



# **Letshego Holdings Limited**

Building a leading African financial services group

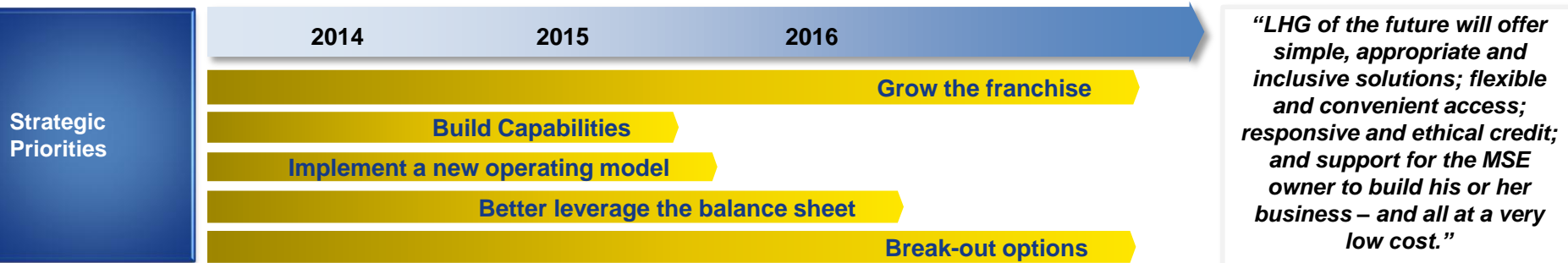
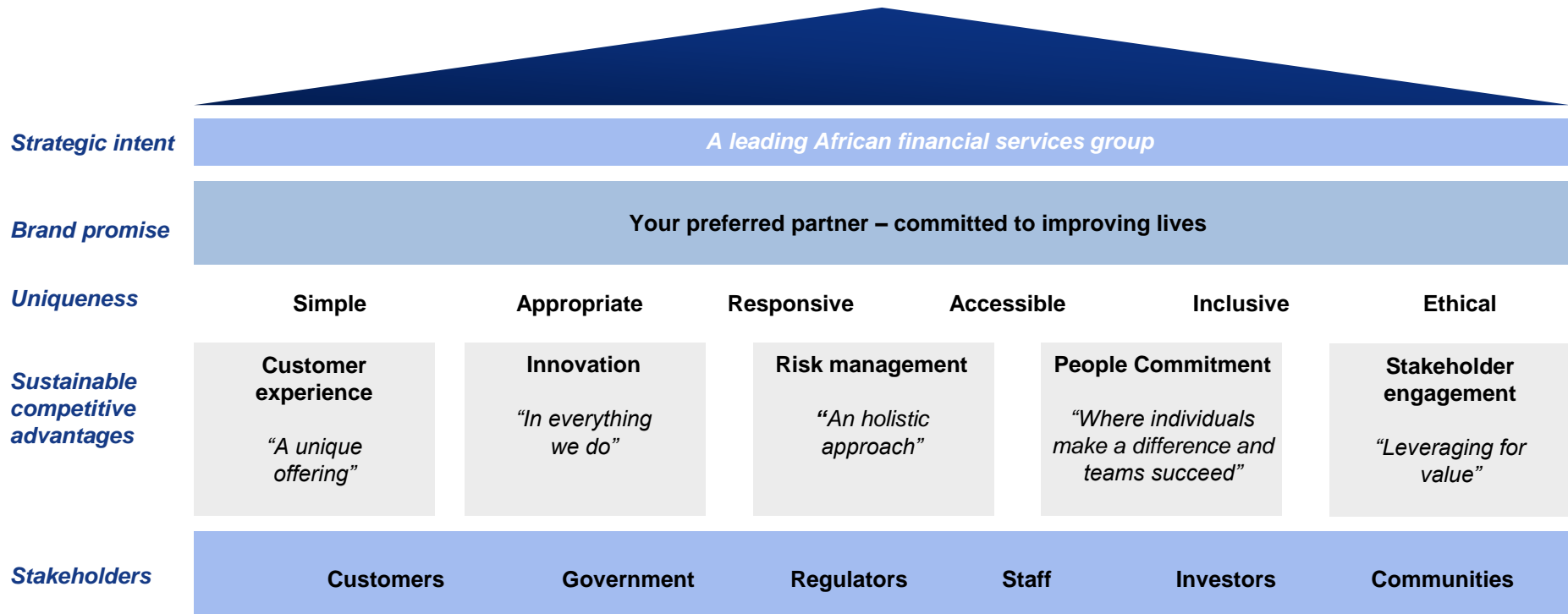
# Agenda – FY 2014 Results Presentation

*“strong performance, growth, and returns to shareholders”*

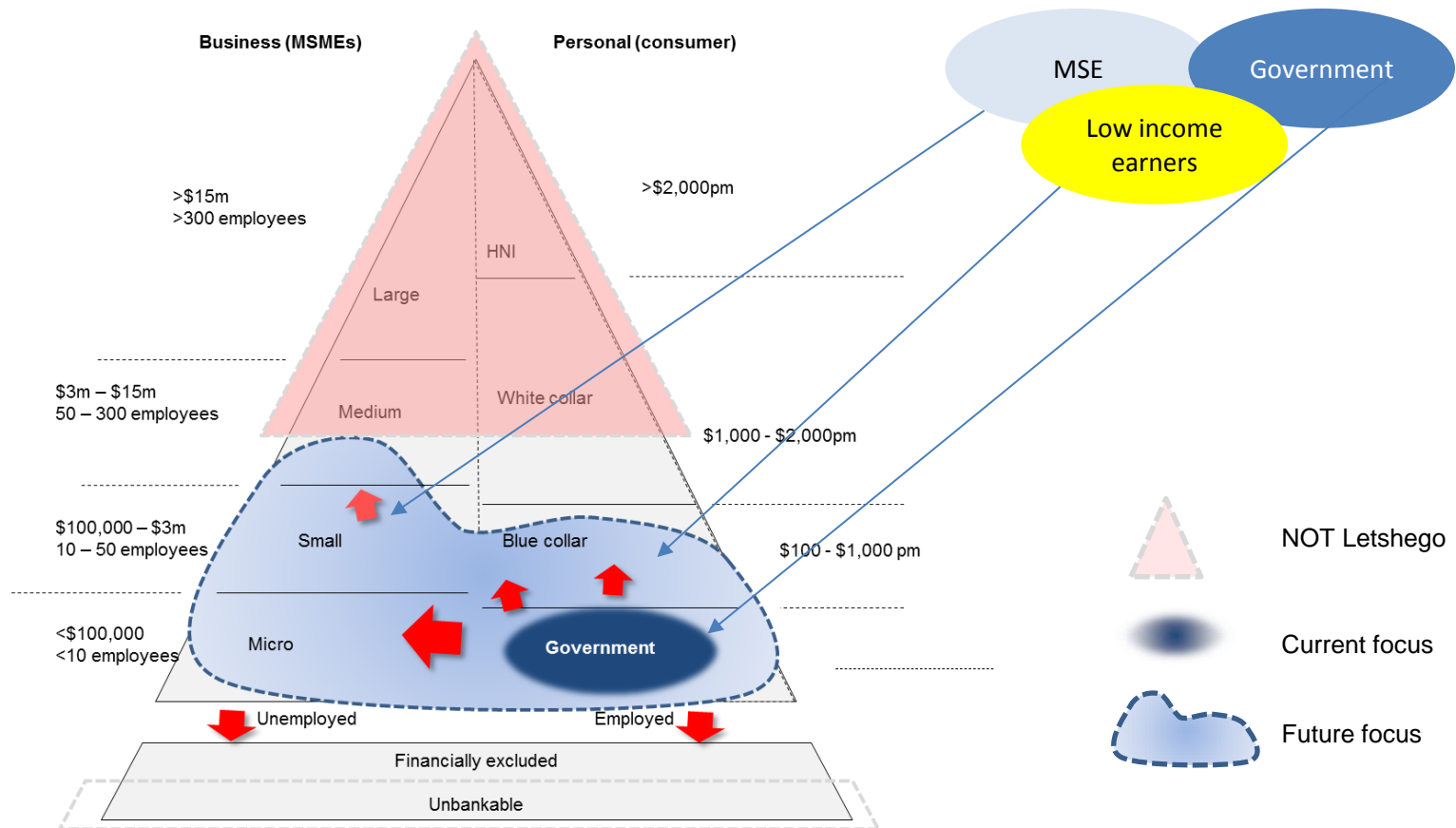
- Strategic Update
  - Grow the franchise
  - Building capabilities
  - Roll out of new operating model
  - Balance sheet management
- FY 2014 Results
  - Headline performance
  - Key financials



# We have a clearly defined Vision and Strategy



# We are focusing on three key segments



Source: 1. Letshego Brand Review | 2. Genesis Team Analysis, 2014

# GTF - Our payroll business remains core

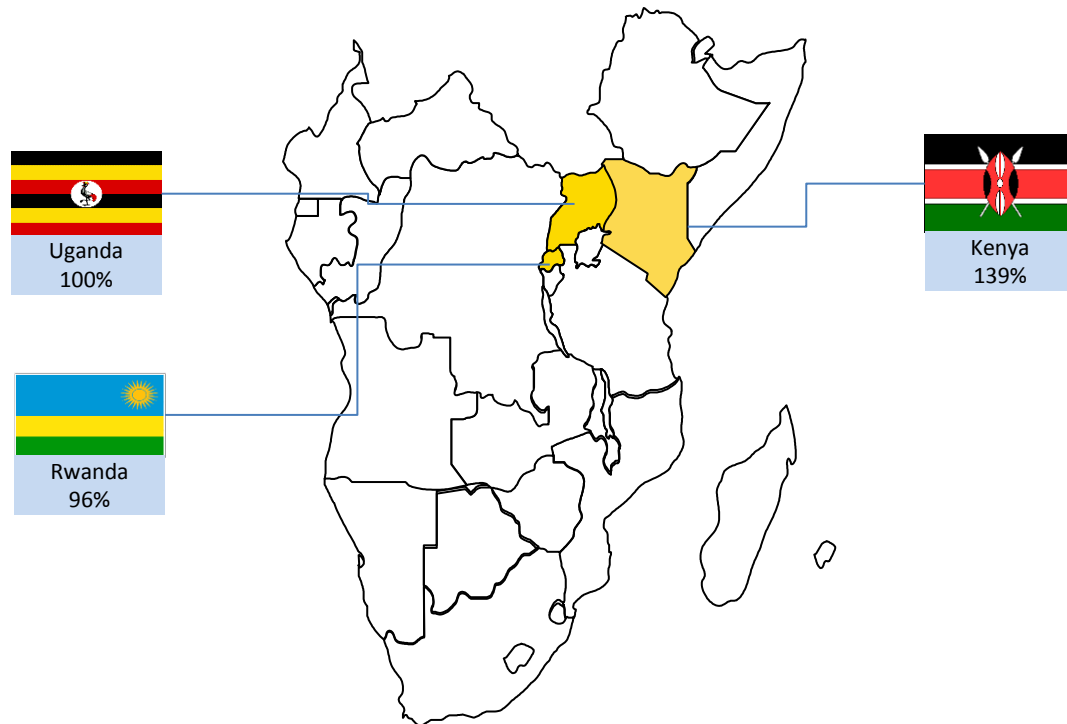
Letshego's current market penetration [prior year] %, 2014		Government employees ('000)	Current Loan book	Payroll	Non-payroll	% of Book	Loan growth from prior year
			P'000				
Botswana	29%[23%]	150	2 005	99%	1%	35%	11%
Kenya	1%	450	201	13%	87%	4%	139%
Mozambique	13%[8%]	400	1 114	100%	—	20%	40%
Namibia	50%[45%]	100	1 366	100%	—	24%	45%
Tanzania	9%[10%]	500	307	100%	—	5%	—
Uganda	11%[12%]	275	249	68%	32%	4%	25%
Swaziland	11%[18%]	50	151	100%	—	3%	36%
Rwanda	0%	130	103	—	100%	2%	96%
Lesotho	13%[14%]	45	190	100%	—	3%	103%
TOTAL			5686	93%	7%	100%	28%

Source: 1. Letshego financials 2014 | 2. Genesis Analytics Team Analysis, 2014



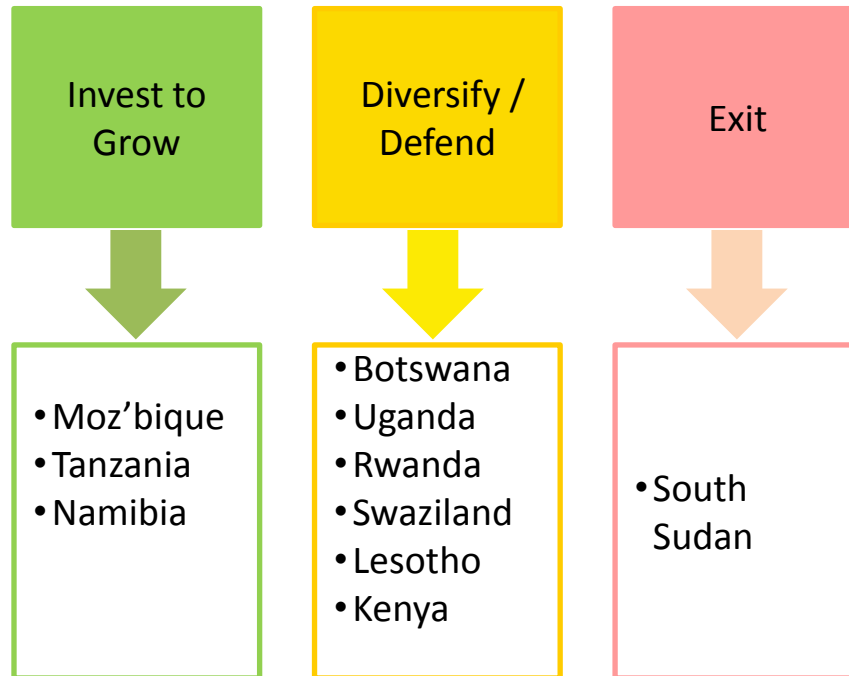
Botswana . Kenya . Lesotho . Mozambique . Namibia . Rwanda . Swaziland . Tanzania . Uganda

# GTF - Microfinance operations growth has been strong



- **Group Lending loans**
  - Loans extended to business persons who lack traditional collateral
- **Individual or MSE loans**
  - Primary loan product (mostly secured)
- **Check-off (payroll) loans**
  - Targets employees working with both private and public companies
  - Payroll product limited to some individuals
- **School Fees loans**
  - Targets clients with school going children or dependants
- **Maji Nyumbani loans**
  - Assists individuals and communities to acquire water tanks and ensure water storage
- **Biogas**
  - Targets dairy farmers in Kenya

# GTF - We have executed on diversification and exit



- Deposit mobilisation has gone live in Mozambique (February) and Rwanda (October)
- Namibia has been granted a provisional license
- Exit of Tujjenge operations finalised in October 2014
- Disposal of interest in South Sudan scheduled for completion in Q1 2015

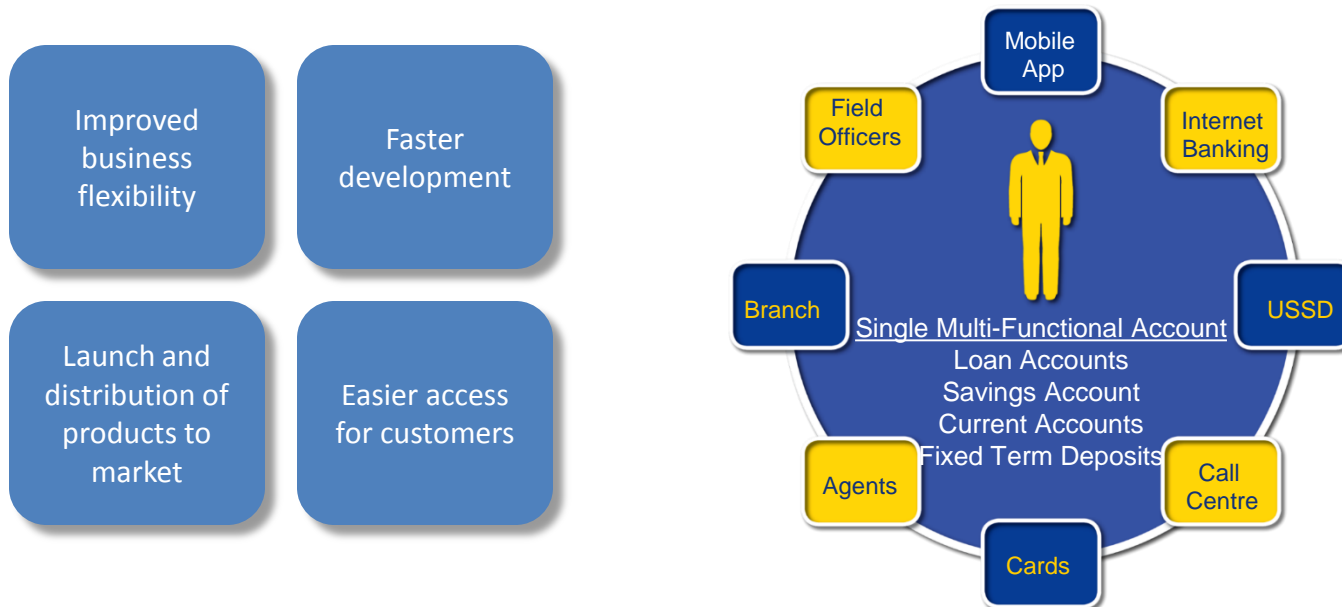
# BC - Our customer centric approach has increased the customer base by 11% to 265,265





# BC - Our infrastructure investment has positioned us well for future growth

## Core banking solution from TCS BaNCS



# BC - Our governance processes are aligning with King III


## Board Committees

	Main Board	Status - INED/NED /EXD	No of Committees of Membership	Main Board	Group Audit & Risk Committee	Group HR Committee	Group Investment Committee	Group Nominations Committee
1	J A Burbidge (Chairman of Main Board and GNC)	INED	1	✓ <b>C</b>				✓ <b>C</b>
2	C Low (Group Managing Director)	EXD	1	✓			✓	
3	I M Mohammed	NED	4	✓	✓	✓	✓	✓
4	G Hassam	NED	2	✓			✓	✓
5	G van Heerde	NED	2	✓	✓	✓		
6	S Price	INED	2	✓	✓ <b>C</b>			✓
7	R Thornton	INED	2	✓		✓ <b>C</b>	✓	
8	H Karuhanga	INED	3	✓	✓	✓		✓
9	J de Kock	INED	2	✓	✓		✓ <b>C</b>	
Summary of new composition		INED		5	3	2	2	3
		NED		3	2	2	2	2
		EXD		1			1	

INED Independent Non-Executive Director  
 NED Non-Executive Director  
 EXD Executive Director

**C** Chairman of Board/Committee  
 50/50 Balance to be addressed when new appointments agreed  
 Compliant with King III

# BC - Letshego's credit rating was reaffirmed in an environment where financial services ratings were being down graded

	Outlook	Stable
	Issuer Rating	Ba3
<b>RATINGS DRIVERS</b> <ul style="list-style-type: none"><li>▪ Established niche</li><li>▪ Sound asset quality</li><li>▪ Diverse funding profile</li><li>▪ Good profitability and solid capitalisation</li></ul>		

Source: Moody's Investors Service Credit Opinion December 2014

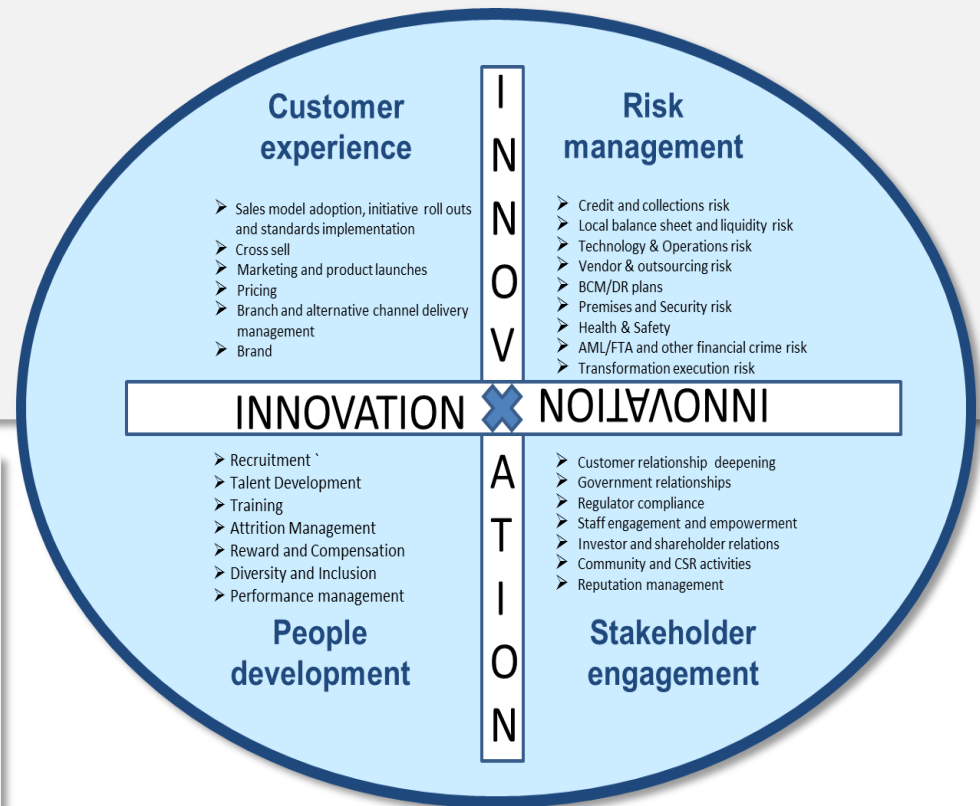
# OM - We are embedding the new operating model

## Group

- Brand and marketing
- Payroll and microfinance expertise
- Central funding and foreign exchange management
- Governance and risk management
- Audit and assurance services
- Group will set policy, standards, procedures and control requirements.

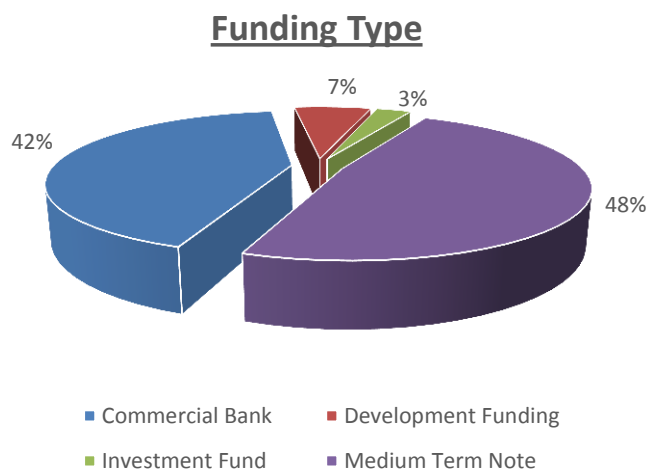
## Country

- Origination, distribution and service
- Local currency funding
- Central bank requirements will determine other in country support functions



# BSM - We have diversified our sources of funding and lowered our overall cost of funds

## Principal Sources of Funding

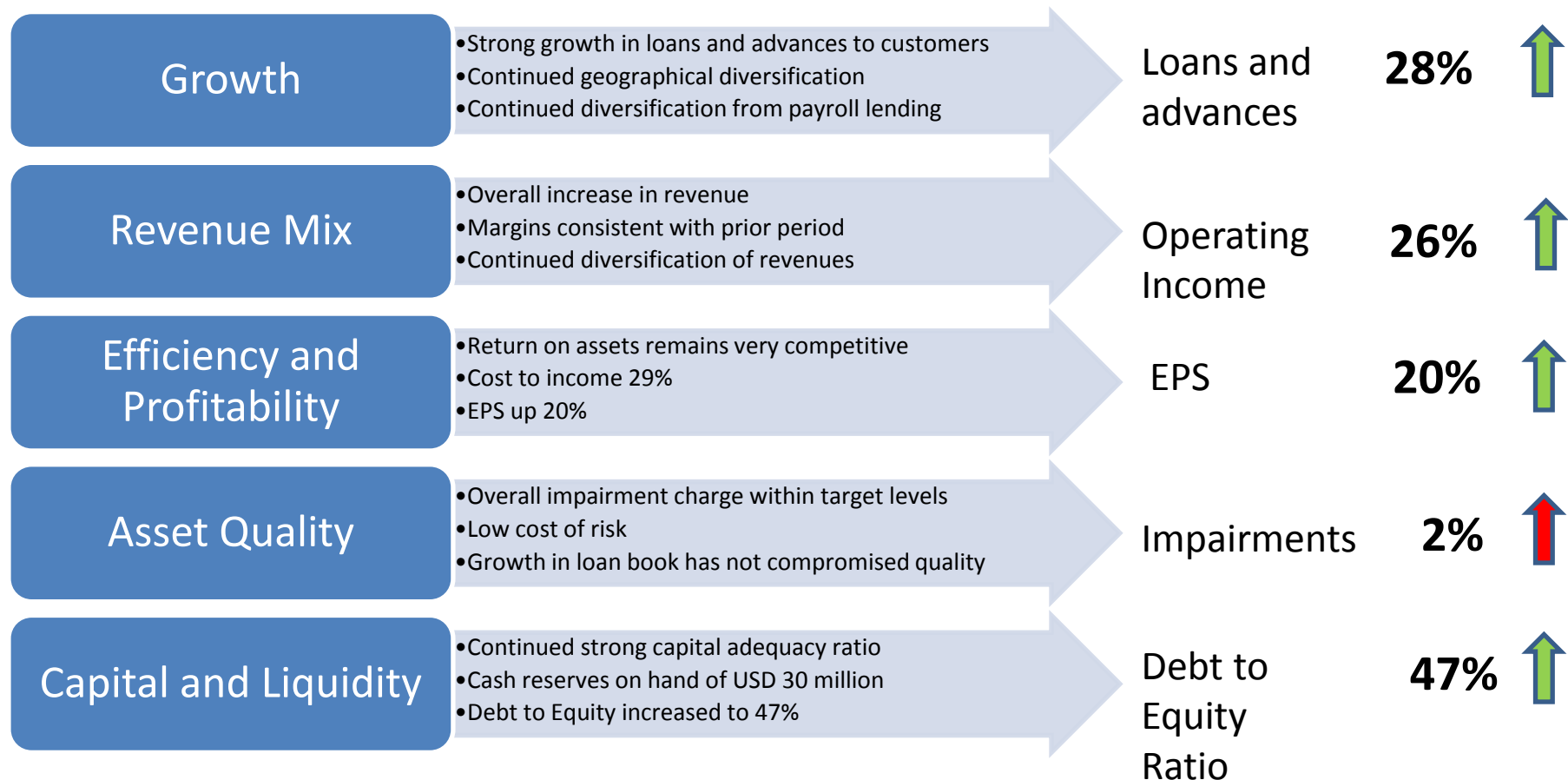


- Commercial bank funding still an important part of core funding
- Number of relationship banks increased to 6
- Market conditions permitting there is capacity to issue more senior unsecured debt under BWP and ZAR DMTN
- Ongoing Private Placements under Mozambique DMTN



# FY 2014 RESULTS PRESENTATION

# We have delivered a strong set of results for 2014



# All key metrics trends are positive

