Letshego Holdings Limited

Building a leading African financial services group

Agenda – 1H 2015 Results Presentation

"strong performance, growth, and returns to shareholders"

- Strategic update
  - Diversification
  - Embracing financial inclusion
  - Delivering simple, appropriate and affordable solutions
  - Providing access, anywhere, anytime
- 1H 2015 Results
  - Headline performance
  - Key financials

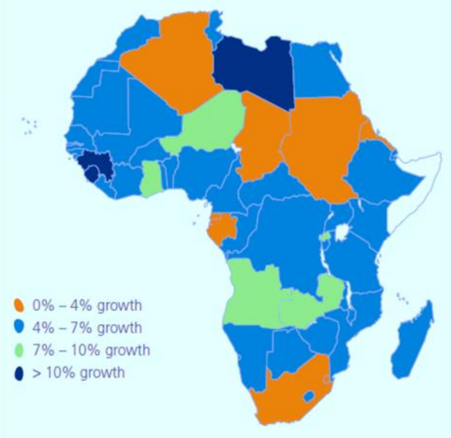
Africa continues to offer strong growth opportunities for Letshego

Africa Macro

	2015	2020
Gross GDP (USD 'tn)	2.5	3.8
Growth Rate (last five years)	5.5%	8.5%
Overall Population (bn)	1.1	1.3
Population < 25	57%	70%
Rural distribution	60%	59%
Mobile penetration	88%	95%
Population – without access to Bank accounts	77%	70%
Cities with > 500k population	55	60
Domestic credit – private sector (USD bn)	1.6	2.9

Source: IMF - World Economic Outlook Database, October 2014; Country Census Data; World bank Data Indicators; AFDB Report 2015; Trading Economics 2015

Expected GDP growth to 2016



Sources: IMF, RMB Global Markets
Data as at September 2012

Letshego's footprint Micro

	2015
Total formal work force (m)	42.0
Number. of Government employees (m)	2.0
Number. of low/mid inc. sal. earners (m)	23.7
Number of Undergraduates (m)	0.6
Number of Pensioners (m)	2.4
Number of informal work force (m)	54.0
Total no. of Micro and Small Enterprises (m)	9.7
No of Hospitals / Health Inst. ('000)	36.7
No of Education Inst. ('000)	88.2

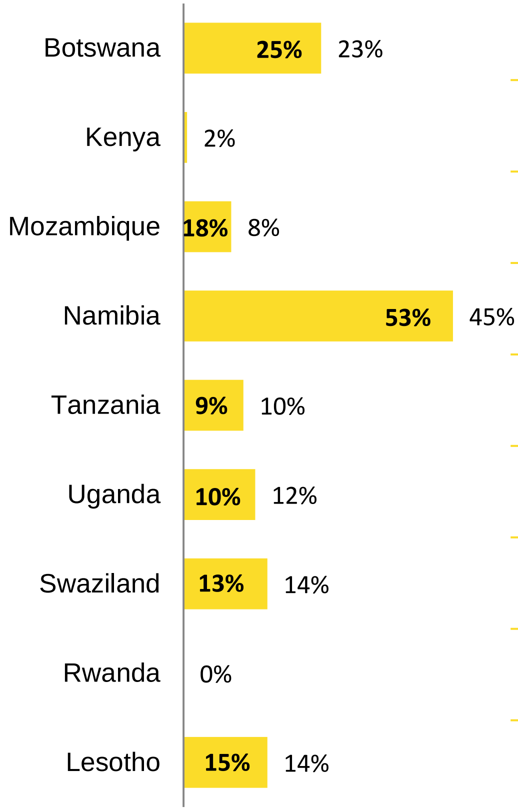
Source: Country Management Team Estimates (Botswana, Namibia, Mozambique, Kenya, Lesotho, Swaziland, Tanzania, Uganda, Rwanda and Kenya)

- Letshego's current footprint covers high growth countries.
- The rural and unbanked segments offer large opportunities.
- Africa remains a young population – adoption of technology offerings should be quicker.
- Few cities offer scale and urban to rural payments can only grow.
- Domestic credit levels remain generally low by international standards.

- Government employee numbers will continue to grow.
- Under graduates and informally employed offer an entry point to be explored.
- Data on MSE is improving reaffirming segment opportunities.
- Health, education and agriculture sectors are under served.
- Innovation and technology with a focus on cost and risk management will offer capability.

Payroll continues to drive regional loan portfolio

Letshego's current market penetration as at 30 June 2015



	Government employees ('000)	Current Loan book USD mn	Payroll	Non-payroll	% of Book	Loan growth from prior period in BWP	Loan growth from prior period in local currency
Botswana	150	210	100%	–	35%	10%	10%
Kenya	700	23	20%	80%	4%	84%	95%
Mozambique	300	105	100%	–	20%	7%	28%
Namibia	100	138	100%	–	24%	19%	29%
Tanzania	500	30	100%	–	5%	14%	24%
Uganda	300	24	63%	37%	4%	11%	25%
Swaziland	40	15	100%	–	3%	16%	26%
Rwanda	200	12	–	100%	2%	51%	40%
Lesotho	40	21	100%	–	3%	67%	72%
	Total	**578**	**93%**	**7%**	**100%**	**16%**	**26%**

Source: 1. Letshego financials 2015

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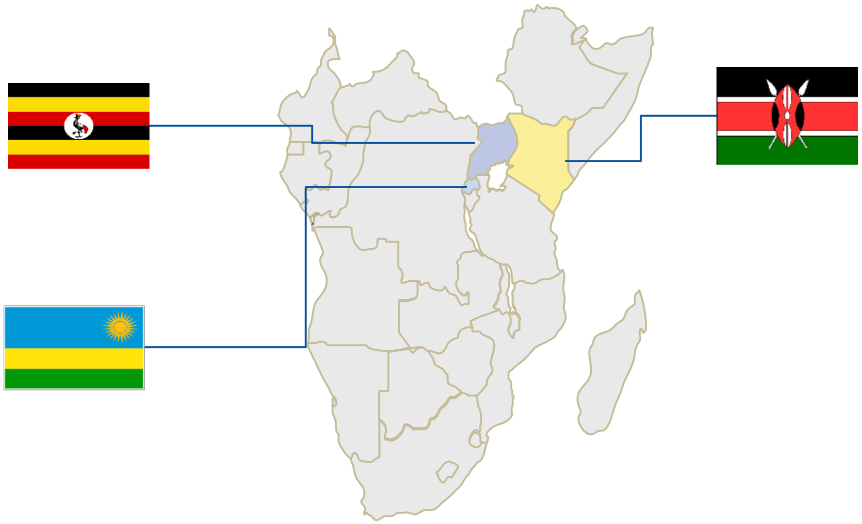
Entry into micro-finance has helped diversify our product and revenue mix with minimal incremental risk

Regional Presence



	Kenya	Uganda	Rwanda
Total customers	16 874	13 665	2 364
Market share	1%	3%	3%
Current loan book (USD mn)	18	9	12
Loan growth from prior year* (%)	84%	66%	40%

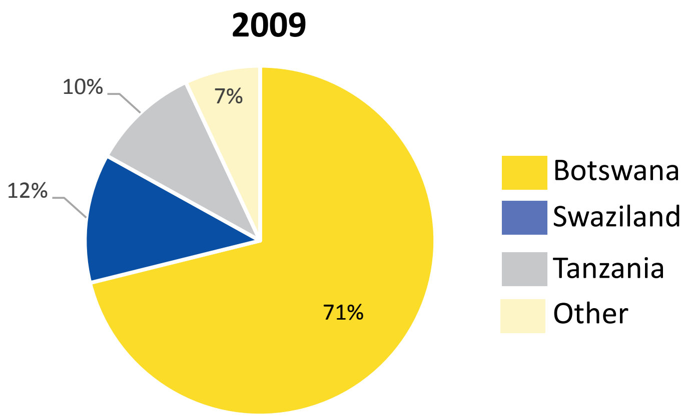
*local currency

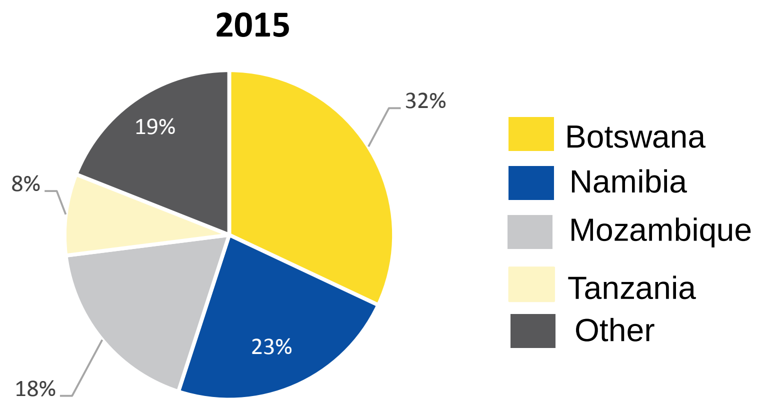
Loan Overview

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

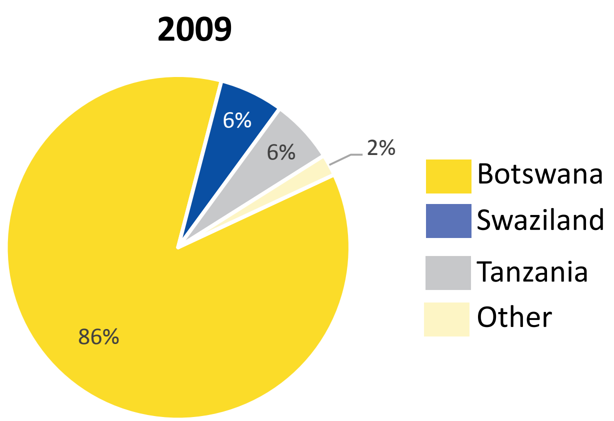
The focus on diversification can be seen in the changed contribution to revenues and profits

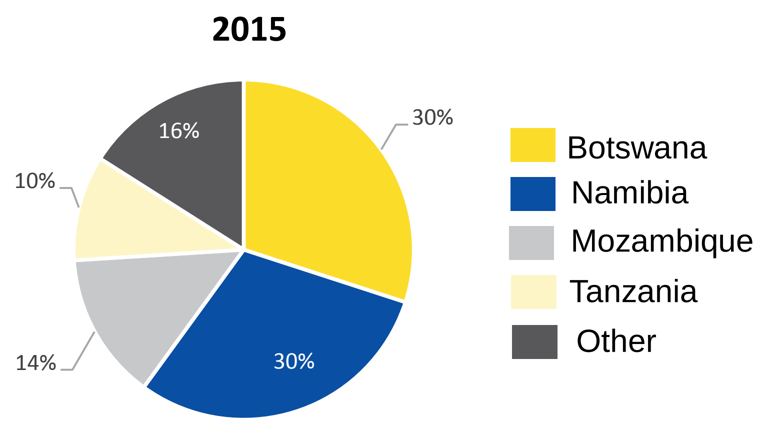
Proportion of revenue contribution by country - Top 4





Proportion of profit before tax by country - Top 4

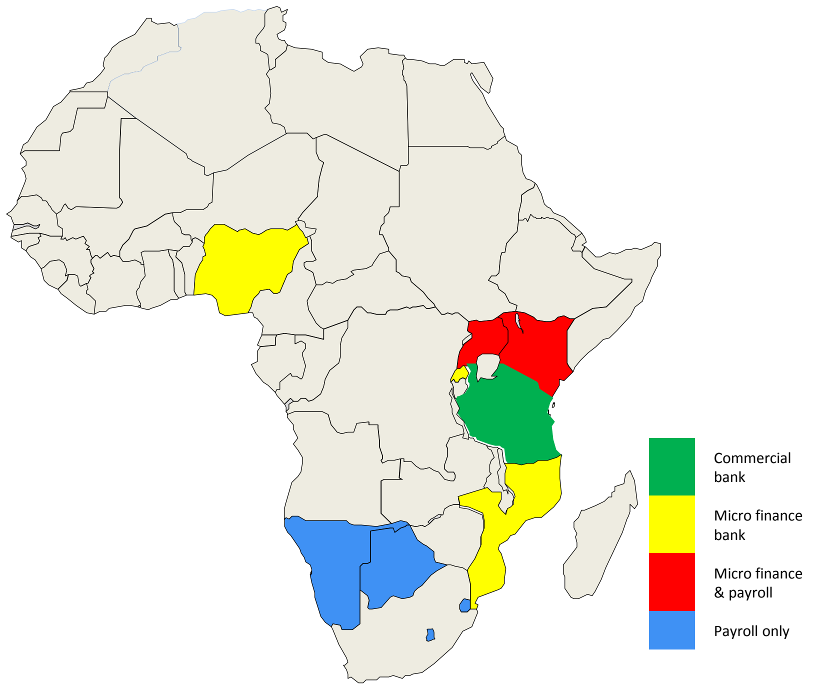




Geographic expansion will be a driver of diversification

- We have announced two new investments: one in Nigeria and another in Tanzania
- The acquisitions are expected to add over 100, 000 customers, and 33 customer access points

Geographic presence



Business Overview

Nigeria

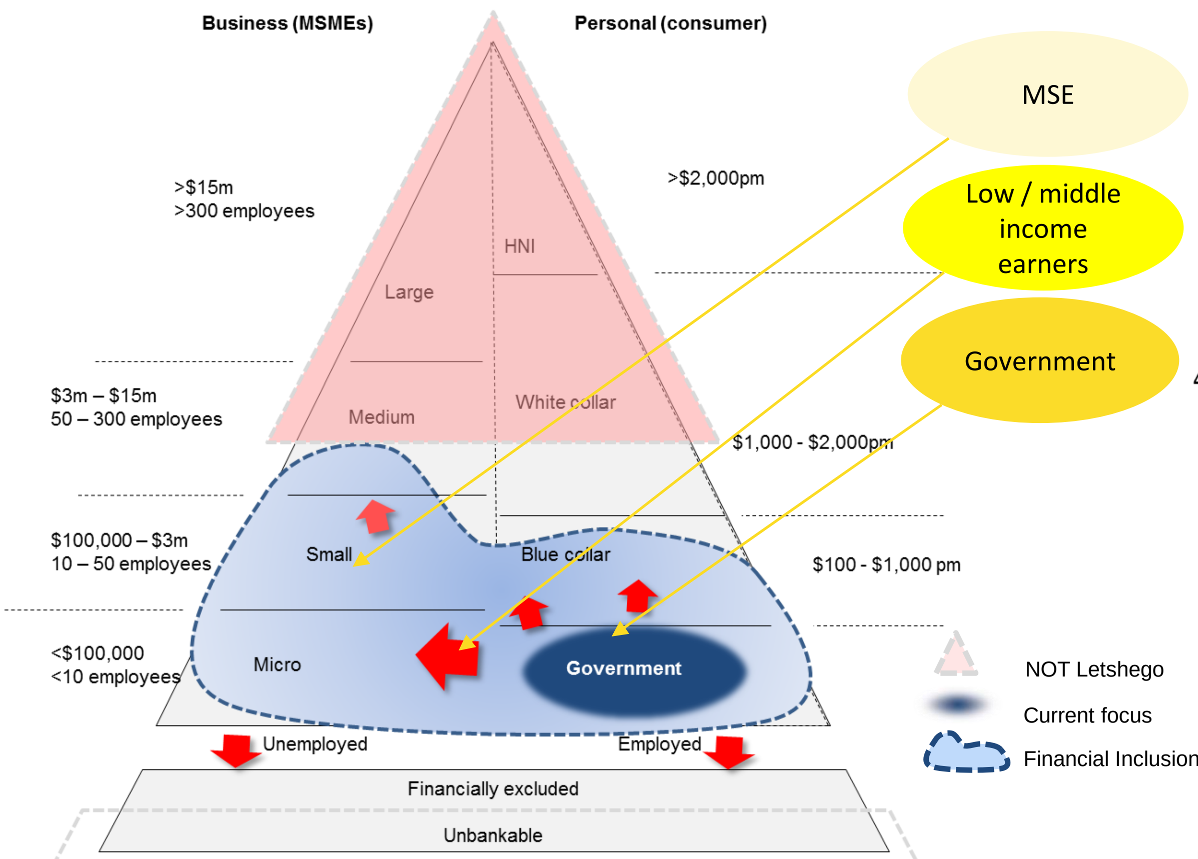
- Deposit taking institution licensed to operate nationally in Nigeria by the Central Bank of Nigeria
- Only one of 5 national microfinance bank licenses issued to date
- Over 100, 000 customers

Tanzania

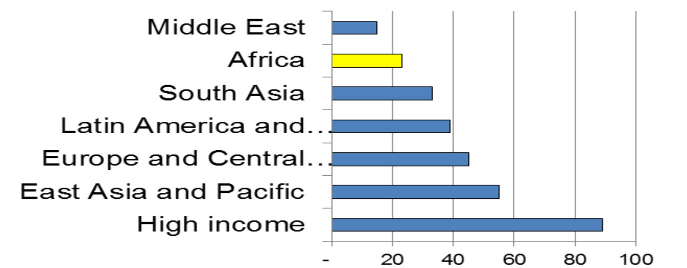
- Bank regulated by the Bank of Tanzania with a specific focus on providing financial services to micro, small and medium sized enterprises
- Over 20, 000 customers

Our existing customer base provides a natural platform to develop our financial inclusion agenda

Definition delivery of **financial services** at affordable costs to sections of disadvantaged and low/middle income segments of society

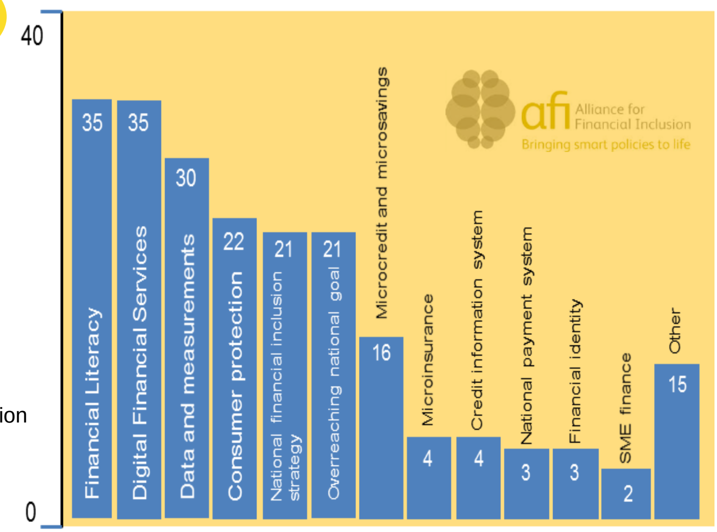


% of adults using formal financial institutions



Source: World Bank Development Research Group; June 2012

Government commitments by thematic area



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We will be required to deliver customer centric transformation – simple, appropriate, and affordable solutions

Today

Parastatal/ private sector payroll

Full service offering

Consumer lending
- Government payroll

Micro Finance
- Group lending
- MSE lending
- Low income housing

Deposit taking

Full service offering

Tomorrow

Customer Segments

Government, Low/ Middle Income employees, MSE

Solutions

Mobile App

Field Officers

Internet Banking

Branch

USSD

3rd party Agents

Call Centre

Cards

One Customer
One AAA Account
- ✓ Savings
- ✓ Loans
- ✓ Transactional
- ✓ Wallet

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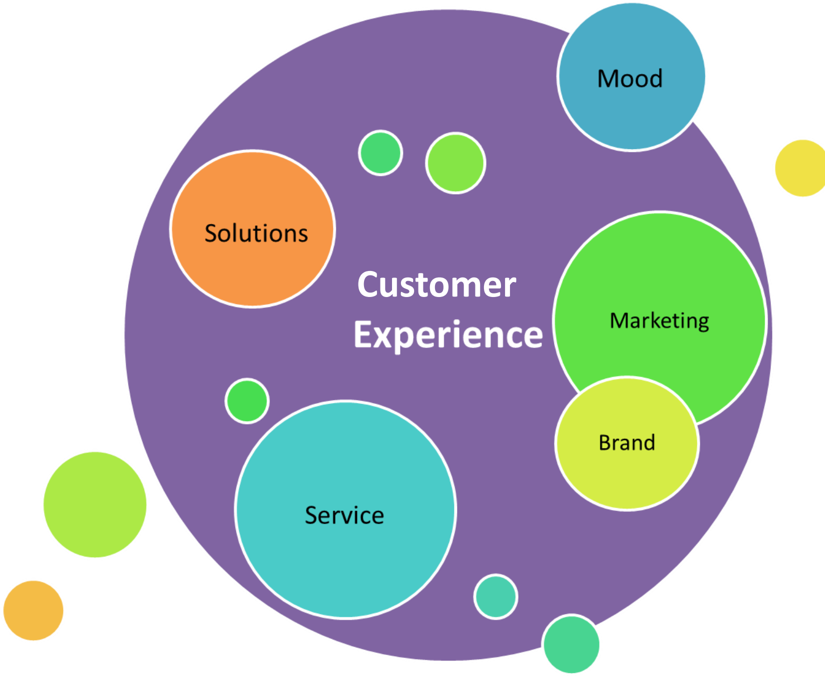
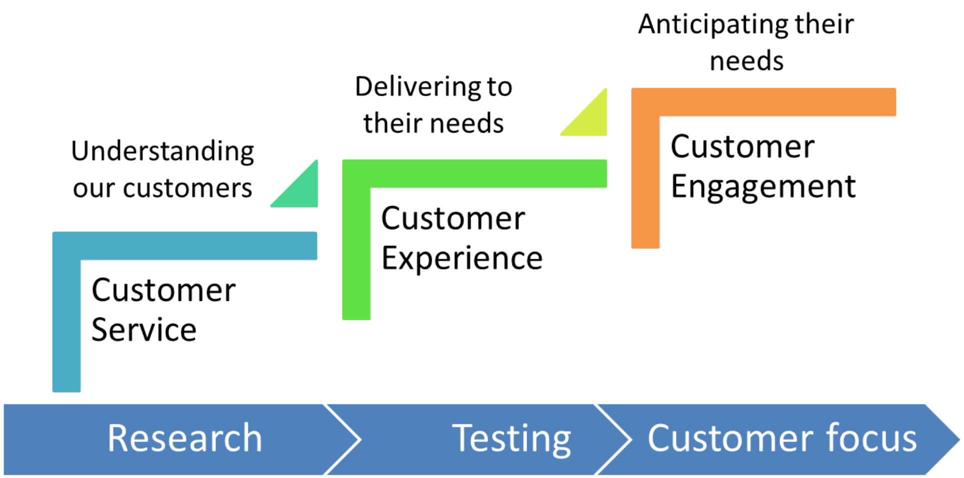
Botswana . Kenya . Lesotho . Mozambique . Namibia . Rwanda . Swaziland . Tanzania . Uganda

This will be underpinned by a clear customer experience programme



Customer Experience has to be integrated with responsible financing for development *(Financial inclusion for MSEs)*

The journey ahead to a marketing led organisation



Compliance and risk functions are being strengthened with appropriate skills as are our leadership teams

- We have made a number of new strategic hires to provide expansion of solutions, operational and technical support in implementing strategy to existing customers, and to access to new business networks
- These include:
  - Group Head of Customer Experience
  - Head of Risk and Assurance
  - Head of Group Treasury & ALM
  - Head of Microfinance Operations
  - Group Credit Manager
- We are building our local subsidiary top teams – business development, support, and risk functions
- We are investing in our leadership talent pool
  - Several cross border appointments have been made to deepen the breadth and of skills in our country management teams
  - Middle management are engaged in roll out of the refreshed strategy

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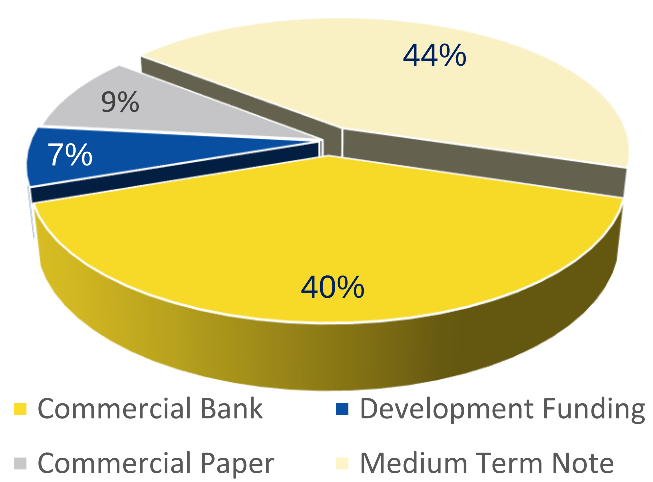
Capitalisation buffers remain well above regulatory requirements and funding continues to be a key focus

- Capital management has mostly been centred around the optimal mix of debt and equity capital to support an expansionary business strategy and provide a higher ROE to shareholders
- Capital adequacy has been maintained at above 60%
- Debt to equity has increased to 51% (39% prior period)

Principal Sources of Debt Funding



- Wholesale funding is still an important part of core funding
- Recent market events have led to lower liquidity and higher costs of wholesale funding for all market participants
- We continue to be active in the private placement market and have successfully renewed some existing facilities and issued new debt instruments post period

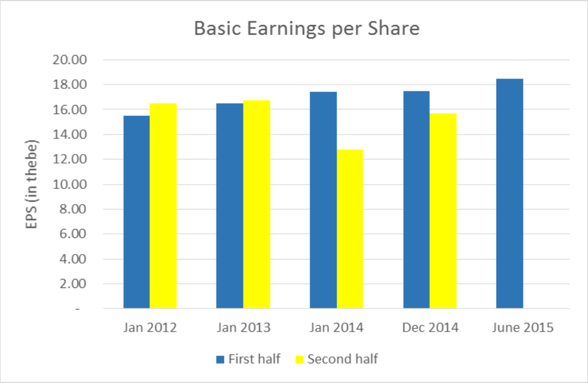
1H 2015 RESULTS PRESENTATION

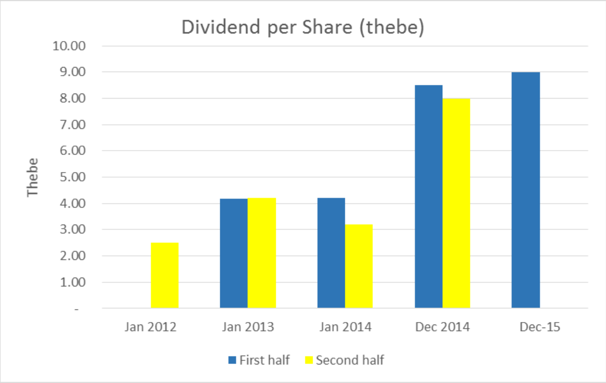
Botswana . Kenya . Lesotho . Mozambique . Namibia . Rwanda . Swaziland . Tanzania . Uganda

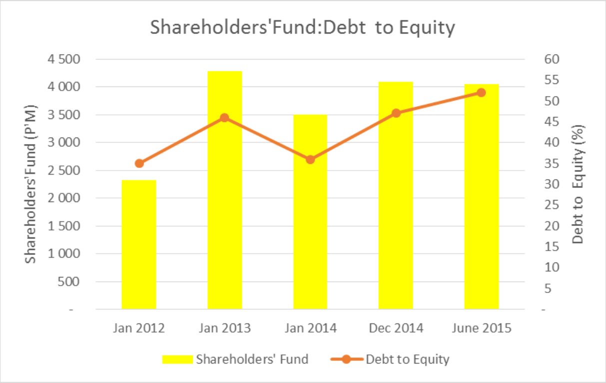
Good momentum across all of our markets

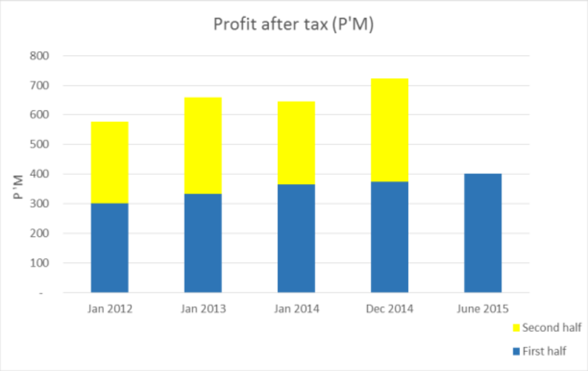
Growth	•Strong growth in loans and advances to customers •Continued geographical diversification (Rev ex Botswana 68%) •Continued diversification from payroll lending (7%)	Loans and advances	**16%** ↑
Revenue Mix	•Overall increase in revenue •Margins consistent with prior period •Continued diversification of revenues	Interest Income	**10%** ↑
Efficiency and Profitability	•Return on assets remains very competitive •Cost to income 28% •EPS up 6% from prior period	EPS	**6%** ↑
Asset Quality	•Overall impairment charge within target levels •Low cost of risk •Growth in loan book has not compromised quality	Impairments	**2.5%** ↑
Capital and Liquidity	•Continued strong capital adequacy ratio •Cash reserves on hand of USD 28 million •Debt to Equity increased to 51%	Debt to Equity Ratio	**51%** ↑

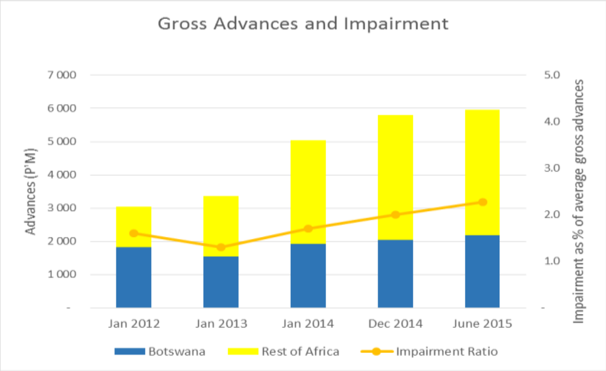
All key metrics trends are positive

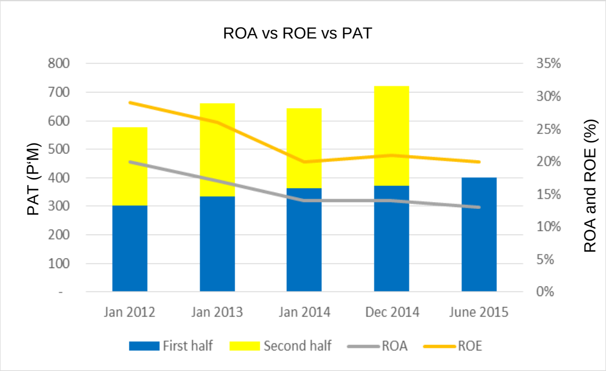












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