

LETSHEGO HOLDINGS LIMITED

Building a leading African financial services group

FY 2015 Results Announcement



Agenda

Strategic Update

- Diversification

- Embracing financial inclusion

- Delivering simple, appropriate and affordable solutions

- Providing access, anytime, anywhere

FY 2015 Results

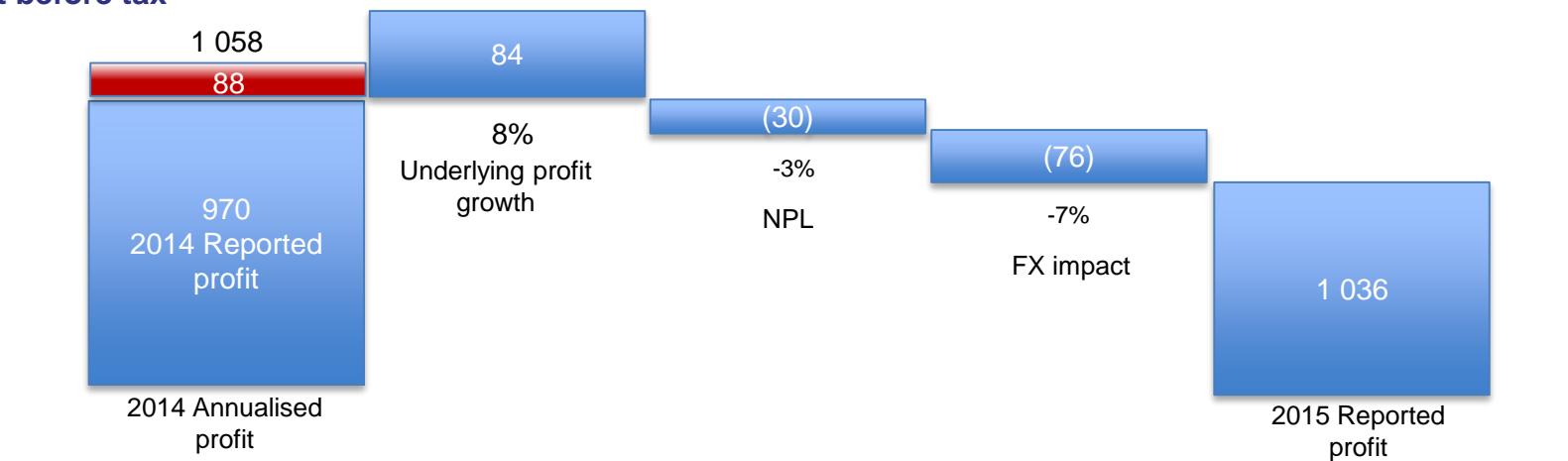
- Headline performance

- Key financials

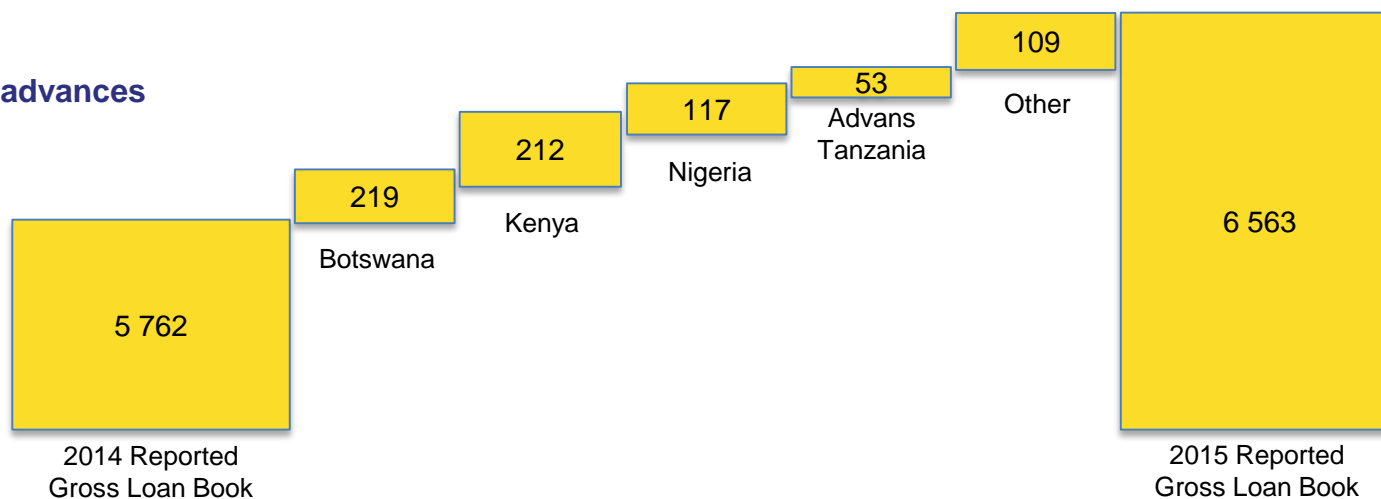


Good underlying growth, profits and shareholder returns

Profit before tax

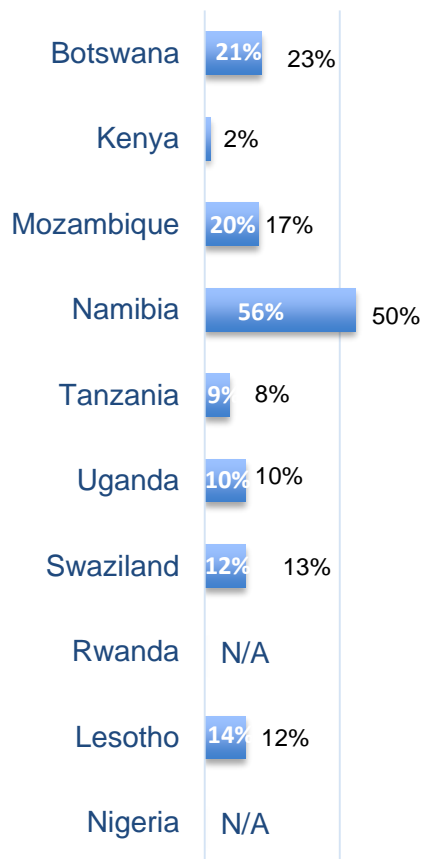


Loans and advances



Strong growth of underlying regional loan portfolio

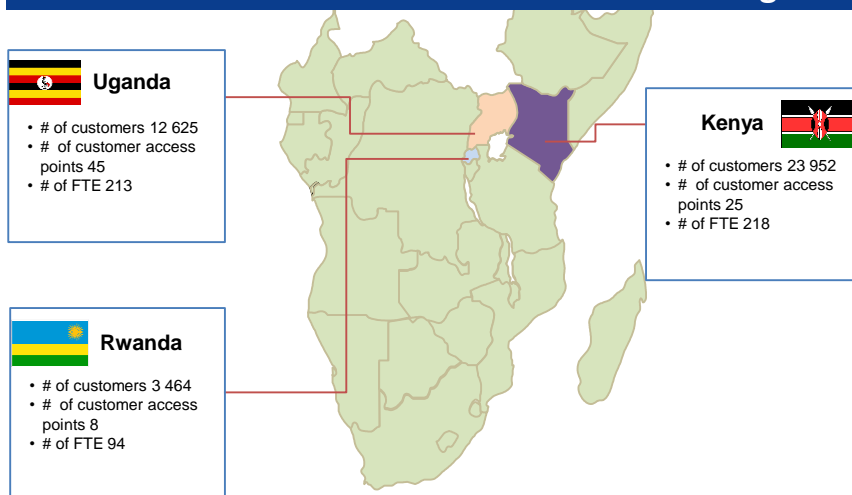
Letshego's market penetration as at 31 December 2015



Government employees ('000)	Current Loan book	Payroll	Non-payroll	% of Book	Loan growth from prior period in BWP	Loan growth from prior period in local currency
	USD mn					
181	194	100%	—	34%	7%	7%
700	36	30%	70%	6%	110%	93%
300	96	100%	—	17%	-4%	20%
100	126	100%	—	22%	-2%	19%
500	36	88%	12%	6%	14%	14%
300	26	60%	40%	5%	14%	19%
42	13	100%	—	2%	-5%	11%
200	15	—	100%	3%	62%	42%
50	23	100%	—	4%	32%	46%
3 400	6	—	100%	1%	100%	—
Total	571	89%	11%	100%	14%	18%

Micro finance operations also continue to perform well

Regional Presence



	Kenya	Uganda	Rwanda
Total customers	23k (‘14: 16k)	12k (‘14: 13k)	3k (‘14: 2k)
Current loan book (USD mn)	36	10	15
Loan growth from prior year* (%)	110%	13%	62%

*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

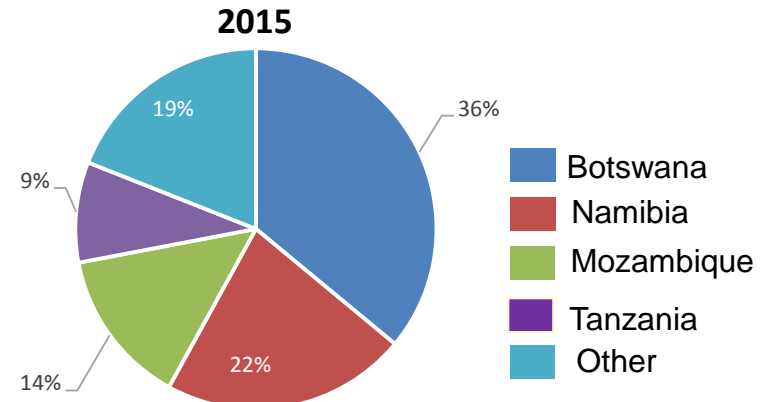
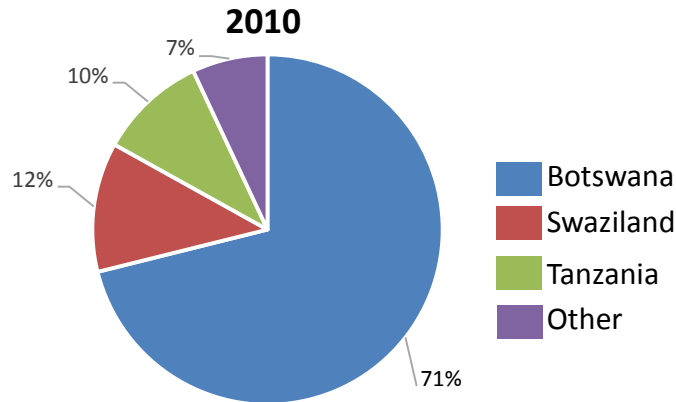
- Targets employees working with both private and public companies
- Payroll product limited to some individuals

Biogas

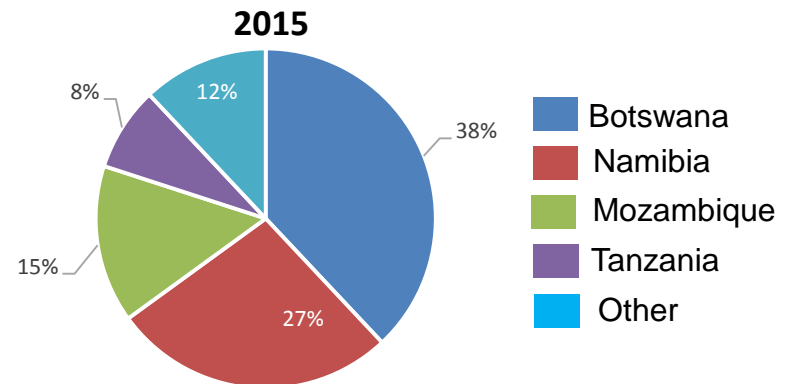
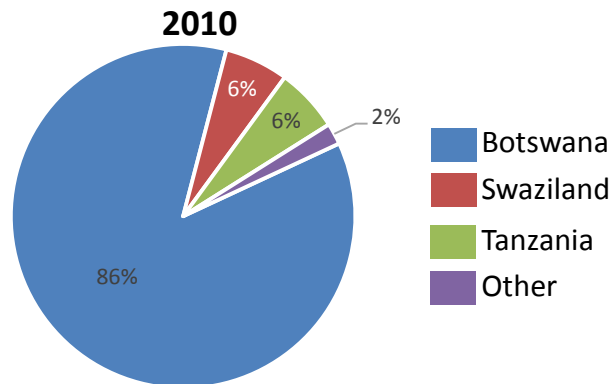
- Targets dairy farmers in Kenya

Changes in contribution to revenues and profits are a direct result of the Group's diversification strategy

Proportion of revenue contribution by largest countries



Proportion of profit before tax by largest countries



Entry into Nigeria gives Letshego a presence in Africa's largest economy, while in Tanzania the deposit taking licence provides the ability to provide broader financial services

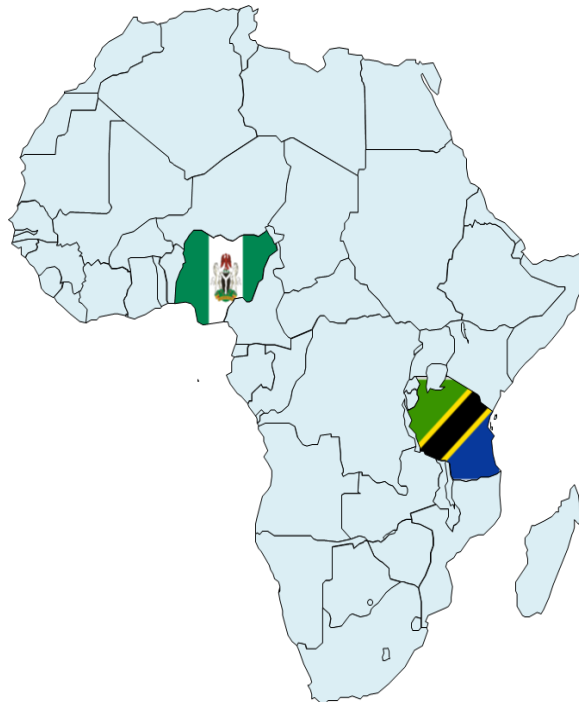


Business overview:

- Microfinance Bank with a national license (1 of 7 in Nigeria)
- Deposit taking capabilities
- Scalable solution with room to expand
- Good reputation

Critical success factors:

- Successful transition from parent company
- Capable management team and people alignment



Business overview:

- Microfinance Bank with deposit taking capabilities
- Scalable solution with room to expand
- Technology and channel integration in place

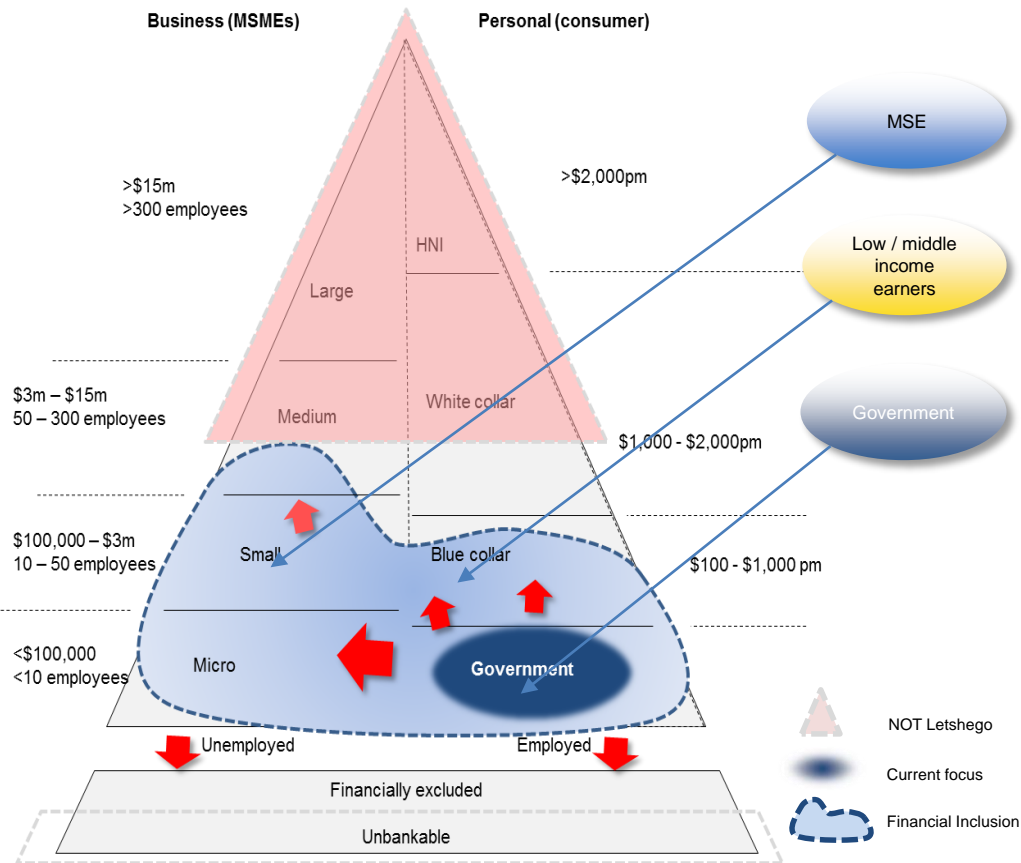
Critical success factors:

- Capable management team and people alignment
- Fully exploited synergies with Faidika for cross sell over a national footprint

Embracing Financial inclusion is the cornerstone of Letshego's strategic agenda

Definition

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



- Over 100, 000 depositor customers
- We are using our deposit taking licences to facilitate money transfer, bill payment, remittance services, as well as providing borrowings for micro and small enterprises
- This approach involves entering into strategic partnerships with third party agents and mobile operators as well as intermediaries – in Kenya this practice is well established and in 2016 we will be rolling this out to other key markets

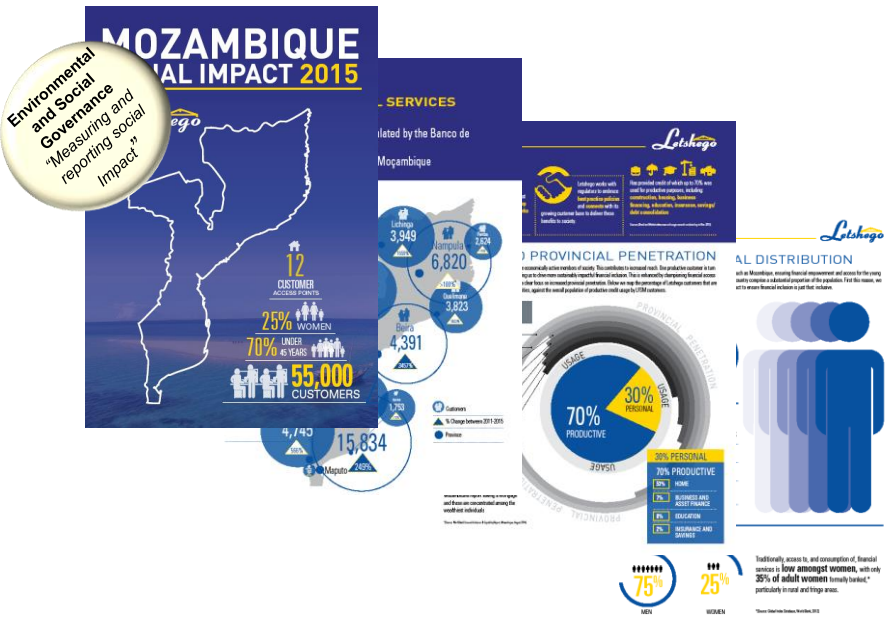
We have taken our pioneering role in embracing financial inclusion a step further



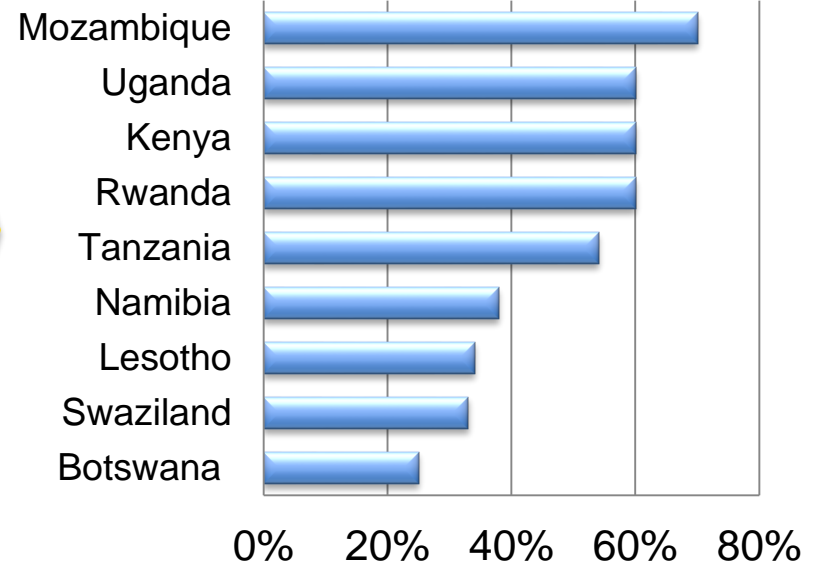
- Letshego awarded AFI partner status December 2015
- Over 90 countries and 110 regulators are AFI members
- Letshego will contribute its intellectual capital and capacity building in the areas of commercially sustainable microfinance, digital financial services and data measurement and trend identification

Early data shows positive social impact of payroll lending

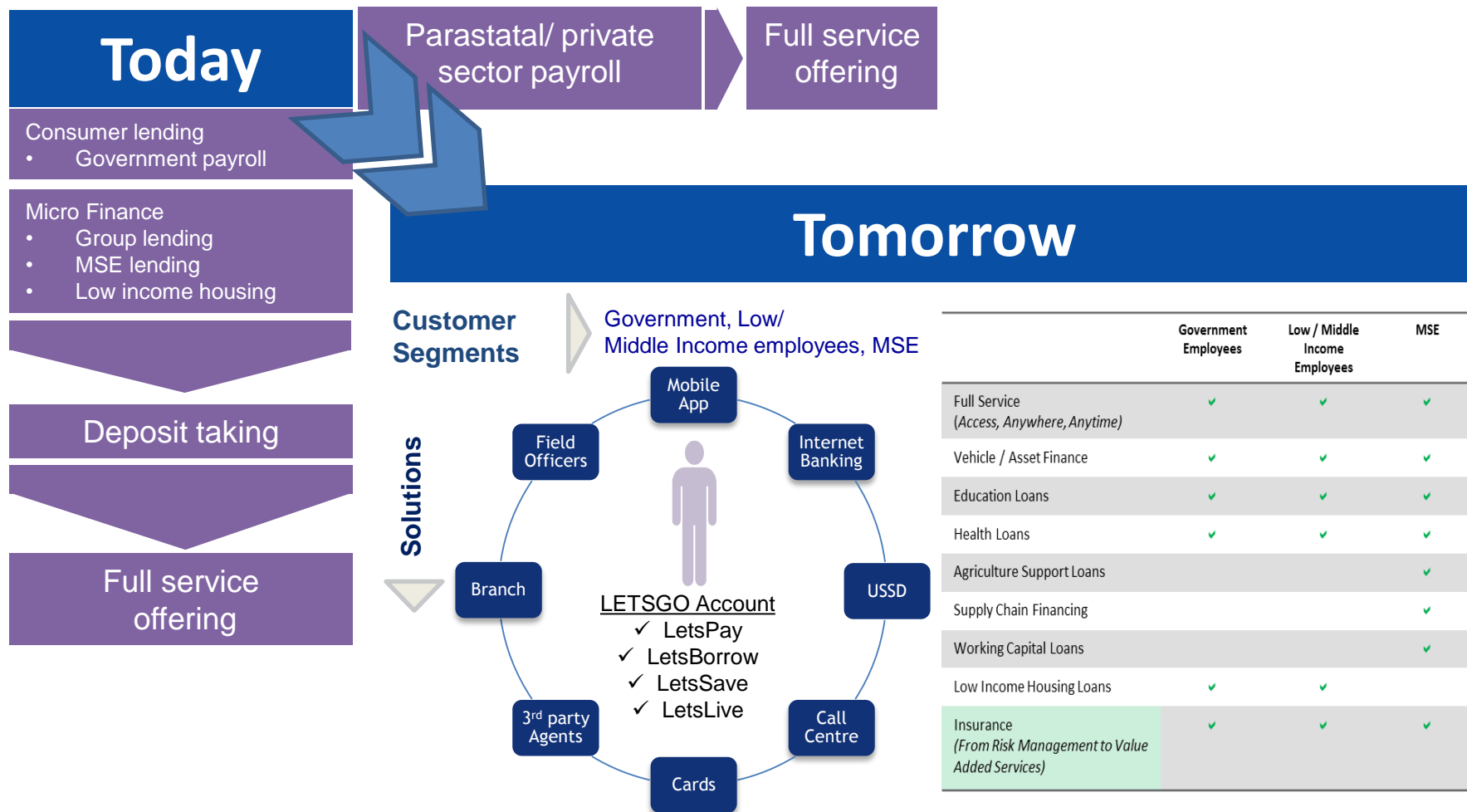
- EBS Advisory appointed to conduct Environmental and Social Due Diligence to establish compliance against four international standards
- According to in-country market research five of nine countries scored 50% or more for productive lending
- Productive lending is defined as: business, home loan, working capital, education, insurance, asset-backed



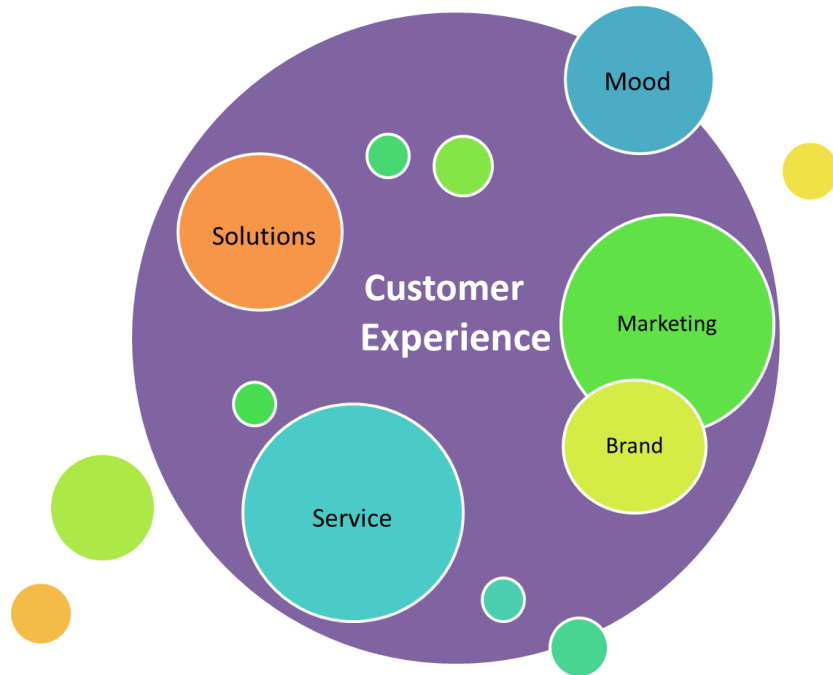
% productive use of Letshego financing



We have launched a pilot of mobile and internet banking in Mozambique

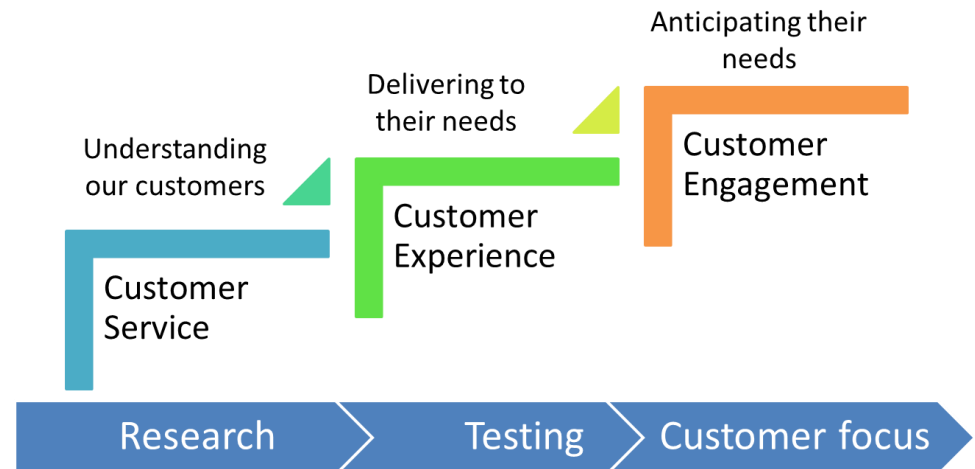


Enhanced branch sales and direct sales models have been rolled out in several countries



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

The journey ahead to a marketing led organisation

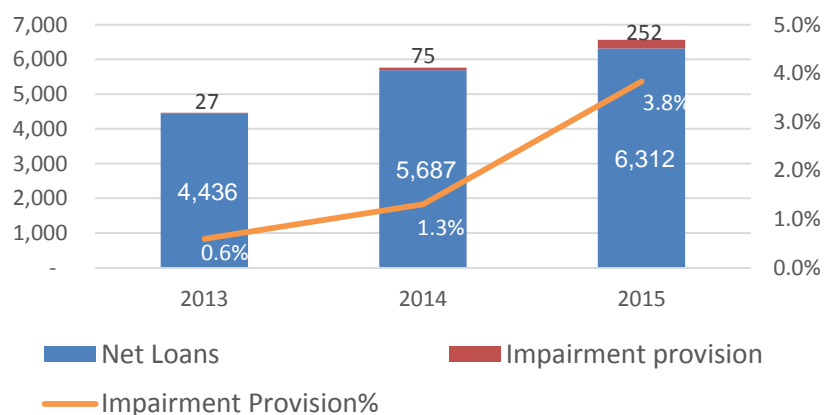


Modest cost of risk reflects the Group's cautious approach to expansion of non-payroll products

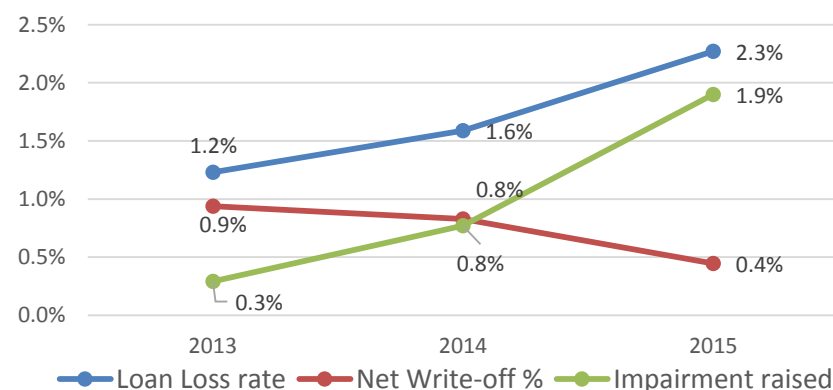
Asset quality and provisioning

- Impairment provision methodology continues to be strengthened resulting in an overall increase in provision levels and loan loss rate
- Overall loan book quality remains within risk appetite
- Strong risk mitigation with Comprehensive Credit Insurance Cover in Namibia, Mozambique and Swaziland further improving recovery experience in those markets

Impairment provisions



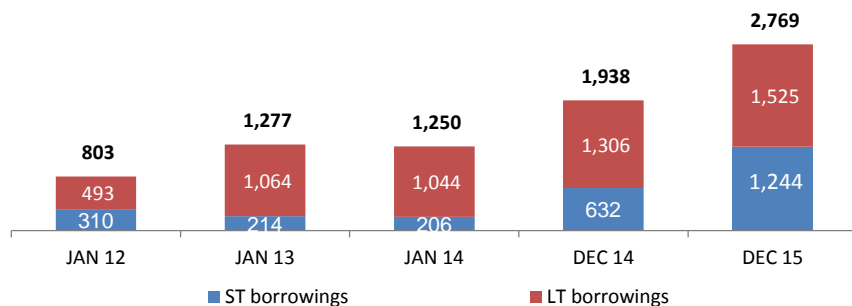
Cost of risk



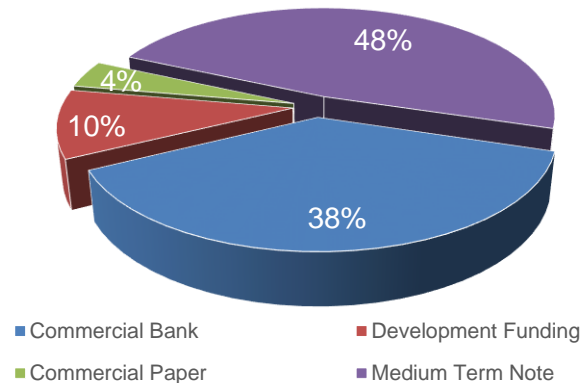
Increasing borrowing has improved the Group's debt to equity, while overall cost of funding has come down

- Total borrowings increased by P831mn (43% y-o-y)
- Debt to equity increased to 66% (47% prior period)
- Average cost of debt reduced to 10.5% from 11.3%
- Successfully refinanced maturing ZAR bonds and other funding lines

Borrowings



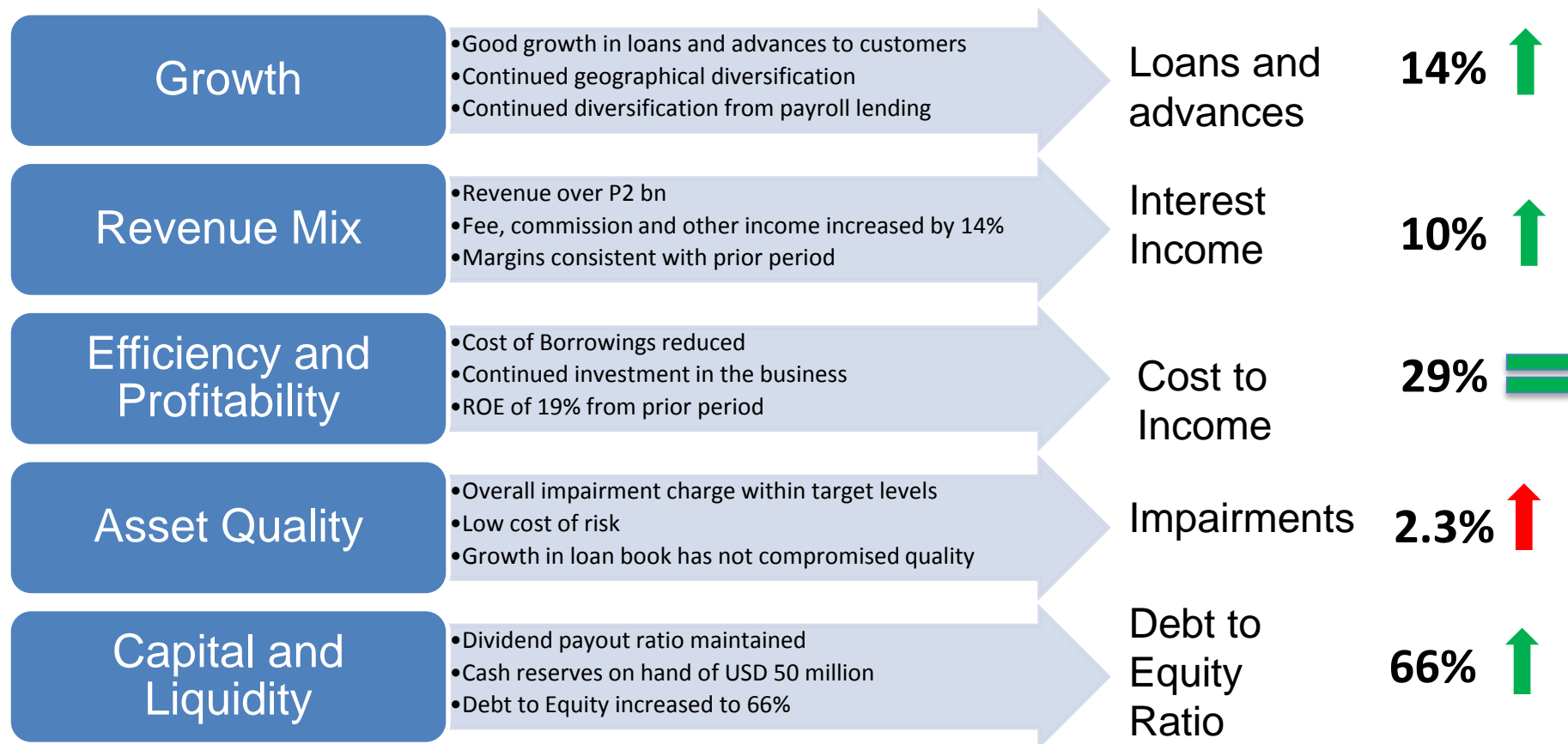
Principle sources of debt funding



FY 2015 RESULTS PRESENTATION



Satisfactory performance across the business in tough macro conditions



FX Translation impact on selected items – IS and BS

Income Statement (BWP'm)	2015	2014 Annualised	P Change	YOY (%)
Total Revenue (in constant BWP)	2 166	1 812	354	20%
FX Impact			(154)	
Reported Total Revenue	2 012	1 812	200	11%
Operating Expenses (in constant BWP)	(543)	(471)	(72)	15%
FX Impact			34	
Reported Operating Expenses	(509)	(471)	(38)	8%
Profit for the period (in constant BWP)	1 121	1 058	63	6%
FX Impact			(86)	
Reported profit for the period	1 036	1 058	(22)	(2)%
Balance Sheet (BWP'm)				
Loans (in constant BWP)	6 800	5 762	1 037	18%
FX Impact			(236)	
Reported Loans	6 563	5 762	801	14%
Total Assets (in constant BWP)	7 963	6 348	1 615	25%
FX Impact			(501)	
Reported Total Assets	7 462	6 348	1 114	18%

Key metrics stable

