



UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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Unaudited Financial Highlights for the six months ended 30 June 2017

| | Unaudited 30-June-17 (GHS '000) | Unaudited 30-June-16 (GHS '000) | % change |
|----------------------------|---------------------------------------|---------------------------------------|----------|
| Revenues* | 40,812 | 36,392 | 12% |
| Interest expense | (18,055) | (17,260) | 5% |
| Credit loss | (3,806) | (3,740) | 2% |
| Net operating profit | 16,998 | 12,857 | 32% |
| Net advances | 162,033 | 135,469 | 20% |
| Total Shareholders' Equity | 23,314 | 18,273 | 28% |

*Revenues includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income for the six months ended 30 June 2017

| | Unaudited 30-June-17 (GHS '000) | Unaudited 30-June-16 (GHS '000) |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Interest income | 37,333 | 32,673 |
| Interest expense | (18,055) | (17,509) |
| Net Interest Income | 19,278 | 15,164 |
| Fee and commission income | 3,479 | 3,719 |
| Fee and commission expenses | (1,953) | (2,535) |
| Credit loss | (3,806) | (3,740) |
| Net Operating Income | 16,998 | 12,608 |
| Administrative and operating expenses | (14,225) | (9,526) |
| Foreign exchange (loss) / gain | (153) | 257 |
| Profit before Tax | 2,620 | 3,339 |
| Taxation | (786) | (1,001) |
| Profit for the Period | 1,834 | 2,338 |

Unaudited Statement of Financial Position at 30 June 2017

| | Unaudited 30-June-17 (GHS '000) | Unaudited 30-June-16 (GHS '000) |
|---|---------------------------------------|---------------------------------------|
| Assets | | |
| Non current assets | 2,855 | 2,092 |
| Loans and advances to customers | 162,033 | 135,469 |
| Advances - gross | 178,608 | 145,154 |
| Provision against advances | (16,575) | (9,685) |
| Deferred tax | 2,299 | 2,556 |
| Other receivables | 12,040 | 8,544 |
| Cash and cash equivalents | 3,820 | 11,342 |
| Total Assets | 183,047 | 160,001 |
| Liabilities | | |
| Borrowings | 15,274 | 4,829 |
| Corporate senior notes | 34,366 | 45,368 |
| Corporate subordinated notes | 17,791 | 18,038 |
| Deposits from customers | 83,762 | 63,981 |
| Accruals and other liabilities | 8,540 | 9,516 |
| Total Liabilities | 159,733 | 141,731 |
| Shareholders' Equity | | |
| Stated capital | 18,533 | 18,413 |
| Accumulated surplus / (deficit) | 4,781 | (140) |
| Total Shareholders' Equity | 23,314 | 18,273 |
| Total Shareholders' Equity and Liabilities | 183,047 | 160,001 |

Unaudited Cash Flow Statement for the six months ended 30 June 2017

| | Unaudited 30-June-17 (GHS '000) | Unaudited 30-June-16 (GHS '000) |
|---|---------------------------------------|---------------------------------------|
| Net cash flows from operating activities | (25,592) | (16,008) |
| Net cash flows from investing activities | (626) | (954) |
| Change in borrowings | 14,069 | 866 |
| Change in corporate senior notes | (10,791) | 619 |
| Change in corporate subordinated notes | 47 | 10,268 |
| Change in amounts due to related parties | 0 | 12,038 |
| Change in deposits from customers | 23,522 | 3,040 |
| Issue of stated capital | 120 | 0 |
| Net cash flows from financing activities | 26,967 | 14,793 |
| Net change in cash and cash equivalents | 749 | (2,169) |
| Cash and cash equivalents at 1 January | 3,071 | 13,512 |
| Cash and cash equivalents at 30 June | 3,820 | 11,343 |

Review of the performance of the Company for the six months ended 30 June 2017

The Directors are pleased to present the unaudited results for the first six months of 2017, building on Izwe's positive performance of 2016. The recent results reflect a 28% increase in Shareholders' Equity to GHS23.3m from the comparative period. Net advances also showed steady growth (20% yoy) in the first half of 2017, growing to GHS162m. Limited increases in funding costs of 5% and credit losses of 2% show strong efficiencies being achieved in the treasury and collections areas of the business which have enhanced net operating income by 32%.

Business development, included in administrative and operating expenses, resulted in a notable rise in costs over the period under review. These costs consist of infrastructure, systems, product and channel development into which the business is investing at present. The expected outcomes of creating additional income streams and enhancing service levels to customers will start materialising from H2 2017 and into 2018. The business has received final approval for its license conversion into a Savings and Loans Company which will provide Izwe with further scope in terms of becoming an all-round financial services provider in Ghana.

Short-term T-bill yields declined sharply over the first six months of 2017, assisted by 450bps of easing by the Bank of Ghana year-to-date. New rules for pension funds have created greater demand for longer maturities, with recent Government bond issuances showing strong investor support. Further declines in T-bill yields are anticipated, in line with expected deceleration in inflation. These anticipated events bode well for further reductions in our funding costs.

At the end of June 2017, Izwe successfully listed a 3-year secured, floating rate note to the value of GHS7m at a 150bps spread over the 3-year Government of Ghana bond. This serves as a clear indication as to the strong credit view that the market has of Izwe. The entity also successfully matured the A7 GHS10m note in March 2017, repaying both capital and interest to investors timeously.

A stable exchange rate, a reduction in inflation from the current levels, and a narrowing of the fiscal and current account deficits have laid the foundations for sustainable economic development in Ghana. Furthermore, oil production has the potential to almost double over the next four years, which also contributes to a positive market sentiment going forward.

The Directors thank our dedicated staff and loyal customers for their ongoing support and we are confident that our current strategy will generate record results for the 2017 financial year.

Raymond Bismarck
Managing Director

David Fichardt
Director