strong>Digital</strong> as our “new normal” to increase our reach through end-to-end digital customer solutions</td>
</tr>
</tbody>
</table>
5 transformational Strategic Conversations

1. Product Diversification
   - Broadening product offering

2. Digitalisation
   - Digital transformation

3. Geographic Rebalancing
   - Collective contribution - Diversification

4. Enterprise Agility
   - Agile way of working
   - Culture Transformation

5. Sustainable shareholder Value
   - EPS
   - ROE
   - Social Impact - Purpose driven
5 transformational Strategic Conversations

1. Product Diversification
   - Broadening product offering

2. Digitalisation
   - Digital transformation

3. Geographic Rebalancing
   - Collective contribution - Diversification

4. Enterprise Agility
   - Agile way of working
   - Culture Transformation

5. Sustainable shareholder Value
   - EPS
   - ROE
   - Social Impact / Purpose driven
To build Letshego’s strategy, we took an outside-in perspective on the retail market – segment opportunities in Mass and Middle Individuals and MSE.

**MASS INDIVIDUAL and MIDDLE INDIVIDUALS (USD4-5bn)**
Based on annual income ($)

- **Affluent** (mostly urban) $+36K
- **Upper middle** (urban and rural) $12-36K
- **Emerging middle** (urban and rural) $6-12K
- **Upper mass** $3.6-6K
- **Lower mass** $0-3.6K

**Focus**

**MICRO and SMALL ENTREPRENEURS (USD1bn)**
Based on annual income ($)

- **Corporate** $+500K
- **Medium** $100-500K
- **Micro and small** $0-100K

**Focus**
To capture this opportunity, Letshego will focus on a beyond-banking value proposition that caters to the Mass and Middle income segments’ and MSE needs.

Everyday financial offering to meet your life goals

with simple and tailored products centered around my needs

- Transact conveniently
- Save securely
- Borrow quickly and flexibly
- Insure simply
- Receive personalized financial and lifestyle support

“Beyond Banking”
5 transformational Strategic Conversations

1. **Product Diversification**
   - Broadening product offering

2. **Digitalisation**
   - Digital transformation

3. **Geographic Rebalancing**
   - Collective contribution - Diversification

4. **Enterprise Agility**
   - Agile way of working
   - Culture Transformation

5. **Sustainable shareholder Value**
   - EPS
   - ROE
   - Social Impact / Purpose driven
New product offering will be anchored around a distinctive integrated mobile platform that goes BEYOND BANKING (incl. USSD)

- **Instant access to products**
- **User-friendly for our target segments**
- **Enhanced customer engagement through personalisation**
- **Value-adding services to complement the core financial offering**

**Transact**  **Save**  **Borrow**  **Insure**

**Designed around core customer needs**

**Community-driven and social banking experience**

**Value-added services**

---

**USSD available for main functionalities**
Layered thinking on architectural choices, infrastructure and tooling will jump start our digital transformation

1. Focus on building the customer experience layer
2. Reuse existing components but build micro-services layer
3. Invest in tooling and infrastructure
4. Focus on developing a holistic data strategy
5. Invest in data governance and foundational data architecture
Partnerships to fast track our digital transformation

Our Strategic partners will help fast track the implementation of our Digital agenda

Build our Platform

Accelerate our innovation

- Start-up Innovation Digital Pitch days
- Start-up Innovation Challenges
- Hackathons
- Incubation & Acceleration Programs
5 transformational Strategic Conversations

1. Product Diversification
   - Customer base
   - Product Offering

2. Digitalisation
   - Digital transformation

3. Geographic Rebalancing
   - Collective contribution - Diversification

4. Enterprise Agility
   - Agile way of working
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High growth geographies are expected to increase their contribution by 2024, decreasing the Group’s dependency on a few geographies.

Our first half efforts have already shown results on rebalancing in East and West Africa.

* Rwanda not reflected due to current minimal contribution
5 transformational Strategic Conversations

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Agility is a Science: The target outcomes are clear and include 8 elements

### Diagnostic

### Outcome

<table>
<thead>
<tr>
<th>Diagnostic</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased customer satisfaction &amp; loyalty</td>
<td>Accelerated innovative solutions for real-world challenges</td>
</tr>
<tr>
<td>Simplified delivery structures &amp; practices</td>
<td>Improved collaboration &amp; Agile ways of working</td>
</tr>
<tr>
<td>Increased revenue, margins, market share, &amp; sustained profitability</td>
<td>Increased strategic alignment &amp; adaptability</td>
</tr>
<tr>
<td>Improved adaptive core tech capabilities</td>
<td>Increased Employee Engagement &amp; Empowerment</td>
</tr>
</tbody>
</table>
Organisational Design increases proximity of geographies to CEO and shifts P&L responsibility to Regional and Product Execs

CEO direct reports = 11

Full P&L responsibility

Product P&L responsibility

Executive Committee

Organisational Structure

1. Align organisational structure with key strategic objectives
2. Establish clear P&L accountabilities and balance responsibilities across executives
3. Define role of Holding Company, bring P&L closer to Group CEO and improve interaction with geographies
4. Optimise spans and layers - reduce duplication
5. Ensure right skillset for all positions as well as role-clarity to drive accountability

Efficiency and In-house capabilities

Establish accountability and "One-company way of working"
5 transformational Strategic Conversations

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Letshego
Transformational Strategy
Delivering on this roadmap will mean significantly transforming Letshego Group

A winning platform...  ... next 5 years  ... new ways of working

**Core product groups**

7

**Digitisation**

80%

**Return on Equity**

>20%

**Agile ways of working**

embedded into the organisation

**Reinforced culture**

to sustain change over time

**Align**

**Org Design**

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