PRESS RELEASE

Letshego
Let's improve life

HALF YEAR RESULTS 2018:
LETSHEGO GROUP POSTS DOUBLE DIGIT GROWTH IN PROFIT BEFORE TAX AND LOANS GROWTH

Financial Highlights

- Profit before tax was P590mn - an increase of 19% yoy
- Gross loans and advances to customers increased by 12% yoy to P8.7bn
- Deposits from customers up 278% yoy to P387mn
- Cost of credit risk was 2.6% (2017: 3.3%)
- Cost to income ratio was steady at 40%
- A dividend of 8.7 thebe per share retaining a 50% dividend pay-out ratio
- Return on Equity was 18% (2017: 16%)

Non-Financial highlights:

- P1.7 billion (2017: P1.4 billion) was disbursed in new or top up loans
- Total borrowing customers increased to 549,003 (2017: 345,030)
- Total savings customers increased to 234,148 (2017: 120,406)
- Customers can access financial solutions via 628 access point

Gaborone, Botswana – Monday 3 September 2018: Letshego Holdings Limited ("Letshego Group") today announced its financial results for the first half of 2018, affirming solid performance across key areas of the business. Highlights include double digit growth for the Group's profit before tax as well as gross loans and advances, compared to the same period last year. Profit before tax was up 19% to BWP590million, with gross loans and advances increasing 12%, to BWP8.7 billion.

Operating Income increased by 15% following the expansion of various strategic initiatives, including agency banking, mobile digital platforms, strategic partnerships, cross selling and the launch of new solutions in select markets.

Operating Costs increased by 17%, which included BWP10 million in once-off costs following a write down of redundant IT equipment as the Group prepares to migrate to a cloud environment.

A higher effective tax rate of 38% resulted in a lower increase in profit after tax for the period of 11%.

Impairment provisions increased 37% following the implementation of new accounting standards, 'IFRS 9' as of 1 January 2018. This meant a BWP150 million decline in the Group's retained earnings and an increase in impairment provisions from BWP402million from BWP552 million. IFRS 9 has also resulted in an increase in the Group's Coverage Ratio to 95% (IAS 39 FY 2017: 70%). Positively, Letshego Group's loan recoveries continue to improve, however Nigeria, Tanzania and Uganda experienced an increase in impairments this first half of 2018.

The Group continues to see gradual growth in deposits, with Mozambique and Rwanda seeing greater momentum in deposits than other markets in the Group's footprint.

Strategic agenda highlights
Letshego continues to make good progress with its diversification strategy into non-government segments across markets, with access remaining a core priority as the Group centres its focus around enhancing customer value.

More specifically, Ghana and Tanzania have made the most progress in extending solutions to informal segments. Following Letshego Ghana's launch of 'Qwikloan' late 2017, in partnership with MTN Ghana, more than 2.5 million loans have been disbursed to over 600,000 customers.

Letshego's Affordable Housing and Education Eco-System solutions remain key drivers of growth in the Group's MSE (Micro and Small Entrepreneurs) loan book - together the two solutions constitute 6% of the total loan portfolio.

In support of Letshego's financial inclusion agenda, the Group remains focused on increasing digital access channels, as opposed to adding more physical outlets to its regional footprint. Digital channels include USSD, Agency Banking, Direct Sales Agents and Cards.

In the first half of this year, Letshego has doubled the number of independent agent access points, and increased USSD registrations by more than 50%. Cards, the Group's most recently launched channel, is achieving positive progress in roll out to customers in Namibia, Nigeria and Tanzania.

> **Colm Patterson, Group Chief Financial Officer for the Letshego Group** commented, "*We are pleased with the Group's good performance for the first half of the year. Letshego's ongoing success in forging strategic partnerships, rolling out our LetsGo solution in select markets and mobilising our focus and strategy continues to deliver dividends. Borrowing customers have increased by more than 50% and deposit customers have doubled over the same period, although deposit customer growth remains off a low base. We hope to maintain this momentum for the second half of the year.*"

Funding, Capital Structure and Dividend Policy
Letshego continues to reduce its dependence on bank loan funding by issuing notes off existing DMTN programmes in active domestic debt capital markets. Ghana recently issued GHS95 million of new notes with 5, 6 and 7 year maturities, with all issuances being oversubscribed.

Letshego Ghana obtained approval to increase its DMTN Programme limit by GHS200mn. Three new bonds with a face value of GHS95million were issued in the first half of the year, maintaining a stable bond rating of BBB+(GH) from Global Credit Rating (GCR) - three notches above investment grade. The Group's credit rating from Moody's remains unchanged.

This first half also saw conclusion of BWP256million of funding from international investors. New funders include development finance institutions, investors who focus on micro and inclusive finance ventures and impact investors. Most of these newer finance partners are headquartered in the UK and Europe, all with a keen interest in sustainable development in Africa.

The funding arrangements mentioned above are expected to deliver treasury benefits and mitigate funding risk for the Group by achieving geographical diversification in its funding base, increasing the current number of funders, securing longer tenors as well as reducing the Group's overall open foreign exchange exposure by drawing new local currency-denominated facilities.

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Recent changes in Letshego's Senior Leadership
Letshego Group has seen recent changes in senior leadership, with Chris Low stepping down as Group Managing Director to pursue other opportunities, after five years at the helm. The Group Board confirmed that recruitment of a replacement GMD (Group Managing Director) is at an advanced stage. In the interim, Group operations are being overseen by a Management Transition Team, led by Colm Patterson, Letshego's Group Chief Financial Officer.

Robert Thornton, an Independent Non- Executive Director and Chairman of the HR Committee and Member of the Investment Committee, tendered his resignation from the Board effective 2 August 2018.

> In the context of senior leadership changes, **Colm Patterson, Group Chief Financial Officer** concluded, "*The Letshego Group remains on track and committed to its current strategy of increasing access to simple and appropriate solutions across its 11 market footprint, leveraging digital technology and strategic partnerships - ultimately achieving our collective objective in increasing financial inclusion across Africa*."

ENDS.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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About Letshego Holdings Limited ("Letshego Group")

The Letshego Group is a proudly African multinational organisation, headquartered and listed in Botswana and focused on delivering inclusive finance solutions to underserved populations across 11 Sub Saharan Markets.

With a staff compliment of over 3,000 – including both direct and indirect sales agents - and more than four hundred thousand customers, Letshego is synonymous with leveraging innovation and technology to improve the lives of individuals who have limited access to traditional financial services.

In 2018, Letshego celebrates 20 years of supporting regional communities, with strong progress towards the Group's ambition to be Africa's leading inclusive finance organisation.

For more info visit *www.letshego.com*