IZWE has released its unaudited Financial Statements for the year ended December 31, 2019 as per the attached.

Issued in Accra, this 29th day of January, 2020

- END -

att’d.

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*GA
UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019
Published in compliance with the requirements of the Bank of Ghana and Ghana Stock Exchange

IZWE SAVINGS AND LOANS PLC
(Reg. No.: PL000162015)

Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-Dec-19 (GHS '000)</td>
<td>3 137</td>
<td>8 677</td>
</tr>
<tr>
<td>31-Dec-18 (GHS '000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Shares</td>
<td>2 020 000</td>
<td>2 020 000</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.55</td>
<td>4.30</td>
</tr>
</tbody>
</table>

Significant Accounting Policies

These unaudited results have been compiled in line with the requirements of International Financial Reporting Standards, the accounting policies have been applied consistently when compared to the audited financial statements for the year ended 31 December 2018, with the exception of the implementation of IFRS16.

Reconciliation of Debt Securities

<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-Dec-19 (GHS '000)</td>
<td>Balance at 1 January</td>
<td>80 000</td>
</tr>
<tr>
<td></td>
<td>71 315</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Debt Securities issued</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Debt Securities paid</td>
<td>(18 315)</td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>80 000</td>
<td>80 000</td>
</tr>
</tbody>
</table>

Review of the performance of the Company

The Directors are pleased to present the unaudited results for the year ended 31 December 2019.

Bank of Ghana maintained its policy rate of 1.6% pa in December, while the overall inflation rate decreased to 7.9% pa in December (down from 9.4% pa in the prior year). During Q4, available data was mixed. PMH bounced back strongly from October’s 13-month low. In December, the cedi weakened to an all-time low after the Government’s 2020 budget proposal to increase spending by 21% in 2020. Meanwhile, favourable prices for Ghana’s key export commodities bode well for the external sector.

Healthy growth is expected to carry over into 2020, on the back of resilient domestic demand. Consumption should benefit from a projected increase in public spending and resulting consumer demand, while investment activity is seen to be accelerating following this year’s anticipated rebound. Volatile commodity prices and fiscal slippage ahead of next year’s elections remain risks to the outlook. The economy is projected to expand by 6.2% in 2020.

The net advances book increased to GHS298.4m (7% increase year on year). The scene is set for strong growth in 2020 with a renewed focus on technology as well as strategic partnerships. Technology will be a key enabler to access new market segments as well as reduce our acquisition cost and improve client service levels.

Net interest income of GHS580.6m for the year can be attributed to consistent asset performance on an annualised basis. The decline of GHS52m from the prior year is largely driven by IFRS16 adoption and a depreciation of the currency against the USD. Bad debt provisioning is in line with expectations.

The adoption of IFRS16, an accounting statement that prescribes the accounting treatment of leases, had the following impact:

- Right of use asset GHS521.9m
- Lease liability GHS18.8m
- Depreciation GHS1.4m
- Interest expense GHS2.4m
- Rent reversal GHS52.3m

The net negative impact on the Statement of Comprehensive Income was GHS15.2m.

Management of overhead costs remains a key focus for management. Operational costs increased by 25% year on year largely due to increased staff costs, collection expenses and VAT. The expectation is that further increases in expenses during 2020 will be largely inflationary other than variable expenses that will grow in line with client acquisitions.

Profitability remains strong with Izwe Savings & Loans achieving profit before tax for the year of GHS 4.4m, notwithstanding an unusually high foreign exchange cost of GHS10.7m. With the reduced impact of foreign currency exposure, improved collections, consistent book quality as well as growth in the asset base we expect 2020 to deliver sustainably higher levels of profitability with less exposure to market volatility.

The financial statements do not contain any untrue statements, misleading facts or omit material facts to the best of our knowledge.

The Directors would like to thank all stakeholders for their contribution in achieving these asset growth results.