Letshego Holdings Limited

Building a leading African inclusive finance group

Date: 3 March 2017

Strategic Update

Embrace Financial Inclusion

Grow The Franchise

Enhanced Customer Experience

Embed The Future Capability Model

Outlook

1. We are creating a unique niche across Africa in a time of disruption and rapid changes

2. We have made significant progress in refocusing the group in the last three years; however, short term investment is still required to enhance customer experience, build new solutions, embed technology capability and develop people

3. Execution of the digital transformation journey will be critical for success – collaborating with strategic partners is integral

4. We are committed to creating an equity story that creates long term shareholder value

2016 Key highlights

Embrace Financial Inclusion

- Became AFI's first African private partner
- Obtained MasterCard principal licenses in Mozambique and Namibia
- Piloting Agency Model 'Blue Box' in Mozambique

Grow the Franchise

- Obtained Namibia Banking license
- Integrated Tanzania and Nigeria (2015 acquisitions)
- Completed Ghana acquisition
- Developed key Fin Tech and other strategic relationships

Enhanced Customer Experience

- Launched refreshed brand in 10 markets
- Launched education solution in Tanzania
- Launched Agri solution in Uganda
- Home loans and home solutions (water tanks, solar power) rolled out in Kenya, Uganda and Rwanda

Embed the Future Capability Model
Access Anytime, Anywhere

- Implemented core IT system and Oracle in East Africa (now in 9 countries)
- Standardised Enterprise Risk Management framework rolled out in all countries in line with international best practice

We continue to engage financial inclusion policy makers across our footprint

- **Advocacy on key policy considerations**
  - Upliftment of the financially underserved and disadvantaged in Africa
- **Social**
  - Committed over two thirds of annual social investment budget to "Lets Care" – group wide project addressing non-communicable diseases
- **Financial Literacy**
  - Collaboration with DPSM in Botswana on 3 year literacy programme
  - Trained central and local government employees in Uganda on financial management
  - Conducted community based empowerment workshops in Tanzania
- **Accreditation**
  - High levels of compliance to IFC performance standards
  - Aligned towards SMART principles with accreditation to follow

Global Network of Financial Policy Makers	MasterCard	Incorporating ESG & Inclusive Finance into a Sustainable Growth Strategy
afi Alliance for Financial Inclusion – Bringing smart policies to life		EBS
1st African Private Sector Partner **2016**	Principal Issuer in Mozambique and Namibia **2016**	**2016**

Emerging partnerships

Shaping the Sustainable Development Agenda	Advancing financial inclusion to improve the lives of the poor	Promoting access to financial tools and resources by low income women
UN WOMEN	CGAP	Women's World Banking
Discussions Ongoing	**Discussions Ongoing**	**Discussions Ongoing**

We launched the Improving Life Campaign to encourage productive loan usage

- Annual group-wide flagship campaign
- 2016 pilots: Botswana, Namibia, and Swaziland
- Currently running in Botswana, Uganda, and Mozambique
- High customer uptake (Namibia)
    - 2900 entries in 80 days
    - Majority usage: affordable housing, agribusiness, education, general business


Low income housing, Botswana


Agribusiness, Namibia

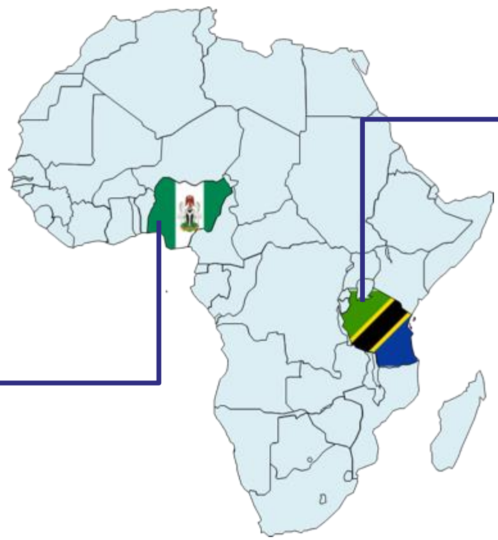

Agribusiness, Swaziland

General business, Swaziland

Early success in fully integrating Letshego Bank Tanzania into the Group. Letshego Micro Finance Bank Nigeria has been more challenging

Letshego Bank Tanzania	FY 15 (P'mn)	FY 16 (P'mn)
PBT	(22)	(10)
Advances to Customers	49	97
Customer Access points	5	9
3rd party Agents	-	103
Loan Customers	7 386	5 713
Deposit Customers	29 085	37 757
# FTE	202	209

- Key focus has been on integration of people and systems
- New management team recruited
- All staff trained and upskilled to group standards
- Rebranded to Letshego Bank Tanzania August 2016
- Reduced loss from prior year
- Grew total assets and customer deposits



Letshego MFB Nigeria	FY 15 (P'mn)	FY 16 (P'mn)
PBT	(12)	(8)
Total Assets	70	51
Customer Access points	28	26
Loan Customers	11 814	5 338
Deposit Customers	70 000	56 010
# FTE	315	237

- Focus has been on building a strong foundation, skills development and establishing operational controls
- Two key appointments to management team remaining
- All staff trained and upskilled to group standards
- Rebranded to Letshego Micro-finance Bank Nigeria during August 2016
- Improvement of the loan portfolio has been the focus

A second acquisition in West Africa has increased our market presence and upside in overall profitability

afb Ghana	Letshego Namibia	Letshego Mozambique	FBN Microfinance Bank	advans BANK TANZANIA	Letshego Rwanda
Finance House License	Commercial Banking License	Commercial Banking License	National Micro-finance Banking License	Commercial Banking License	Micro-finance Banking License
2016	**2016**	**2016**	**2015**	**2015**	**2014**

afb	FY 15 (P'mn)	FY 16 (P'mn)
PBT	2	18
Advances to Customers	192	250
Customer Access points	22	26
Loan Customers	50 900	60 000
# FTE	193	243

- Top management team in place
- Rebranding and integration planned for 2017
- Convert license to savings and loans
- Loan portfolio quality review in 2017

Kenya's eloan marks the start of our mobile solution roll out

- Total number of loans disbursed since launch < **72, 000**
- Total value of loans disbursed since launch < **BWP25mn**

Mkopo Chap Chap features

Pre approved credit	TAT 1 minute
Loan amount \$10>\$50	Mpesa registered
Loan tenor 1>30days	Works on any mobile handset
Emergency loan	Access anytime, anywhere

Mozambique’s LetsGO Blue Box agency offering is moving to pilot

- Received grant funding from Mastercard Foundation
- Enables third party agents to register rural customers into a financial ecosystem in a simple, quick and affordable manner

LetsGO Blue Box Benefits

Account opening	Interest bearing accounts
Deposits	Micro-loans
Withdrawals	Micro insurance
Transfers	Digital payments

Kenya, Uganda and Rwanda have been migrated to Group's core banking platform (now 9 out of 11 countries)

Core Banking System TCS BaNCS

FORRESTER WAVE LEADER 2016 Customer-Centric Global Banking Platforms

2015 FINTECH RANKINGS #1 IDC Financial Insights

GC Global Custodian Awards for Excellence 2013 & 2014 Custody TCS BaNCS North America

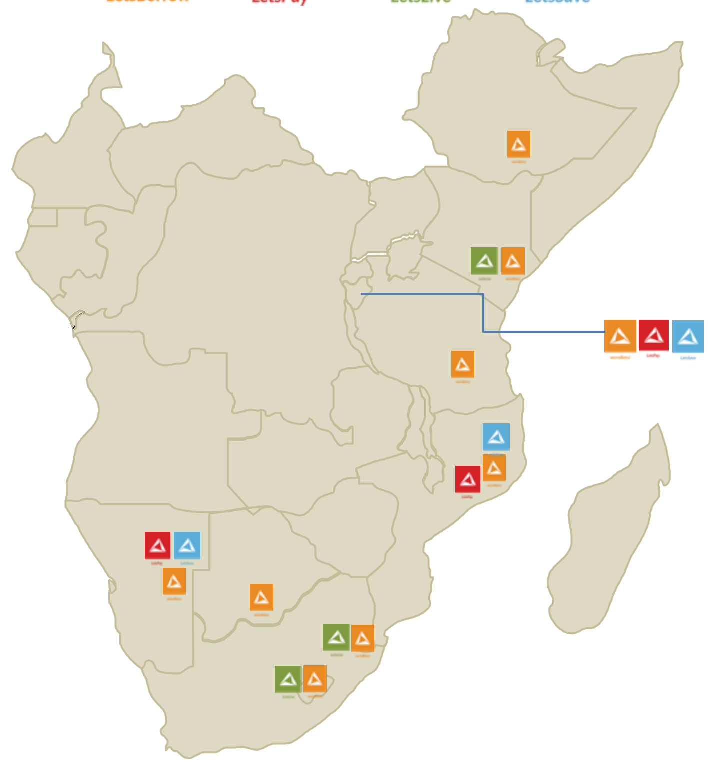
- Transactional accounts
- Savings accounts and
- Fixed Term Deposits

- Deduction at source
- MSE
- Housing (construction and outright purchase)
- Agricultural loans

- Eloan functionality
- Internet banking
- USSD
- Call Centre functionality

Customer Solutions

LetsBorrow LetsPay LetsLive LetsSave



We are committed to achieving growth, performance, and returns; however, risks/ challenges remain

1	**Funding Risk**	• Local currency debt capital market opportunities • Accelerate launch of deposit mobilization • Leverage ESG credentials to attract Impact/ DFI lenders
2	**Sovereign Risk**	• Geographic diversification of portfolio
3	**Foreign Exchange Risk**	• Active management of net open positions
4	**Interest Rate Risk**	• Enhancement of ALM capability
5	**Transformation Risk**	• Regulatory – stakeholder engagement • People - training • Systems – information security capability

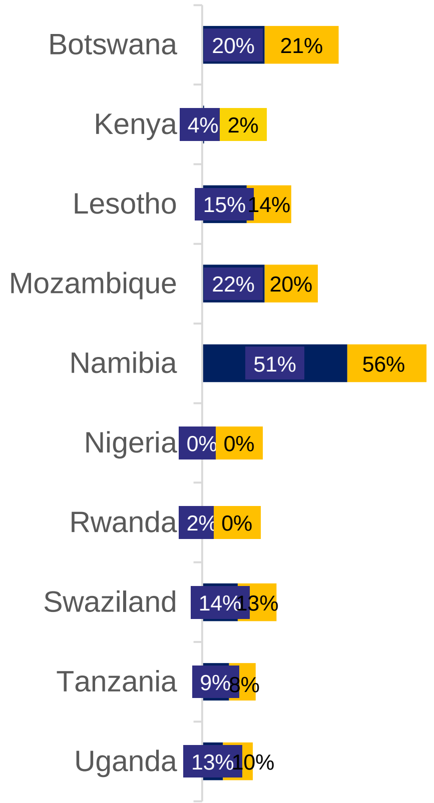
FY 2016 Results

Satisfactory performance in a difficult environment

Growth	•Modest growth in loans and advances to customers (6%) •Continued geographical, segment and solution diversification •Depreciation of MZN reduced loan book by P437mn (6)%	Loans and advances	6% ↑
Revenue Mix	•12% increase in interest income •Margins consistent with prior period •Continued diversification of revenues	Interest Income	12% ↑
Efficiency and Profitability	•Profit Before Tax 9% lower than prior year •Cost to income above internal target of 35% •ROE 16% down 3% from prior period	Cost to Income	38% ↑
Asset Quality	•Elevated impairment charge (2.8%) due to once off items •Overall cost of risk still at acceptable levels •Growth in loan book has not compromised quality	Impairments	2.8% ↑
Capital and Liquidity	•Debt:Equity increased to 85% and is approaching optimal level • CAR at 48% from 54% •Cash reserves on hand of USD 50 million	Debt to Equity Ratio	85% ↑

Robust growth in key markets

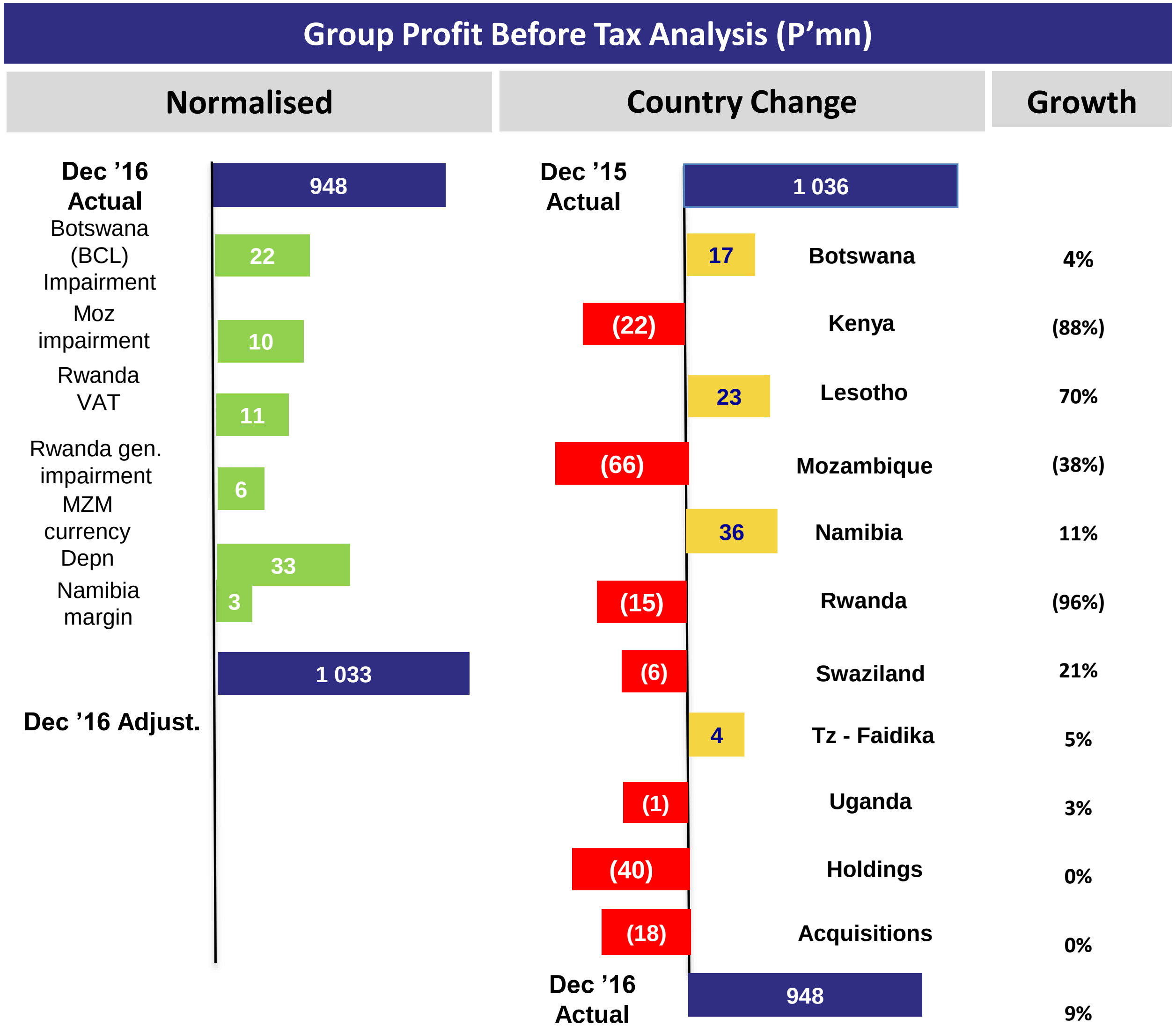
Letshego's market penetration as at 31 December 2016 (2015)



Government employees ('000)	Current Loan book USD mn	Consumer Lending	MSE Loans	% of Book	Loan growth from prior period in BWP	Loan growth from prior period in local currency
181	209	99%	1%	34%	4%	4%
700	38	34%	66%	6%	4%	9%
50	38	100%	_	6%	63%	54%
300	68	100%	_	11%	(32%)	10%
100	154	100%	–	25%	20%	10%
3 400	5	–	100%	1%	(26%)	(1%)
200	15	4%	96%	2%	(2%)	15%
42	21	100%	–	3%	58%	47%
500	46	80%	20%	7%	23%	30%
300	29	56%	4%	5%	8%	21%
Total	**623**	**89%**	**11%**	**100%**	**6%**	**14%**

Still a highly profitable business despite FY 2016 challenges

- Profit before tax was P948mn, 9% lower than 2015
- On a normalized basis, excluding once off items PBT would have been flat year on year
- Yields on advances to customers and cost of external borrowings maintained despite competitive environment and higher interest costs in some countries
- Underlying costs increased by 23%
- Cost of risk was slightly lower than 2015, however, specific once off items increased the overall cost to 2.8%
- The blended tax charge increased due to more profits being generated outside of Botswana
- Limited impact of share buy back in 2016



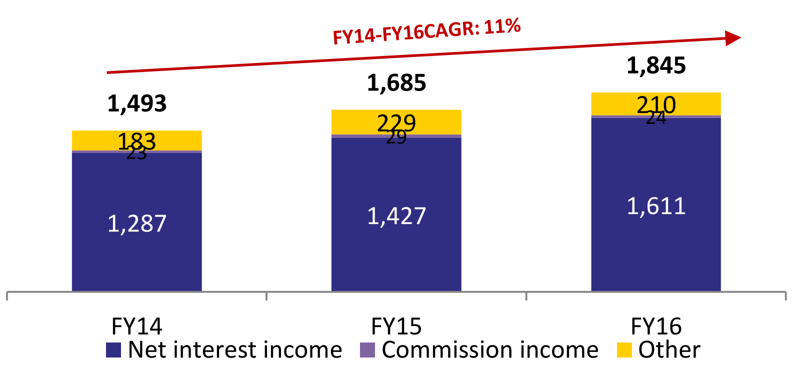
Good revenue generation, however, cost growth was higher

- Net Interest Income grew 13% year on year
- Interest Income Margin (gross and net) maintained at over 30%
- Cost of borrowing increased marginally from 10.3% to 10.6% and lower FX volatility
- Fee and other income mainly impacted by FX movements in ZAR and MZM
- Staff costs increased 22% - a reflection of strengthening of in-country and group teams in Risk, Sales and IT areas
- Operating expenses increased by 20% due to new Commission Based Agents (5%), marketing (4%), and a higher depreciation charge on assets (2%)

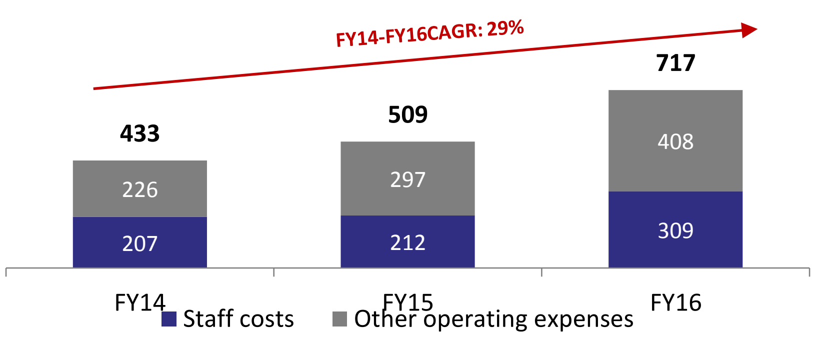
FTE vs. Comm. Based Agents

Headcount	Change (%)	FY 15	FY 16
FTE	2	1 592	1 620
Commission Based Agents	33	775	1 162
TOTAL		**2 367**	**2 782**

Net Income (P'mn)

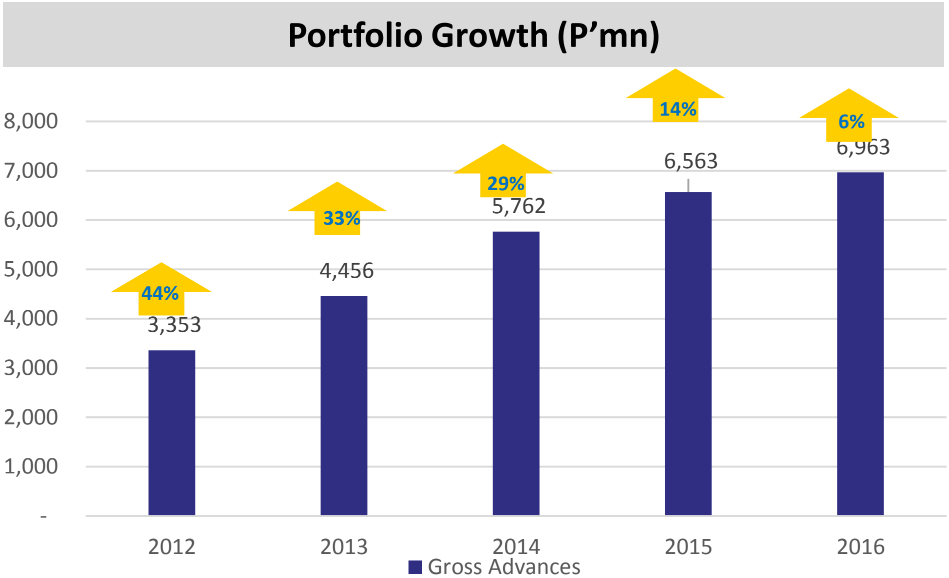


Operating Expenses (P'mn)

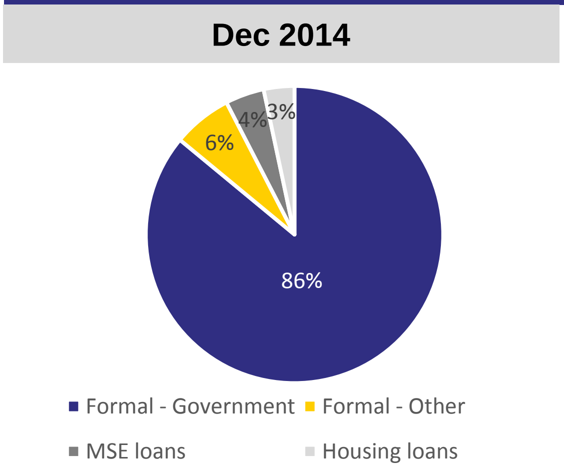


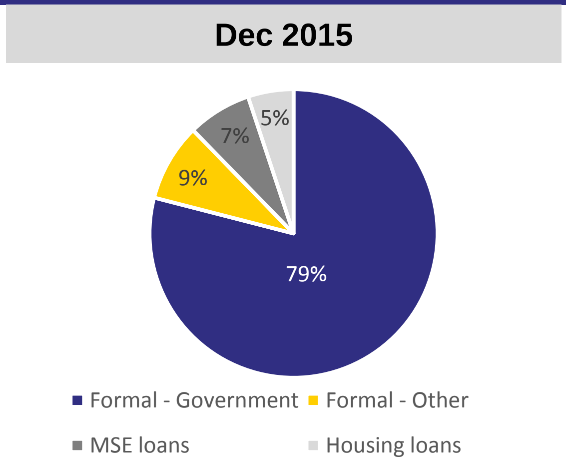
Overall loan growth slower but, good diversification progress

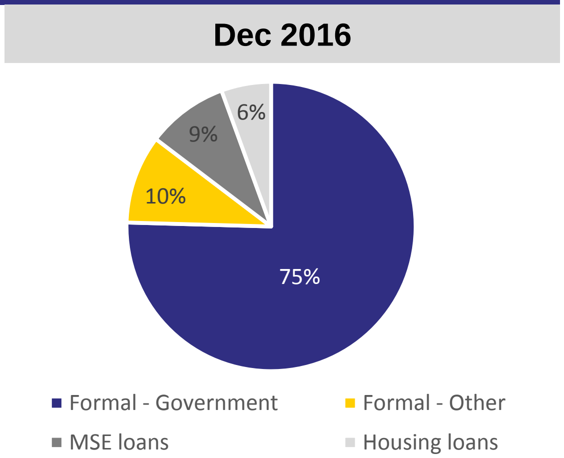
- Portfolio diversification within Formal segment as well growth in non-formal segment from 2014 to 2016
- Non government segment now 10% of overall loan portfolio
- Housing loans now 9% overall portfolio
- Further segment diversification underway in agri, education and housing
- New informal segment entering pilot phase in 2017



Group Portfolio Mix







Coverage strengthened and group Portfolio At Risk improved, once off provisions made as forward looking measures

Asset Quality and Provisioning

- Impairment Cost has increased from 2.3% to 2.8% (2.2% excluding additional impairment from Botswana ,Mozambique and Rwanda)
- Impairment methodology for Formal Segment changed in 2015 improving coverage from 51% to 68%, further changes are being implemented in 2017 and 2018 to increase coverage to 100%
- This is to align with financial services norms in preparation for the adoption of IFRS9 in 2018

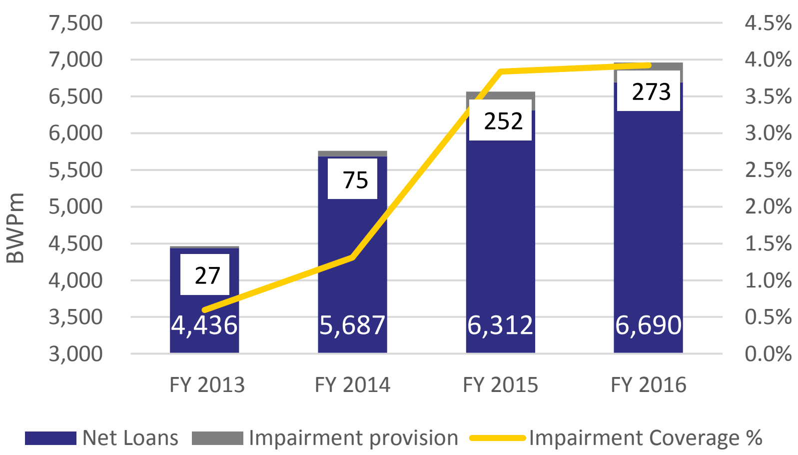
Impairment Cost

	FY 15	FY 16
Formal	2.1%	2.3%
MSE	4.3%	7.7%
Group	2.3%	2.8%

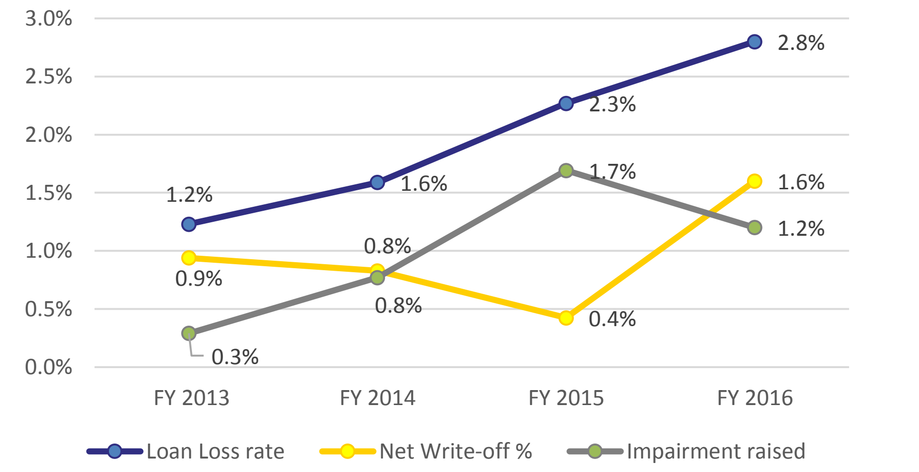
Impairment Coverage > PAR 90

	FY 15	FY 16
Formal	36%	50%
MSE	128%	178%
Group	51%	68%

Impairment Provisions



Cost of Risk



Diversification of our funding profile continues

Funding
- BWP1,6bn of rollovers and new loans

Share Buy Backs
- H2 16 **52,782,546** shares (BWP120,247,258)

Credit Rating
- H2 16 **Ba3 (stable) outlook** affirmed by Moody's Investor Services

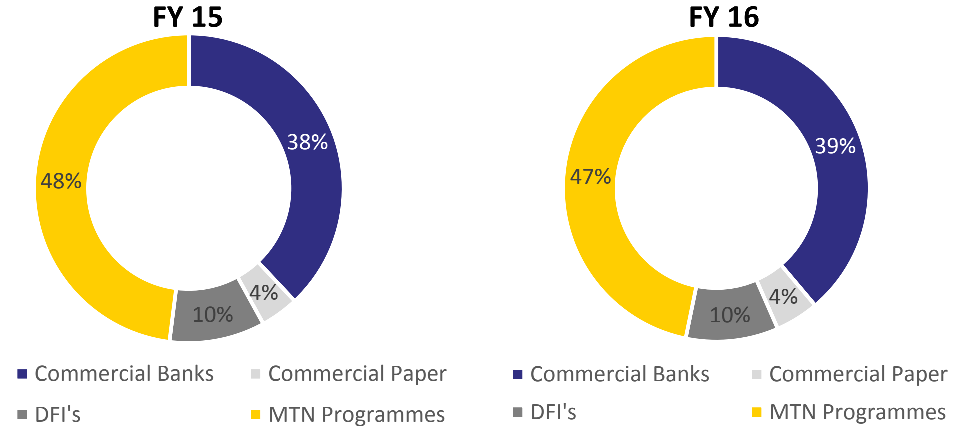
Security
- **Approval obtained for transfer of 60% (sixty percent) of book debts** of Letshego Namibia

Capital Adequacy
- CAR 2016 (47%), 2015 (54%)

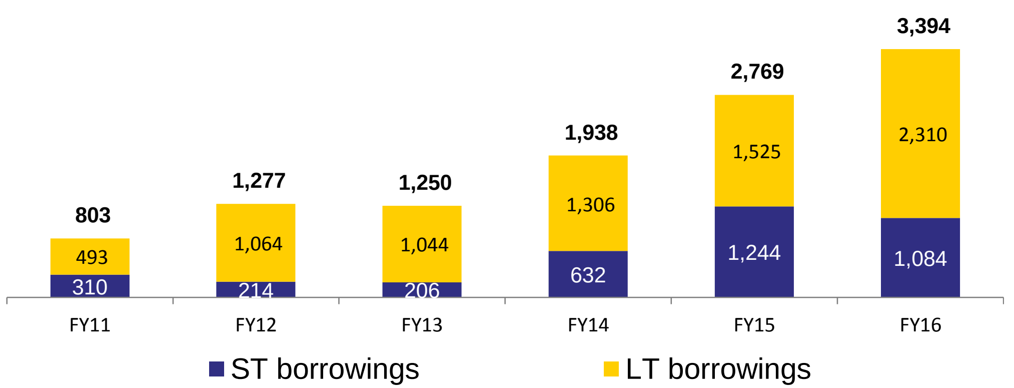
Debt: Equity
- 85%

Dividends
- Maintained 50% dividend pay out ratio
- Review of current dividend policy in 2017

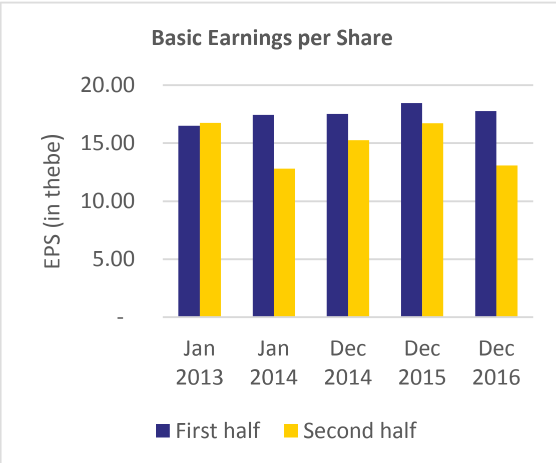
Principle sources of Debt Funding

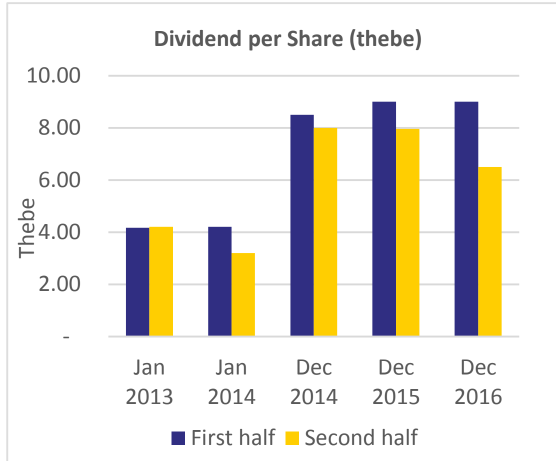


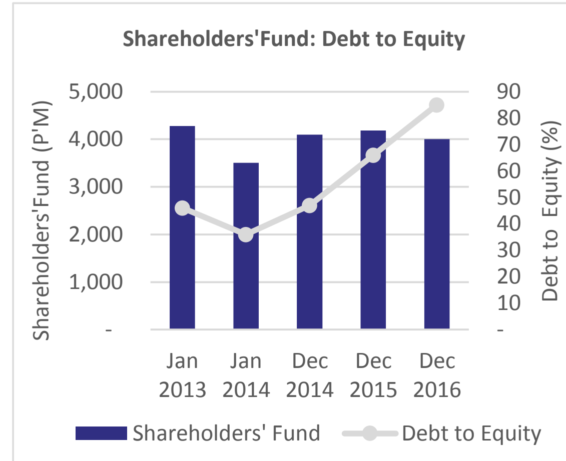
Maturity profile – Funding Liabilities

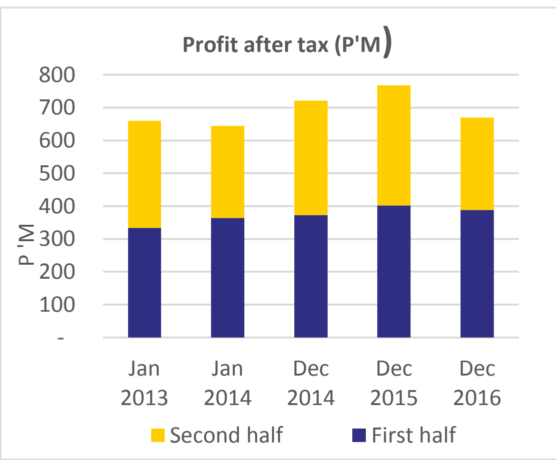


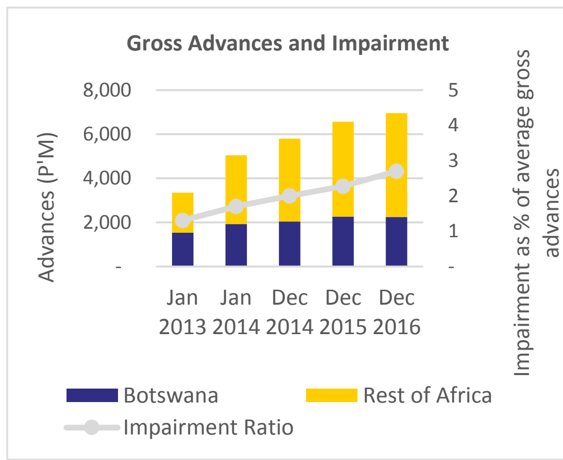
Key Metrics

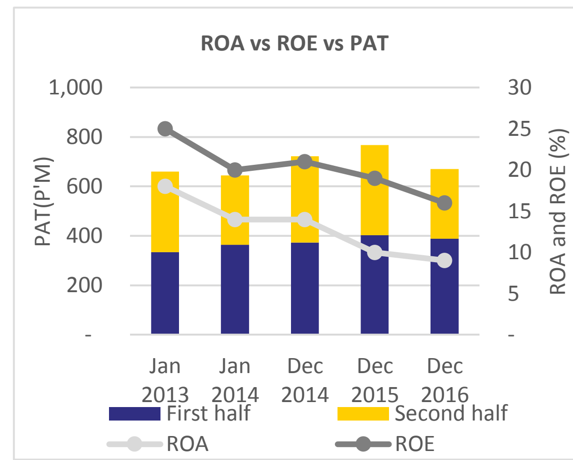

Basic Earnings per Share
EPS (in thebe)
20.00
15.00
10.00
5.00
-
Jan 2013
Jan 2014
Dec 2014
Dec 2015
Dec 2016
First half
Second half


Dividend per Share (thebe)
Thebe
10.00
8.00
6.00
4.00
2.00
-
Jan 2013
Jan 2014
Dec 2014
Dec 2015
Dec 2016
First half
Second half


Shareholders'Fund: Debt to Equity
Shareholders'Fund (P'M)
5,000
4,000
3,000
2,000
1,000
-
90
80
70
60
50
40
30
20
10
-
Debt to Equity (%)
Jan 2013
Jan 2014
Dec 2014
Dec 2015
Dec 2016
Shareholders' Fund
Debt to Equity


Profit after tax (P'M)
P 'M
800
700
600
500
400
300
200
100
-
Jan 2013
Jan 2014
Dec 2014
Dec 2015
Dec 2016
Second half
First half


Gross Advances and Impairment
Advances (P'M)
8,000
6,000
4,000
2,000
-
5
4
3
2
1
-
Impairment as % of average gross advances
Jan 2013
Jan 2014
Dec 2014
Dec 2015
Dec 2016
Botswana
Rest of Africa
Impairment Ratio


ROA vs ROE vs PAT
PAT(P'M)
1,000
800
600
400
200
-
30
25
20
15
10
5
-
ROA and ROE (%)
Jan 2013
Jan 2014
Dec 2014
Dec 2015
Dec 2016
First half
Second half
ROA
ROE