LETSHEGO HOLDINGS LIMITED
Building a leading African inclusive finance group

1H 2016 Results Announcement
Agenda

Strategic Update
  - Embracing financial inclusion
  - Grow the franchise
  - Enhance customer experience
  - Embed the future capability model

1H 2016 Results
  - Headline performance
  - Key financials
We have refreshed our vision and strategy
Our existing customer base provides a natural platform to enhance our inclusive finance agenda

EMBRACING FINANCIAL INCLUSION

1st African Private Sector Partner
Global Network of Financial Policy Makers
Principle Issuer in Mozambique
MasterCard
Potential collaboration on financial inclusion enablement
Independent trust established to make markets work for the poor
Incorporating ESG & Inclusive Finance into a sustainable growth strategy

AN INCLUSIVE FINANCE AGENDA

Providing access to simple, appropriate and affordable solutions to the underserved
- Partnership with Movitel Mozambique
- Building third party agent network in Tanzania
- USSD rolled out in Rwanda and Mozambique
- E-loan in Kenya growing
- Enhancing responsible lending practices
- EBS study on ESG compliance
- Financial literacy training in Botswana covering +2.5k attendees
Our recent acquisitions will provide a platform for growth

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

**Strategic update:**
- Management team and board appointments commenced
- Branch optimization underway
- Training of staff in areas such as credit and operational risk is ongoing
- Rebranded to Letshego Micro-finance Bank Nigeria during August 2016

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

**Strategic update:**
- Breakeven for the first time in August 2016
- Three out of sixteen Faidika access points have been converted to super branches
- Fifty three 3rd Party agencies have been vetted and approved by Bank of Tanzania for use by Letshego Bank Tanzania
- Rebranded to Letshego Bank Tanzania in August 2016
and five of our ten businesses now have deposit taking capability

- In July 2016, Letshego Bank Namibia became the 5th company in the Letshego Group to be granted a license to conduct banking activities

- Important step in diversification of funding sources; lowering cost of borrowing; and potential ratings upgrade
Success will be delivered by creating a customer experience that anticipates value add needs.
Simple, appropriate and affordable solutions will be at the centre of our offering

LetsGo will be our access anytime, anywhere account that customers will be able to use through their chosen channels
Growth of underlying loan portfolio has been modest in Pula terms

<table>
<thead>
<tr>
<th>Country</th>
<th>Government employees ('000)</th>
<th>Current Loan book (USD mn)</th>
<th>Consumer Lending</th>
<th>MSE Loans</th>
<th>% of Book</th>
<th>Loan growth from prior period in BWP</th>
<th>Loan growth from prior period in local currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>21%</td>
<td>181</td>
<td>204</td>
<td>100%</td>
<td>34%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Kenya</td>
<td>0%</td>
<td>700</td>
<td>39</td>
<td>30%</td>
<td>6%</td>
<td>71%</td>
<td>52%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>15%</td>
<td>50</td>
<td>30</td>
<td>100%</td>
<td>5%</td>
<td>44%</td>
<td>52%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>21%</td>
<td>300</td>
<td>80</td>
<td>100%</td>
<td>15%</td>
<td>(22)%</td>
<td>16%</td>
</tr>
<tr>
<td>Namibia</td>
<td>49%</td>
<td>100</td>
<td>142</td>
<td>100%</td>
<td>24%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>0%</td>
<td>3400</td>
<td>4</td>
<td>100%</td>
<td>1%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Rwanda</td>
<td>0%</td>
<td>200</td>
<td>17</td>
<td>100%</td>
<td>3%</td>
<td>42%</td>
<td>34%</td>
</tr>
<tr>
<td>Swaziland</td>
<td>12%</td>
<td>42</td>
<td>16</td>
<td>100%</td>
<td>2%</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>9%</td>
<td>500</td>
<td>42</td>
<td>82%</td>
<td>7%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>Uganda</td>
<td>7%</td>
<td>300</td>
<td>28</td>
<td>57%</td>
<td>5%</td>
<td>19%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>602</strong></td>
<td><strong>89%</strong></td>
<td><strong>11%</strong></td>
<td><strong>100%</strong></td>
<td><strong>9%</strong></td>
<td><strong>22%</strong></td>
</tr>
</tbody>
</table>
Coverage ratios have increased and loan loss ratios remain within our risk appetite

**Asset Quality and Provisioning**

- We have maintained our impairment provisioning methodology from the changes made in June 2015 and thus continue to be conservative in our approach.
- Our impairment coverage, being total provision/gross loan book has increased to 4.1% from 2.5% in H1 2015 with actual credit write-offs decreasing during the same period.
- Cost of risk, defined as annualized loan loss rate has remained flat at 2.2% from H1 2015 to H1 2016. Loss rate excluding the P20 million provision raised as cover for potential, though not expected risks posed by the on-going macro-economic challenges in Mozambique is 1.75%.
- Strong risk mitigation with Comprehensive Credit Insurance Cover in Namibia, Mozambique and Swaziland further improving recovery experience in those markets.

### Impairment Provisions

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>H1 2015</th>
<th>FY 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loans</td>
<td>4,436</td>
<td>5,687</td>
<td>5,804</td>
<td>6,312</td>
<td>6,203</td>
</tr>
<tr>
<td>Impairment Provision</td>
<td>27</td>
<td>75</td>
<td>148</td>
<td>252</td>
<td>262</td>
</tr>
<tr>
<td>Impairment Coverage %</td>
<td>0.6%</td>
<td>1.3%</td>
<td>2.5%</td>
<td>3.9%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Cost of Risk

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>H1 2015</th>
<th>FY 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Loss Rate</td>
<td>0.3%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.5%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Net Write-off%</td>
<td>1.2%</td>
<td>1.6%</td>
<td>1.8%</td>
<td>2.3%</td>
<td>2.2%</td>
</tr>
<tr>
<td>H1 2016</td>
<td>0.2%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Overall funding sufficient to support growth; however, it is still below optimal total funding levels

- Debt to Equity increased to 67%
- Significant scope to increase senior unsecured borrowings
- Head of ALM recruited to develop formal ALM framework, liability structure and maturity profile for the Group
- Dedicated resource hired to drive deposit mobilization
1H 2016 RESULTS
Lower bottom line growth due to substantial macro-economic headwinds in some markets

**Growth**
- Satisfactory growth in loans and advances to customers
- Continued geographical diversification
- Continued diversification from payroll lending

**Revenue Mix**
- Fee, commission and other income increased by 14%
- Margins consistent with prior period
- Continued diversification of revenues

**Efficiency and Profitability**
- Return on assets remains competitive
- Cost to income 38%
- ROE of 19%

**Asset Quality**
- Coverage ratios have increased and loan loss ratios remain within our risk appetite
- Growth in loan book has not compromised quality

**Capital and Liquidity**
- Balance sheet remains liquid and well capitalised
- Cash reserves on hand of USD 35 million
- Debt to Equity 67%

**Key Figures**

- Loans and advances: 9%
- Operating Income: 10%
- Cost to Income: 38%
- Impairments: 2.2%
- Debt to Equity Ratio: 67%
Key metrics stable