



LETSHEGO HOLDINGS LIMITED

Incorporated in the Republic of Botswana Co. BW00000877524 (the "Company")

NOTICE TO SHAREHOLDERS

Moody's affirms Letshego Holdings Limited issuer rating at Ba3, reducing the Group's corporate family rating by one notch to Ba3, reflecting macro economic challenges in select markets, with outlook negative

Gaborone, BOTSWANA - Friday 04 December 2022: Following Moodys Rating Release for Letshego Holdings Limited, the Group has affirmed its issuer rating at Ba3, with regional macro economic challenges resulting in a 'one notch' downgrade of the Group's corporate family rating to Ba3.

Moody's has affirmed Letshego's issuer rating at Ba3, showing Letshego's commitment in improving the funding structure through its deliberate strategy to reduce secured debt and reduce structural subordination for its listed instruments.

The downgrade of the Group's Company Family Rating ("CFR") is driven by prevailing macroeconomic challenges that have significantly impacted select regional markets. This is demonstrated by inflationary pressures, rising interest rates and an increasing burden on sovereign debt levels which has in turn put pressure on some of our operations in these affected markets.

Group Chief Executive, Aupa Monyatsi added, *"Letshego's business fundamentals remain strong, reflected in Moody's affirming and maintaining Letshego's corporate issuer rating at Ba3, for 11 years. With markets, like Ghana, experiencing a Moody's downgrade in long term issuer ratings, we remain steadfast in weathering downside economic conditions by maintaining business resilience and progressive execution of our Group Transformation Strategy."*

Friday 2 December 2022

Sponsoring Broker

AOBAKWE AUPA MONYATSI

Group Chief Executive, Letshego Holdings Limited

motswedisecurities
Member of Botswana Stock Exchange



MOODY'S RELEASE



Rating Action: Moody's downgrades Letshego's corporate family ratings and affirms issuer ratings at Ba3; outlook negative

02 Dec 2022

London, December 02, 2022 -- Moody's Investors Service ("Moody's") has today downgraded the corporate family ratings (CFR) of Letshego Holdings Limited (Letshego) to Ba3 from Ba2 and affirmed its long-term issuer ratings at Ba3. The outlook on Letshego changed to negative from stable.

The downgrade of the CFR primarily reflects the deterioration in the operating environment across some of the main Sub-Saharan African countries where Letshego operates, capturing both the fragile macro conditions and increased industry risks. These more challenging conditions will weigh on Letshego's earning generation and asset quality metrics. More positively, the affirmation of the issuer ratings reflects the declining portion of secured funding as a percentage of total funding, which will neutralize structural subordination concerns for unsecured creditors, and allows Moody's to place the issuer ratings on par with the CFR.

A full list of affected ratings is at the bottom of the press release. RATINGS RATIONALE
-- DOWNGRADE OF THE CFR

According to Moody's, the downgrade of Letshego's CFR primarily captures the deteriorating macroeconomic conditions and rising industry risks. More specifically, Sub-Saharan African economies are faced with subdued economic growth, rising interest rates, and high inflation and government debt. The IMF projects an average Sub-Saharan Africa inflation rate of 11.9% in 2023, with the government debt currently at around 56% of the region's GDP. [1]

According to the rating agency, industry risks have also been rising due to increased competition in some of the areas where Letshego operates – both from incumbent banks and new fintech companies – and increased regulatory risks and consumer protection initiatives. Affordability rules are increasingly in focus in numerous countries, concerns around the adequacy of anti-money laundering regulatory deficiencies are rising, while increased use of digitalization and on-line products further increases cybersecurity risks.

The deterioration in the operating environment is also impacting Letshego's financial metrics and further raises vulnerabilities and risks. The company's bottom-line profitability decreased by 18% during H1 2022 and its problem loans ratio increased to 7.2% of gross loans as of June 2022 (2021: 5.9%).

Against these risks, the rating agency notes that Letshego's financial metrics remain resilient, with the tangible common equity-to-assets ratio at 29.7% as of June 2022, return on assets of 3%, while it continues to broaden its funding sources to include development finance institutions, banks, deposits and funding from regional capital markets.

--- AFFIRMATION OF ISSUER RATING

According to Moody's, the decision to align the issuer ratings with the CFR reflects the rating agency's forward looking view of the steady reduction in the structural subordination of unsecured obligations. Moody's expects the secured debt to reduce further in the outlook horizon – to below 5% of total funding – which will neutralize structural subordination concerns for unsecured creditors.

NEGATIVE OUTLOOK

The negative outlook captures the risk of a further deterioration in the operating environment in specific countries including Ghana, Kenya and Uganda, that will further pressure Letshego's financial performance and metrics. The negative outlook also incorporates the risk that the portion of secured debt will not decline in line Moody's expectations.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Any upward rating pressure on Letshego's ratings is limited given the negative outlook. The company's ratings could change back to stable if operating environment conditions do not deteriorate further and Letshego maintains adequate profitability, sound capital metrics and problem loans stabilise and remain in line with Letshego's risk appetite.

Letshego's ratings could be downgraded if operating conditions deteriorate further and pressure Letshego's financial metrics, especially its asset quality, capital and funding profile. Letshego's issuer ratings could also be downgraded if the secured portion of its debt shows no further reduction or even increases, which would lower the recovery rate for senior unsecured debt classes.

LIST OF AFFECTED RATINGS

..Issuer: Letshego Holdings Limited

Affirmations:

.... Short-term Issuer Ratings, Affirmed NP

.... Long-term Issuer Ratings, Affirmed Ba3

Downgrades:

.... Long-term Corporate Family Ratings, Downgraded to Ba3 from Ba2 Outlook Actions:

.... Outlook, Changed To Negative From Stable

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Finance Companies Methodology published in November 2019 and available at <https://ratings.moodys.com/api/rmc-documents/65543>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/ deal page for the respective issuer on <https://ratings.moodys.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on <https://ratings.moodys.com>.

REFERENCES/CITATIONS

[1]. [https://www.imf.org/en/Publications/REO/SSA/Issues/2022/10/14/regional-economic-](https://www.imf.org/en/Publications/REO/SSA/Issues/2022/10/14/regional-economic-outlook-for-sub-saharan-africa-october-2022)

[outlook-for-sub-saharan-africa-october-2022](https://www.imf.org/en/Publications/REO/SSA/Issues/2022/10/14/regional-economic-outlook-for-sub-saharan-africa-october-2022)

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moodys.com> for additional regulatory disclosures for each credit rating.

Berke Batman
Analyst
Financial Institutions Group Moody's Investors Service Ltd. One Canada Square
Canary Wharf
London, E14 5FA
United Kingdom
JOURNALISTS: 44 20 7772 5456 Client Service: 44 20 7772 5454

Constantinos Kypreos
Senior Vice President
Financial Institutions Group JOURNALISTS: 44 20 7772 5456 Client Service: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Ltd. One Canada Square
Canary Wharf
London, E14 5FA
United Kingdom
JOURNALISTS: 44 20 7772 5456 Client Service: 44 20 7772 5454

© 2022 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND

PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS,

MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations – Corporate Governance – Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper)

and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

ENDS.