Public credit rating report | Namibian Financial Institution | November 2021

Letshego Holdings Namibia Limited, Letshego Bank Namibia Limited, & Letshego Micro Financial Services Namibia (Pty) Limited

Rated Entity	Rating class	Rating scale	Rating	Outlook/Watch
Letshego Holdings (Namibia) Limited	Long Term issuer	National	A(NA)	Stable Outlook
	Short Term issuer	National	A1(NA)	

Rated Entity	Rating class	Rating scale	Rating	Outlook/Watch
Letshego Bank Namibia Limited	Long Term issuer	National	A(NA)	Stable Outlook
	Short Term issuer	National	A1(NA)	

Rated Entity	Rating class	Rating scale	Rating	Outlook/Watch
Letshego Micro Financial Services (Namibia) (Pty) Limited	Long Term issuer	National	A(NA)	Stable Outlook
	Short Term issuer	National	A1(NA)	

Strengths

- Very strong capital, supported by good internal capital generation.
- Sound market position within a chosen niche characterised by a high market share of deduction at source.

Weaknesses

- Significantly smaller and less diverse operations (by product and business lines) than top tier banks.
- Higher concentration risk on the loan book relative to commercial peers.
- Concentrated wholesale funding structure mitigated by good liquidity.

Rating rationale

Letshego Bank Namibia Limited and Letshego Micro Financial Services (Namibia) (Pty) Limited

The ratings on Letshego Bank Namibia Limited ("LBN", "the bank") reflect the credit profile of Letshego Holdings Namibia Limited ("LHN", "the Group"). GCR believes the bank is a core part of the Letshego Namibia group. While LBN is not the largest contributor to Group assets and revenues (less than 50%), relative to Letshego Micro Financial Services (Namibia) (Pty) Limited ("LMFSN"), the Group benefits from the banking licence and the avenues that it opens. However, in the event the level of importance reduces, the ratings may be de-linked from the group Anchor Credit Evaluation ("ACE")/ group credit profile.

The ratings on Letshego Micro Financial Services (Namibia) (Pty) Limited ("LMFSN", "the company") reflect the credit profile of Letshego Holdings Namibia Limited ("LHN", "the Group"). GCR believes the company is a core part of the Letshego Namibia group. In September 2021, LMFSN contributed the most to Group advances (58%), assets and revenues and we do not expect this to change over the next 12 to 18 months. As such, the ratings of LMSFN are equalised to the Group Anchor Credit Evaluation ("ACE")/ group credit profile. Although unlikely in the medium term, if the level of importance reduces, the ratings on LMFSN may be delinked from the group ACE.

The ratings are restrained by the Group's small size, moderately high cost of funding, relative lack of diversity and the weaker business profile of the bank in comparison to Namibian large domestic banks. The ratings also reflect good levels of capitalisation, improvements in the risk profile, offset by a concentrated wholesale funding structure and weaker liquidity. Furthermore, the ratings benefit from Letshego Holdings Limited ("LHL") parental support.

The Group predominantly focusses on providing loans on deduction at source ("DAS") to government employees and as such, has a niche market focus. The Group has leading market shares in micro lending with competitive interest rates. However, the strengths within its chosen niche are partly offset by relatively small size and monoline nature of operations than the large domestic banks and related micro lenders operating in Namibia. This also leaves the Group subject to deterioration in competitive strength should Namibian Savings and Credit Co-operatives ("NAMSACCO"), the Ministry of Finance's own saving and borrowing solutions for public servants become fully operational. That said, we do not expect a change in the Group's competitive position over the next 12 months. The domestic financial sector is dominated by four large and heterogeneous financial conglomerates, most with close ownership and funding links to South Africa. Consequently, LBN's competitive position is weak, characterised by a very small market share by customer deposits. LHN is leveraging on synergies between LBN and LMFSN to facilitate migration of DAS clients to banking customers in addition to a banking customer acquisition drive. Whilst diversification efforts are strategically appropriate, it is also expected to be challenging, given high barriers to entry and competition with the larger more established commercial banks. Successful on-boarding of LMFSN customers into banking customers may improve the market share somewhat and may lower cost of funding over the long term as customer deposits increase.

Positively, capital and earnings remain significantly positive to the ratings. Capitalisation is strong, supported by a very high GCR capital ratio which we expect to be sustained above 80% over the next 12 to 18 months. Earnings are supportive of strong capitalisation, although over the next 12 to 18 months profitability will largely depend on how the Group manages funding new / additional product projects. While reserving is considered low in relation to rated peer banks, the Group enjoys insurance post default recovery cover with strong insurers and inherently collateralised loan book.

The risk position balances industry average asset quality with high concentrations and transformational risk. While the credit losses are broadly in line with top tier domestic banks, product (DAS) and sectorial (public sector) concentration risk is very high. Furthermore, the group is exposed to high transformational and strategic risk if the Group fails to renew the deduction at source code. LHN's business model is based on the Deductions at Source Code and the absence therefore would impact the Group's finances and operations drastically. If the deduction at source code is not renewed and the Group is required to use PSD-7 (non-preferential treatment of all payment instruments), revenues are likely to drop and additional (salary based) security may be materially lowered. In which case, non-performing loans ("NPLs") and credit losses will likely increase. At the same time, increasing lending outside the core business may also introduce higher asset quality risk. As a mostly government DAS business, the Group was able to remain resilient to the worst effects of COVID-19. However, the Group was not immune to the sector wide challenges evidenced by an increase in credit losses to 1.3% in December 2020 (FY2019: 0.3%) before reducing marginally to 1.2% on 30 June 2021. We expect credit losses to align with industry averages, if not better due to the DAS product with a collection rate of c.98%. Product (DAS) and sectorial (public sector) concentration remains very high.

Funding is weaker than the market average with a higher reliance on market derived funding and LHL support. Cost of funding was moderately high, around 8.3% at 31 December 2020 because of high reliance on intercompany loans (73% of liability funding). The combined funding and liquidity score was moderated (reflecting lower stand-alone liquidity) with a commensurate improvement reflected in parental support. The Group is largely funded by borrowings contributing 81% to total liability funding through intercompany loans (c.39%), two banking facilities and a bond programme on 30 June 2021. Further reliance is placed on LHL for liquidity management in the form of an off-balance sheet facility. The strategy to grow customer deposits and to reduce reliance on wholesale funds and capital may lower the cost of funds. Customer deposits improved to 19% of the funding base on 30 June 2021 (FY2020: 11%). However, customer deposit concentration is very high, with the top ten (10) contributing over 90% to customer deposits on 30 June 2021. Liquidity is just adequate, due to the significant facilities provided by the ultimate parent. The Group managed down on-balance sheet liquid assets significantly in the last year, in favour of servicing facilities to avoid negative carry. At 30 June 2021, liquid assets (including unutilised committed facilities) covered 0.6x of borrowings and 0.45x of the funding base. Given the primarily long-term nature/ maturity of the funding base, behavioural short-term refinancing risk is considered moderately low.

The issuer ratings benefit from parental support. LHN is wholly owned by LHL which is headquartered and listed in Botswana, delivering finance solutions to populations across 11 Sub-Saharan markets. Though not a material asset or revenue contributor, there is evidence of support from and assimilation with the parent. We believe LHL has the capacity to support the Group based on its sound financial profile and good geographic diversification. Parental support is moderated by the requirement that LBN increase its local ownership to 45% by 31 December 2023. GCR believes this may result in lower parental support from LHL in that regard.

Letshego Holdings (Namibia) Limited

Letshego Holdings (Namibia) Limited (the holding company) are equalised to the group ACE reflecting the structural status of Intermediate Non-Operating Holding Companies ("INOHC"). This reflects GCR's opinion that, 1) while the INOHC is reliant on cash flows and dividends from largely regulated, operating group companies (like Non-Operating Holding Companies ("NOHC")), 2) the Group also benefits from parent support which flows through the INOHC. However, if support flow reduces or double leverage increases, the ratings may be lowered reflecting the structurally subordinated status of NOHC.

Outlook statement

The outlook is stable, balancing the strain of the operating environment with a sound financial profile. We expect a strong GCR capital ratio for the next two years cementing its very solid position, with solid internal capital generation. We anticipate the cost of risk to return to levels below 1% despite elevated asset quality risk and product concentration risk. We also factor in adequate liquidity supported by renewable facilities, the bond programme and committed shareholder support.

Rating triggers

We could raise the ratings if the regulator renews the deduction code in the short to medium term, if LHN raises and maintains a more diversified long-term funding structure and if over the longer-term there is an improvement in the business diversification without a deterioration in asset quality. A downgrade could be caused by higher than anticipated credit losses or a weaker funding and liquidity profile. We could de-link or lower the ratings on LBN if we view the group importance to have decreased. We could delink or lower the ratings on LMFSN or the INOHC if we view the group importance (in the case of the former) decrease or double leverage increase/ support decrease (in the case of the latter.

Analytical contacts

Primary analyst	Vimbai Mandebvu	Senior Financial Institutions Analyst
Johannesburg, ZA	VimbaiM@GCRratings.com	+27 11 784 1771
Committee chair	Matthew Pirnie	Group Head of Ratings
Johannesburg, ZA	MatthewP@GCRratings.com	+27 11 784 1771

Related criteria and research

Criteria for the GCR Ratings Framework, May 2019
Criteria for Rating Financial Institutions, May 2019
GCR Ratings Scale, Symbols & Definitions, May 2019
GCR Country Risk Scores, August 2021
GCR Financial Institutions Sector Risk Score, September 2021

Ratings history

Letshego Holdings (Namibia) Limited					
Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term issuer	Initial	National	A(NA)	Stable Outlook	December 2020
Long Term issuer	Last	National	A(NA)	Stable Outlook	December 2020
Short Term issuer	Initial	National	A1(NA)	N/A	December 2020
Short Term issuer	Last	National	A1(NA)	N/A	December 2020

Letshego Bank Namibia Limited					
Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term issuer	Initial	National	A(NA)	Stable Outlook	December 2020
Long Term issuer	Last	National	A(NA)	Stable Outlook	December 2020
Short Term issuer	Initial	National	A1(NA)	N/A	December 2020
Short Term issuer	Last	National	A1(NA)	N/A	December 2020

Letshego Micro Financial Services (Namibia) (Pty) Limited					
Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Long Term issuer	Initial	National	A(NA)	Stable Outlook	December 2020
Long Term issuer	Last	National	A(NA)	Stable Outlook	December 2020
Short Term issuer	Initial	National	A1(NA)	N/A	December 2020
Short Term issuer	Last	National	A1(NA)	N/A	December 2020

Analytical Entities: Letshego Bank Namibia Limited, Letshego Bank Namibia Limited, & Letshego Micro Financial Services Namibia (Pty) Limited

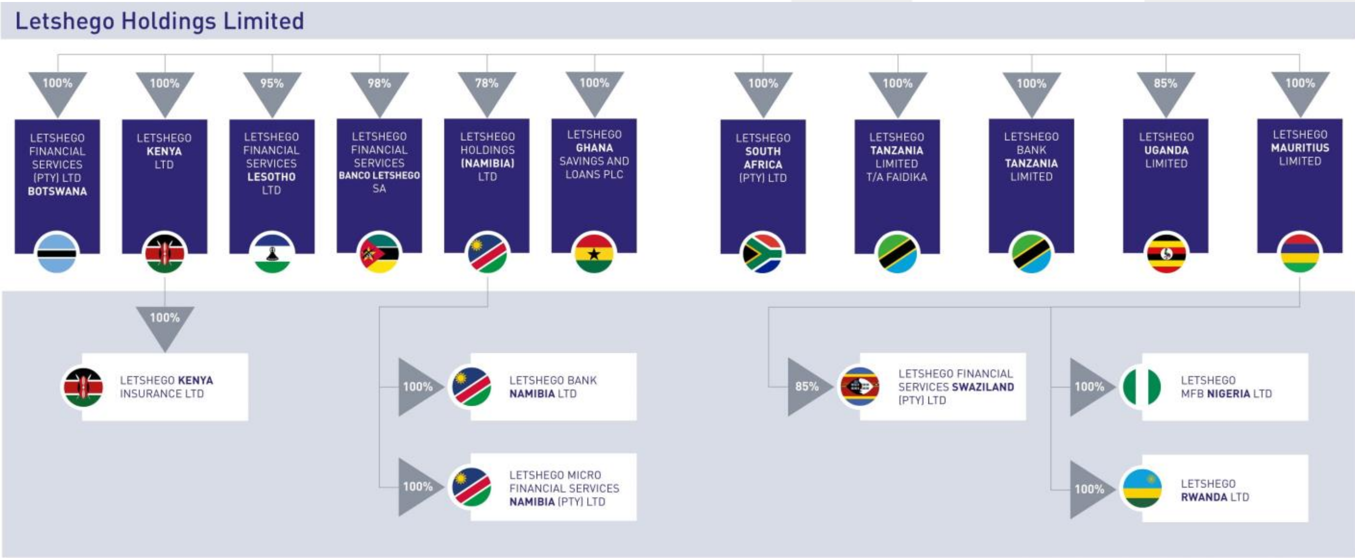
The national scale issuer ratings on LBN and LMFSN reflect the strengths and weakness of the wider LHN Group. While the bank is not a material revenue or asset contributor, there is strong integration between LBN and LMFSN. The Group considers its banking and other financial services operations as one operating segment and there are no other components. We believe that both LBN and LMFSN are strategically important to the Group and as such, core operating entities.

The ratings on LHN are one notch lower than the group ACE, reflecting the structurally subordinated status of Intermediate Non-Operating Holding Companies ("INOHC"). This reflects GCR's opinion that, 1) while the INOHC is reliant on cash flows and dividends from largely regulated, operating group companies (like Non-Operating Holding Companies ("NOHC")), 2) the Group also benefits from parent support which flows through the INOHC.

LBN was incorporated in the republic of Namibia during October 1997 operating as Letshego Financial Services Namibia (Pty) Limited. Upon receiving its deposit taking licence from the Bank of Namibia in July 2016, the bank changed its name to Letshego Bank Namibia Limited.

LHN is the holding company and operates exclusively in Namibia, through 3 deposit-taking branches and 13 access points. The Group was incorporated in the Republic of Namibia on 24 February 2016 as a financial sector investment holding company to hold the 100% controlling interest in LBN and LMFSN on behalf of Letshego Holdings Limited ("LHL").

LHN is owned by its parent company, LHL (78.46%), and private investors and individuals. The group offers financial solutions to customers, including loans, deposits, and transactions under the two separate business entities. The business provides DAS solutions to the employed sector, both in government and non-government, and loans and transactions to the micro and small entrepreneur ("MSE") sector and the informal sector. Principal financial solutions are unsecured short-term and long-term loans.



Operating Environment

The operating environment assessment is anchored by Letshego Holdings Namibia Limited's 100% exposure in Namibia.

Country risk

The Namibian country risk score has been maintained at '5.5' even though the regional impact of the COVID-19 pandemic further exacerbated existing weaknesses in the economy. For full details, please see GCR's Country Risk Score report. The Country Risk Scores are available for download at https://gcrratings.com/risk-scores/

Sector risk

The Namibian sector risk score of '5.0' reflects the weighting between the banking score of '6.0' and non-bank financial institutions ("NBFI") of '4.0' by contribution to group loans and advances. The sector score also balances reasonable capital and liquidity buffers and structural stability, against challenging operating conditions, posing medium-term risks to asset quality. Furthermore, the largely wholesale deposit funding structure increases deposit sensitivities to market sentiment. For full details, please see GCR's Financial Institutions Sector Risk Score report. The Sector Risk Scores are available for download at https://gcrratings.com/risk-scores/

Business Profile

Competitive position

The Group has a small size, moderately high cost of funding, relative lack of diversity and weaker business profile of the bank in comparison to Namibian large domestic banks.

The Group predominantly focusses on providing loans on deduction at source ("DAS") to government employees and as such, has a niche market focus. The Group has leading market shares in micro lending with competitive interest rates. However, the strengths within its chosen niche are partly offset by relatively small size and monoline nature of operations than the large domestic banks and related micro lenders operating in Namibia.

Despite the dominating market share in DAS via LMFSN, competition is increasing from commercial banks, as well as from less traditional sources such as Mobile Network Operators and Fintech companies. Furthermore, there is high business risk should the NBFI fail to renew the DAS license which may affect the Group's competitive position in the micro lending space. The Group is also subject to deterioration in competitive strength should Namibian Savings and Credit Co-operatives ("NAMSACCO"), the Ministry of Finance's own saving and borrowing solutions for public servants become fully operational. That said, we do not expect a change in the Group's competitive position over the next 12 months.

The domestic financial sector is dominated by four large and heterogeneous financial conglomerates, most with close ownership and funding links to South Africa. Consequently, LBN's competitive position is weak, characterised by a very small market share by customer deposits. LHN is leveraging on synergies between LBN and LMFSN to facilitate migration of DAS clients to banking customers in addition to a banking customer acquisition drive. Whilst diversification efforts are strategically appropriate, it is also expected to be challenging, given high barriers to entry and competition with the larger more established commercial banks. Successful on-boarding of LMFSN customers into banking customers may improve the market share somewhat and may lower cost of funding over the long term as customer deposits increase.

Revenue stability is good, primarily stemming from net interest income (over 70%). It is somewhat supported by market sensitive income (approximately 28% of total revenues at 1H2021). The Group has achieved good revenue growth over the past four years with a moderate dip in the year 2019. We are expecting FY21 revenues to be just down on the previous years, against a backdrop of the challenging environment.

Going forward, we expect the Group to continue leveraging on its established position as a reputable micro lender to extend its reach in the financial service sector via the LBN, whilst diversifying into other customer segments via the bank's strategy to pursue deposit mobilization and conversion of borrowing customers to depositing customers.

Management and governance

Management and governance is considered neutral to the ratings.

Financial Profile

Capital and Leverage

Very strong capital, supported by good internal capital generation.

Capital and earnings remain significantly positive to the ratings. Capitalisation is strong, supported by a very high GCR capital ratio of 84.6% at 30 June 2021 which we expect to be sustained above 80% over the next 12 - 18months.

Generally, earnings have been good and supportive of internal capital generation, catering for above average loan growth. Earnings are supportive of strong capitalisation, although over the next 12-18 months profitability will largely depend on how the Group manages funding new / additional product projects.

While reserving is considered low in relation to rated peer banks, the Group enjoys insurance post default recovery cover with strong insurers and inherently collateralised loan book. Loan loss reserve coverage of total and stage 3 loans stood at 1.8% and 42.8% at June 2021 respectively.

Our forecast factored in the following over the next 12-18 months:

- Internal capital generation ranging from 10%-12% in the rating horizon.
- Dividend pay-out moderating to approximately 30%.
- An increase of credit losses to c.1% by year end 2021 moderating to c.0.9% in 2022.
- Modest loan book growth for the remainder of 2021, with relatively quicker risk weighted asset ("RWA") growth due to negative credit risk migration.
- Core earnings to reduce from 7% of adjusted assets in 2020 to between 5% and 6% over the next 12 -18 months.
- Costs are expected to be well controlled, with cost to income between 30% and 35%.

Table 1: Capitalisation					
	2021(e)	1H2021	2020	2019	2018
GCR Total Capital to RWA (%)	86.1	84.6	83.3	96.9	44.7
Core Earnings to adjusted assets (%)	6.2	7.2	7.3	11.7	13.2

e: Based on GCR expectations.
Source: LHN financial results and GCR financial tool.

Risk

Very high product and sectorial concentration

The risk position balances industry average asset quality with high concentrations and transformational risk. While the credit losses are broadly in line with top tier domestic banks, product (DAS) and sectorial (public sector) concentration risk is very high. Furthermore, the group is exposed to high transformational and strategic risk if the Group fails to renew the deduction at source code.

The LHN business model is based on the Deductions at Source Code and the absence therefore would impact the Group's finances and operations drastically. If the deduction at source code is not renewed andthe Group is required to use PSD-7 (non-preferential treatment of all payment instruments), revenues are likely to drop and additional (salary based) security materially lowered. In which case, non-performing loans ("NPLs") and credit losses will likely increase. At the same time, increasing lending outside the core business may also introduce higher asset quality risk.

As a mostly government DAS business, the Group was able to remain resilient to the worst effects of COVID-19. However, the Group was not immune to the sector wide challenges evidenced by an increase in credit losses to 1.3% in December 2020 (FY2019: 0.3%) before reducing marginally to 1.2% on 30 June 2021. We expect credit losses to align with industry averages, if not better due to the DAS product with a collection rate of c.98%.

Product concentration risk remains high and may be mitigated with the diversification of solution offerings within the bank, which may include extending loans to non-government individuals and micro and small enterprises. The bank is improving its enterprise risk management framework and tools. In our opinion, market and operational risks are well controlled. From a risk perspective, the operational and business continuity risk of COVID-19 has been managed well to date.

Table 2: Risk					
	2021(e)	1H2021	2020	2019	2018
New loan loss provisions to average customer loans (%)	1.0	1.2	1.3	0.3	0.7
Loan loss reserves to non-performing loans (%)	>40	42.8	56.4	22.5	25.3
Gross non-performing loans to average customer loans (%)	3.7	4.0	3.4	4.2	3.4

e: Based on GCR expectations.
Source: LHN financial results and GCR financial tool.

Funding and Liquidity

Concentrated wholesale funding structure mitigated by adequate liquidity.

Funding is weaker than the market average with a higher reliance on market derived funding and LHL support. Cost of funding was moderately high, around 8.3% at 31 December 2020 because of high reliance on intercompany loans (73% of liability funding). The combined funding and liquidity score was moderated (reflecting lower stand-alone liquidity) with a commensurate improvement reflected in parental support. The Group is largely funded by borrowings contributing 81% to total liability funding through intercompany loans (c.39%), two banking facilities and a bond programme on 30 June 2021. Further reliance is placed on LHL for liquidity management in the form of an off-balance sheet facility. The strategy to grow customer deposits and to reduce reliance on wholesale funds and capital may lower the cost of funds. Customer deposits improved to 19% of the funding base on 30 June 2021 (FY2020: 11%).

However, customer deposit concentration is very high, with the top ten (10) contributing over 90% to customer deposits on 30 June 2021.

Positively, liquidity is adequate, due to the significant facilities provided by the ultimate parent. The Group managed down on-balance sheet liquid assets significantly in the last year, in favour of servicing facilities to avoid negative carry. At 30 June 2021, liquid assets (including unutilised committed facilities) covered 0.6x of borrowings and 0.45x of the funding base. Given the primarily long-term nature/ maturity of the funding base, behavioural short-term refinancing risk is considered moderately low.

Table 3: Funding and Liquidity					
	2021(e)	1H2021	2020	2019	2018
Long term funding ratio (%)	180.2	226.0	191.7	255.0	127.2
GCR Stable funds ratio (%)	69.3	94.5	70.5	71.2	52.3
GCR liquid assets/ deposits (%)	>30	36.7	245.6	371.3	1x
GCR liquid assets/ short-term wholesale funding (x)	>0.1	0.1	0.3	0.2	0.6

e: Based on GCR expectations.
Source: LHN financial results and GCR financial tool.

Comparative Profile

The comparative profile is slightly positive to the ratings due to group support.

Peer analysis

The peer analysis is neutral to the ratings.

Group support

The issuer ratings benefit from parental support. LHN is wholly owned by Letshego Holdings Limited which is headquartered and listed in Botswana, delivering finance solutions to populations across 11 Sub-Saharan markets. Though not a material asset or revenue contributor, there is evidence of support from and assimilation with the parent. We believe the Letshego Holdings has the capacity to support the Group and bank based on its sound financial profile and good geographic diversification.

Rating Adjustment Factors

Structural adjustments

No structural adjustments have been made to the ACE in arriving at the final ratings.

Instrument ratings

No instrument rating adjustments.

Risk Score Summary

Rating Components & Factors	Risk Scores
Operating environment	**10.50**
Country risk score	5.50
Sector risk score	5.00
Business profile	**(3.50)**
Competitive position	(3.50)
Management and governance	0.00
Financial profile	**2.75**
Capital and Leverage	4.00
Risk	(0.50)
Funding and Liquidity	(0.75)
Comparative profile	**1.00**
Group support	1.00
Government support	0.00
Peer analysis	0.00
Total Score	**10.75**

Glossary

Balance Sheet	Also known as Statement of Financial Position. A statement of a company's assets and liabilities provided for the benefit of shareholders and regulators. It gives a snapshot at a specific point in time of the assets the company holds and how they have been financed.
Capital	The sum of money that is invested to generate proceeds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Covenant	A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Income	Money received, especially on a regular basis, for work or through investments.
Interest Cover	Interest cover is a measure of a company's interest payments relative to its profits. It is calculated by dividing a company's operating profit by its interest payments for a given period.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer	The party indebted or the person making repayments for its borrowings.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Long Term Rating	See GCR Rating Scales, Symbols and Definitions.
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Operating Cash Flow	A company's net cash position over a given period, i.e. money received from customers minus payments to suppliers and staff, administration expenses, interest payments and taxes.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Short Term Rating	See GCR Rating Scales, Symbols and Definitions.
Short Term	Current; ordinarily less than one year.

Salient Points of Accorded Ratings

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entities, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entities, security or financial instrument.

The credit ratings have been disclosed to Letshego Bank Limited, Letshego Micro Financial Services (Namibia) (Pty) Limited and Letshego Holdings (Namibia) Limited. The ratings above were solicited by, or on behalf of, the rated entities, and therefore, GCR has been compensated for the provision of the ratings.

The entities participated in the rating process via video conference management meetings, and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The information received from the rated entities and other reliable third parties to accord the credit ratings included:

- The audited financial results to 31 December 2020;
- Unaudited interim results as at 30 June 2021;
- Asset liability management information at 30 June 2021;
- Breakdown of facilities; and
- Other related documents.

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