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

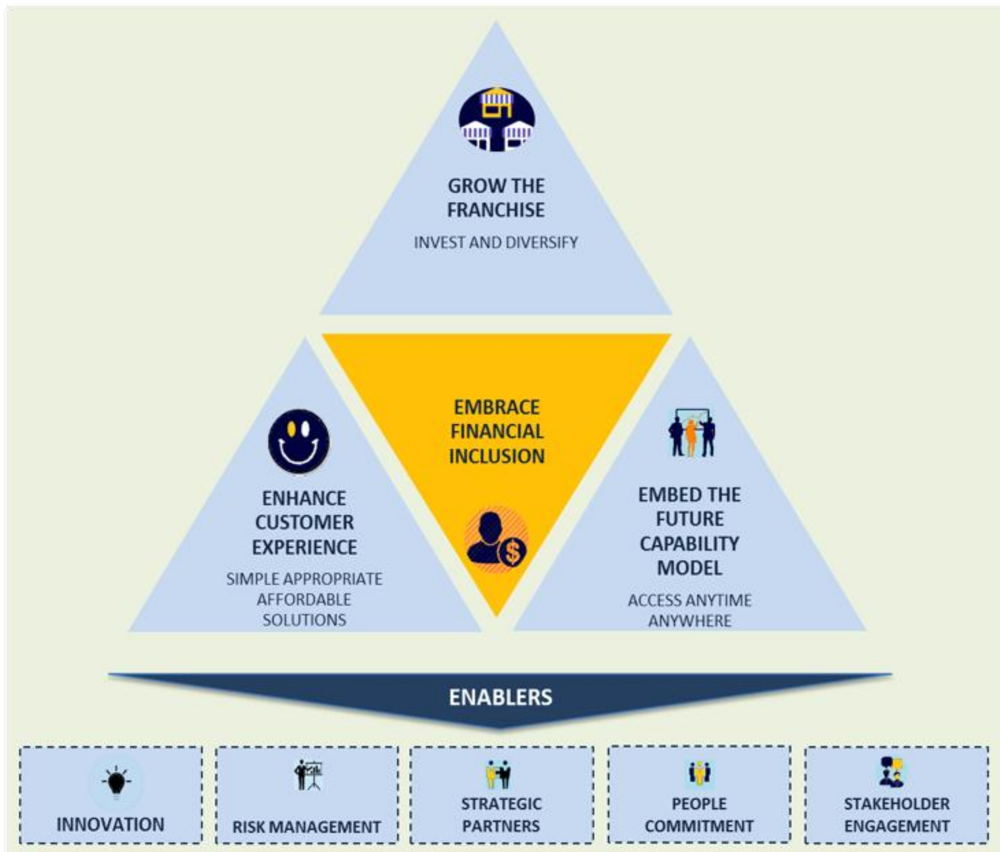
1H 2016 Results

- Headline performance
- Key financials

We have refreshed our vision and strategy

Strategic intent — **Africa's leading inclusive finance group**

Brand promise — **Let's improve life**



Our existing customer base provides a natural platform to enhance our inclusive finance agenda

EMBRACING FINANCIAL INCLUSION	1st African Private Sector Partner afi Alliance for Financial Inclusion Bringing smart policies to life Global Network of Financial Policy Makers	Potential collaboration on financial inclusion enablement FINMARK TRUST Independent trust established to make markets work for the poor
	Principle Issuer in Mozambique MasterCard	Incorporating ESG & Inclusive Finance into a sustainable growth strategy EBS

AN INCLUSIVE FINANCE AGENDA

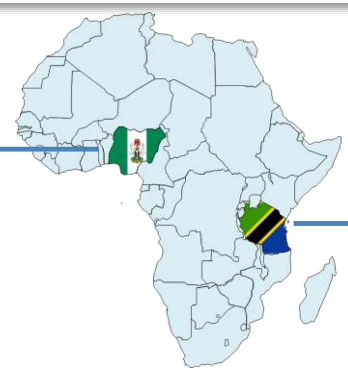
Providing access to simple, appropriate and affordable solutions to the underserved

- 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

FBN Microfinance Bank

Business overview:	• Microfinance Bank with a 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



advans BANK TANZANIA

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

Letshego
Namibia
Commercial Banking License
2016

Letshego
Nigeria
Micro-finance Banking License
2015

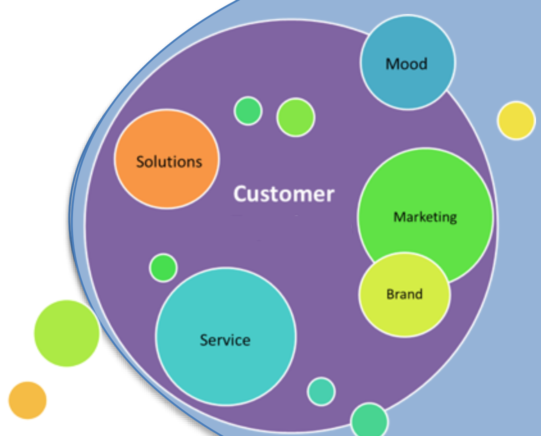
Letshego
Tanzania
Commercial Banking License
2015

Letshego
Rwanda
Micro-finance Banking License
2014

Letshego
Mozambique
Micro-finance Banking License
2010

Success will be delivered by creating a customer experience that anticipates value add needs

	2016 **SETTING THE FOUNDATION**	**2017** **BUILDING SCALE**	**2018** **CREATING GROWTH OPPORTUNITIES**
Customer journey	Service	Experience	Engagement



Access Anytime, Anywhere
- Physical
- Branches
- Satellites
- DSAs
- Agencies Digital
- Mobile (USSD, App)
- Internet
- Cards / NFC

Solutions
- Simple
- Appropriate
- Affordable

Technical partners
- **enable anticipation of customer needs**

- Utilities
- Suppliers
- Aggregators
- MNOs
- Technology

Simple, appropriate and affordable solutions will be at the centre of our offering

LetsPay

"Pay or be paid simply and securely"

- Family and friends
- Utility providers and daily needs
- Suppliers and government

LetsBorrow

"Financing your needs"

- Using your salary
- For business growth
- For your home, education and family

LetsSave

"Saving for the future"

- For those one off items
- For your family needs and aspirations
- For longer term commitments

LetsLive

"Improving your life"

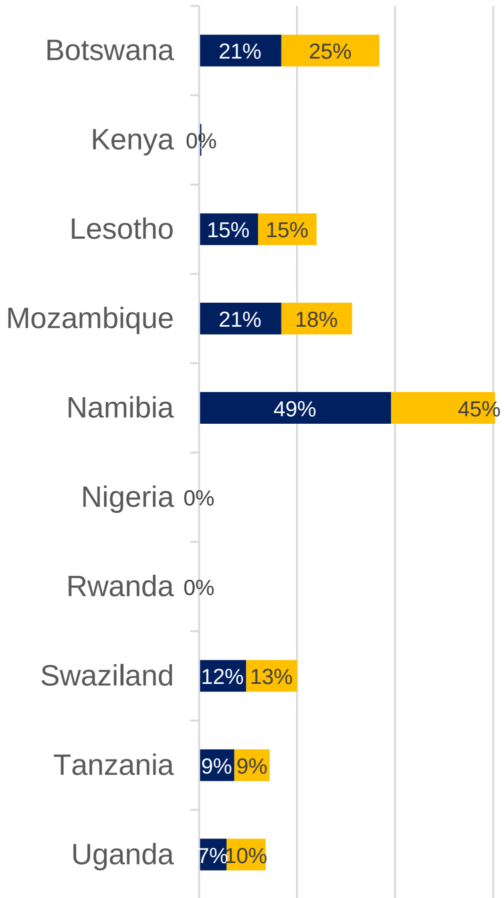
- Health and fitness
- Life cover and insurance for your well being
- Wealth and loyalty benefits

LetsGo

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

Letshego's market penetration as at 30 June 2016 (2015)



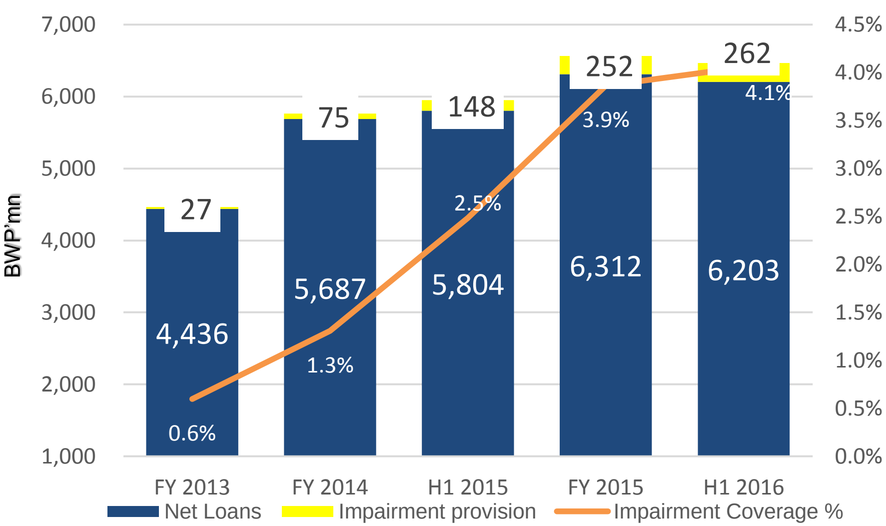
Government employees ('000)	Current Loan book (USD mn)	Consumer Lending	MSE Loans	% of Book	Loan growth from prior period in BWP	Loan growth from prior period in local currency
181	204	100%	–	34%	0%	0%
700	39	30%	70%	6%	71%	52%
50	30	100%	_	5%	44%	52%
300	80	100%	_	15%	(22)%	16%
100	142	100%	–	24%	7%	13%
3 400	4	–	100%	1%	N/A	N/A
200	17	–	100%	3%	42%	34%
42	16	100%	–	2%	8%	14%
500	42	82%	18%	7%	19%	11%
300	28	57%	43%	5%	19%	9%
Total	**602**	**89%**	**11%**	**100%**	**9%**	**22%**

Coverage ratios have increased and loan loss ratios remain within our risk appetite

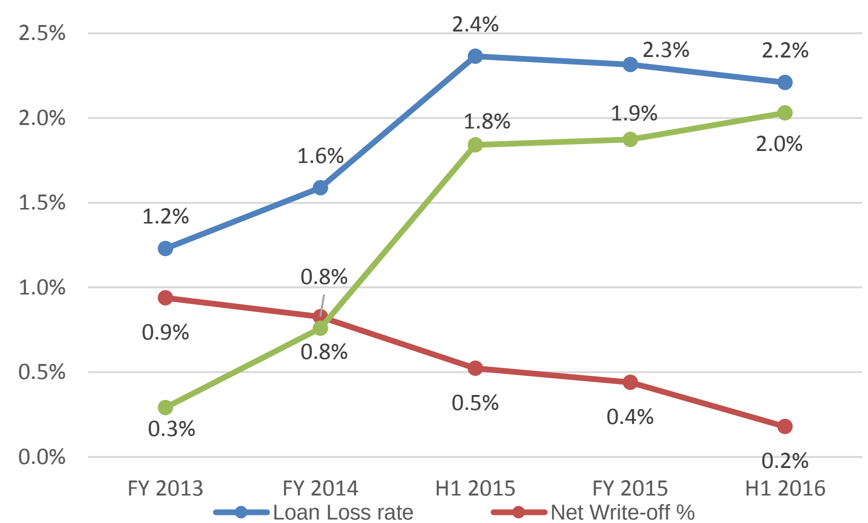
Asset Quality and Provisioning

- 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



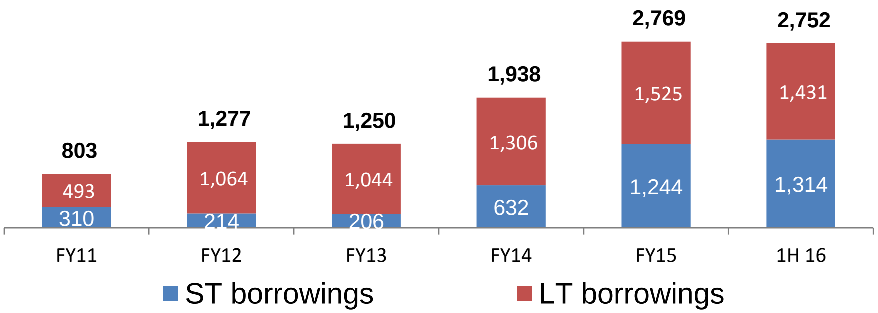
Cost of Risk



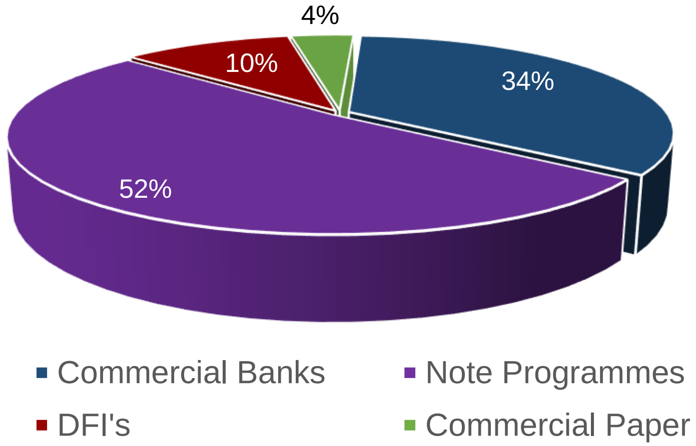
Overall funding sufficient to support growth; however, it is still below optimal total funding levels

- 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

Borrowings



Principle sources of debt funding



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	Loans and advances	**9%** ↑
Revenue Mix	• Fee, commission and other income increased by 14% • Margins consistent with prior period • Continued diversification of revenues	Operating Income	**10%** ↑
Efficiency and Profitability	• Return on assets remains competitive • Cost to income 38% • ROE of 19%	Cost to Income	**38%** ↑
Asset Quality	• Coverage ratios have increased and loan loss ratios remain within our risk appetite • Growth in loan book has not compromised quality	Impairments	**2.2%** =
Capital and Liquidity	• Balance sheet remains liquid and well capitalised • Cash reserves on hand of USD 35 million • Debt to Equity 67%	Debt to Equity Ratio	**67%** ↑

Key metrics stable