

PRESS RELEASE

Date: 3rd March 2017



LETSHEGO DRIVES GROWTH THROUGH AN ENHANCED CAPABILITY MODEL IN 2016

- Letshego Holdings Limited (“Letshego”) reports continued progress in its inclusive finance agenda, underpinned by core business growth in parallel with business and geographical diversification
- Letshego continues to invest in people and systems and has strengthened its risk management and operating platforms
- Letshego continues to seek deposit-taking licences to facilitate its financial inclusion agenda

Gaborone, Botswana, 3 March 2017: Continuing with progress of its strategic agenda to become Africa’s leading inclusive finance group, Letshego Holdings Limited (“Letshego”) undertook further investment in people and systems during 2017. The Group has strengthened its operating platform, with Letshego Mozambique, Rwanda, Kenya and Tanzania now live with USSD mobile financial solutions. Additional customer solutions in partnership with local mobile operators are planned for 2017. Letshego’s operating model focuses increasingly on technological capability to provide access; also, the enhancement of existing products to ensure sustained market relevance continues while solutions for micro and small enterprises, agri-business, affordable housing and education have been piloted in East Africa. These developments underpin Letshego’s inclusive finance model.

Additionally, the Group reported a 9% increase in total revenues to P2.2 billion, a 13% increase in net interest income (to P1.6 billion) and a 6% increase in net loans and advances to customers (to P6.7 billion). Franchise growth and the new funding lines introduced during f2016 brought the Group Debt to Equity ratio to 85%, up from 66% in 2015. This is aligned with the strategic objective of optimising the Group’s balance sheet. Further, the Group’s Ba3 Moody’s credit rating remained unchanged during the year, and the share buy-back mandate, which was exercised during 2016 on the back of a strong funding pipeline, will be presented at the upcoming AGM for extension, albeit with amendments.

Said Group MD, Mr. Chris Low, “During the year under review, we successfully refinanced all our key funding lines, demonstrating the confidence that the market continues to have in Letshego. Also our refreshed brand was launched across 10 markets, with the acquisitions of Advans Bank Tanzania (now Letshego Bank Tanzania) and FBN MFB in Nigeria (now Letshego MFB) being integrated into the Group. Our overall advances portfolio growth of 6% was underpinned by strong growth in our core (deduction at source) business – with Namibia and Tanzania growing by over 20%, Lesotho and Swaziland by over 55% and Botswana by 4% in a competitive landscape.” Speaking to future growth, he added, “We finalised our Namibian banking licence in July, and expanded our agency network in Tanzania. We continue to seek deposit-taking licences to facilitate our financial inclusion agenda and we finalised the acquisition of AFB Ghana, bringing the number of deposit taking businesses to six.”

Key highlights for the year ended 31 December 2016 included the following:

- P2.5 billion (2015: P2.37 billion) was disbursed in new or “top-up” loans
- Profit before tax was P948 million, a reduction of 9% from the corresponding period
- Return on average equity of 16% (2015: 19%)
- Basic earnings per share of 30.3 thebe (2015: 34.7 thebe)
- Customers were serviced through 278 customer access points, an increase of 4% on 2015
- The Group employed 1,620 (2015: 1,592) full time employees and an additional 1,162 (2015: 775) commission-based sales agents

Mr. Low concluded, “The Group has achieved a number of key milestones in its transformation agenda towards creating Africa’s leading inclusive finance group. We continue to invest in expanding our African footprint and technology delivery platforms. Despite a difficult operating environment, we have delivered modest growth in loans and advances. The Board is confident that the Letshego Group is well positioned to benefit from the growing markets in which we are active; further, we view inorganic expansion via acquisitions as important to the acceleration of our strategy. As such, we will continue to seek and review options for the Group to pursue.”

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Notes to editors

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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 of approximately USD500 million, placing it in the top 40 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 3,000 team members, representing more than 20 nationalities, servicing a customer base of over 360,000 borrowers and 100,000 depositors through 315 customer access points.

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