

PRESS RELEASE

LETSHEGO GROUP HALF YEAR RESULTS REPORT DOUBLE DIGIT GROWTH IN LOANS AND OPERATING INCOME, WITH GHANA FEATURING FIRST TIME SINCE ACQUISITION

- Loan book increased 19% year-on-year (BWP)
- Operating income up 14% year-on-year (BWP)
- Acquisition of Afb Ghana in March '17, already contributing positive growth
- Namibian subsidiary launches inclusive IPO
- Digital channels provide new revenue streams
- Successful pilot projects in education, affordable housing and supply chain finance
- Agency network successful in increasing customer access to financial solutions

GABORONE, 1st September 2017 – Letshego Holdings Limited (“Letshego”) has delivered satisfactory results that have yielded good growth at half year. Results for the half year ended 30th June 2017 were presented before key stakeholders in Gaborone, along with key updates and developments taking place across the Group. Ghana features for the first time in these half year results, following the Group’s 100% acquisition of Afb Ghana, effective in March 2017. The Group’s strategic agenda to build Africa’s leading inclusive finance group, is underpinned by embedding future capability with investment in people and systems to enhance customer experience.

Financial highlights for the six months ended 30th June 2017 include:

- **Total assets increased by 16% to P8.7 billion (HY 2016: P7.3 billion)**
- **Profit before tax was P498m, a 2% increase (HY 2016: P489 million)**
- **Total revenues exceeded P1.2 billion representing a 15% increase**
- **Interest income increased by 14% to P1,112,293 (HY 2016: 952,284)**
- **Return on average equity was 18% (HY 2016: 16%)**
- **Return on average assets was 9% retained from 2016**
- **Total shareholders’ equity increased by 3% to P4.2billion (HY 2016: P4.1 billion)**
- **Customers were serviced through 304 customer access points (2016: 278)**
- **A dividend of 8.5 thebe per share retaining a 50% dividend pay-out ratio**

Group Managing Director, Chris Low commented, *“We are pleased with our performance for the first half of the year, and excited with the potential our strategic investments into our people, network and systems stand to generate in the long term. Our most recent acquisition in Ghana is already demonstrating positive results in integration and growth potential, and brings Letshego’s footprint to a total of eleven Sub Saharan markets. Our positive loan growth will continue to benefit from our increasing diversification into savings solutions, with successful pilot launches in Tanzania and Nigeria’s education and housing sectors. Our award-winning agency model currently being rolled out in Mozambique, is evidence of our commitment to extending our reach into the most rural areas.”*

Letshego’s drive to diversify its solutions across existing markets is gaining traction, with a number of educational facilities in Tanzania and Nigeria now enjoying both credit and savings solutions. The Group’s agency network in Mozambique and Tanzania uses a number of different business models, with the aim of increasing access points for customers wherever they may be located. Mozambique is the first market to pilot ‘Blue Box’, a technology-driven agency banking model which uses biometric authentication to on-board customers, while providing both saving and loan solutions for the under-served community.

Low added, *“Strategic partnerships remain an important catalyst to achieving our expansion ambitions within all of our markets. In Rwanda and Ghana, for example, we have partnered with a fintech business and local mobile operators to pilot projects which stand to reach many thousands of new customers. Home improvement and affordable housing now constitutes 5% of our total loan portfolio, a percentage we aim to raise in the medium to long term.”*

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Letshego Group's consumer lending segment is 88% of the overall loan portfolio with MSE (micro and small entrepreneurs) at 12%. Loans and advances to customers are up 19% in BWP terms year-on-year (14% excluding Ghana), supported by stable interest margins and cost of funding. The quality of the loan book remains at targeted levels with the exception of Rwanda, where the Group has taken additional provisions on a specific segment of the loan portfolio.

Customer deposits grew marginally, however the impact of Letshego customer savings solutions is only expected to reflect in subsequent reporting periods. Letshego introduced new funding lines resulting in a 45% increase in borrowings, and a strong funding pipeline is in place to support the business growth going forward.

Letshego Holdings Namibia Limited (LHN) has achieved another significant milestone for the Group by securing regulatory approval for its inclusive Initial Public Offering ("IPO"), on the Namibian Stock Exchange (NSX) Letshego Namibia will be the first primary listing by a local company on the Namibian Stock Exchange in four years. This share offer has specifically been priced and structured to enable more Namibians to participate in Letshego Namibia's growth story. The IPO opened on 25th August 2017 and is expected to close on 22nd September 2017. Inclusion remains the cornerstone theme to the IPO, with community education and engagement programmes forming an integral part of Letshego Namibia's marketing and awareness campaign across the country.

Commenting on Letshego Namibia's IPO launch, **Chris Low added**, *"We have aptly named Namibia's share offering "Ekwafo Letu" which means 'Our Support' - this is what Letshego stands for, and reiterates our inclusive focus. Our Letshego story is about empowerment via the solutions we provide, and Ekwafo Letu continues on this theme by enabling the broader Namibian public to take part in the share offer."*

Letshego continues to work towards delivering a meaningful and positive impact for customers and communities, as well as returns for shareholders. The Group's recently launched campaign entitled 'Improving Life', rewards and celebrates customers for productive and responsible financial behaviour. Letshego remains committed to providing simple, appropriate and accessible solutions to the financially under-served, in a sustainable manner.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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Notes to editors

About Letshego Holdings Limited

Letshego Holdings Limited ("Letshego") was incorporated in 1998, is headquartered in Gaborone and has been publicly listed on the Botswana Stock Exchange since 2002. Today it is one of Botswana's largest indigenous groups, with a market capitalisation in excess of USD500mn, placing it in the top 50 listed sub-Saharan African companies (ex-South Africa), and with an agenda focused on inclusive finance. Through its eleven country presence across Southern, East and West Africa (Botswana, Ghana, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Rwanda, Swaziland, Tanzania and Uganda), its subsidiaries provide simple and appropriate consumer, microfinance and savings solutions to the financially underserved.

Letshego is committed to skills development. The Group employs over 3,250 team members, representing more than 20 nationalities, servicing a customer base of over 345,000 borrowers and 120,000 depositors through 307 customer access points.