



Operational overview



Operational overview - Zambia

Introduction

Zambia is a landlocked country in size about 62% of the land area of South Africa, and is the 39th largest country in the world. It borders on no less than eight countries, the Democratic Republic of the Congo, Tanzania, Malawi, Mozambique, Zimbabwe, Botswana, Namibia and Angola. Its population was estimated in 2009 at just under 13 million, making it a 'medium-sized' country in the context of the African continent, and is located a little south of the equator between 8°S and 18°S.

The country's full name is the Republic of Zambia and, until gaining independence from the United Kingdom in 1964, was formerly known as Northern Rhodesia.

Zambia is highly urbanised, with 44% of the population living in the towns and cities or along the lines of the major transport corridors. The two main areas of concentration of the populace are around the capital, Lusaka, in the south and the Copperbelt towards the northwest. Most rural Zambians rely on subsistence farming for their livelihood.

In 2010 Zambia was named by the United Nations as one of the fastest economically-reforming countries in the world. Zambia's economy was heavily impacted in the 1970s by the severe fall in copper prices and subsequent years saw numerous unsuccessful attempts to stimulate the failing economy. However, by 2007 Zambia had experienced seven consecutive years of economic growth that have helped start to put the economy back onto a firmer footing, and inflation had been brought down to a reasonable level of 8,9% from previously 30% in 2000.

Management team

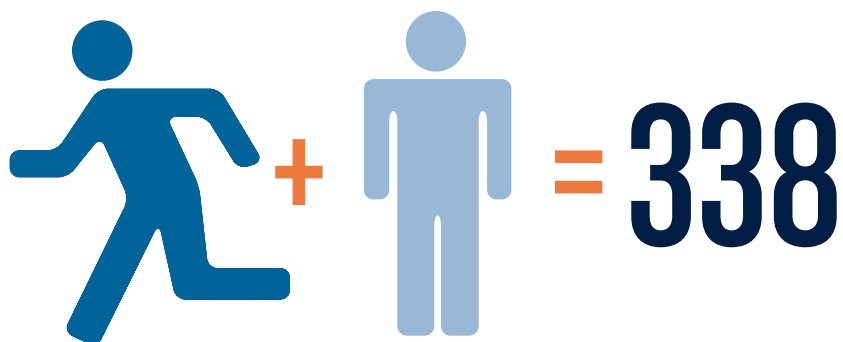
The people who constitute the management team in Zambia are headed up by Deon Verster, as Country Director, supported by Tukuzu Lungu in the role of Operations Director, Godfrey Ngula who is Sales & Marketing Director, and Webster Ndui who is the Financial Director.

Deon Verster has 12 years of experience in the micro-lending industry, having held positions at Money Wise, 724 Africa Finance and Uncedo before commencing his career at Blue in 2003. Since then he has served Blue in various roles in Africa and was part of the founding team which expanded the Zambian network to the current 21 branches. Formerly responsible for Blue Malawi and now serving as Blue Zambia Country Director, Deon is one of the pioneers of the business into Africa.

His vision centres on the transformation of Blue into a world-class, respected, and lean-yet-profitable organisation that steadily eradicates poverty to restore human dignity to millions of people.

In ensuring the strategic management and outreach growth of Blue Zambia's operations, Deon's leadership philosophy is to practice the art of positivity, and to respect and enhance the inherent talents of his people.

Number of employees



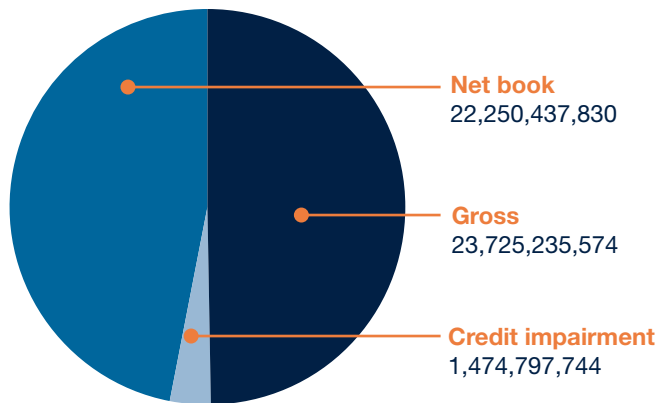
Active agents - 149

Staff - 189

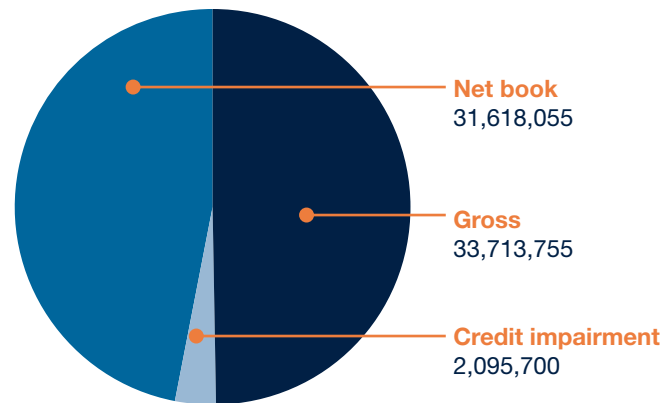


Zambia operational overview

Loan book size



Amount in local currency



Amount in ZAR

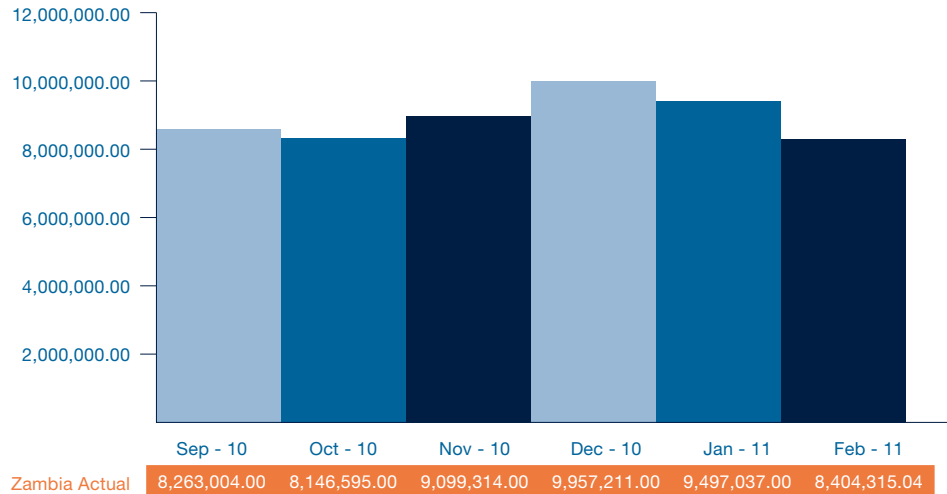
Branches

The retail infrastructure in Zambia consists of eight branches offering CashXpress and 11 branches offering Term Loans.



Please note: major centres often have multiple branches

Production statistics



In Zambia, September and October are generally characterised by lower sales because the staple food, maize, is available in abundance and a significant portion of the population survives by taking the maize seed for milling as opposed to buying mealie meal.

The sales trend changes favourably from November to December and demand becomes influenced by three factors:

- Preparation for the farming season
- The increase in staple food price
- Christmas commercial activity

The favourable sales trend continues into January as schools reopen and parents borrow to pay fees.

Sales then decline in February due to cash flow constraints created by Christmas spending and back-to-school related commercial activity in January.

Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Zambia.

Insurance

In Zambia we are operating as Blue Assurance Services which has an insurance licence selling long-term individual and group risk products. In addition to this we sell embedded insurance products that complement our loan offering to our customers in the micro insurance space. This is something that we will actively develop going forward.



Operational overview - Kenya

Introduction

Kenya has nearly 540 kilometres of coastline on the Indian Ocean and is bordered by Tanzania to the south, Uganda to the west, the Sudan and Ethiopia to the north and Somalia to the northeast. The main seaport is Mombasa and the capital is Nairobi, both of which are in the south of Kenya. The country straddles the equator, from 5°N to 5°S.

In size, Kenya is just under 50% of the size of South Africa and ranks as the world's 47th largest country. Its population is currently estimated in 2011 at 41 million, making it one of the larger populations in Africa.

The country's name is taken from that of its highest mountain, Mount Kenya, at altitude 5200m, and is officially called the Republic of Kenya which was formed in December of 1963 at the time of independence from the United Kingdom.

Kenya contains numerous wildlife reserves with thousands of animal species, while Nairobi is the major commercial hub of the country's economy. By Gross Domestic Product, Kenya's economy is the largest of all those in the east and central African regions.

Among its best known products are tea and coffee of world-renowned high quality and has today also become an exporter of fresh flowers to Europe. In the past two decades, tourism, ICT and financial services have joined agriculture as significant contributors to the economy.

Kenya is also renowned internationally as producing some of the world's leading athletes, with long-distance running being the mainstay sport in the eyes of the world.

Management team

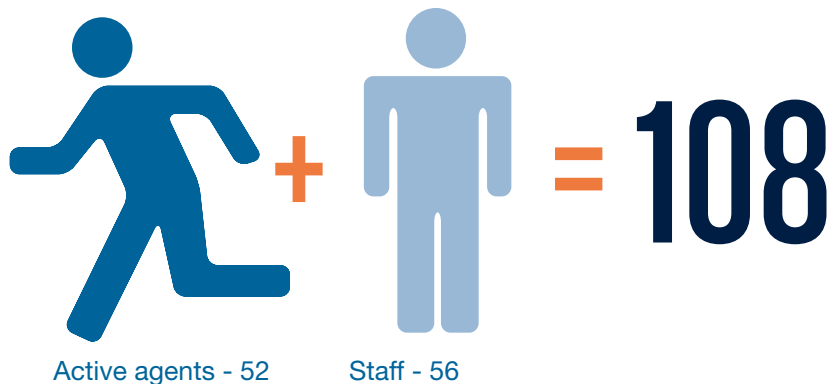
The people who constitute the management team in Kenya are headed up by Philip Muturi, as Deputy CEO, supported by Elizer Mutai in the role of Administration Manager and Martin Njoroge who is Collections Manager.

Philip Muturi, a Certified Public Accountant with an MBA from the University of Nairobi, is now in the process of completing his doctoral thesis on social performance management and the social impacts of micro-finance. Philip has served as Chief Accountant at Morris and Company Limited and Financial Controller at Olsuswa Limited in Kenya.

With this impressive financial background and experience in Kenya, he has been Financial Manager at Blue Kenya since 2008 and has recently stepped into the role of Acting Deputy CEO.

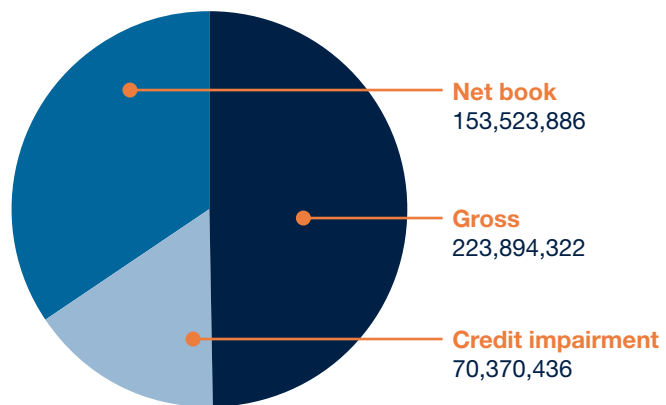
Philip's management philosophy is to work, think, explore and find ways to enable his people to realise their full potential. His situational leadership style ensures that respect and integrity are valued and upheld at all times.

Number of employees

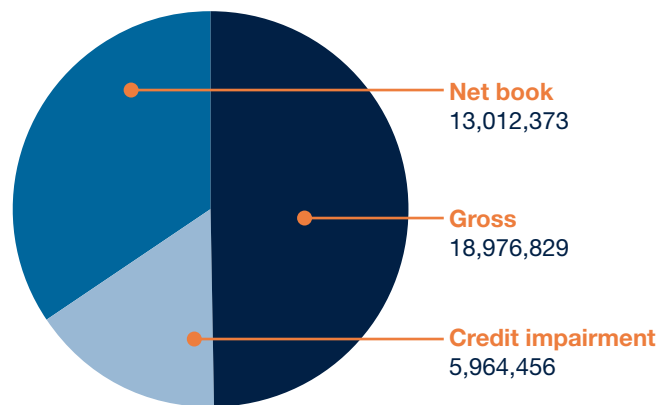


Kenya operational overview

Loan book size



Amount in local currency



Amount in ZAR

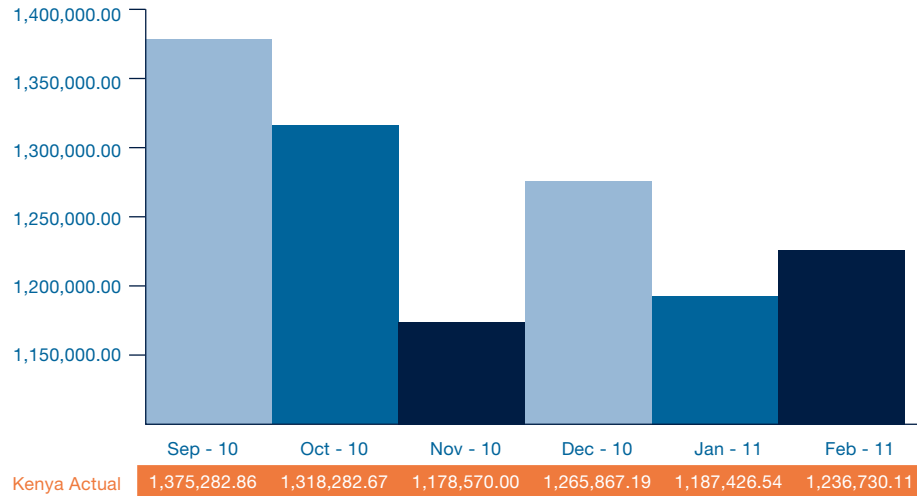
Branches

Retail operations in Kenya split down into eight branches, all of which offer both CashXpress and Term Loans.



Please note: major centres often have multiple branches

Production statistics



In Kenya, September is characterised by high demand for credit as schools reopen and parents borrow to pay fees. Currently, demand has also been stimulated by the renewed optimism as the new constitution is adopted.

Late in October all new private payroll business was terminated to align with the Group's product-risk profile and this impacted partially on the October figures and more heavily on November's, as can be seen.

The upturn noted in December reflects the traditional Christmas commercial activity.

Following December, sales decline in January due to cash flow constraints created by the Christmas.

In February 2011, the agency force was implemented contributing to an increase in production.

Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Kenya.

Insurance

In Kenya we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Kenya.



Operational overview - Nigeria

Introduction

Nigeria has about 850 kilometres of coastline on the Gulf of Guinea, including the vast area of the Niger River delta, and is bordered by the Republic of Benin to the west, Chad and Cameroon to the east, and Niger to the north.

The main seaport is Lagos, which is also the city with the highest population, although Abuja, which lies in the centre of Nigeria, is the capital city. The country lies north of the equator, from 4°N to 14°N.

In size, Nigeria is 75% of the size of South Africa and ranks as the world's 32nd largest country. Its population is currently estimated in 2010 at just over 155 million, making it the most highly populated country in Africa and the seventh highest in the world.

The country's name is taken from that of its biggest river, the Niger River, which flows from the highlands in Guinea, through Mali and Niger, along the border of Benin and then through the western areas of Nigeria. The official name is the Federal Republic of Nigeria, constituting 37 states. Independence from the United Kingdom was gained in October of 1960 and the republic was declared in 1963.

Following this there were many years of turbulence after the military take-over in 1973. However, the adoption of a new constitution in 1999 has led the way to stability and the succession of a civil government in 2007 and again in 2011.

With a tremendous contribution from the oil industry, Nigeria's economy is officially rated by the Worldbank as a mixed economy emerging market, and has already reached middle income status. It has been nominated as the 15th fastest-growing economy in the world. With 50% of the population urbanised, the country has 73 million cellular phones and 44 million internet users. This has made Nigeria very attractive to telecommunication services and mobile communications providers, and the market is still growing at a rate unsurpassed elsewhere in Africa.

Blue Intercontinental Micro Finance Bank is one of less than 10 State Micro Finance Banks operating successfully in Lagos and Oyo State and set for further growth in neighbouring and other states. The bank is operating from two major centres in each of the states, with a distribution channel of 28 outlets making it the micro-finance bank with the largest footprint in Nigeria.

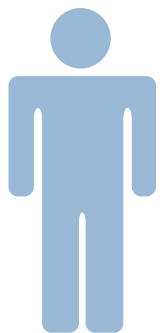
Management team

The people who constitute the management team in Nigeria are headed up by Len Pretorius, as CEO, and he is joined by Frank Ajilore and Raji Muftau who are both Executive Directors.

Len Pretorius joined Blue in 2009 after an esteemed career in the public and corporate service sectors spanning nearly 40 years. Of these, Len spent 30 years in executive positions at Transnet, and has also accumulated valuable experience and understanding through working in Nigeria in his role as Managing Director for IT company Arivia.kom Nigeria.

A firm believer that we must “be the change we want to see in the world”, Len’s management philosophy centres on exemplary leadership and on stretching oneself beyond what has been known and done before in order to accomplish things that have not yet been achieved.

Number of employees



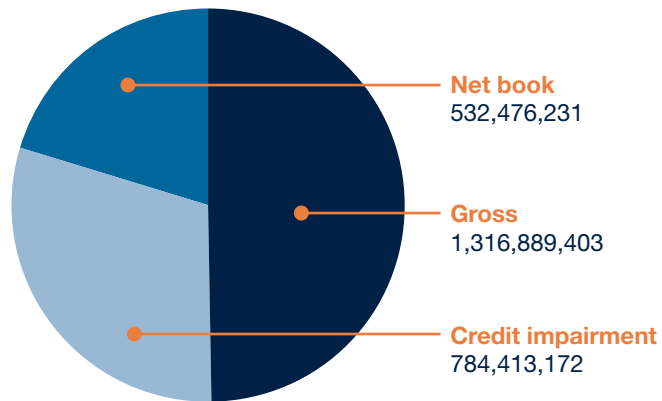
= 102

Staff - 102

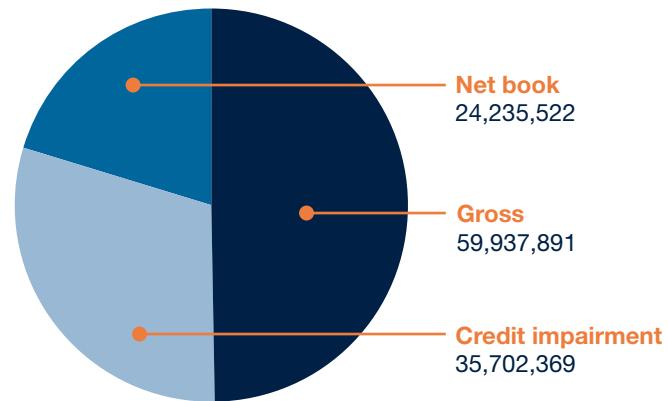


Nigeria operational overview

Loan book size



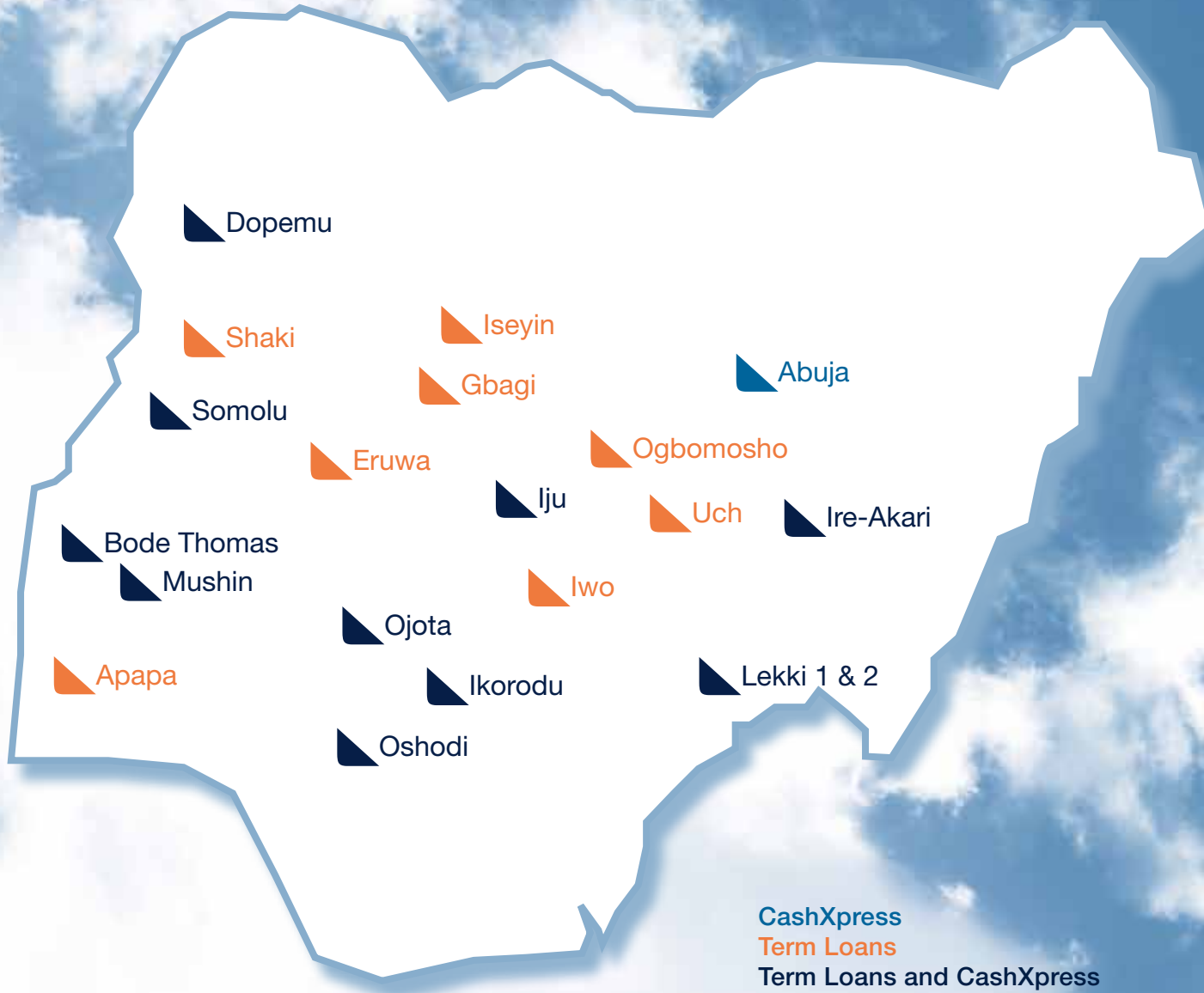
Amount in local currency



Amount in ZAR

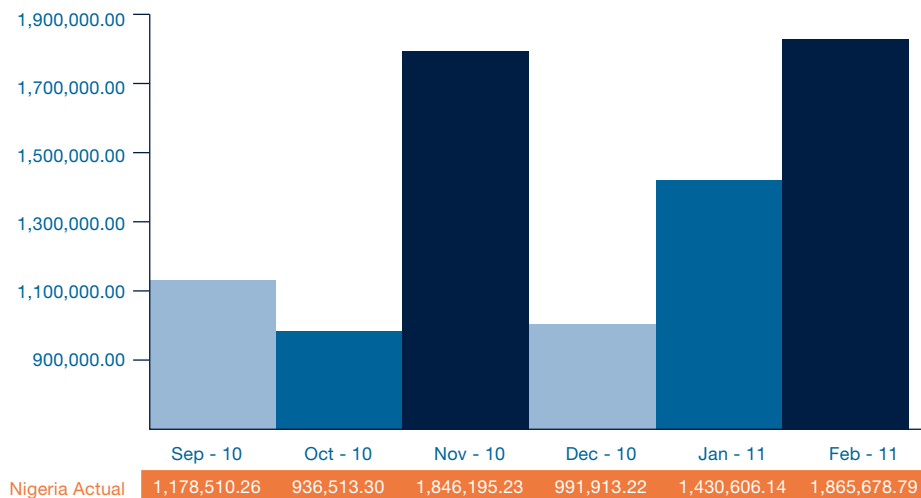
Branches

The retail infrastructure in Nigeria consists of 17 CashXpress branches and 12 Term Loan branches.



Please note: major centres often have multiple branches

Production statistics



In Nigeria during September and October the trends of previous months continued in that there was uncertainty about the future business profile and on managing the dynamic.

By November the situation was clarified regarding Blue's future, and the early demand preceding the Christmas period pushed through into increased sales.

Sales in December, however, reduce considerably owing to the migration of huge numbers of workers out of the main cities back to their rural environments and to neighbouring states.

January, though a short month because migrant workers and other city dwellers only return in the third week, saw the sales start to pick up again.

In February there was increased confidence as the effect of the new shareholders started to be more apparent, and the new upward spiral of business was seen to take effect.

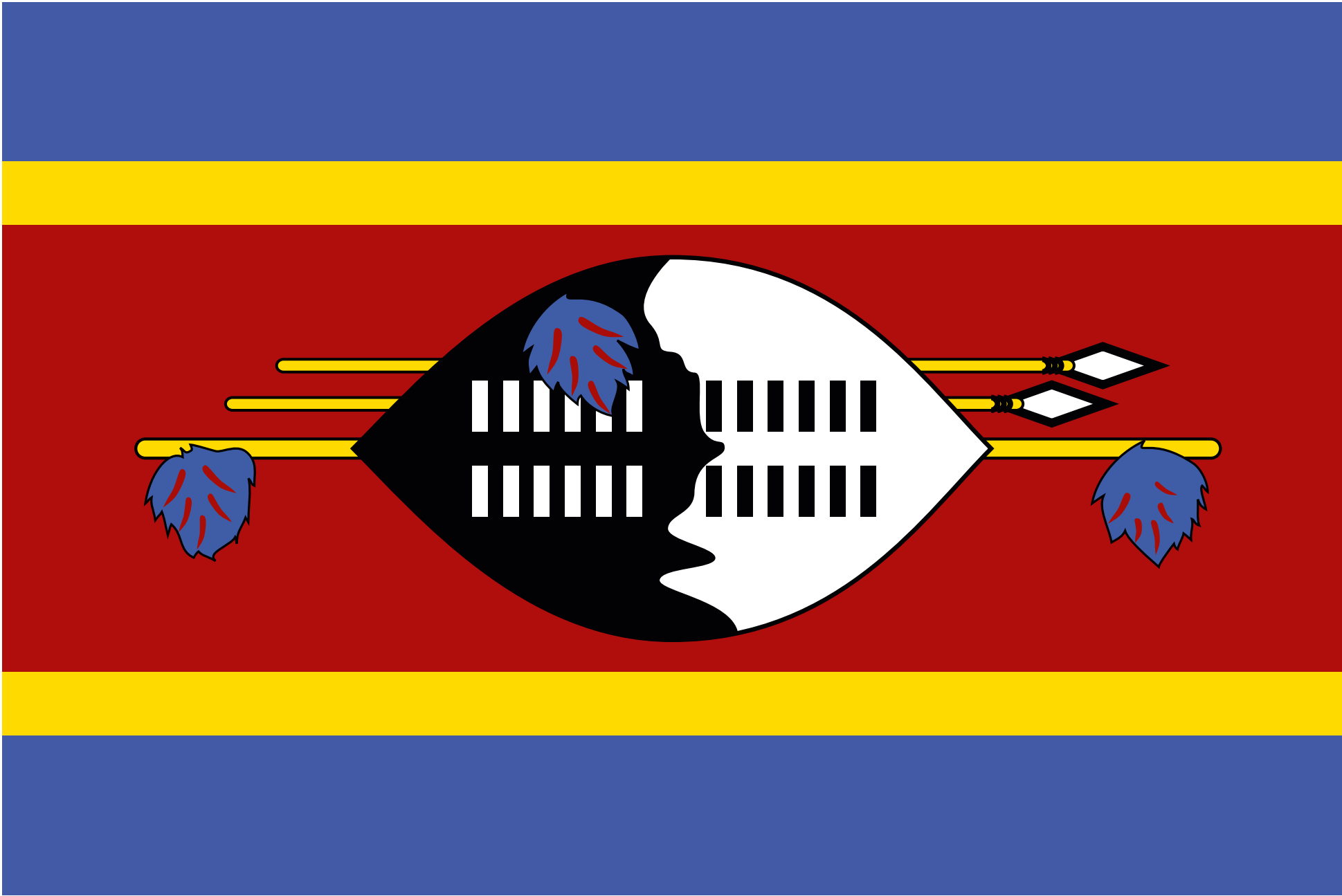
Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

Blue in Nigeria is currently re-advancing loans to existing customers.

Insurance

In Nigeria we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Nigeria.



Operational overview - Swaziland

Introduction

Swaziland is a landlocked country, bordered by South Africa to the north, west and south, and by Mozambique to the east. The country lies south of the equator and just south of the tropic of Capricorn at 26°S.

In size, Swaziland is one of the smallest countries on Africa, being about 1,4% of the size of South Africa and ranks as the world's 157th largest country. It is about 200km north to south and 130km east to west. Its population was estimated in 2009 at just over 1 million, making it one of the smallest populations on the African continent.

The country is named after the great King Mswati II who lived from about 1820 to 1868 and was called "The greatest of the Swazi fighting kings." The official name of the country is the Kingdom of Swaziland, and it gained independence from the United Kingdom in September 1968.

In terms of human history, Swaziland is the site of the oldest known mine in the world, dated at forty-thousand years old.

Swaziland has enjoyed a peaceful existence since independence and its economy is closely linked to its much larger neighbour, South Africa, with the Swazi currency, the lilangeni, being pegged to the South African rand. Agriculture, forestry and mining account for 13% of the Gross Domestic Product, with manufacturing at 37%, and services at 50% - headed up by government services, with tourism also strong.

Management team

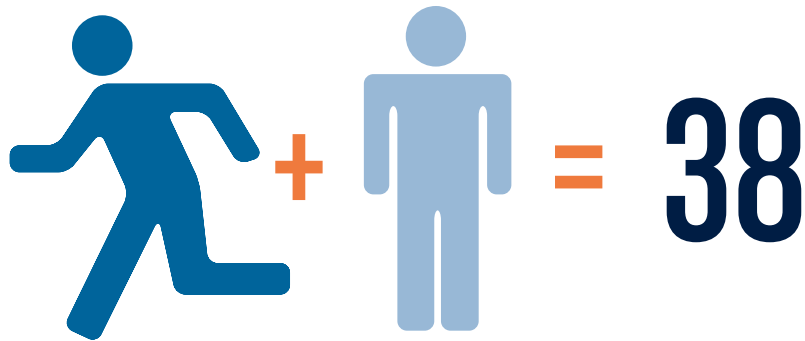
The people who constitute the management team in Swaziland are headed up by Pieter van der Merwe, as Country Manager, supported by Innocent S'Khosana in the role of Collections Officer and Godfrey Ngula who is Credit Officer.

Pieter's career at Blue spans six years, during which time he has held management positions in several regions, including the role of General Manager of Blue Nigeria from 2009 to 2010.

In his current post as Blue Swaziland Country Manager, he harnesses broad sales, marketing, operational and financial advisory experience across the retail and insurance sectors.

In performing his strategic management responsibilities, Pieter's goal is to ensure Blue Swaziland is the leading micro-finance institution in the country within the next five years, and is a household name for all Swazi people, with a view to expanding Blue's services to Mozambique.

Number of employees



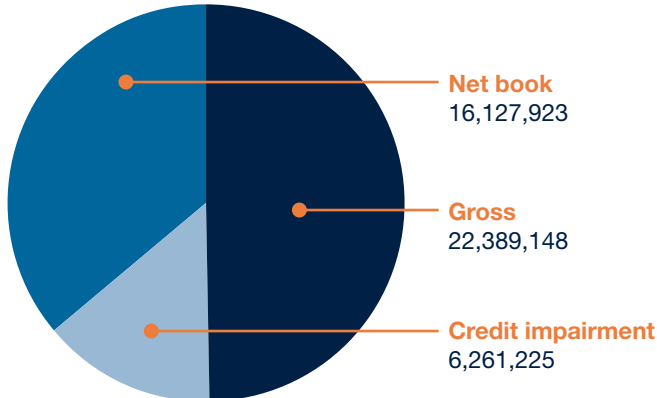
Active agents - 17

Staff - 21

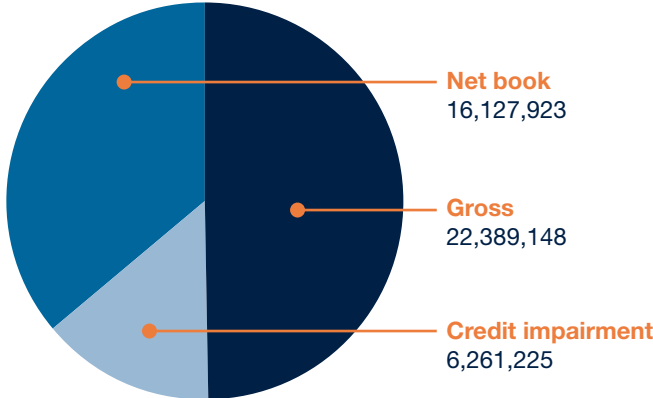


Swaziland operational overview

Loan book size



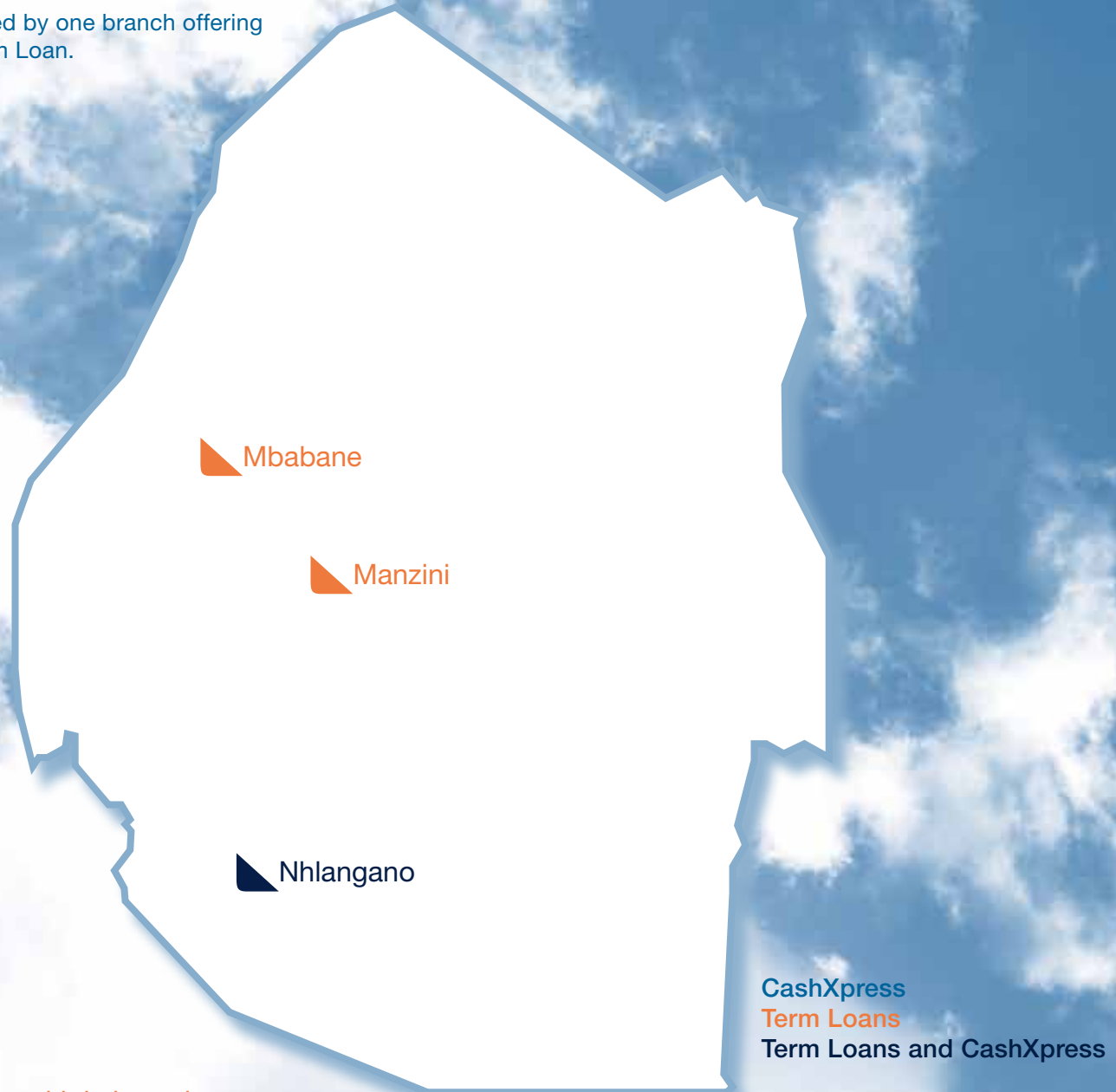
Amount in local currency



Amount in ZAR

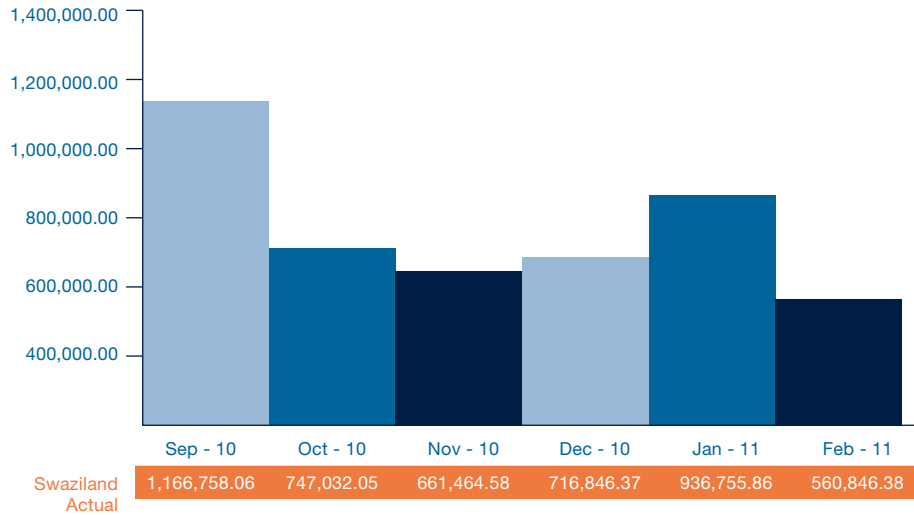
Branches

Retail operations in Swaziland are represented by one branch offering CashXpress and three branches offering Term Loan.



Please note: major centres often have multiple branches

Production statistics



In Swaziland, during October all new private payroll business was terminated to align to group's product risk profile, which had negative impacts on production in October, November and December.

January 2011 saw an uplift in production figures because of the back-to-school effects of the new school term and parents needing money for school fees.

Annually in Swaziland, February records the lowest production numbers as a result of temporary government staff receiving their renewed contracts only at the end of February.

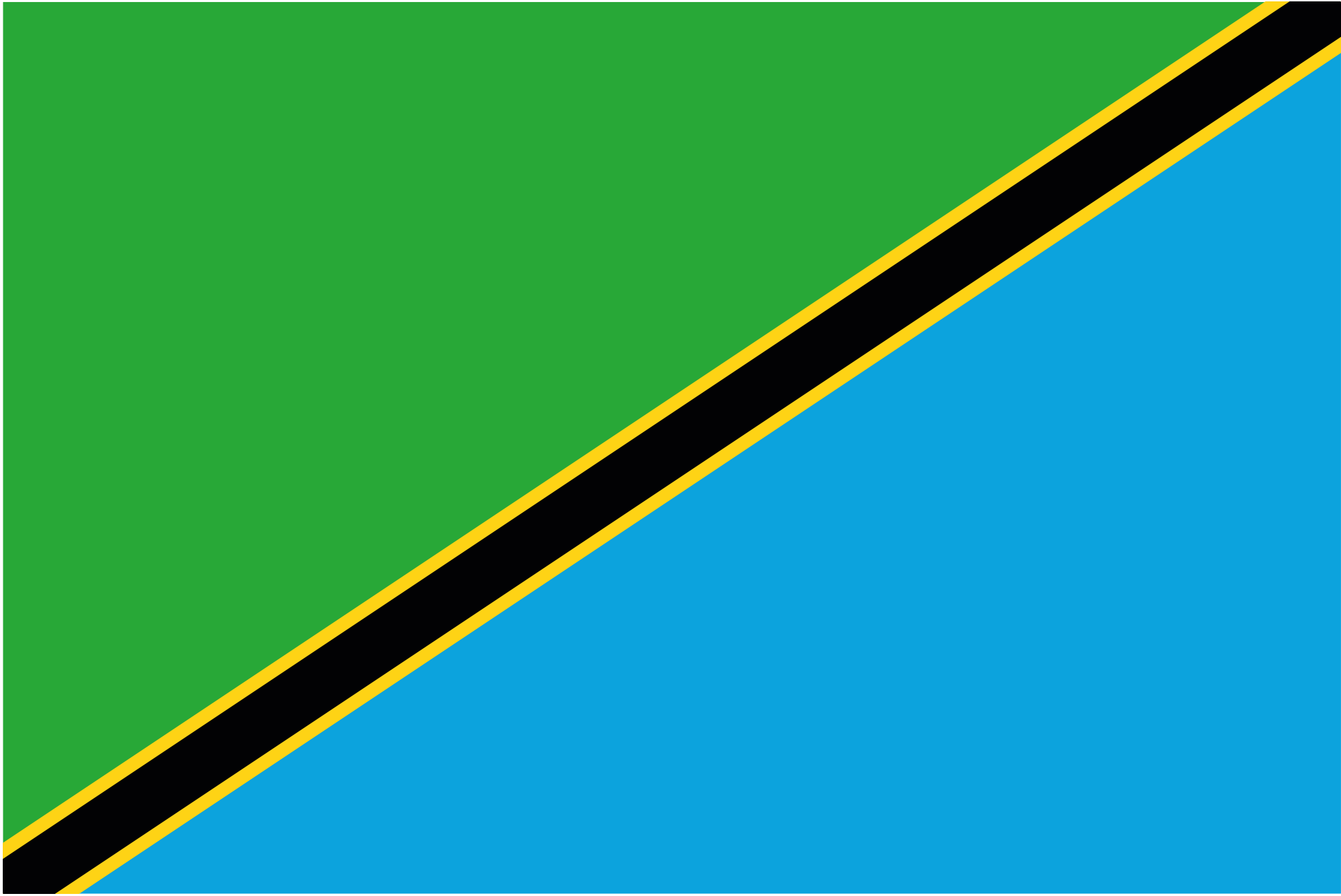
Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Swaziland.

Insurance

In Swaziland we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Swaziland.



Operational overview - Tanzania

Introduction

Tanzania has about 700 kilometres of coastline on the Indian Ocean and is bordered by Kenya and Uganda to the north, Rwanda, Burundi, and the Democratic Republic of the Congo to the west, and Zambia, Malawi, and Mozambique to the south. It also has extensive lake-shorelines with Lake Victoria in the north: about 500km; Lake Tanganyika to the west: over 500km; and Lake Malawi (sometimes called Lake Nyasa) in the southwest: about 250km.

Tanzania also has the highest mountain peak in Africa, Mount Kilimanjaro at 5895m altitude. Tanzania is blessed with numerous parks and reserves, including the internationally famed Serengeti. But the Serengeti is not the largest – that is the Selous Game Reserve.

Tanzania lies just south of the equator, from 1°S to 12°S.

In size, Tanzania is 77% of the size of South Africa and ranks as the world's 31st largest country. Its population was estimated in 2009 at just under 44 million, making it one of the larger populations in Africa.

In pre-historic terms, Tanzania is probably one of the oldest known inhabited areas on the planet with humanoid remains dating back over 2 million years.

The country's name is taken from the two states of Tanganyika and Zanzibar that came together to form what is today officially called the United Republic of Tanzania after independence from the United Kingdom in 1961 (Tanganyika) and 1963 (Zanzibar) and later merging as the one united republic in 1964. Interestingly, the area was part of what had previously been known as German East Africa.

Tanzanians have enjoyed a largely peaceful time development without violence because of a shared language, little or no political or economic dominance by any one ethnic group, and the strong leadership of Julius Nyerere (1922–1999), the first president of Tanzania.

The capital city is Dodoma, and the largest city and the commercial hub is Dar es Salaam. The economy is mostly based on agriculture, which represents about half of the Gross Domestic Product and produces about 75% of exports and of employment. However, the mountainous nature of the country and other factors limit the cultivated area to only 4% of the landmass. Tourism is well represented in the economy.

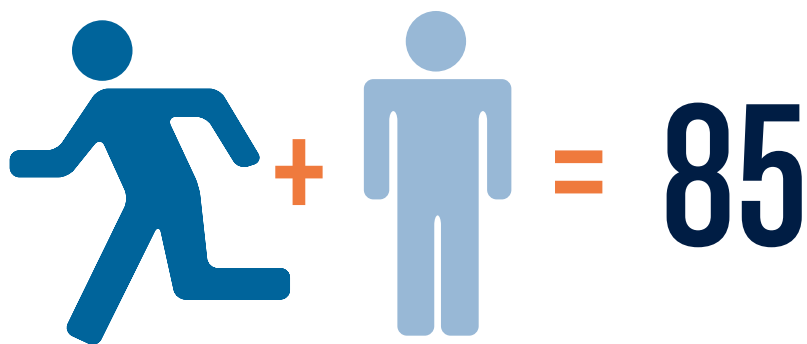
Management team

The people who constitute the management team in Tanzania are headed up by Ricardo Agrela, as Country Manager, supported by Rekha Divecha in the role of Operations Manager.

Ricardo Agrela is responsible for all Blue's branches and staff in Tanzania. A former Exec Mobile business owner, and prior to that a consultant and branch manager for Busnet Finance, Ricardo's management skills and operational knowledge are critical to the optimal running of the Blue Tanzania organisation.

As a young, up-and-coming business leader, Ricardo believes that vision must go hand-in-hand with action, and that personal and professional core values need to be integrated in order to succeed. He subscribes to the notion that the positive thinker can see the invisible, feel the intangible and achieve the impossible – and that this is equally true for himself as an individual as it is for the enterprise he leads.

Number of employees



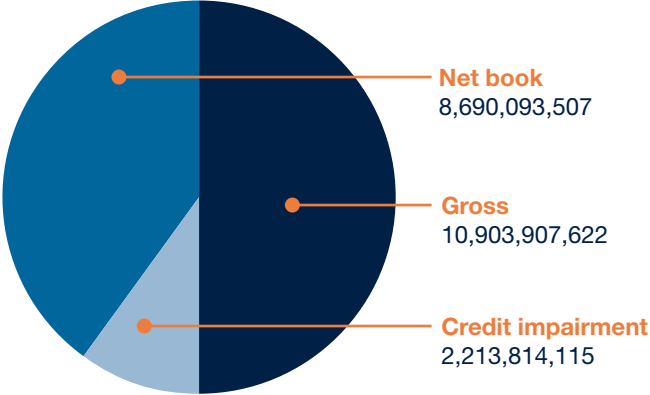
Active agents - 30

Staff - 55

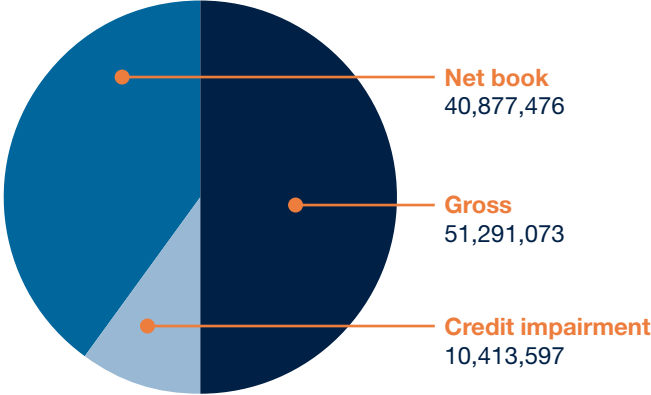


Tanzania operational overview

Loan book size



Amount in local currency



Amount in ZAR

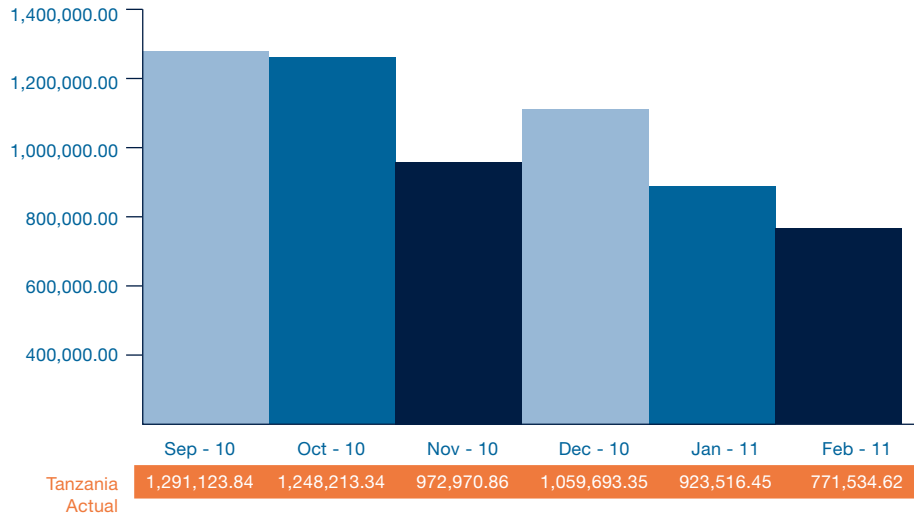
Branches

Retail operations in Tanzania are represented by nine branches.



Please note: major centres often have multiple branches

Production statistics



In Tanzania, September and October were characterised by high demand as the country prepared for elections and consequentially for the migration of voters to rural areas. November, therefore, saw a slight reduction in production volumes as demand returned to previous levels.

December enjoyed an increase over November due to Christmas commercial activity.

In January sales traditionally decline as government workers spend their holidays with their families in rural areas, and in February the reduction in production is attributed to changes in the management structure in Nigeria.

Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Tanzania.

Insurance

In Tanzania we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Tanzania.



Operational overview - Ghana

Introduction

Ghana has nearly 560 kilometres of coastline on the Gulf of Guinea and is bordered by Côte d'Ivoire in the west, Burkina Faso in the north, and Togo in the east. It lies just north of the equator, from 4°N to 12°N.

In size, Ghana is one of the smaller countries of Africa at 20% of the size of South Africa and ranks as the world's 81st largest country. Its population was estimated in 2010 at just over 24 million, making it one of the medium-sized populations in Africa.

The country's name, Ghana, means 'Warrior King' from the times of the West African Ghana Empire, which was situated about 800km north and west of modern Ghana, and became officially the Republic of Ghana after independence from the United Kingdom as early as 1957, making Ghana the first African country south of the Sahara to gain independent status.

The capital city is Accra, which is also the largest city, the commercial hub, and a harbour for the fishing industry.

The economy of Ghana was listed as the world's fastest-growing economy in 2011 according to 'Economy Watch' using IMF data, with approximately 20% per annum Gross Domestic Product growth. Ghana is still today one of the world's highest gold producers, also exporting cocoa, oil, timber, electricity, diamond, bauxite and manganese, and the oil industry is in the process of developing after rich oilfields were discovered in 2007 bearing light oil. Production and marketing are right now starting to open up.

The Government of Ghana has given indications that it is determined to maintain and improve the favourable and stable macroeconomic environment the country has experienced over the last two and a half years. A situation that creates opportunities for private sector companies like Blue to implement value-adding growth strategies relatively predictably.

Management team

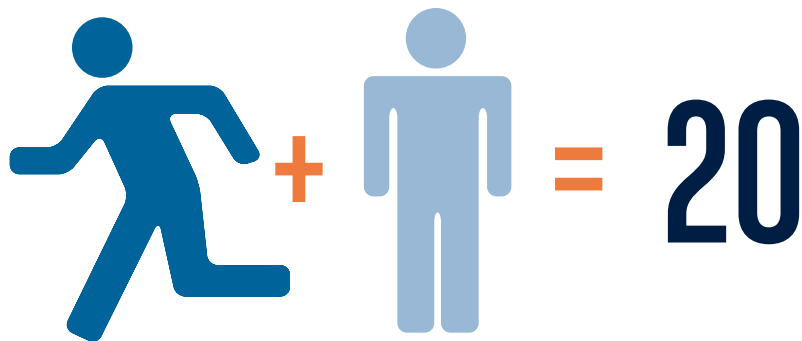
The people who constitute the management team in Ghana are headed up by Hammond Mensah, as Deputy CEO, and he is supported by Samuel Cudjoe in the role of Branch Manager and Felix Nyalemegbe who is the Administration Officer.

Trained as an investment advisor and securities analyst at the Ghana Stock Exchange, Hammond Mensah holds two MBAs and a BSc in mathematics. With a strong and diverse skill set, he has been a part-time mathematics lecturer at the Kwame Nkrumah University of Science and Technology, an auditor for the Internal Revenue Services, Ghana, and has held a variety of roles for Ghana's largest pension fund: Social Security and National Insurance Trust.

Prior to his appointment at Blue, Hammond held senior management positions at Intelligent Card Production Systems, where he was Chief Operating Officer for two years, and project consulting firm International Management Partners, where he was Country Manager.

In his new role as Deputy CEO of Blue Ghana, Hammond will draw on his diverse experience and invaluable understanding of the local business environment in Ghana.

Number of employees



Active agents - 11

Staff - 9



There are no figures for the 2011 financial year because selling operations started in March 2011.

Branches

The retail infrastructure in Ghana consists of one branch in Accra.



Accra

CashXpress
Term Loans
Term Loans and CashXpress

Production statistics

Not applicable for 2011.

Business lending

We have not yet commenced business lending in Ghana.

Insurance

In Ghana we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space.

This is something that we will actively continue to develop going forward with our insurance partners in Ghana.



Operational overview - Namibia

Introduction

Namibia has an extensive western coastline on the South Atlantic Ocean in the order of 1300 kilometres and is bordered by Angola and Zambia to the north, Botswana to the east and South Africa to the south and east. It lies well south of the equator and straddles the Tropic of Capricorn from 17°S to 29°S.

In size, Namibia is one of the larger countries of Africa at 67% of the size of South Africa and ranks as the world's 34th largest country. Its population was estimated in 2009 at just over 2 million, making it one of the smaller populations in Africa. As such, it is ranked as the second least densely populated country in the world after Mongolia.

The country is named after the Namib Desert, considered to be the oldest desert in the world, and was formerly known as South-West Africa before it gained independence from South Africa in March 1990.

The capital city is Windhoek, which is also the largest city and commercial hub. The economy is made up largely of agriculture, tourism and mining for gem diamonds, gold, silver and base metals. It has a well developed banking sector with modern infrastructural elements such as online banking and cellphone banking.

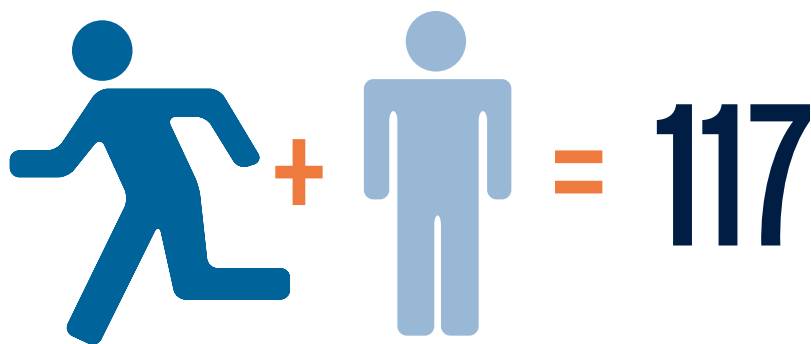
Management team

The people who constitute the management team in Namibia are headed up by Charl Deacon, as Country Manager, supported by Charmaine Diergaardt in the role of General Manager of CashXpress. Also based in Namibia is Pieter Swartz who is Regional Manager.

Before his appointment as Blue Namibia Country Director, Charl Deacon was a Regional Manager and Acting Country Manager for Blue South Africa, as well as being a Blue branch owner. These roles, coupled with prior sales experience at African Life and branch management positions at African Bank and Unity Financial Services, have given Charl invaluable understandings of Blue's customers' needs.

Now tasked with identifying trends and opportunities to expand Blue's client base and product range in Namibia, Charl's aim is to create a culture of teamwork where all employees have a place and a support function in the bigger picture of the company's success. He considers it essential for his people's hard work to be paired with enthusiasm and enjoyment for what they do, and works positively towards making Blue Namibia a great place to work.

Number of employees



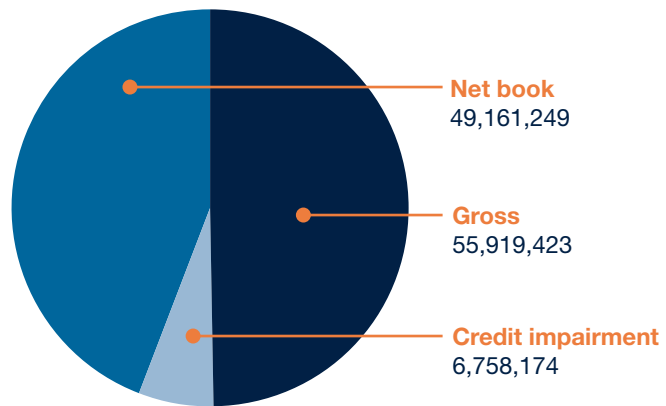
Active agents - 64

Staff - 53

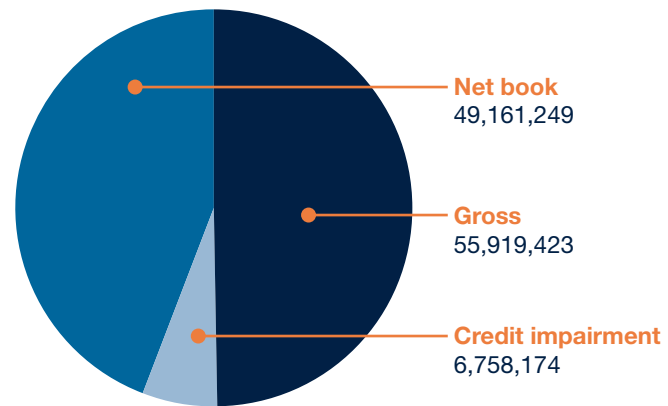


Namibia operational overview

Loan book size



Amount in local currency



Amount in ZAR

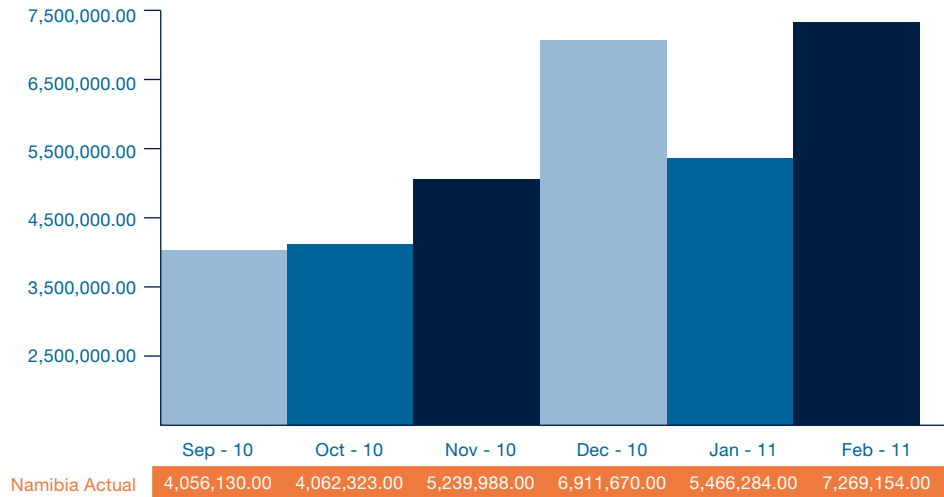
Branches

Retail operations in Namibia split down into five branches offering CashXpress and twelve branches offering Term Loan.



Please note: major centres often have multiple branches

Production statistics



In Namibia, as can be seen, apart from the Christmas commercial effect in December, there is an upward trend overall, despite the slight fall-off in January, which is a normal market reaction after December's spending.

The growth in figures through November, December and February is driven by seasonal demand, while the successful launch of a new agent force cemented the sustainability of the growth trend.

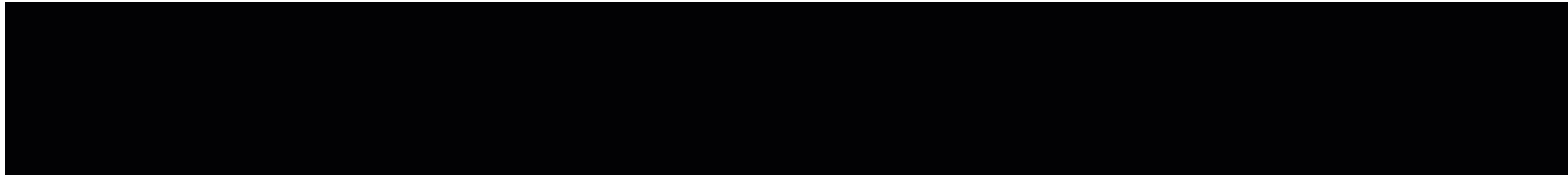
Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Namibia.

Insurance

In Namibia we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Namibia



Operational overview - Botswana

Introduction

Botswana is a landlocked country bordered by South Africa to the south and southeast, Namibia to the west and north, and Zimbabwe to the northeast, with a single-point contact with Zambia. It lies well south of the equator and straddles the Tropic of Capricorn from 17°S to 27°S. Seventy per cent of the country is covered by the Kalahari Desert.

In size, Botswana is one of the medium-sized countries of Africa at 48% of the size of South Africa and ranks as the world's 47th largest country. Its population was estimated in 2010 at just over 2 million, making it one of the smaller populations in Africa.

The country, formerly called Bechuanaland, took the name Botswana, which relates closely to the name the citizens give themselves of the 'Batswana' people whose singular version is 'Motswana', after independence from the United Kingdom in 1966. The official name is the Republic of Botswana.

The capital city is Gaborone, which is also the largest city and commercial hub.

The economy has grown spectacularly since independence and was, for all the years of Sir Seretse Khama's presidency, recorded as the world's fastest-growing economy and today has negligible foreign debt. It has earned the highest sovereign credit rating in Africa. Diamond mining, agriculture, tourism and an export-led economy are the main features of Botswana's Gross Domestic Product. Uranium mining is in the process of opening up at present, and international interests have based themselves in Botswana to prospect for widely varied minerals. Banking in Botswana is sophisticated and competitive. Amongst its growth opportunities is the proposed innovation hub project which will catapult the country into the world of innovations and innovation technology and researches in line with other institutions both local and international.

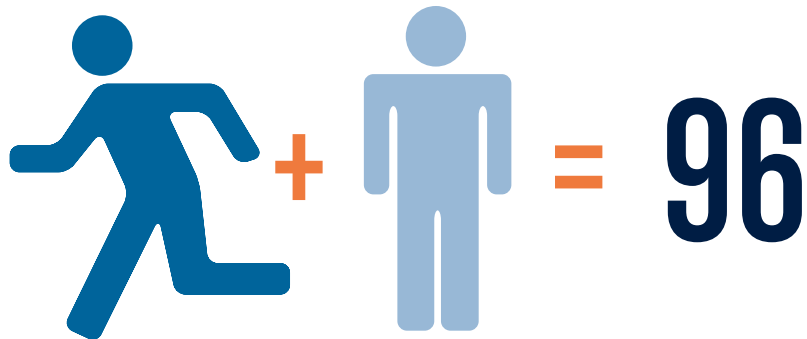
Management team

The people who constitute the management team in Botswana are headed up by Andre Heunes, as Country Manager, supported by Pieter van Tonder in the role of Sales Support Manager and Abigail Mampane who is the Back Office Manager.

In his role as Country Director of Blue Botswana, Andre Heunes draws on his wealth of experience in the banking and micro-lending sectors gained during his years at Absa, Alternative Finance Limited and African Bank. Before joining Blue, Andre owned and managed a debt tracing company, Bo-Kaone Services, and he was formerly a member of the SAPS.

His philosophy of honest and responsible 'leadership by example', his focus on ethics and his belief in consistently providing the highest levels of service help Andre create and maintain excellent professional relationships with clients, funders, employees and government stakeholders. In his directorial role, Andre is steering the growth of Blue's lending in Botswana.

Number of employees



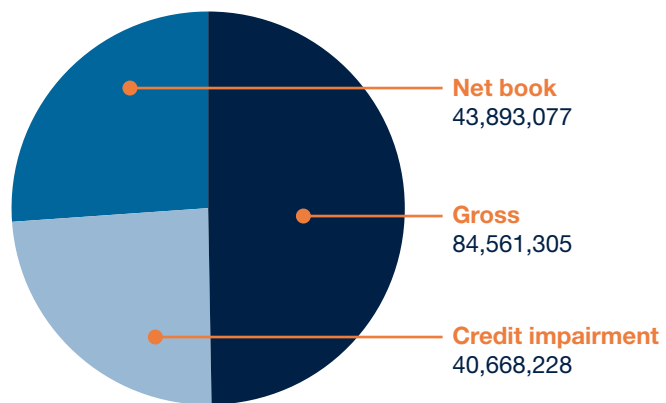
Active agents - 26

Staff - 70

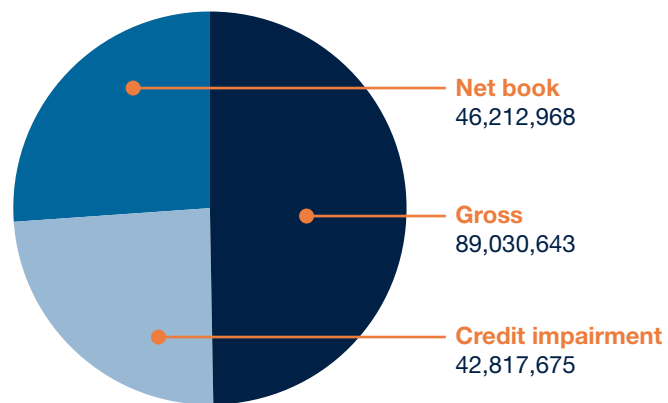


Botswana operational overview

Loan book size



Amount in local currency



Amount in ZAR

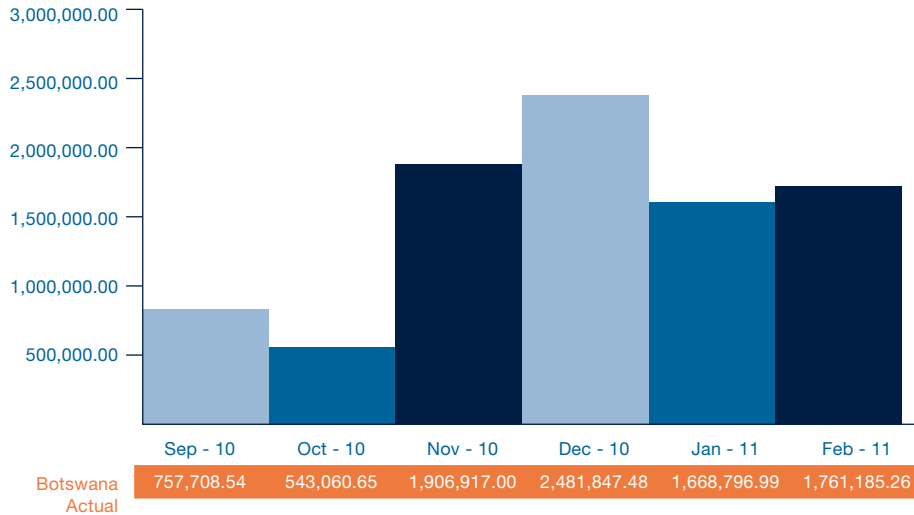
Branches

Retail operations in Botswana are represented by an infrastructure of 11 branches.



Please note: major centres often have multiple branches

Production statistics



In Botswana, the trends of the previous months, which were characterised by reputational impact having a negative trend, continued during September and October as can be seen from the graph above.

In November, the positive impact of implementing the new agency force led to an increase in production, followed by seasonal demand which drove the growth in December.

Annually, sales decline in January and February due to cash flow constraints created by the Christmas period spending.

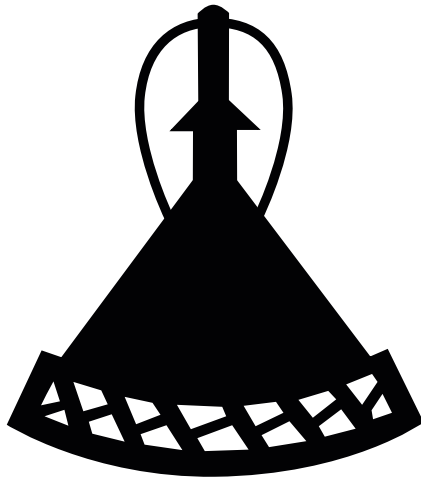
Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Botswana.

Insurance

In Botswana we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Botswana.



Operational overview - Lesotho

Introduction

Lesotho, known as “The Mountain Kingdom”, is a landlocked country surrounded on all sides by South Africa. It lies well south of the equator from 28°S to 31°S and is the only independent state in the world that lies entirely above 1400m altitude. Its lowest point of 1400m is thus the highest lowest point of any country, and 80% of Lesotho lies above 1800m above sea level and has several peaks over 3000m.

In size, Lesotho is one of the smaller countries of Africa at 2,4% of the size of South Africa and ranks as the world’s 140th largest country. Its population was estimated in 2009 at just over 2 million, making it one of the smaller populations in Africa.

The country, formerly called Basutoland, attained independence from the United Kingdom as the Kingdom of Lesotho in 1966.

The capital city is Maseru, which is also the largest city and commercial hub.

The economy is based on the export of diamonds all over the world and on the sale of water to South Africa via the Lesotho Highlands Water Project which in essence comprises a system of several large dams and tunnels throughout Lesotho and South Africa that divert the flow of the Malibamatso, Matsoku, Senqunyane and Senqu rivers. It also has a hydro-electric component to provide electrical power. It is Africa’s largest water transfer scheme.

Lesotho has benefitted from the African Growth and Opportunity Act (AGOA) to become the largest exporter of clothing to the United States from sub-Saharan Africa. The South African rand can be used interchangeably with the loti, the Lesotho currency, as the loti is pegged to at par to the rand.

Management team

The people who constitute the management team in Lesotho are headed up by Jacques Janse van Rensburg, as Acting Country Manager, supported by Manthatisi Matsoso in the role of Collections Manager and Kojang Mohale who is Branch Manager.

Jacques Janse van Rensburg has brought many years of financial services and branch management experience to Blue Lesotho, having performed management roles for Louhen Financial Services, Capitec division Finaid Financial Services, Future Finance, EG Finance and Thuthukani Financial Services since 2003.

In performing his diverse operational, sales support and staff management responsibilities as Acting Country Manager, Jacques focuses on setting a clear organisational purpose and on inspiring loyalty and mutual respect amongst his staff. He believes in the inclusion of his team in decision-making processes and places high importance on ensuring that the unique strengths, culture and values of Blue, and particularly Blue Lesotho, are reflected in his direction and strategy.

Number of employees

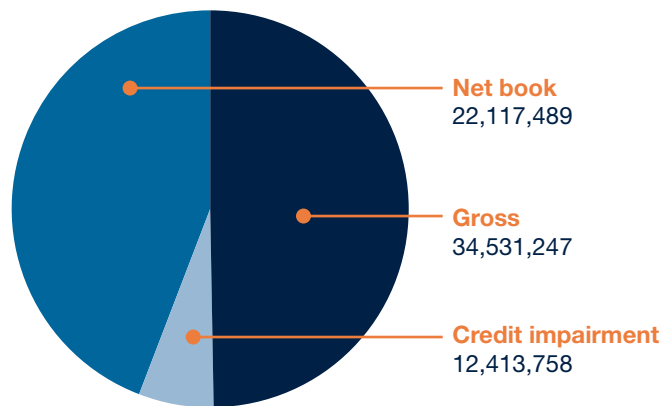


Staff - 5

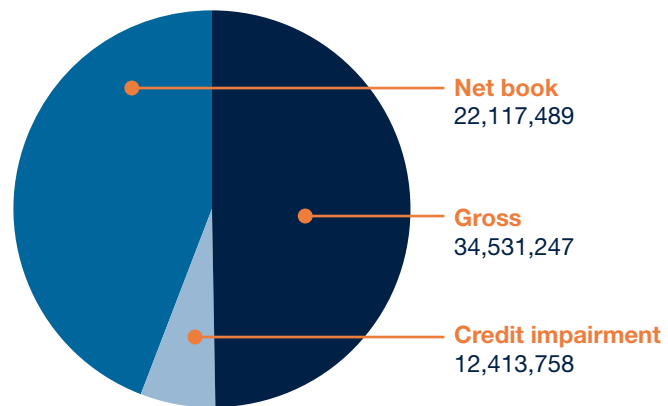


Lesotho operational overview

Loan book size



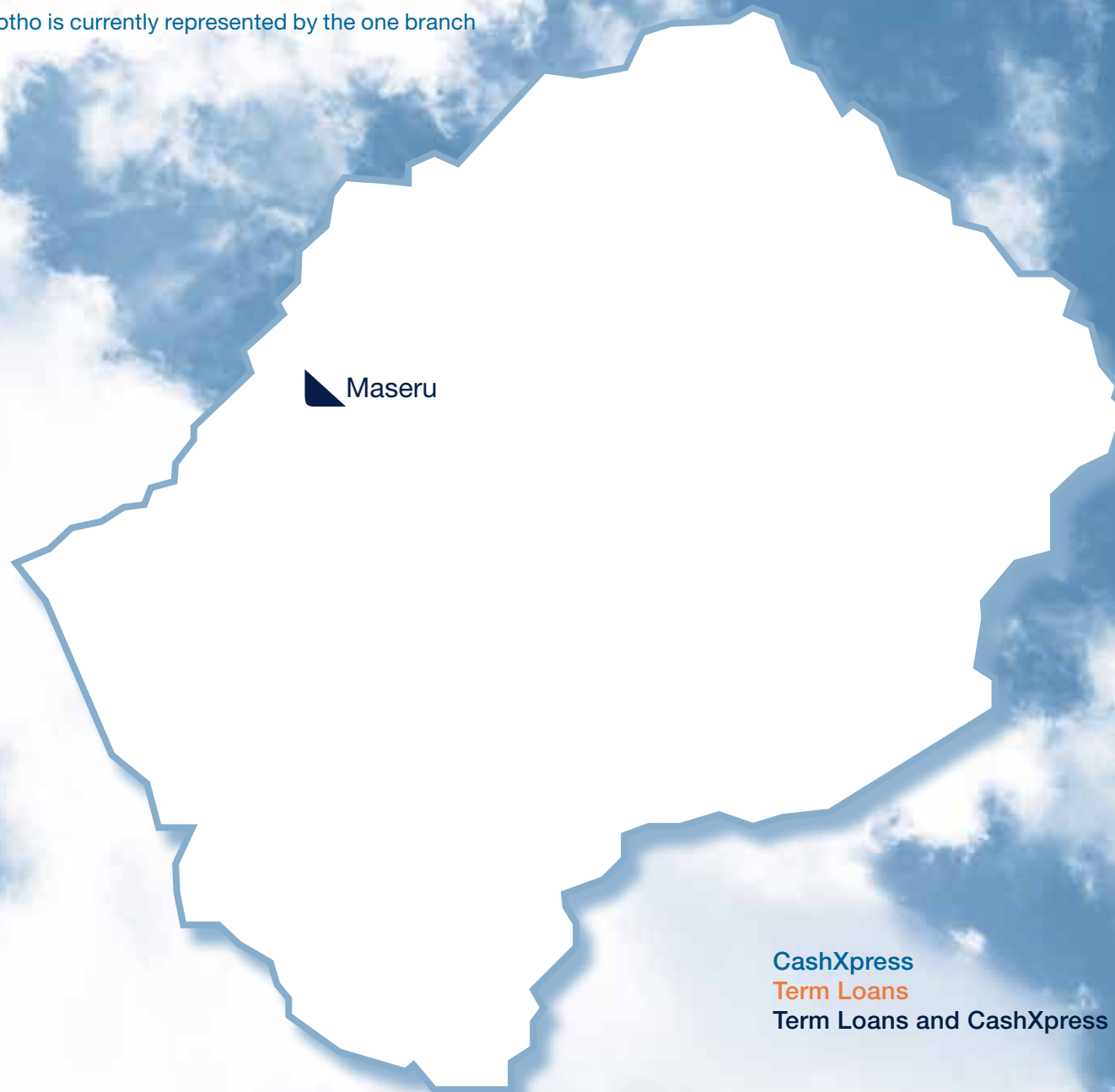
Amount in local currency



Amount in ZAR

Branches

The retail infrastructure in Lesotho is currently represented by the one branch in Maseru





Production statistics

Lending operations were suspended in Lesotho awaiting statutory developments at national level.

Business lending

We have not yet commenced business lending in Lesotho.

Insurance

In Lesotho we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Lesotho.



Operational overview - Malawi

Introduction

Malawi is a landlocked country bordered by Zambia to the northwest, Tanzania to the northeast, and Mozambique on the east, south and west. It lies south of the equator between 9°S and 18°S.

In size, Malawi is one of the smaller countries of Africa at 10% of the size of South Africa and ranks as the world's 99th largest country. Its population was estimated in 2010 at just under 15 million, making it one of the small-to-medium populations in Africa.

The country, formerly called Nyasaland, attained independence from the United Kingdom in 1964 and is officially named the Republic of Malawi.

The capital city is Lilongwe, but the largest city is Blantyre. About 85% of the population lives in rural areas and about 35% of the Gross Domestic Product is represented by agriculture. About 90% of export is also based on agriculture. General industry accounts for 19% and services take up 46%.

Malawi is quoted as having one of the lowest per capita incomes in the world, but the poverty rate is also quoted as decreasing. Malawi ranked as “the 119th safest investment destination in the world in the March 2011 Euromoney Country Risk rankings.” Malawi is also renowned for the unequalled friendliness of its people and promoted as the ‘Warm Heart of Africa’. The name Malawi comes from the Maravi and is an old name of the Nvanja people who inhabit the area. Lake Malawi is the third largest lake in Africa and the eighth largest lake in the world.

Management team

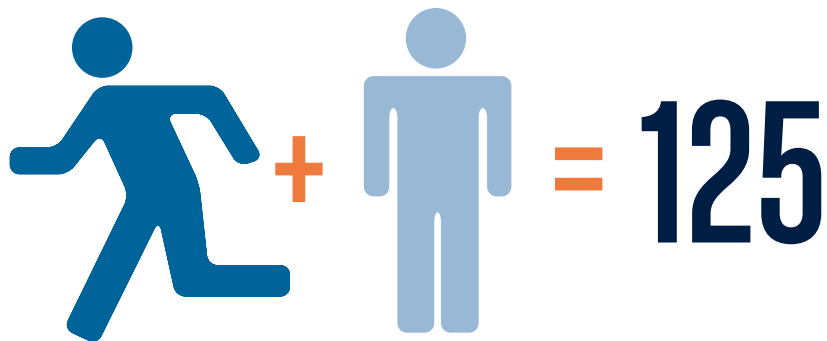
The people who constitute the management team in Malawi are headed up by Michael Hodgkiss, as Country Manager, supported by Chris Sukasuka in the role of General Manager of CashXpress and Sonia Mwalwanda who is the Administration Manager.

Michael Hodgkiss has focused on the areas of operational management and execution for over 20 years. He spent much of his earlier career in the retail industry at Edcon Retail Apparel Group where he was responsible for several of the company's operations in Africa.

Now Country Manager for Blue Malawi, Michael uses a systematic and logical approach to investigate challenges, and enjoys operating in an environment where precision and accuracy are important to achieve the defined end result.

In ensuring that Blue retains its position as one of the leading micro-finance institutions in Malawi, he believes relationship building with all Blue's stakeholders within the region is key to a healthy and sustainable business unit.

Number of employees



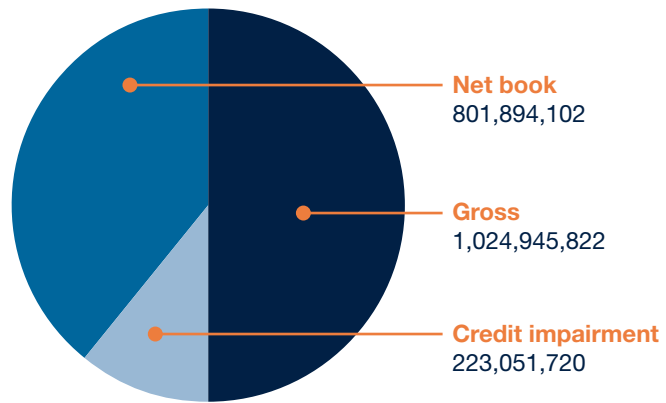
Active agents - 58

Staff - 67

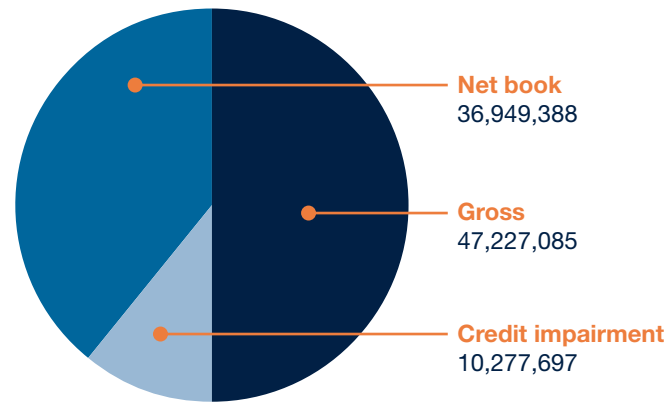


Malawi operational overview

Loan book size



Amount in local currency



Amount in ZAR

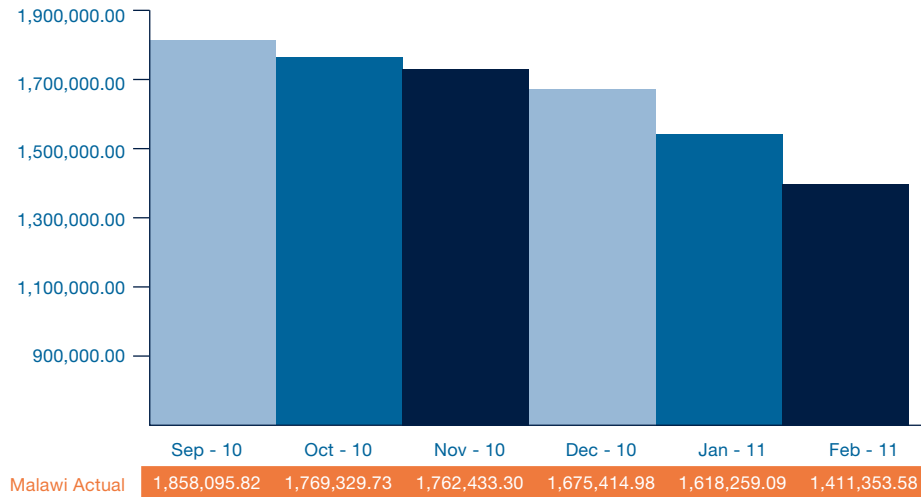
Branches

The retail operations in Malawi consist of three CashXpress and five Term Loan branches.



Please note: major centres often have multiple branches

Production statistics



In Malawi, debit order business was terminated towards the end of September which resulted in a gradual decrease in production carrying through towards December.

In January the downward trend continued due to all new private payroll business being terminated to align to the Group's product risk profile and specific focus on the 30-day CashXpress product.

In February, although there was increased focus on the CashXpress product, there was a decline in term loan business that outweighed the new CashXpress production volumes.

Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Malawi.

Insurance

In Malawi we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Malawi.



Operational overview - Uganda

Introduction

Uganda is a landlocked country bordered by Kenya to the east, by South Sudan to the north, by the Democratic Republic of the Congo to the west, and by Tanzania to the south, and includes a large part of Lake Victoria also to the south. It straddles the equator, lying between 4°N and 2°S and averages 1000m above sea level.

In size, Uganda is one of the smaller countries of Africa at 19% of the size of South Africa and ranks as the world's 81th largest country. Its population was estimated in 2009 at just over 32 million, making it one of the medium-sized populations in Africa.

The country takes its name from the Bugandan peoples of the area, and attained independence from the United Kingdom in 1962. It is officially named the Republic of Uganda.

The capital city is Kampala, which is also the largest city and the commercial hub.

For decades, during times of political instability, Uganda's economy suffered from poor policies and general turmoil, leaving Uganda as one of the world's poorest countries. In recent years, however, there has been economic rebuilding that has resulted in actual economic growth. In fact, even during global downturn, the growth figure for 2008 was strong at 7%.

The economy, in general, is agricultural, with many forms of produce going for export, such as coffee. Tourism is another contributor, with the mountains, trekking opportunities and mountain gorillas adding to the attractions. Uganda's great beauty led Winston Churchill to refer to it as the 'Pearl of Africa'.

The potential for growth is good, with many natural resources, including copper, cobalt, oil and gas – all of which are desirable commodities. Inflation – which had been as high as 240% in 1987 – has been brought under control and down to 5,1% by 2003.

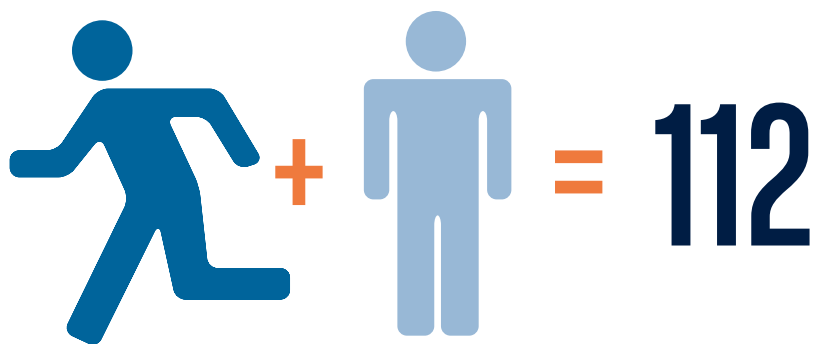
Management team

The people who constitute the management team in Uganda are headed up by Gerrie Fourie, as Country Manager, supported by Coutts Muhenda in the role of Administration Manager and Peter Mugogo who is Operations Manager.

Gerrie Fourie started his career at Blue South Africa's credit department and has risen successfully through the ranks to the position of Blue Uganda Country Manager. During his rising career at Blue so far and prior to his current area of responsibility, Gerrie served in various management roles and as an internal auditor for Blue's companies across Africa.

In developing strategies to optimise Blue's growth and supporting services in Uganda, Gerrie draws on his training in business and risk management to identify trends and opportunities. With a strong communication style, ambition and a dedication to perfection, Gerrie constantly adds value and makes a measurable difference to Blue's pan-African operations.

Number of employees



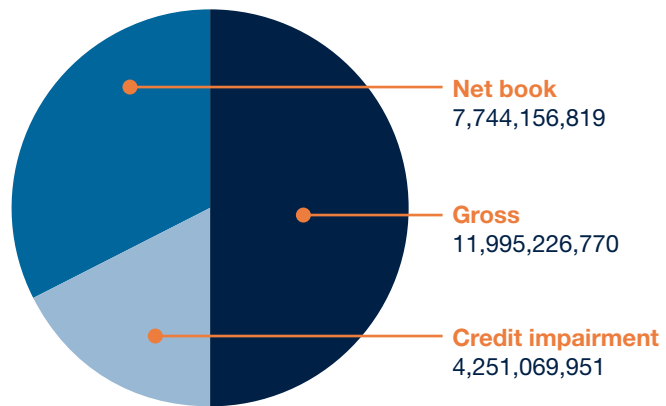
Active agents - 49

Staff - 63

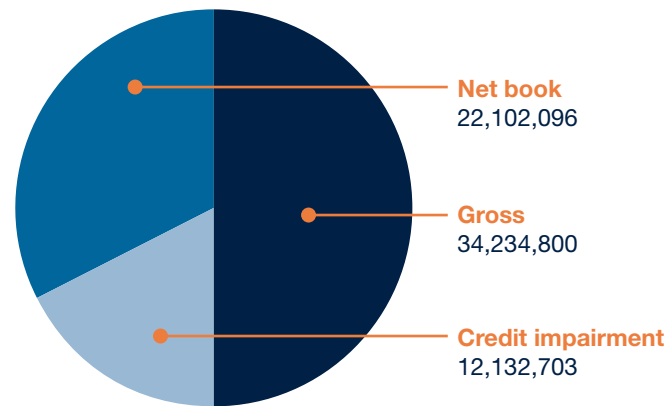


Uganda operational overview

Loan book size



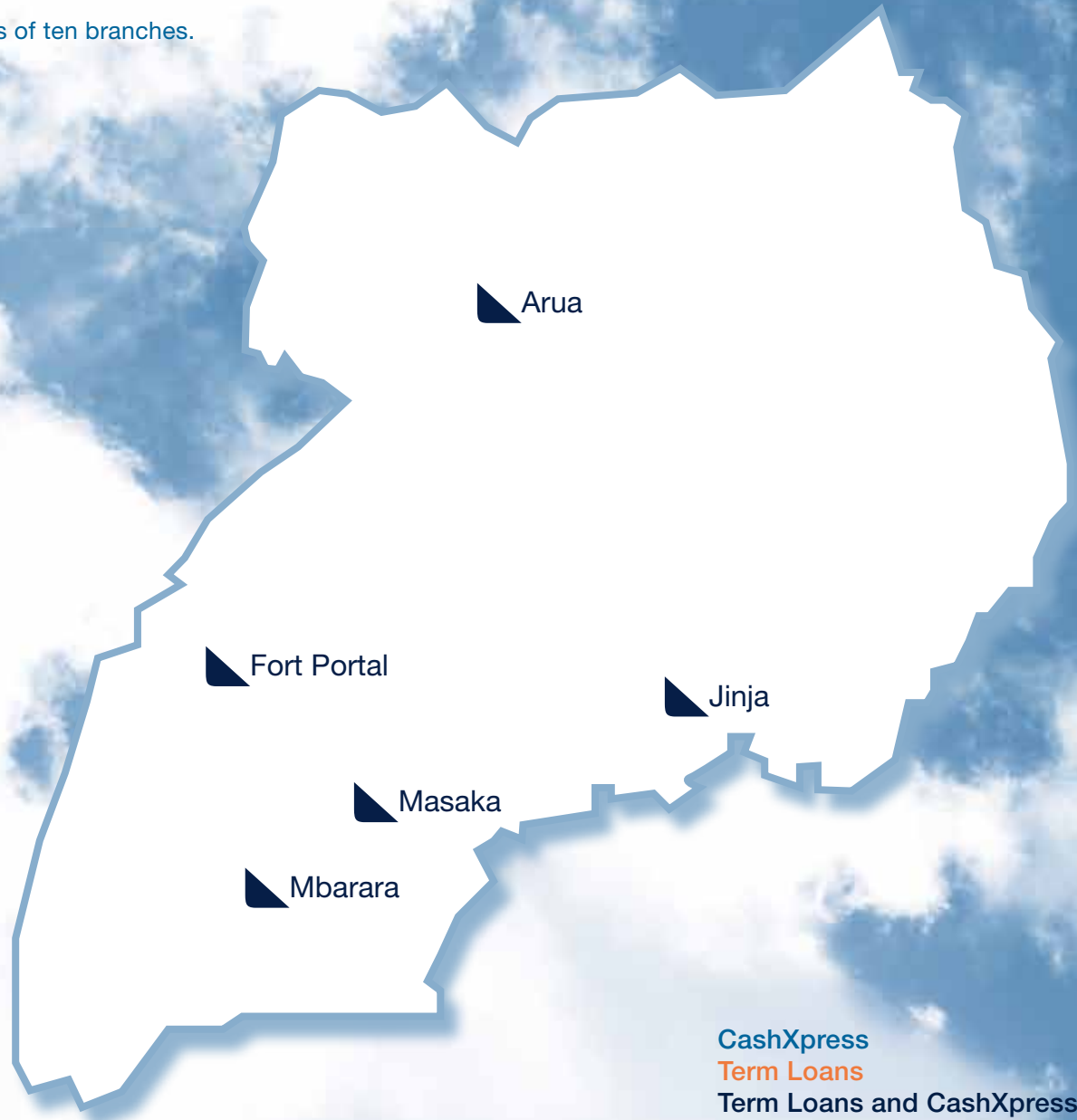
Amount in local currency



Amount in ZAR

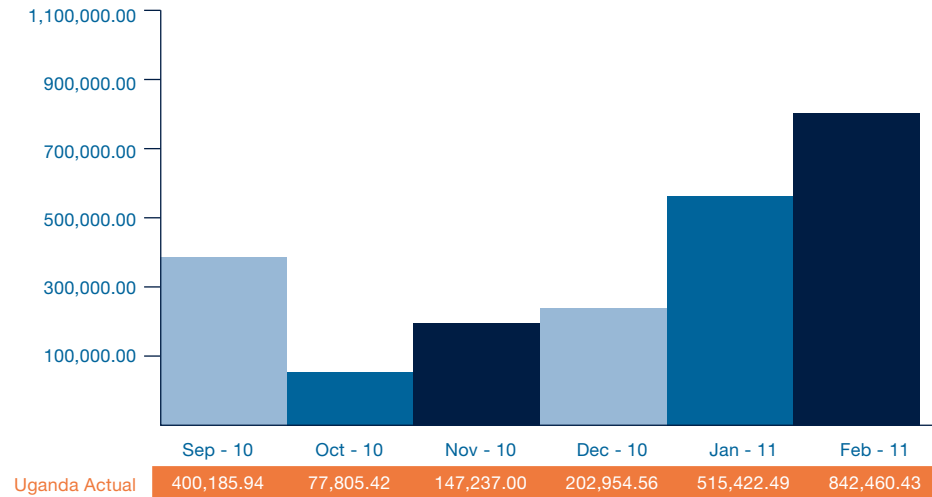
Branches

The retail operations in Uganda consists of ten branches.



Please note: major centres often have multiple branches

Production statistics



In Uganda, the drop in production volumes from September to October, carrying through into November and December, was characterised by a change-management process with focus on improvement of controls, training and management reorganisation.

In January 2011, with the reopening of the schools, production volumes increased owing to parents needing to pay school fees, and in February the agency force was implemented contributing to a further increase in production.

Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

We have not yet commenced business lending in Uganda.

Insurance

In Uganda we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward with our insurance partners in Uganda.



Operational overview - South Africa

Introduction

Within the region of half if its borders being the coastlines of the Atlantic and Indian Oceans, South Africa is abundantly catered for by port facilities mainly in Cape Town, Durban, Port Elizabeth and East London. It is bordered on land by Namibia, Botswana, Zimbabwe, Mozambique and Swaziland, and it completely surrounds Lesotho. It lies south of the equator 22°S and 35°S, just taking in the Tropic of Capricorn at its most northerly limits.

In size, South Africa covers 1,221,037 square kilometres which makes it the world's 25th largest country. Its population was estimated in 2011 at just over 50 million, making it one of the largest populations in Africa.

The official name of the country is the Republic of South Africa, and it progressively achieved relative degrees of independence by declaration as the Union of South Africa in 1910, and again in 1931 under the Statute of Westminster, although it only gained full independence from the United Kingdom in May 1961.

The capital city is not one but three. Pretoria is the Executive capital, Bloemfontein is the Judicial capital, and Cape Town is the Legislative capital. Despite these three capital cities, Johannesburg is the largest, and it is the commercial hub. South Africa is divided into nine provinces.

By United Nations classification South Africa is a 'middle-income' country with a mixed economy. It has abundant mineral resources and other natural resources that create the platform for a primary-driven economy with a growing secondary manufacturing sector. Its financial structures and banking systems are highly sophisticated and in parts are globally leading-edge. The South African rand is the most actively traded emerging market currency in the world. According to the Bloomberg Currency Scorecard, the SA rand was the best-performing currency against the US dollar in the world from 2002 to 2005 (no later statistics known at the time of writing). Its transport and telecommunications are well developed and connect smoothly into neighbouring countries. Its service industries are well developed and in some cases competitive worldwide.

The Gross Domestic Product of South Africa is ranked 25th in the world (data as at 2008). South Africa is the largest energy producer on the African continent, and the largest energy consumer.

For many decades now, South Africa has fulfilled the role as the gateway to southern Africa.

South Africa is multi-cultural in nature with eleven official languages. While English is the business language, it is only the fifth most spoken home language.

Management team

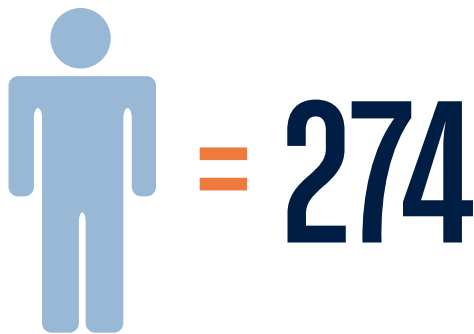
The people who constitute the management team in South Africa are Gavin Clark who fills the role of Blue SA Executive and Paulo Andrade in his capacity as Group Operations Executive.

Gavin Clark has significant commercial and retail banking experience, gained during 15 years at Standard Bank and 20 years with Absa where he was at the forefront of the group's transformation and led several divisions. Before his appointment as Blue South Africa Country Manager in February this year, he owned and managed retail and debt consulting businesses for four years and became a qualified debt counsellor. Gavin therefore brings with him a strong foundation of banking and business development knowledge to the company, together with finely-honed managerial and leadership skills.

Now responsible for the performance of Blue in South Africa, Gavin is driven by a value-system which recognises the importance of integrating different cultures and backgrounds. He believes in empowering people and engendering a system in which individuals and groups can exceed their own expectations through positive self-belief.

Paulo Andrade started working in the Micro Finance industry sector in 1998 and over the years has gained broad, deep and practical industry experience. He has worked for Busnet in the role of Managing Director, 1998 to 2006, and at Thutukhuni Financial Services as a General Manager, 2006 to 2008. Paulo joined Blue Financial Services in December 2008 in the role of General Manager: Blue CashXpress. Since April 2010 he has filled the role of Senior General Manager (Operations) for the Group.

Number of employees

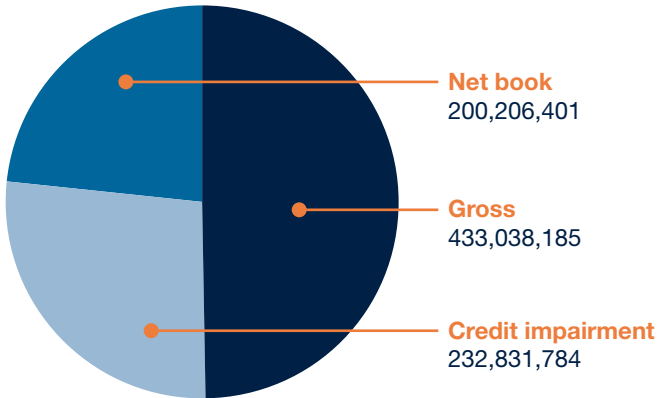


Staff - 274

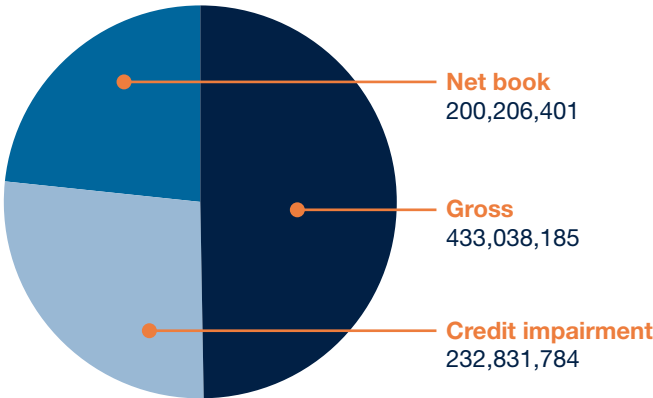


South Africa operational overview

Loan book size



Amount in local currency



Amount in ZAR

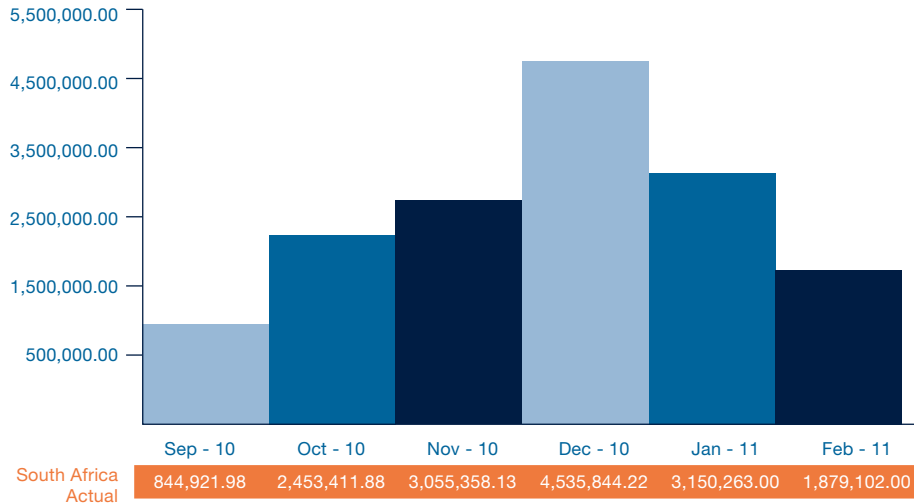
Branches

Retail operations in South Africa include a total of 95 branches which are split down into nine regions.



Please note: major centres often have multiple branches

Production statistics



In South Africa, September reflected the trend of previous months in which reputational impact had caused reductions in production volumes.

However, the Christmas end-of-year commercial demand effect drove increases, starting as early as October and carrying through into December.

January always sees a reduction in spending following the Christmas period, and this was added to by terminating all new debit order business to align to the Group's product risk profile and the impending launch of new product offerings in March 2011.

February was also impacted by the factors prevailing in January, with the added impact of having no 'back-to-school' injection of support to the figures.

Overall, production volumes were restricted by a limited availability of cash and by impaired reputation, and it was only at the end of this period that new initiatives started to become effective and the turnaround itself could start to achieve its momentum.

Business lending

South Africa has an active business unit which extends credit to small and medium enterprises in South Africa with an enviable record of success.

Insurance

In South Africa we sell embedded insurance products that complement our loan offering to our customers in the micro-insurance space. This is something that we will actively continue to develop going forward. In South Africa we conduct our insurance business through a cell captive arrangement.