



Letshego Delivers Double Digit Growth in Profits, Building LetsGo Nation to Support Africa’s Future

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Gaborone, Botswana, 3rd March, 2022 — Leading pan-Africa financial services group, Letshego Holdings Limited (“Letshego” or “the Group”) continues to make headway in building a LetsGo Nation to support Africa’s future creating value and returns for stakeholders in the process. The Group presented its consolidated financial results for the year ended 31 December 2021, set against strong progress in delivery of its accelerated digital strategy, and revealing robust performance despite the socio-economic impacts of the global COVID-19 crisis.

Letshego achieved double digit growth in profit on the back of enhanced digitisation efforts to transform into an entity that sustainably unlocks enterprise value. Letshego aims to cement its vision to deliver world-class retail financial services, focusing on platform customer experience, and supported by ‘product ecosystems’ and multi-tier partnerships within its regional digital hubs. Considerable investment in this strategy was realised in 2021, with 5 distinct ‘Value Streams’ now leading Letshego’s product delivery and customer focus, namely Lending, Savings & Deposits, Insurance, Payments and Lifestyle.

Profit before tax increased by 11% year-on-year to P1.147 billion, and Profit after tax climbed 16% for the same comparative period, to P730 million. Asset quality remains strong, with the Group’s Loan Loss Ratio (LLR) at -0.1% for the year. The Group’s Non-performing loans ratio increased marginally to 5.9% for the year (FY2020: 5.3%), reiterating stability in the Group’s credit and risk management framework. Performance for the year was largely driven by 17% growth in net customer advances, totalling P11.9 billion.

Other financial performance highlights include:

<ul style="list-style-type: none"> • NET INTEREST INCOME up 6% to P1.989 billion (FY 2020: P1.861billion) • TOTAL ASSETS increased by 30% year-on-year to P15.8 billion (FY 2020: P12.2billion) • CUSTOMER DEPOSITS increased by 77% year-on-year to P1.2 billion (FY 2020: P664 million) • COST TO INCOME RATIO of 52% (FY 2020: 50%), in line with expectation due to heightened digital investment and insurance costs in Namibia • EFFECTIVE TAX RATE (ETR) improved to 36% (FY 2020: 39%) 	<ul style="list-style-type: none"> • EARNINGS PER SHARE improved by 16% at 31.5 thebe (FY 2020: 27.1 thebe) • RETURN ON EQUITY (ROE) increased to 14% (FY 2021: 13%) and return on assets was maintained at 5% (FY 2020: 5%). • CAPITAL ADEQUACY RATIO remains well capitalised at 35% (FY 2020: 39%) alongside strong asset growth • DEBT TO EQUITY increased to 145% in line with gearing ratio guidelines (FY 2020: 118%) • NON-FUNDED INCOME increased by 30% year-on-year to P368 million and grew to constitute 16% of Operating Income (FY2020: P284 million, 13% of Operating Income)
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Net Interest Income saw a gradual increase of 6% year-on-year, and non-funded income increased by 30% year-on-year, buoyed by momentum in new insurance offerings in select markets. In line with the Group’s

commitment to spurring focused investment, the Group's operating expenses grew 13% year-on-year. Investment is expected to increase further in the 2022 financial year.

Within the Group's lending value stream, Letshego achieved double digit growth in its Deduction at Source portfolio of 14% (FY2021: P10.5 billion). Profitability in Deduction at Source remains positive, buoyed by digital and system enhancements. The year saw slower growth in the Micro & Small Entrepreneur portfolio increasing in value by 7% to P859million (FY 2020: P806million), while the Mass Mobile Loans portfolio enjoyed stronger performance, with growth more than doubling in value to P568 million (FY 2020: P231 million).

2021 saw the commencement of Letshego's second phase (the customer phase) of its 6-2-5 strategic execution roadmap, 'Plan 2'. The second phase will run for two years and is characterised by focused investment into deepening investment and differentiating digital and tech enhancements. This is with a view towards spurring momentum in end-to-end automation of processes, systems and platforms, while securing strategic milestone in platforms and products that enable a step change in tangible value for new and potential customers. In the first half of the year, Letshego went live with its LetsGo Digital Mall in 10 markets, following successful pilots in Botswana and Nigeria. This unifying platform increases customer access across multiple channels including web, USSD, WhatsApp and mobile, enabling Letshego to build and evolve the platform towards its ambition of creating a company with an inclusive one-stop portal not only for Letshego products, saving, payments, loans and lifestyle solutions, but also enabling access to everyday facilities such as mobile data and airtime, municipal service payments, all in a secured environment.

Enos Banda, Group Board Chairman, said, *"While Letshego leverages tech and digital advancements to improve our delivery and support for customers across Africa, we are also taking responsible steps to balance the evolution of our operations with the application of solid governance and world-class risk management frameworks. We aim to be a force for good, in structuring and creating solutions that achieve a measurable social impact to more communities, including low cost, low value payments, Affordable Housing and simple Lifestyle Insurance. We are building a #LetsGoNation to support Africa's future."*

Since launching the LetsGo Digital Mall, Letshego's regional subsidiaries are focusing their local campaigns to register both existing and potential customers. At the end of 2021, just over 93,000 Enterprise Active Customers (EAC) had registered on the Mall and loan applications submitted via digital channels increased to 78% by the end of the reporting period (End Dec 2020: 69%). At the time of going to press, the Group has already tripled this figure to registering more than 300,000 Enterprise Active Customers as at 3 March 2022. Letshego is on track to achieve 1 million EAC's by end of 2022. Enterprise Value is also expected to gain momentum with the ongoing addition of new products to the Mall, as well as the launch of flagship programmatic social impact solutions (including Affordable Housing, Agriculture, Education and Health).

Letshego's most vulnerable product segment in pandemic conditions remains its marginal portfolio of Micro and Small Entrepreneurs (MSE), comprising 8% of the Group's total portfolio. Recovery of this segment remained gradual through the year following intermittent pandemic containment measures that prevailed across select countries in 2021. The Group's Deduction at Source portfolio remained resilient with public sector jobs largely unaffected despite pandemic conditions. In an effort to mitigate risks associated with unpredictable pandemic environments, the Group is prudent in curtailing new loan growth in higher risk segments and geographies, while prioritising portfolio remediation and collection efforts.

2021 was a milestone year for Letshego's Savings and Deposit segment, crossing the P1 billion mark in portfolio value, and increasing 77% year-on-year to P1.2 billion (FY2020: P664 million). Operational efficiencies over the period saw the segment reduce its costs by 100 basis points, with final quarter on quarter growth measuring the highest trajectory at 14% growth.

Deposit mobilisation remains a priority for the Group, evidenced by increased deposit customer numbers growth of 17% to 722 921 (FY 2020: 619 481). Focused initiatives to grow the deposit base in 2022

include digitalising micro-saving solutions, salary domiciliation, development of our LetsGoPay payment ecosystems on the digital mall and growth in strategic partnerships. Employee costs increased by 11% year-on-year supporting the acquisition of specialist and digital skills needed to support digitalisation, risk management and the overall Transformation Strategy. Letshego remains passionate about upskilling and empowering employees, customers and members of the community with future-fit, digital skills that support sustainable financial inclusion and digital-savvy economies for Africa's long-term benefit.

Andrew F. Okai, Group Chief Executive Officer, said, *"Letshego's 2021 performance was sound with our regional team delivering double digit growth in both profit before and after tax, despite navigating our way through an ongoing global pandemic. We are making strong progress in transforming our organisation into an entity that leverages digital and end-to-end automation to unlock significant enterprise value, not only for our customers, but also for our investors and shareholders. People remain our strongest asset as we continue to acquire and empower individuals with specialist skills to power a future-fit organisation."*

Ongoing initiatives to increase the number of agile thinking activators across Letshego's footprint were successful in 2021, with train-the-trainer Scaled Agile Framework (SAFe) training more than 40 employees as certified practitioners. 30 cross-functional Agile Squads now support customer and new product delivery targets. Performance measurement and tracking is now tracked online, with operational productivity having increased by 15% Group-wide since introducing Agile ways of working.

Other people-first initiatives include the appointment of 131 individuals with digital and specialist skills to support delivery and ongoing strategic transformation. Other empowerment initiatives include the launch of the LetsGo Digital Mastery programme for external candidates, leadership development programmes for both Executive and Managerial employees with Gordon Institute of Business School (GIBS), McKinsey's Black Academy for 25 employees to secure global expertise, and the extension of Letshego's online digital learning portal, where all employees have access to over 4,000 globally accredited training and skill enhancing curricula. Currently, 71% of employees are learning off the Coursera platform with 45,423 learning hours logged during the year, averaging 26 hours per employee.

Letshego remains well capitalised at 35% capital adequacy ratio and has a strong liquidity position to support future business growth. The Board has resolved to pay a final dividend of 31.5 thebe.

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About Letshego Group

The Letshego Group is an African multinational, first opening its doors in Botswana more than 21 years ago by offering loans to government employees. Today, the Group has over 3,000 employees comprising more than 21 nationalities, and supports public and private sector individual customers, as well as micro and small entrepreneurs. Letshego has operations in 11 sub-Saharan African markets, including Eswatini, Ghana, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Rwanda, Tanzania and Uganda. Letshego Holdings Limited (the group holding company) is listed on the Botswana Stock Exchange, with additional listings including a subsidiary listing on the Namibian stock exchange, and bond listings on both the Ghana and Johannesburg Stock exchanges.

www.letshego.com – follow us on social media #LetshegoGroup #letsgodigitalnation

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