IZWE SAVINGS AND LOANS PLC

(Incorporated in Ghana on October 4, 2010 with registration number CA-79,783 as a private company limited by shares and converted to a public company limited by shares on February 18, 2015 with new registration number PL000162015)

Relating to the Offer and Listing of Bonds (under a GHS 150,000,000 Bond Issuance Programme) on the Ghana Fixed Income Market of The Ghana Stock Exchange.

JOINT LEAD MANAGER & CO-SPONSORING BROKER
Databank

JOINT LEAD MANAGER & CO-SPONSORING BROKER
TEMPLE INVESTMENTS

BOND TRUSTEE, PAYING AGENT & DEBT SERVICE RESERVE ACCOUNT BANK
FIDELITY BANK

LEGAL ADVISER
BENTSI-ENCHILL LETSA & ANKOMAH

REGISTRAR/TRANSFER AGENT/ CALCULATION AGENT
CENTRAL SECURITIES DEPOSITORY

REPORTING ACCOUNTANT
EY

GH₵150 MILLION BOND PROSPECTUS

DATED: 17 NOVEMBER 2020

izwe savings & loans

IMPORTANT INFORMATION AND DISCLAIMERS

THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE ISSUER AND THE BONDS ISSUED UNDER THIS PROGRAMME. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS DOCUMENT AS WELL AS CONSULT THEIR PROFESSIONAL INVESTMENT ADVISERS AND DEALERS ABOUT THE SOUNDNESS OF THEIR CHOICE TO INVEST IN THE BONDS ISSUED UNDER THIS PROGRAMME PRIOR TO MAKING A PURCHASE

Izwe Savings and Loans Plc (previously known as Izwe Loans Limited) (the **Issuer** or the **Company**) is a public limited liability company incorporated under the Companies Act (as defined) and a savings and loans company operating in Ghana and licensed under the BSDI Act (as defined).

The Issuer has established this bond issuance programme to raise an aggregate amount of GHS 150,000,000 (the **Programme**) to fund loans and advances to its customers and for other general corporate purposes including liquidity and capital management. The maximum aggregate principal amount of all Bonds, from time to time, outstanding under the Programme will not exceed the equivalent of GHS 150,000,000.

The Applicable Pricing Supplement which pertains to the Bonds of such Series (as defined) or Tranche (as defined) shall contain the final offer price, aggregate principal amount and interest (if any) payable in respect of such Bonds and all other terms and conditions not contained herein which are applicable to each Series and each Tranche. Each Applicable Pricing Supplement shall be subject to the approval of the SEC (as defined).

This prospectus (the **Prospectus**) provides, among others, the terms and conditions of the Bonds and the risk factors relating to the Bonds and the Issuer.

The Prospectus has been reviewed and approved by the SEC in accordance with section 3 of the Securities Industry Act (as defined) and the SEC Regulations (as defined). In its review, the SEC examined the contents of this Prospectus to ensure that adequate disclosures have been made. To ascertain the financial soundness of the Issuer or the value of the Bonds, investors are advised to consult a dealer, investment adviser or other professional for appropriate advice.

A copy of this Prospectus has also been delivered to the RGD (as defined) for filing as required under section 308(6) of the Companies Act. The RGD has not checked (and will not check) the accuracy of the statements made in this Prospectus and accepts no responsibility thereof or for the financial soundness of the Issuer or the value of the Bonds.

Provisional approval has been obtained from the GSE (as defined) for permission to list and trade the Bonds on the Ghana Fixed Income Market of the GSE (GFIM). Such approval is granted subject to the Issuer fulfilling all listing requirements.

Neither the SEC, nor the GSE, nor the RGD assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained in this Prospectus. Neither the SEC, nor the GSE, nor the RGD has verified the accuracy and truth of the contents of this Prospectus or any other documents submitted to it, and the SEC, the GSE and the RGD will not be liable for any claim of any kind whatsoever. Approval of the issue and/or listing of the Bonds by the SEC or the GSE is not to be taken as an indication of the merits of the Issuer or of any issue of the Bonds.

The contents of this Prospectus do not constitute, and are not to be construed as, legal, business or tax advice. Each investor should consult his/her/its own independent legal adviser, financial adviser or tax adviser for legal, financial and/or tax advice in relation to the purchase of the Bonds.

Prospective investors should also pay particular attention to the factors described under Section 6 (*Risk Factors*) in this Prospectus.

A. GENERAL INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus and the Applicable Pricing Supplement for each Tranche or Series issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts as at the date hereof and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Joint Lead Managers (as defined), the Co-Sponsoring Brokers (as defined), the Bond Trustee (as defined), the Reporting Accountants (as defined) and the Legal Advisers (as defined) (or any of their respective directors, Affiliates, advisers or agents), the Prospectus constitutes full and fair disclosure of all material facts about the Programme and the Issuer.

The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. Neither the Issuer nor the Joint Lead Managers nor the Dealers (as defined) represents that this Prospectus may be lawfully distributed, or that any of the Bonds may be lawfully offered, in compliance with any applicable legislation or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit an offering of any of the Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions.

This Prospectus does not constitute an offer and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. The Issuer and the Joint Lead Managers accept no responsibility for any violation by any person of any such restrictions.

Before deciding whether to subscribe for the Bonds, an investor should consider whether the Bonds are a suitable investment. Investors should consult suitable professional advisers and rely exclusively on the information contained in this Prospectus when making a decision as to whether to purchase the Bonds. No person is authorised to give any information or make any representation not contained in this Prospectus or any Applicable Pricing Supplement in connection with the Programme, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

The information contained in this Prospectus is accurate only as of the date of the Prospectus, regardless of the time of delivery of this Prospectus or any offering or sale of the Bonds. In the event that this Prospectus is delivered to or comes into the possession of any investor at any time after the date hereof, it is for, and the responsibility of, the investor to ascertain whether any supplement or amendment of the information herein contained has been made or issued, or whether updated information is available. Such updated information can be obtained from the registered offices of the Issuer and the Bond Trustee at all times. Reliance on this Prospectus at any time subsequent to the date hereof without reference to any such updated information subsequent to the date of the Prospectus shall be at the investor's risk.

This Prospectus is to be read in conjunction with all documents specifically stated to be incorporated or referred to herein, and should be read and understood on the basis that such other documents are incorporated in and form part of this Prospectus under Section 4 (*Incorporation of Documents by Reference*) hereof.

All payments in respect of the Bonds will be subject to deduction for, or on account of, taxes in Ghana, as described in Condition 8 of the Conditions (as defined).

B. SUPPLEMENTS TO THE PROSPECTUS

In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in the Prospectus, the Issuer may prepare a supplement to this Prospectus to address such significant factor or material inaccuracy. The Issuer may also publish a new prospectus for use in connection with any subsequent issue of Bonds. Such supplement or new prospectus will be subject to the approval of the SEC and/or such authority in the relevant jurisdiction.

C. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information regarding the Issuer set forth in this Prospectus has been derived from the financial reports and forecasts set out under Section 11 (*Summary of Reports and Forecasts*) and Appendix E (*Summary of Financial Reports and Forecasts*) of this Prospectus and reviewed by Ernst & Young (Ghana) Limited (**EY Ghana**), which is acting as the Reporting Accountants to the Programme.

The financial reports and forecasts are on the basis of EY Ghana's review of the Issuer's audited income statements, statements of financial position, statements of cash flow and statement of changes in equity for the years ended 31 December 2017, 31 December 2018, 31 December 2019. The Issuer's financial statements, which were audited by Messrs. KPMG (in respect of the 2017 financial statement) and Messrs Deloitte & Touche (in respect of the 2018 and 2019 financial statements), have been prepared in accordance with IFRS (as defined) and presented in GHS, the reporting currency of the Issuer.

D. ROUNDING

Some numerical figures included in this Prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that precede them.

E. FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" that reflect the Issuer's intentions, beliefs or current expectations and projections about its future results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates.

These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business and the environment in which it expects to operate in the future. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the Issuer's actual results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, forward-looking statements contained in this Prospectus.

The forward-looking statements speak only as of the date of this Prospectus. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. An investor should not place undue reliance on any forward-looking statements and is cautioned that any forward-looking statements are not guarantees of future results, performance or achievements of the Issuer.

F. TRANSACTION ADVISERS

Databank Brokerage Limited (**DBL**) is acting as Joint Lead Manager and Co-Sponsoring Broker for the Programme. DBL consents to act in the specified capacities and to its name being stated in this Prospectus. Neither DBL nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Temple Investments Limited (**Temple**) is acting as Joint Lead Manager and Co-Sponsoring Broker for the Programme. Temple consents to act in the specified capacities and to its name being stated in this Prospectus. Neither Temple nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Fidelity Bank Ghana Limited (**Fidelity Bank**) is acting as the Bond Trustee, the Paying Agent (as defined) and Escrow Account Bank (as defined) for the Programme. Fidelity Bank consents to act in the specified capacities and to its name being stated in this Prospectus. Neither Fidelity Bank nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Central Securities Depository (Ghana) Limited (**CSD**) is acting as Registrar (as defined), Transfer Agent (as defined) and Calculation Agent (as defined) in respect of the Programme. CSD consents to act in the specified capacities and to its name being stated in this Prospectus. Neither CSD nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

EY Ghana is acting as Reporting Accountants to the Issuer in respect of the Programme. EY Ghana consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). As indicated above, EY Ghana has reviewed the financial reports and forecasts set out under Section 11 (*Summary of Reports and Forecasts*) and Appendix E (*Summary of Financial Reports and Forecasts*) of this Prospectus. Neither EY Ghana nor any of its partners, principals or employees has any material direct or indirect economic or financial interest in the Issuer.

Bentsi-Enchill, Letsa & Ankomah (**BELA**) is acting as Legal Advisers to the Issuer in respect of the Programme. BELA consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). BELA has prepared the Legal Compliance Letter (as defined below) set out under Appendix D (*Legal Compliance Letter*) of this Prospectus. Neither BELA nor any of its partners or employees has any material direct or indirect economic or financial interest in the Issuer.

G. DIRECTORS' RESPONSIBILITY STATEMENT

The Issuer and the Issuer Board (as defined) accept responsibility for the information contained in this Prospectus.

This Prospectus has been reviewed and approved by the Issuer Board, who, collectively and individually, accept full responsibility for the accuracy of the information given and, after making all reasonable inquiries and to the best of their knowledge and belief, confirm that there are no facts the omission of which would make any statement in the document referred to above misleading. The profit forecast of the Issuer contained in this Prospectus has been reviewed and approved by the Issuer Board after making all reasonable inquiries.

No Director (as defined) has been involved in any of the following events: (a) a petition under bankruptcy or insolvency laws in any jurisdiction filed against such person or any partnership in which he/she is/was a partner or any corporation of which he/she is/was a director or chief executive officer (b) conviction of such person for fraud, misappropriation or breach of trust or any other similar offence and (c) such person being the subject of any order, judgement or ruling of any court of competent jurisdiction or administrative body preventing him/her from acting as an investment adviser, dealer's representative, investment representative, a director of a financial institution or engaging in any type of business or professional activity.

None of the Directors intends to take part in the offer under the Programme. The Issuer Board warrants that no takeover offer has been made in respect of the shares of the Issuer over the past or current financial year.

Signed for and on behalf of the Issuer on 17 November, 2020

LANCE CLEAVER	**RAYMOND KWAKYE BISMARCK**
Chairman/Director	Director

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CORPORATE INFORMATION OF THE ISSUER

Issuer	**Izwe Savings and Loans Plc** Maestro Plaza, Kotobabi Main Road Pig Farm, Accra, Ghana Contact: Raymond Kwakye Bismarck (*Managing Director*) Email: *raymond@izweghana.com*
Directors	Lance Graham Cleaver (*Chairman, Non-executive Director*) David Eugene Fichardt *(Non-executive Director*) Abedi Pele Ayew (*Non-executive Director*) Raymond Kwakye Bismarck (*Executive Director*) Samuel Yeboah (*Non-executive Director*) Angela Gyasi (*Non-executive Director*)
Company Secretary	**Trustee Services Limited** 4 Momotse Avenue Adabraka, Accra Tel: +233-(0)302-208 906(9) Contact: Naa Sackley Nuno-Amarteifio Email: cosec@trusteeserviceslimited.com
Auditors	**Deloitte & Touche** The Deloitte Place Plot No. 71, Off George Walker Bush Highway North Dzorwulu, Accra Contact: Charlotte B. E. Forson Email: cforson@deloitte.com.gh

CONTACT DETAILS OF THE TRANSACTION ADVISERS

Joint Lead Manager & Co-Sponsoring Broker	**Databank Brokerage Limited** 61 Barnes Avenue, Adabraka, Accra, Ghana Tel: +233-(0)302-610-610 Contact: Armah Akotey & Joyce Agbozo Email: armah.akotey@databankgroup.com joyce.agbozo@databankgroup.com
Joint Lead Manager & Co-Sponsoring Broker	**Temple Investments Limited** F305/6 Adebeto Close, Labone, Accra, Ghana Tel: +233(0)303-931-514 Contact: Cecilia Hesse Email: cecilia.hesse@templeinvest.com
Bond Trustee	**Fidelity Bank Ghana Limited** Ridge Tower, West Ridge, Accra, Ghana Tel: +233(0)302-214-490 Contact: John Taricone Email: jtaricone@myfidelitybank.net
Paying Agent	**Fidelity Bank Ghana Limited** Ridge Tower, West Ridge, Accra, Ghana Tel: +233(0)302-214-490 Contact: John Taricone Email: jtaricone@myfidelitybank.net
Escrow Account Bank	**Fidelity Bank Ghana Limited** Ridge Tower, West Ridge, Accra, Ghana Tel: +233(0)302-214-490 Contact: John Taricone Email: jtaricone@myfidelitybank.net
Legal Advisers	**Bentsi-Enchill, Letsa & Ankomah** 4 Momotse Avenue, Adabraka, Accra, Ghana Tel: +233-(0)302-208-888 Contact: Seth Asante, Frank Akowuah, Elizabeth T. Fugar & Emmanuel B. Saah Email: seth.asante@belonline.org fnakowuah@belonline.org etfugar@belonline.org ebsaah@belonline.org
Calculation Agent, Registrar and Transfer Agent	**Central Securities Depository (Ghana) Limited** 4th Floor, Cedi House, Accra, Ghana Tel: +233(0)302-689-313 Contact: Kwame Addai Boa-Amponsem Email: kwame.boa-amponsem@csd.com.gh
Reporting Accountants	**Ernst & Young Chartered Accountant** G15, White Avenue, Airport Residential Area, Accra, Ghana Tel: +233(0)302-772-091 / 779-868 Contact: Victor Gborglah & Samuel Okine Email: Victor.Gborglah@gh.ey.com Samuel.Okine@gh.ey.com

DEFINITIONS

Unless inconsistent with the context or separately defined in this Prospectus or an Applicable Pricing Supplement, the following expressions used in this document and which form a key part of the Conditions, shall have the following meanings ascribed to them in this Prospectus and any Applicable Pricing Supplement of any subsequent Series or Tranches issued under this Programme:

Term	Definition
Affiliates	means, in relation to a corporate body, its subsidiary, its holding company, or any other subsidiary or holding company of its holding company, and **Affiliate** shall be construed accordingly
Agency Agreement	means the agency agreement dated on or about the date of this Prospectus entered between the Issuer, the Bond Trustee, the Paying Agent and the CSD, in relation to the Bonds (and as amended, restated and/or supplemented from time to time)
AML Laws	means: (a) the Anti-Money Laundering Act, 2008 (Act 749) as amended by the Anti-Money Laundering (Amendment) Act, 2014 (Act 874); (b) the Anti-Money Laundering Regulations, 2008 (LI 1925); (c) the Anti-Terrorism Act, 2008 (Act 762) as amended by the Anti-Terrorism (Amendment) Act, 2014 (Act 875); (d) the Bank of Ghana's Anti-Money Laundering and Combating the Financing of Terrorism Guideline dated December 2011; (e) the Bank of Ghana's Administrative Sanctions and Penalties Guidelines dated July 2018 for banks and non-bank financial institutions and related directives, guidelines and notices; and (f) the SEC's Guidelines on Anti-Money Laundering/Combating the Financing of Terrorism & The Proliferation of Weapons of Mass Destruction (AML/CFT & PF) (SEC/GUI/004/04/2019)
Applicable Law	means any law or regulation of any governmental or other regulatory authority which governs the Programme, the Conditions and the Bonds (in accordance with which the same are to be construed) or any relevant person, and **Applicable Laws** shall be construed accordingly
Applicable Pricing Supplement	means the pricing supplement issued in relation to each Series or Tranche (substantially in the form set out in <u>Appendix A</u> (*Form of Applicable Pricing Supplement*) to this Prospectus) as a supplement to this Prospectus, giving details of that particular Series or Tranche and the Conditions applicable to each Bond in that Series or Tranche in so far as such terms and conditions are different from these Conditions
Auditors	means Deloitte & Touche, the statutory auditors of the Issuer as at the date of the Prospectus
BELA	means Bentsi-Enchill, Letsa & Ankomah, a firm of legal practitioners licensed by the General Legal Council of Ghana and operating in Ghana
Bond	means a Bond issued under an Applicable Pricing Supplement to this Programme, and **Bonds** shall be construed accordingly
Bond Documents	means this Prospectus, each Applicable Pricing Supplement, the Trust Deed, the Agency Agreement, the Escrow Account Agreement, the Security Agreement, the Intercreditor Agreement and any other document designated as such, and **Bond Document** shall be construed accordingly
Bondholders	means all holders of Bonds under all Series or Tranches, from time to time, and recorded as such in the Register, and **Bondholder** shall be construed accordingly

Term	Definition
Bond Repayment	means the Interest, Instalment Amount, Redemption Amount or other amounts payable on any outstanding Bonds (and as set out in the Conditions or an Applicable Pricing Supplement), and **Bond Repayments** shall be construed accordingly
Bond Repayment Date	means an Interest Payment Date, Instalment Date or a Redemption Date (and as set out in the Conditions or an Applicable Pricing Supplement), and **Bond Repayment Dates** shall be construed accordingly
Bond Trustee	means Fidelity Bank (or such other person as may be appointed in accordance with the Trust Deed and specified in the Applicable Pricing Supplement as the Bond Trustee) which is acting as the trustee for the Bondholders
Book Closure Period	means 10 Business Days prior to each date upon which a payment of Interest, Instalment Amount or Principal Amount is due, as set out in the Applicable Pricing Supplement
Broken Amount	means the amount of any initial or final Interest which does not correspond to the Fixed Coupon Amount and the Interest Payment Dates to which they relate, calculated in respect of a Fixed Rate Bond, as provided for by the Applicable Pricing Supplement
BSDI Act	means the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) or any statutory modification or re-enactment thereof
Business Day	means a day (other than a Saturday or Sunday or official public holiday) on which banks, the GSE and the CSD are open for general business in Ghana, and **Business Days** shall be construed accordingly
Business Day Convention	means each of the Floating Rate Business Day Convention, the Following Business Day Convention, the Modified Following Business Day Convention and the Preceding Business Day Convention, which may be applicable to the calculation of Interest and, if applicable, as set out in the Applicable Pricing Supplement
Calculation Agent	unless otherwise set out in an Applicable Pricing Supplement, means the CSD
Call Option	means the call option on the Bonds, which may be provided to the Issuer and exercised in accordance with Condition 6.4 of the Conditions, and as set forth in the Applicable Pricing Supplement
Central Securities Depository or CSD	means the Central Securities Depository (Ghana) Limited, a limited liability company duly incorporated under laws of Ghana (or its nominee) operating as a central securities depository where the Bondholders will be credited with the Bonds, or any additional or alternate depository approved by the Issuer
Co-Sponsoring Brokers	unless otherwise set out in an Applicable Pricing Supplement, means Temple and DBL, which are acting as sponsoring brokers in relation to the Programme, and **Co-Sponsoring Broker** shall be construed accordingly
Companies Act	means the Companies Act, 2019 (Act 992) or any statutory modification or re-enactment thereof
Conditions	means the terms and conditions set out under Section 12 (*Conditions*) and in accordance with which Bonds shall be issued in terms of the Programme, which terms and conditions may be amended by an Applicable Pricing Supplement, and **Condition** shall be construed accordingly
Currency	means GHS and the primary currency of the Bonds shall be GHS
Day Count Fraction	has the meaning provided for in Condition 5.5.2 below
Dealers	unless otherwise set out in an Applicable Pricing Supplement, means the Joint Lead Managers, as well as any other dealer that may be appointed under the Programme, from time to time, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer's right to terminate the appointment of any dealer, and **Dealer** shall be construed accordingly

Term	Definition
Default Interest	means the default interest, at the rate of 3% *per annum* above the Interest Rate, payable on a Bond in a case where the whole or any part of any due Bond Repayment is not paid for more than 7 Business Days from the relevant Bond Repayment Date, and applicable from the relevant Bond Repayment Date until the date of actual payment to the Bondholders
Directors	mean the directors of the Issuer from time to time, and **Director** means any of them (as applicable in the relevant context)
Early Redemption	means the early redemption of a Bond prior to its due date
Early Redemption Amount	means the amount payable upon the Early Redemption of a Bond
Encumbrance	means any mortgage, charge, lien, pledge, hypothecation, assignment by way of security, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences and any security interest arising by operation of law
Escrow Account	means each temporary account set up with the Escrow Account Bank where all amounts raised from each Series or Tranche will be deposited until transferred to the account designated by the Issuer, and **Escrow Accounts** shall be construed accordingly
Escrow Account Agreement	means the escrow account agreement dated on or around the date of this Prospectus and entered between the Issuer, the Joint Lead Managers, the Co-Sponsoring Brokers and the Escrow Account Bank, in relation to the Escrow Account (as amended, restated and/or supplemented from time to time)
Escrow Account Bank	unless otherwise set out in an Applicable Pricing Supplement, means Fidelity Bank which is acting as the account holding bank for the Escrow Account
Event of Default	means any event contemplated in Condition 17 below, and **Events of Default** shall be construed accordingly
Exercise Notice	means the formal notification by the Issuer of the exercise of a Call Option
Existing Note Trustee	means the note trustee for the Expired Note Programme, being Fidelity Bank
Existing Secured Parties	means the existing secured creditors of the Issuer, being: (a) the Existing Note Trustee (on behalf of the bondholders under the Expired Note Programme); (b) Barclays Bank Ghana Limited (under a GHS 30,000,000 borrowing); (c) Regional Education Finance Fund for Africa (under a GHS 27,050,000 borrowing); (d) ALCB Fund (under a GHS 40,000,000 borrowing); and (e) Sanlam Life Insurance Limited acting through its Sanlam Capital Markets Division (under a USD 5,000,000 borrowing)
Existing Security Trustee	means the security trustee for the Existing Secured Parties under the Security Agreement, being Fidelity Bank
Expired Note Programme	means the GHS 80,000,000 note programme of the Issuer established under the Programme Memorandum dated 1 September 2014 and which expired in September 2019
Final Redemption	means the Final Redemption of a Bond on the Maturity Date
Final Redemption Amount	means the Principal Amount of a Bond payable in respect of each Bond, upon Final Redemption thereof

Term	Definition
Financial Indebtedness	means any obligation of the Issuer (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent for or in respect of: (a) Indebtedness for Borrowed Money; or (b) bonds, standby letters of credit, guarantees or other similar instruments issued in connection with the performance of contracts
Fixed Coupon Amount	means the amount of Interest in respect of a Fixed Rate Bond (as set forth in the Applicable Pricing Supplement)
Fixed Interest Period	means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date
Fixed Rate Bonds	means Bonds entitled to a fixed rate of Interest (as set forth in the Applicable Pricing Supplement)
Floating Rate Bonds	means Bonds entitled to a floating rate of Interest (as set forth in the Applicable Pricing Supplement)
Floating Rate Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Following Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
GFIM	means the Ghana Fixed Income Market operated by the GSE
Ghana	means the Republic of Ghana
Ghana Constitution	means the constitution of Ghana adopted by a national referendum on 18 April 1992
GHS	means the Ghana Cedi, the official currency of Ghana or any successor currency
GRA	means the Ghana Revenue Authority, the statutory body responsible for the administration and enforcement of the Income Tax Act and any other tax or other government revenue law in Ghana
Global Bond Certificate	means a certificate evidencing title to the issued Bonds under the Programme and issued to the Bond Trustee as nominee for the Bondholders
GSE	means the Ghana Stock Exchange
IFRS	means International Financial Reporting Standards
Income Tax Act	means the Income Tax Act of Ghana, 2015 (Act 896) (as amended) or any statutory modification or re-enactment thereof
Indebtedness for Borrowed Money	means any indebtedness of the Issuer for or in respect of: (a) monies borrowed; (b) amounts raised by acceptance under any credit facility; (c) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments; (d) amounts raised pursuant to any issue of shares of any person, which are expressed to be redeemable; (e) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases;

Term	Definition
	(f) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service; and/or (g) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables on a "with recourse" basis) having the commercial effect of a borrowing
Instalment Amount	means the amount of the relevant portion of the Principal Amount payable on a Bond on an Instalment Date (as set forth in the Applicable Pricing Supplement)
Instalment Date	means the date for the payment of an Instalment Amount (as set forth in the Applicable Pricing Supplement)
Intercreditor Agreement	means the intercreditor agreement dated 1 September 2014 and entered into between the Issuer, the Existing Note Trustee, the Existing Security Trustee and African Micro-Finance Holdings, as amended by the parties thereunder on 21 May 2019 (as acceded to by the Bond Trustee by an accession agreement dated on or about the date of this Prospectus)
Interest	means the amount of interest payable on a Bond (as set forth in the Applicable Pricing Supplement and Condition 5), and **Interests** shall be construed accordingly
Interest Commencement Date	means the date that Interest shall commence to accrue or be calculated (as set forth in the Applicable Pricing Supplement)
Interest Determination Date	means the date upon which Interest and the Interest Rate is calculated for a specified Interest Period and as set forth in the Applicable Pricing Supplement
Interest Period	means, in relation to a Tranche or Series of Bonds, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date, as specified in the Applicable Pricing Supplement
Interest Payment Date	means the date for the payment of Interest (as set forth in the Applicable Pricing Supplement) or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or (in the case of the first Interest Payment Date) commencing on the Interest Commencement Date
Interest Rate	means the rate of Interest (as set forth in the Applicable Pricing Supplement and Condition 5)
Issue Date	in relation to each Tranche or Series, means the date specified as such (as set forth in the Applicable Pricing Supplement)
Issue Price	means the price at which the Bonds may be issued, either on a fully paid or partly paid basis (as specified in the Applicable Pricing Supplement). The price and amount to be issued under any Series or Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions
Issuer	means Izwe Savings and Loans Plc (previously known as Izwe Loans Limited), a public limited liability company incorporated under the Companies Act (with registration number PL000162015) and a savings and loans company operating in Ghana and licensed under the BSDI Act
Issuer Board	means the board of directors of the Issuer
Issuer Constitution	means the constitution of the Issuer adopted on 14 February 2014 (as amended from time to time)
Joint Lead Managers	unless otherwise set out in an Applicable Pricing Supplement, means Temple and DBL, which are acting as arrangers in relation to the Programme,
Joint Series Meeting	means a meeting of Bondholders of 2 or more Series affected by the subject matter of such meeting, and **Joint Series Meetings** shall be construed accordingly

Term	Definition
Joint Tranche Meeting	means a meeting of Bondholders of 2 or more Tranches affected by the subject matter of such meeting, and **Joint Tranche Meetings** shall be construed accordingly
Last Day to Register	means 5 pm on the last Business Day before the first day of a Book Closure Period
Legal Advisers	means BELA
Legal Compliance Letter	means the legal compliance letter prepared and issued by BELA in relation to compliance of the Programme with Ghanaian law requirements, and which is set out under Appendix D (*Legal Compliance Letter*)
Maturity Date	means, in respect of a Series or Tranche, the date upon which the Bonds are to be finally redeemed and all amounts due on the Bonds are to be repaid by the Issuer and as set forth in the Applicable Pricing Supplement
Maximum Interest Rate	means the maximum rate of Interest that may be payable on a Floating Rate Bond, as agreed by the Issuer, Joint Lead Managers and Dealer (if any) and as set forth in the Applicable Pricing Supplement
Meeting	means a meeting of Bondholders convened physically or electronically and which may be a Series Meeting, Tranche Meeting, Joint Series Meeting or Joint Tranche Meeting, and **Meetings** shall be construed accordingly
Minimum Interest Rate	means the minimum rate of Interest that may be payable on a Floating Rate Bond, as agreed by the Issuer, Joint Lead Managers and Dealer (if any) and as set forth in the Applicable Pricing Supplement
Modified Following Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Optional Redemption	means the redemption of a Bond upon exercise of the Call Option, as specified in the Applicable Pricing Supplement
Optional Redemption Amount	means the amount payable upon exercise of the Call Option (as specified in the Applicable Pricing Supplement)
Optional Redemption Date	means the date for redemption of Bonds (as specified in the Exercise Notice)
Ordinary Resolution	means a resolution passed at a Series Meeting, Tranche Meeting, Joint Series Meeting or Joint Tranche Meeting (as the case may be) duly convened and held in accordance with Condition 10.1 and the Trust Deed) by the affirmative vote of, at least, 51% of the outstanding aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as the case may be)
Paying Agent	unless otherwise set out in an Applicable Pricing Supplement, means Fidelity Bank
Permitted Encumbrance	means: (a) the security created by the Issuer under the Security Agreement; (b) any Encumbrance existing as at the date of this Programme; (c) any Encumbrance with regard to receivables of the Issuer or which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness is limited to the value of such receivables; (d) any Encumbrance with respect to inter-company indebtedness incurred between the Issuer and its Affiliates; or (e) any Encumbrance over deposit accounts securing a loan equal to the amounts standing to the credit of such deposit accounts, including any cash management system

Term	Definition
Preceding Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Principal Amount	means the face value of the Bonds
Programme	means the GHS 150,000,000 bond issuance programme established by the Issuer (and as amended from time to time), under which the Issuer may, from time to time, issue Bonds denominated in the Currency and having such maturity as may be set forth in the Applicable Pricing Supplement
Prospectus	means this prospectus issued by the Issuer on the date stated hereon (as amended, restated and/or supplemented from time to time)
Redemption	means Redemption by Instalments, Final Redemption or Early Redemption (as the case may be)
Redemption Amount	means the Instalment Amount, the Early Redemption Amount or the Final Redemption Amount (as set forth in the Applicable Pricing Supplement)
Redemption by Instalments	means the redemption of a Bond by instalments prior to its due date
Redemption Date	means the date upon which the Issuer undertakes a Redemption (as set forth in the Applicable Pricing Supplement)
Reference Rate	means the benchmark interest rate so specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Bonds to be issued under the Programme
Register	means the register of the Bondholders maintained by the CSD in electronic form
Registrar	unless otherwise set out in an Applicable Pricing Supplement, means the CSD appointed as registrar for the Programme under the Agency Agreement
Relevant Time	means the time on the Interest Determination Date, (if any) specified in the Applicable Pricing Supplement for calculating the Interest Rate and Interest payable on a Bond
Reporting Accountants	means EY Ghana, which is acting as the reporting accountants for the Programme
RGD	means the Registrar General's Department, which is the public registry in Ghana responsible for the incorporation of companies and the registration of, among others, public offer documents in accordance with the provisions of the Companies Act
SEC	means the Securities and Exchange Commission of Ghana
Securities Industry Act	means the Securities Industry Act of Ghana, 2016 (Act 929) or any statutory modification or re-enactment thereof
Security Agreement	means the existing amended and restated assignment and security sharing agreement dated 25 September 2014 and entered into between the Issuer, the Existing Security Trustee, the Existing Note Trustee and African Micro-Finance Holdings, as amended by the parties thereunder on 21 May 2019
SEC Regulations	means the Securities and Exchange Commission Regulations, 2003 (L.I. 1728) or any statutory modification or re-enactment thereof
Senior Secured Bonds	means Bonds which constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
Senior Unsecured Bonds	means Bonds which constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement

Term	Definition
Series	means a series of Bonds having one or more Issue Dates and identical terms as to the Maturity Date, Interest and Redemption (except that, among Series, the Issue Dates, Interest Commencement Dates, Interest Payment Dates and amounts of the first Interest payment, and related matters may differ as specified in an Applicable Pricing Supplement)
Series Bondholder	means all holders of Bonds under a particular Series, from time to time, and recorded as such in the Register and **Series Bondholders** shall be construed accordingly
Series Bonds	means the Bonds under a particular Series
Series Meeting	means a meeting of Bondholders of a particular Series and **Series Meetings** shall be construed accordingly
Special Resolution	means a resolution passed at a Series Meeting, Tranche Meeting, Joint Series Meeting or Joint Tranche Meeting (as the case may be) duly convened and held in accordance with Condition 10.1 and the Trust Deed) by the affirmative vote of, at least, 75% of the outstanding aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as the case may be)
Subordinated Bonds	means Bonds which constitute direct, general, unconditional unsecured and subordinated obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
Taxes	has the meaning provided for in Condition 8 below
Tranche	means a tranche of a Series which are identical in all respects (except for Issue Date, Issue Price, Tranche amount, Interest Commencement Date and amount of first Interest Payment and such other matters as may be specified in an Applicable Pricing Supplement)
Tranche Bonds	means the Bonds under a particular Tranche
Tranche Bondholders	means all holders of Bonds under a particular Tranche, from time to time, and recorded as such in the Register, and **Tranche Bondholder** shall be construed accordingly
Tranche Meeting	means a meeting of Bondholders of a particular Tranche, and **Tranche Meetings** shall be construed accordingly
Transfer Agent	unless otherwise set out in an Applicable Pricing Supplement, means the CSD, which is acting as the transfer agent for the Programme under the Agency Agreement
Transfer Form	has the meaning provided for in Condition 2.4.1 below
Trust Account	means the trust account set up by the Paying Agent for the receipt of all Bond Repayment funds from the Issuer and for disbursements of all Bond Repayments to the relevant Bondholders
Trust Deed	means the trust deed dated on or about the date of this Prospectus and entered into between the Issuer and the Bond Trustee (as amended, restated and/or supplemented from time to time)
USD	means the United States Dollars, the official currency of the United States of America or any successor currency
Written Resolution	means a resolution in writing signed or confirmed in writing by (or on behalf of) Series Bondholders, Tranche Bondholders or all Bondholders (as the case may be) of, at least, 75% of the outstanding aggregate of the total Principal Amount of the relevant Tranche Bonds, the relevant Series Bonds or all Bonds (as the case may be)

1. OVERVIEW OF THE TRANSACTIONS UNDER THE PROGRAMME

1.1 BACKGROUND

The Issuer is incorporated as a public limited liability company and is licensed as a savings and loans company under the BSDI Act. The Issuer intends to issue Bonds to raise an aggregate amount of GHS 150,000,000 under the Programme to fund loans and advances to its customers and for other general corporate purposes including liquidity and capital management.

1.2 SUMMARY OF THE PROGRAMME

1.2.1 Establishment of the Programme

The Issuer has established the Programme to raise debt financing of up to GHS 150,000,000 to fund its working capital and liquidity requirements. See Section 2.1 (*Legal Basis for Programme*) below.

The Bonds will be issued in one or more Series or Tranches by the Issuer under the Programme. The Bonds may be Senior Secured Bonds, Senior Unsecured Bonds or Subordinated Bonds and shall be either Floating Rate or Fixed Rate (as indicated in the Applicable Pricing Supplement). The Bonds will be listed on GFIM or any other stock exchange as may be specified in an Applicable Pricing Supplement.

All Bonds in a Series shall have the same Maturity Date and identical terms as to the Interest and Redemption (except that among Series, the Issue Dates, Issue Price, Interest Commencement Date, Interest Payment Dates and amounts of the first Interest payment and related matters may differ as specified in an Applicable Pricing Supplement). Bonds in each Series may be issued in one or more Tranches. The terms of each Tranche (save for the Issue Date, Issue Price, Tranche amount, Interest Commencement Date and amount of first Interest Payment and related matters which may differ as specified in an Applicable Pricing Supplement) shall be identical in all respects. The details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement, which shall be submitted to the SEC for approval.

1.2.2 Use of Bond Proceeds

The Issuer has entered into the Escrow Account Agreement with the Escrow Account Bank for the purpose of setting up and operating the Escrow Account for the deposit of all amounts raised from each Series or Tranche until payment to the Issuer.

The Issuer shall utilise the proceeds from each Series or Tranche to fund loans and advances to its customers and for working capital purposes including liquidity and capital management.

1.2.3 Conditions of the Bonds

Section 12 (*Conditions*) contains the terms and conditions of the Bonds. The Conditions include key terms such as the status of the Bonds, mechanisms for payments under the Bonds, Redemption, taxation, financial covenants, Events of Default and enforcement of the Bonds.

The final Issue Price, aggregate Principal Amount and Interest and any other terms and conditions not contained in the Conditions (which are applicable to any Series or Tranche) will be agreed between the Issuer, the Joint Lead Managers and, if applicable, the relevant Dealer(s) at the time of issuance in accordance with prevailing market conditions, and will be set forth in the Applicable Pricing Supplement issued in respect of the Series or Tranche.

1.2.4 The Bond Trustee

The Issuer has appointed the Bond Trustee, under the Trust Deed, as trustee for the protection and enforcement of the rights of the Bondholders under the Conditions. Under certain circumstances, the Bond Trustee can be required (subject to it being indemnified and/or secured to its satisfaction) by a Special Resolution or a Written Resolution to exercise its powers under the Trust Deed or if so requested in writing by Bondholders holding, at least, 51% in aggregate of the Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds then outstanding.

1.2.5 Sale and Subscription for the Bonds

Section 13 (*Subscription and Sale Information*) sets out the details on, among others, the sale of the Bonds, the application procedure and payment for the Bonds, and the trading and settlement procedures for the Bonds. Also see Appendix B (*Application Form*).

1.2.6 Repayments under the Bonds

All the payment terms of the Bonds are contained in Section 12 (*Conditions*) and the Applicable Pricing Supplement. Also see "*Repayment*" under Section 3 (*Summary of The Programme*).

The Paying Agent is responsible for processing and effecting all payments under the Bonds in accordance with Condition 7 (*Payments*) and the terms of the Agency Agreement. The Calculation Agent is responsible for calculating any Interest payable under the Bonds and any Interest Rate for the Floating Rate Bonds in accordance with Condition 5 (*Interest*) and the terms of the Agency Agreement.

1.2.7 Security

The Issuer entered into the Security Agreement with the Existing Security Trustee, the Existing Note Trustee and African Micro-Finance Holdings, under which the Issuer created (in favour of the Existing Security Trustee and for the benefit of the Existing Secured Parties and other future secured lenders of the Issuer) a security assignment over its business receivables to secure its payment obligations to the Existing Secured Parties and future secured lenders.

The Issuer also entered into the Intercreditor Agreement with the Existing Security Trustee, the Existing Note Trustee and African Micro-Finance Holdings, under which the parties agreed to coordinate their enforcement rights in respect of the shared security.

The Bond Trustee has acceded to the Intercreditor Agreement (on behalf of the secured Bondholders), for the purposes of the Issuer's obligations under the Senior Secured Bonds.

The obligations of the Issuer in respect of the Senior Secured Bonds will therefore be secured under the terms of the Security Agreement and the Bond Trustee's claims under the Security Agreement rank *pari passu* with the claims of the Existing Secured Parties. The rights of secured Bondholders will also be coordinated in accordance with the terms of the Security Agreement and the Intercreditor Agreement.

1.3 BOND DOCUMENTS

The Bonds are subject to the provisions of the Bond Documents. The Bondholders are bound by, and are deemed to have knowledge of, all the provisions of the Bond Documents. Copies of all the Bond Documents will be available for inspection during usual business hours at the offices of the Bond Trustee. Copies of the Prospectus and the audited annual financial statements (and notes thereto) of the Issuer for the last 3 preceding years are also available for viewing on the website of the Issuer.

2. LEGAL BASIS AND RATIONALE FOR THE PROGRAMME

2.1 LEGAL BASIS FOR THE PROGRAMME

The Programme and the listing of Bonds on the GFIM have been approved by the Issuer Board by a written resolution passed on 4 August 2020.

The shareholders of the Issuer have also approved the Programme and the listing of Bonds on GFIM by a written resolution passed on 4 August 2020.

2.2 RATIONALE FOR THE PROGRAMME

The Issuer has established the Programme to raise debt financing of up to GHS 150,000,000 to fund loans and advances to its customers and for other general corporate purposes including liquidity and capital management.

2.3 USE OF NET PROCEEDS

Bonds will be issued in Series or Tranches to fund loans and advances to its customers and for working capital purposes including liquidity and capital management.

The breakdown of the use of net proceeds is as follows:

Item	Percentage Allocation
Working capital purposes	54%
Loans and advances to customers	46%
Total	**100%**

2.4 PROGRAMME EXPENSES

The expenses related to the Programme are as follows:

Figure 1: Estimated Programme Expenses

No.	Item	Amount in GHS	Percentage of Programme
1	**Advisory Fees**		
1.1	Joint Lead Managers' Fee	150,000	0.100
1.2	Sponsoring Brokerage Fee	1,875,000	1.250
1.3	Legal Adviser's Fee	300,000	0.200
1.4	Reporting Accountant Fee	120,000	0.080
	Sub Total	**2,445,000**	**1.630**
2	**Regulatory Fees**		
2.1	GSE Application Fee	30,000	0.020
2.2	SEC Fee	75,000	0.050
2.3	CSD Fee	27,000	0.018
	Sub Total	**132,000**	**0.088**
3	**Other costs**		
3.1	Printing, Miscellaneous	50,000	0.033
	Sub Total	**50,000**	**0.033**
	GRAND TOTAL	**2,627,000**	**1.751**

3. SUMMARY OF THE PROGRAMME

The following is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series or Tranche under an Applicable Pricing Supplement:

Factor	Description
Issuer	Izwe Savings and Loans Plc (previously known as Izwe Loans Limited), a public limited liability company incorporated under the Companies Act (with registration number PL000162015) and a savings and loans company operating in Ghana and licensed under the BSDI Act
Description	Bond issuance programme
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds issued under the Programme. These are set out under Section 6 (*Risk Factors*) and include risks related to the Issuer, its business and the Ghanaian economy
Programme Size	Up to GHS 150,000,000 aggregate Principal Amount of Bonds outstanding at any one time. The Issuer may increase this aggregate nominal amount of the Bonds that may be issued under this Programme, subject to the approval of the SEC Subject to any Applicable Laws and the relevant corporate approvals, the Issuer may increase the aggregate nominal amount of the Bonds that may be issued under the Programme by issuing a supplementary prospectus thereof to holders in accordance with the Conditions and the Trust Deed Upon the issuance of such a supplementary prospectus, all references in the Prospectus or any other agreement, deed or document in relation to the Programme to the aggregate amount of the Bonds, shall be and shall be deemed to be references to the increased aggregate nominal amount
Use of Proceeds	The Issuer shall use the net proceeds from any Series or Tranche to fund loans and advances to its customers and for working capital purposes including liquidity and capital management
Repayments	Bond Repayments will be made on the relevant Bond Repayment Dates
Security	The Issuer entered into the Security Agreement with the Existing Security Trustee, the Existing Note Trustee and African Micro-Finance Holdings, under which the Issuer created (in favour of the Existing Security Trustee and for the benefit of the Existing Secured Parties and other future secured lenders of the Issuer) a security assignment over its business receivables to secure its payment obligations to the Existing Secured Parties and future secured lenders The Issuer also entered into the Intercreditor Agreement with the Existing Security Trustee, the Existing Note Trustee and African Micro-Finance Holdings, under which the parties agreed to coordinate their enforcement rights in respect of the shared security The Bond Trustee has acceded to the Intercreditor Agreement (on behalf of the secured Bondholders), for the purposes of the Issuer's obligations under the Senior Secured Bonds The obligations of the Issuer in respect of the Senior Secured Bonds will therefore be secured under the terms of the Security Agreement and the Bond Trustee's claims under the Security Agreement rank *pari passu* with the claims of the Existing Secured Parties. The rights of secured Bondholders will also be coordinated in accordance with the terms of the Security Agreement and the Intercreditor Agreement
Issue Price	Bonds may be issued at an issue price on a fully paid basis or discounted basis as specified in the Applicable Pricing Supplement. The price and amount to be issued by the Issuer, at any time, will be determined by the

Factor	Description
	Issuer and the relevant transaction parties at the time of issue in accordance with prevailing market conditions at time of issue
Currency of Bonds	GHS and the primary currency of the Bonds shall be GHS
Denomination of Bonds	The Bonds may be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Applicable Pricing Supplement or such other minimum denomination of each as may be allowed or required from time to time by the SEC or any Applicable Laws
Status of Bonds	The Bonds to be issued under the Programme may be Senior Secured Bonds, Senior Unsecured Bonds or Subordinated Bonds and may be either Fixed Rate Bonds or Floating Rate Bonds (as indicated in the Applicable Pricing Supplement). See Condition 3 of the Conditions
Status of Senior Secured Bonds	The Senior Secured Bonds issued under the Programme will constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
Status of Senior Unsecured Bonds	The Senior Unsecured Bonds issued under the Programme will constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
Status of Subordinated Bonds	The Subordinated Bonds issued under the Programme will constitute direct, general, unconditional and unsecured obligations of the Issuer and subordinate to the claims of direct, general, unconditional and secured creditors of the Issuer and the claims of holders of Senior Secured Bonds and Senior Unsecured Bonds, and will at all times rank *pari passu* among themselves and have been designated as such in the Applicable Pricing Supplement
Negative Pledge	See Condition 4 of the Conditions
Fixed Rate Bonds	Fixed interest will be payable on such date or dates as specified in the Applicable Pricing Supplement and, on Redemption, will be calculated on the basis of such Day Count Fraction as specified in the Applicable Pricing Supplement
Floating Rate Bonds	Floating Rate Bonds will bear interest at a rate determined on the basis of a Reference Rate or benchmark and as adjusted for any applicable margin, or as may be agreed among the Issuer, the Joint Lead Managers and the relevant parties and specified in the Applicable Pricing Supplement The margin (if any) relating to such floating rate will be specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Bonds. Floating Rate Bonds may also have a Maximum Interest Rate, a Minimum Interest Rate or both Interest on Floating Rate Bonds in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as specified in the Applicable Pricing Supplement
Form and Delivery of Bonds	The Bonds shall be in registered form and held electronically on the Central Securities Depository
Register	The Register will be maintained electronically in a book-entry form on the Central Securities Depository system The Register will be held and updated by the CSD, which shall record each Series and Tranche, the number of Bonds in each Series and Tranche held by each Bondholder and the names and addresses and bank account details of each Bondholder

Factor	Description
Distribution of Bonds	Subject to Applicable Laws, the Bonds may be distributed by way of private placement or public offer and, in each case, on a syndicated or non-syndicated basis
Selling Restrictions	The Bonds will be marketed and sold in Ghana. Bonds that may be marketed and/or sold outside of Ghana will be specified in the Applicable Pricing Supplement and the Issuer and the Dealers shall comply with the Applicable Laws. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of offering material, see Section 12 (*Subscription and Sale Information*) below
Listing	Bonds issued under the Programme will be listed on the GFIM Trading in the Bonds is subject to the trading, clearing and settlement rules and procedures of the GFIM
Book Closure Period	The Register will be closed 10 Business Days prior to each Interest Payment Date each year until the Redemption Date or for such other periods as the Issuer may determine, subject to the prior approval of the SEC
Last Day to Register	5 pm on the last Business Day before the first day of a Book Closure Period
Interest Payment Date	The date of payment of interest on a Bond (as set out in the Applicable Pricing Supplement)
Interest Periods	May be monthly, quarterly, semi-annually or such other periods deemed appropriate and as set out in Applicable Pricing Supplement
Interest Rates	This will be as indicated in the Applicable Pricing Supplement
Redemption	The Bonds shall be subject to Early Redemption or Optional Redemption and, as stated in the Applicable Pricing Supplement, be redeemed in whole or in part, at the Principal Amount thereof plus accrued Interest, if any, at the relevant Maturity Date
Taxation	The Issuer is a Ghana resident for tax purposes. All payments of Principal Amounts, Instalment Amounts and Interest in respect of the Bonds will be made in compliance with income tax laws of Ghana. Currently, the Issuer is required by the Income Tax Act to withhold tax at the rate of 8% on all Interest payments to Bondholders, except where the Bondholders are exempted by Applicable Law. Bondholders are advised to seek professional tax advice concerning their specific tax obligations relating to investing in the Bonds
Events of Default	Events of Default in respect of the Bonds include, but are not limited to, the events set out in Condition 17 of the Conditions
Maturity	The maturity of the Bonds shall be specified in the Applicable Pricing Supplement in accordance with such minimum or maximum maturities as may be allowed or required from time to time by the SEC (or equivalent body) or any Applicable Laws
Programme Expiry	The Programme will expire 5 years from the date of this Prospectus. All Bonds issued prior to the expiry of the Programme will be valid and remain contractual obligations of the Issuer after expiration
Bond Trustee	Fidelity Bank
Escrow Account Bank	Fidelity Bank
Paying Agent	Fidelity Bank

Factor	Description
Calculation Agent	CSD
Costs and Expenses of the Programme	The total cost and expense of the Programme is not expected to exceed 5% of the total proceeds of the Bonds. The cost of the Programme is summarised under Section 2.4 (*Programme Expenses*)

4. INCORPORATION OF DOCUMENTS BY REFERENCE

4.1 Incorporated Documents

The following documents are incorporated by reference and form part of the Prospectus. The content of these documents shall, where appropriate, and subject to the prior approval of the SEC, modify and supersede the contents of this Prospectus:

(a) all supplements to the Prospectus circulated or published by the Issuer from time to time;

(b) the Trust Deed;

(c) the Agency Agreement;

(d) the Escrow Account Agreement;

(e) the Security Agreement;

(f) the Intercreditor Agreement;

(g) each Applicable Pricing Supplement relating to any Series or Tranche issued or published under this Prospectus;

(h) the report of the Reporting Accountants dated 6 November 2020 ; and

(i) the audited annual financial statements (and notes thereto) of the Issuer for the years ended 31 December 2017, 31 December 2018, 31 December 2019, and any interim quarterly financial statements (whether audited or unaudited) of the Issuer.

4.2 Documents for Inspection

As long as any Bonds are outstanding, certified copies of the following documents will be available for inspection by Bondholders, on request, at the offices of the Bond Trustee on Business Days and during normal business hours:

(a) the Issuer Constitution and the incorporation documents of the Issuer;

(b) the Issuer Board and shareholder resolutions approving the Programme;

(c) the Prospectus;

(d) the Legal Compliance Letter;

(e) prospective financial information for five years ending 31 December 2024;

(f) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer, together with any audit or review reports prepared in connection therewith;

(g) the Global Bond Certificate for each Series or Tranche held by the Bond Trustee on behalf of Bondholders; and/or

(h) any document listed under Section 4.1 (*Incorporated Documents*) above.

5. FORM OF THE BONDS

The details of the form of the Bonds shall be as follows:

(a) the Bonds shall be held electronically on the CSD;

(b) all Bondholders will be required to open and maintain CSD accounts prior to a purchase under this Programme, if they do not own one already, to which all purchases will be credited upon allotment;

(c) the Register will be maintained electronically in book-entry form on the CSD and no certificates will be issued to individual Bondholders;

(d) the CSD shall maintain a Register, which shows a record of Bondholders' respective electronic book entries in the CSD system, the particulars of Bondholders and their respective holdings;

(e) entry on the Register shall represent proof of ownership of the rights in a Bond;

(f) the Issuer shall issue a single Global Bond Certificate to the Bond Trustee (in respect of each Series or Tranche), who will hold the Global Bond Certificate as a nominee for the Bondholders; and

(g) if Bonds are transferred subsequent to issue, rights of ownership will be transferred *via* entries in the Register, per the CSD securities transfer rules.

6. RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Bonds should carefully consider, along with the information referred to in this Prospectus, the following risk factors (which are not meant to be exhaustive) associated with an investment in Ghana, the Issuer and the Bonds.

6.1 RISKS RELATING TO GHANA

6.1.1 Economic Instability Risk

Ghana, as an emerging economy, is subject to constant macroeconomic instabilities. Although significant strides have been made by policymakers to reduce inflation to manageable levels (as well as stabilise interest rates and other macroeconomic fundamentals), these fundamentals are still in a developing stage. Investors in the Bonds should be cognisant of the potential impact of adverse changes in the macroeconomic framework on the ability of the Issuer to generate revenue to meet its obligations to the Bondholders.

6.1.2 Political Instability Risk

There has been a peaceful and uneventful change of government since 1992 when the country adopted multi-party democracy as a system of government. That notwithstanding, any significant adverse changes in policies (including a rejection or reversal of reform policies favouring privatisation, industrial restructuring, administrative and regulatory reform and economic management reforms) may have negative effects on the economy, and potentially impact the Issuer's ability to meet its obligations to the Bondholders.

6.1.3 Budget Fiscal Risk[1]

Ghana is facing elevated fiscal risks given the budget rigidities, potential increased spending ahead of the 2020 general elections and the emerging contingency spending pressures induced by the novel coronavirus (COVID-19). High public spending on wages, debt service and the flagship social intervention programmes (together with persistent shortfalls in domestic revenue and grants) have elevated the fiscal position in the past. Ghana's domestic revenue performance remains sluggish when compared to its peers, with tax revenue accounting for 13% of GDP in 2019 (vs. the Sub-Saharan African average of 18.2% in 2018). Total non-discretionary expenditure on worker compensation, interest payments, goods and services and statutory allocations consumed 112% of total revenue and grants and 114% of domestic revenue in 2019. While the successful completion of the 4-Year Extended Credit Facility (ECF) programme with the International Monetary Fund came with far-reaching fiscal and institutional reforms along with accompanying legislation to guide the fiscal administration going forward, the persistent revenue shortfalls remain a risk.

The anticipated economic slowdown induced by COVID-19 and its accompanying revenue impacts (in the form of unbudgeted and increased expenditure on health and social interventions under the Government of Ghana's (the **Government**) COVID-19 alleviation programme and revenue shortfalls due to the disruption to economic activity following the imposition of restrictions) along with potential spending pressures ahead of the December general elections could weaken key macroeconomic indicators and negatively impact market conditions and affect the Issuer's ability to meet its obligations to the Bondholders.

6.1.4 COVID-19-induced contraction Risk[2]

Ghana is facing an increasing risk of economic contraction in 2020 in the aftermath of the COVID-19 outbreak and the anticipated level of disruption to economic activity. Accordingly, the real GDP growth rate has been revised downwards to 0.9% per annum under the scenario of a partial lockdown (from 6.8% per annum). In their 2020 mid-year review and supplementary

[1] Ministry of Finance: FY-2019 fiscal data

[2] Government of Ghana: 2020 Mid-year Review and Supplementary Budget

budget, the Ministry of Finance estimated the shortfall in total revenue for the first half of the year at GHS7.75 billion (2.0% of revised GDP in 2020).

The Government's proposed Coronavirus alleviation plan (which seeks to inject GHS 1 billion into key sectors) and the monetary stimulus packages rolled out by the Bank of Ghana notwithstanding, economic activity is expected to slow down considerably.

6.2 RISKS RELATING TO THE ISSUER

6.2.1 Customer Concentration Risk

The Issuer is subject to customer concentration risk as a result of its reliance on the public sector for a large portion of its payroll loans, and the resulting interest income. As at March 2020, loans disbursed to customers employed in the public sector accounted for approximately 97.7% of the Issuer's total loan portfolio. This concentration of public sector employee customers may result in the Issuer being vulnerable to civil service and government volatility (for example, public sector strikes). Furthermore, if for any reason the Issuer loses or experiences a decrease in the amount of its business from public sector employees as a result of market conditions, competition or otherwise, the Issuer's financial condition and/or results of operations may be adversely affected.

6.2.2 Customer Base Risk

A high proportion of the Issuer's customers fall into the lower income brackets of the Ghanaian workforce or are private individuals whose incomes may fluctuate. Their borrowing from the Issuer may be their first access to credit meaning that they may not be familiar with repayment procedures and may not have credit histories. As a result, these customers represent a greater degree of risk than borrowers with higher levels of income, who work in the formal sector of the economy and have established credit histories.

6.2.3 Interest Rate Risk

The Issuer's loan portfolio consists entirely of loans bearing interest at fixed rates: the net interest income from the Issuer's loans depends on the spread between the Issuer's cost of funding and the interest rates charged to customers. The Issuer is therefore exposed to the risk of a difference in interest rates between those applied to its loans and those on its sources of funding. In addition, an upward change in the interest rate environment in Ghana, regionally or across Africa, or general uncertainty about changes in interest rates (including COVID-19-related factors), could affect demand for credit in Ghana. Failure to manage these risks could reduce the net interest income the Issuer earns on its loan portfolio, or affect demand for the Issuer's loan product offering, either of which may in turn have an adverse effect on the Issuer's business, financial condition and results of operations.

6.2.4 Cost Inflation Risk

The majority of the loans disbursed by the Issuer carry a fixed rate of interest: therefore, the revenue which can be generated is fixed at the point of disbursement. However, most of the costs involved in generating that revenue are subject to inflation: employee and branch costs will increase through a combination of earnings and price inflation and can erode profitability. Significant cost inflation coupled with failure by the Issuer to accurately predict such inflation could adversely affect the financial condition of the Issuer.

6.2.5 Maturity Mismatch Risk

Mismatches between the maturity of loans with the Issuer's portfolio and its sources of funding may present a liquidity risk if the Issuer fails to obtain funding on an ongoing basis, and could magnify the effect of any imbalance in interest rates. If the Issuer fails to adequately match the maturity of its funding with that of its loan portfolio, there may be an adverse impact on its business operations.

6.2.6 Funding Risk

The Issuer relies on several sources of funding, including bilateral loans and debt securities, to finance its operations. Adverse financial conditions, including a liquidity crisis, could limit the Issuer's access to new or sustained funding. Any decrease in the availability of one or more of the Issuer's funding sources could have an adverse effect on its business, financial condition and results of operations.

The Issuer may also require new capital in the future in order to grow its loan portfolio, to remain competitive or to enter into new businesses. In addition, the Issuer may need to raise capital to increase its equity base in the event that the Issuer experiences large, unexpected losses in its loan portfolio and/or the Bank of Ghana increases the minimum capital requirement for the sector. The Issuer cannot give any assurances that it will be able to obtain funding in a timely manner, on acceptable terms or at all. This may have an adverse effect on its business, financial condition and results of operations.

6.2.7 Loan Default Risk

About 2.3% of the Issuer's loans are advanced to non-payroll clients that mainly comprise small businesses in its "Car4Cash" loan product. Given the expected impact of the COVID-19 pandemic on economic activity, many small-scale enterprises are likely to experience disruptions to their business activities and likely result in a default on their loan repayments. This may have an adverse effect on its business, financial condition and results of operations. The Bank of Ghana's COVID-19-induced directives issued in March 2020 should however serve as a cushion to the expected adverse impact of the defaults on the Issuer.

6.2.8 Unsecured Loan Portfolio Risk

A large portion of the Issuer's loan portfolio is unsecured. If all or a substantial part of the Issuer's unsecured customers default on their loans and the Issuer is unable to enforce claims against unsecured assets of such customers, this could have a material adverse effect on the Issuer's business, financial position, results of operations and/or prospects.

6.2.9 Consumer Credit Risk

With regard to payroll loan applications, consultations with consumer credit agencies on the credit history of the customer are only carried out where information is available. Furthermore, there is no centralised information system that allows the Issuer to verify compliance with the maximum amount of payments that can be made by employees through payroll deductions, which the Issuer defines as 50% of the amount of each employee's net salary. Therefore, the information that the Issuer has about a particular customer might be insufficient to prevent situations that could affect the recovery of the loan. Such a situation may have a material adverse effect on the Issuer's business, financial condition and results of operations.

6.2.10 Payroll Deduction Capacity Risk

About 97.7% of the Issuer's loan portfolio is made up of payroll loans while the remaining 2.3% covers non-payroll loans on a gross basis. The Issuer relies on the ability to collect directly from the payroll of its customers. The Issuer enters into an agreement with their customers' employers determining how the Issuer may interact with the employer and collect loan repayments. In the event that the Issuer is not able to maintain the existing contracts with its customers' employers, the Issuer's ability to collect loan repayments and originate new payroll loans could be reduced. Any deterioration in the relationship between the Issuer and the employers or any changes to the collection process of payroll loan may result in the termination of the contract and could have a material adverse effect on the Issuer's business, financial condition and results of operations.

6.2.11 Payroll Deduction Failure Risk

The instructions that borrowers give to their employers authorising deductions from their salaries to service repayments on payroll loans with the Issuer may be revoked in exceptional cases. Similarly, payroll deductions may not be made accurately or promptly by the customer's public sector employer as a result of administrative problems or errors, the loss of employment or the incapacity of the customer. If loan repayments are no longer deducted from the salaries of the Issuer's payroll loan borrowers, the Issuer's payroll loan business and credit profile may be materially and adversely affected, negatively impacting the Issuer's business, financial condition and results of operations.

6.2.12 Data Collection, Processing and Storage Risk

The Issuer's business is dependent on its ability to collect and process a large amount of information related to the existing customer base, including transaction processes that may increase in complexity with an increase in the volume of its business. The proper functioning of financial control, accounting or other data collection and processing systems is critical to the Issuer's business and to its ability to compete effectively. A partial or complete failure of any of these primary systems or the inappropriate handling of the data stored therein could adversely impact the Issuer's decision-making process, its risk management and internal control systems, as well as its ability to respond in a timely manner to changing market conditions. In addition, the Issuer may experience difficulties in upgrading, developing and expanding its information technology systems quickly enough to accommodate its growing customer base.

If the Issuer cannot maintain effective and secure data collection and handling processes, and management systems, or if the Issuer cannot upgrade such systems in a timely fashion, such failure may adversely affect its business, financial condition and results of operations.

6.2.13 Information Technology Risk

The Issuer's ability to operate and remain competitive depends, inter alia, on its ability to maintain and upgrade its information technology infrastructure in a timely and cost-effective manner. Failure to take the actions needed to ensure its IT systems licences remain business-relevant, current and secure could materially and adversely affect the Issuer's competitiveness, financial position and results of operations.

6.2.14 Business Strategy Risk

The Issuer's strategy involved the growth of its business, not only in terms of size but also in terms of its customer base and product offering. The Issuer cannot offer assurances that its growth and diversification strategy will be successful and that its strategy will not cause it to incur losses. In addition, the Issuer may be required to incur additional costs in order to fulfil its strategy, and such costs may be only partially recovered, if at all. Such strategy and the resulting expenditure and/or losses, may have an adverse effect on its business, results of operations, financial situation and future projections.

6.2.15 Payroll Lending Business Risk

The Issuer has entered into cooperation agreements with the Controller and Accountant General's Department, the Ghana Revenue Authority, the Ghana Police Service, the Ghana Armed Forces, and other public and private employers, and it is through these relationships that the Issuer promotes the Issuer's payroll loan products. In some instances, the cooperation agreements provide for the payment of a fee (to cover administration expenses of the employer in connection with the payroll deduction collection and also an incentive to the employer to maintain prudent risk management standards) by the Issuer to the employer based on a fixed percentage of the instalment originated through the particular cooperation agreement. These cooperation agreements can be terminated without notice. In the event that the Issuer is not able to maintain the existing cooperation agreements with these public sector entities, the Issuer's ability to originate new payroll loans could be adversely affected, which may reduce the size of the Issuer's loan portfolio and affect its growth.

6.2.16 Competition Risk

The Ghanaian market for the products offered by the Issuer is highly competitive. The Issuer's competitors include commercial banks and other financial institutions. The Issuer expects competition to continue to intensify as it continues expanding its operations. Institutions with which the Issuer currently competes with may have significantly greater assets and capital, access to financing sources, brand recognition, geographic penetration, experience with credit rating structures and other advantages, compared to the Issuer. In addition, the Issuer’s competitors may be better able than the Issuer to anticipate and respond to market trends. If the Issuer is not able to effectively compete with one or more competitor within the market, the Issuer's financial condition, results of operations and prospects may be adversely affected.

6.2.17 Regulatory Risk

The Issuer's operations are licensed by the Bank of Ghana. If any such licence, permit or permission is not renewed, or is revoked, or is re-issued in a form not suitable for the Issuer’s operations, this would have a material adverse effect on the Issuer's business and financial condition or result of operations.

6.2.18 Brand and Reputation Risk

The Issuer’s success and its future growth is dependent upon the strength of its brand and its reputation. The Issuer operates a business model where integrity and customer confidence are important. Damage to its reputation or brands as a result of adverse publicity could directly affect customer willingness to use the Issuer’s products or make contractual repayments, and may make it more difficult for the Issuer to recruit and retain management, employees and agents, thereby directly affecting revenue. Adverse publicity may also ultimately lead to increased pressure for regulatory change in the consumer credit industry with adverse consequences on the Issuer’s business, results of operations and financial condition.

6.2.19 Human Resource Risk

The Issuer depends on the experience and services of its principal officers and key employees. The loss of any of the Issuer’s principal officers, key employees or senior managers could negatively affect the Issuer’s ability to execute its business strategy. In line with the Issuer’s planned expansion, its future success also depends on its continuing ability to identify, hire, train and retain other qualified sales, marketing, collections and managerial personnel. Competition for such qualified personnel is intense and the Issuer may be unable to attract, integrate or retain qualified personnel at levels of experience or compensation that are necessary to maintain the Issuer’s market position or to sustain or expand its operations. Failure to retain and attract key personnel may adversely impact the Issuer’s business, results of operations, prospects and financial condition.

6.3 RISKS RELATING TO THE MARKET

6.3.1 Secondary Market Risk

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rates, currency or market risks and are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Bonds.

6.3.2 Market Price Risk

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer’s operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer’s results of operations or financial condition.

6.3.3 Emerging Markets Risk

The market price of the Bonds is influenced by economic and market conditions in Ghana and, to a varying degree, economic and market conditions in both emerging market countries and more developed economies, including those in the EU and the United States. Financial turmoil in Ghana and emerging markets in the past have adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the Ghanaian economy remains relatively stable, financial turmoil in these countries could have a material adverse effect on the market price of the Bonds.

6.3.4 Exchange Rate and Exchange Control Risk

The Issuer will pay the Principal Amount and Interest in GHS. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the GHS. These include the risk that exchange rates may significantly change (including changes due to a devaluation of the Currency or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal. An investor may also not be able to convert (at a reasonable exchange rate or at all) amounts received in the Currency into the Investor's Currency, which could have a material adverse effect on the market value of the Bonds. There may also be tax consequences for investors.

6.3.5 Interest Rate and Fixed Rate Bonds Risk

Investment in Fixed Rate Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Bonds, this will adversely affect the value of the Fixed Rate Bonds. Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

6.4 RISKS RELATING TO THE BONDS

6.4.1 Bond Suitability Risk

The investment activities of certain investors may be subject to investment laws and/or regulations or review or approval by certain authorities. Each potential investor should, therefore, consult its legal advisers to determine whether (and to what extent) the Bonds are legal investments for it, can be used as collateral for borrowing and/or have any restrictions on their purchase or pledge. Investors which are financial institutions should also consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

6.4.2 Bond Redemption Risk

An optional redemption feature of Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds will generally not rise substantially above the price at which those Bonds can be redeemed. This may similarly be true prior to any redemption period.

The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

6.4.3 Unsecured Bonds Risk

The Issuer's obligations under, the Senior Unsecured Bonds and/or the Subordinated Bonds constitute unsecured obligations of the Issuer. Accordingly, any claims against the Issuer under the Bonds would be unsecured claims. The ability of the Issuer to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and cash flows from its business.

6.4.4 Subordinated Bonds Risk

The claims of holders of Subordinated Bonds will rank below the claims of holders of Senior Secured Bonds and Senior Unsecured Bonds issued by the Issuer and also subordinate to the claims of other senior creditors of the Issuer. Any such preferential claims may reduce the amount recoverable on the Subordinated Bonds on any dissolution, winding up or liquidation of the Issuer and may result in an investor in Subordinated Bonds losing all or some of its investment.

6.4.5 Amendment Risk

The Conditions contain provisions for calling Meetings to consider matters affecting the interests generally of Tranche Bondholders, Series Bondholders or all Bondholders, including material changes to the Conditions and the waiver of, or the rescission of, any acceleration following an Event of Default. These provisions permit defined majorities to bind either Tranche Bondholders, Series Bondholders or all Bondholders (including Bondholders who did not attend and vote at the relevant Meeting and Bondholders who voted in a manner contrary to the majority). As a result, such binding decisions made by majorities of either Tranche Bondholders, Series Bondholders or all Bondholders may be adverse to the interests of potential investors.

6.4.6 Change in Applicable Law Risk

The Conditions are based on Ghanaian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Ghanaian law or administrative practice after the date of this Prospectus and any such change could have a material adverse effect on the value of any Bonds affected by it.

6.4.7 Further Bond Issuance Risk

The Issuer may, from time to time, create and issue further Bonds without the consent of Bondholders, subject to terms and conditions which are the same as those of existing Bonds, or the same except for the amount of the first new payment of interest. Such new Bonds may be consolidated and form a single series with outstanding Bonds.

6.4.8 Non-petition Risk

Each Bondholder will be deemed to have agreed that it will not, at any time, institute against the Issuer (or join any institution against the Issuer) any insolvency, liquidation, reorganisation, arrangement proceedings or other similar proceedings under any Applicable Law in connection with the obligations of the Issuer relating to the Bonds, the Bond Documents or otherwise owed to the Bondholders. If such provision failed to be enforceable under Applicable Law, it could result in a court, liquidator or receiver (i) liquidating the assets of the Issuer notwithstanding the absence of Bondholder voting required for such liquidation pursuant to the Bond Documents, or (ii) failing to liquidate notwithstanding such voting direction.

7. OVERVIEW OF GHANAIAN ECONOMY

7.1 GENERAL OVERVIEW[3]

Ghana is the second largest economy in West Africa by Gross Domestic Product (**GDP**) with a GDP of GHS 349.48 billion (USD 66.98 billion) in 2019. The economy expanded at an average growth rate of 4.9% from 2014 to 2019, with a recent peak of 8.1% in 2017. Overall real GDP growth for 2019 was at 6.5%, remaining above the average growth for the 2014 to 2019 period. The discovery of oil and gas and the resultant extraction of the resources since late 2010 has significantly boosted Ghana's appeal as a destination for foreign direct investments with a positive impact on the country's growth prospects. Notwithstanding the strong outturn in recent years, Ghana's growth has been less inclusive, resulting in higher than anticipated inequality and a slower rate of poverty reduction. The country has an estimated population of 30.2 million with over 50.5% of the population living in urban areas and 38.8% of the population being youth.

Ghana recorded modest success in reducing poverty levels in the previous decade as the country climbed into a lower middle-income status by 2010. However, the economy continues to rely heavily on a largely informal agriculture and natural resources for exports with little to no value addition. The Government estimates that (in 2015) the informal sector employed approximately 90% of the country's workforce while the Ghana Statistical Service estimated the share of the informal sector in Ghana's GDP at 27.0% in 2019. The rate of poverty reduction has slowed in recent years because the extractive sector, which accounts for a significant part of economic growth, is largely foreign-owned, capital intensive and generates fewer local jobs. The Government has embarked on an ambitious economic transformation agenda centred on human capital development, economic diversification and industrialisation, resulting in shared growth, job creation and social protection for the economically vulnerable. The Ghanaian economy is still vulnerable to significant domestic and external shocks which could potentially slow down economic growth including significant depreciation of the GHS, high fiscal and current account deficits, high inflation, disruption to crude oil production and export, high contingent liabilities in the energy sector and state-owned enterprises (**SOEs**), fluctuation in commodity prices, global health pandemic such as COVID-19. See Section 6 (*Risk Factors*).

Similar to other emerging markets, Ghana's economic growth slowed over the last 10 years, recording its lowest growth rate of 2.2% in 2015 (rebased), against a backdrop of high inflation, rising public debt, currency volatility, wider fiscal deficits and an energy crisis. However, the Ghanaian economy bounced back in 2017 with a rebased GDP growth rate of 8.1%, the highest growth rate recorded since 2012. This was on the back of growth in the industrial sector, largely driven by a rebound in upstream oil and gas production from the Jubilee and Tweneboa, Enyenra and Ntomme (TEN) oil fields over the period. Overall provisional GDP growth for 2019 was 6.5% compared to 6.3% in 2018. During the first half of 2020, overall real GDP growth averaged 0.85%, reflecting a 4.9% expansion in the first quarter, which was partially offset by a 3.2% contraction in the second quarter. Based on the improving business and consumer confidence together with the rebound in growth in the Composite Index of Economic Activity, the Bank of Ghana expects a return to positive but fragile growth in the third quarter of 2020.

In August 2014, the Government of Ghana (following bouts of macroeconomic instability and slowing growth rate after the 2012 general elections), requested an IMF support for a 3-year fiscal adjustment programme to help restore policy credibility, investor confidence and macroeconomic stability. After a critical assessment of Ghana's situation, the IMF approved a 3-year technical and financial support on 3 April 2015 to help correct Ghana's domestic and external imbalances. The technical assistance programme with an extended credit facility worth SDR 664.2 million (~USD 918 million) focused on the following objectives: (i) achieve a front-loaded fiscal adjustment to restore debt sustainability through expenditure containment and improved revenue mobilisation, (ii) structural reforms to strengthen public financial management and fiscal discipline through budget transparency, payroll clean-up and right-sizing the civil service, (iii) restore the effectiveness of the inflation-targeting framework to help reduce inflation to single digits, and (iv) preserve financial sector stability. Although the programme recorded a successful first year of implementation in 2015, a combination of unanticipated shortfall in petroleum revenue amidst election-related spending in 2016 dragged the programme off track.

[3] Bank of Ghana: Summary of Economic and Financial Data (November 2019), Government of Ghana: 2020 Budget Statement and Economic Policy, Government of Ghana: 2020 Mid-year Review and Supplementary Budget, Ghana Statistical Service: annual and quarterly GDP report (2013-2020), and Bank of Ghana: MPC Press Statement (September 2020)

However, a renewed commitment to fiscal discipline led to a 1-year extension of the programme to ensure a successful completion and implementation of key reforms by April 2019. The IMF programme culminated in a number of significant fiscal and monetary policy reforms including (but not limited to) the passage of the Public Financial Management Act, 2016 (Act 921) (the **PFMA**) and the Fiscal Responsibility Act, 2018 (Act 982) (the **Fiscal Responsibility Act**) (which establishes a Fiscal Council and a Financial Stability Council). The key objective of these reforms is to lock-in the gains from the IMF programme and sustain the macroeconomic achievements over the medium-term.

As part of the technical assistance programme, the Bank of Ghana commenced broad-based reforms across the various segments of the financial sector in 2017 following an asset quality review in 2016, pursuant to the objective of preserving financial sector stability. The reforms included (but not limited to) an increase in the minimum capital requirement for universal banks by more than 230% to GHS 400 million, implementation of corporate governance structures with fit and proper directives for key management and directors, the resolution and revocation of licences of defunct financial institutions and the implementation of the Basel II/III framework to tighten credit risk management frameworks. The financial sector reforms were also extended to the asset management firms regulated by the SEC, which resulted in the revocation of licences of defunct asset managers with industry recapitalisation currently under consideration. With the renewed commitment to macroeconomic stability and policy credibility, the Government launched its seven-year policy document titled "*The Coordinated Programme of Economic and Social Development Policies (CPESDP) for the period 2017-2024"* to succeed the Ghana Shared Growth and Development Agenda (GSGDA) I and II. With this strategy document, the Government seeks to consolidate the macroeconomic gains and build on the GSGDA I and II by transforming agriculture and industry, revamping economic and social infrastructure, strengthening social protection and inclusion as well as reforming public institutions.

Ghana's macroeconomic environment has improved significantly since 2017 with improved fiscal and monetary management supporting a stronger domestic and external position. In 2017, the Government rolled out a number of policies, including the '1 District 1 Factory' (**1D1F**) and 'Planting for Food and Jobs' (**PFJ**) programmes, in an attempt to stimulate growth in the agriculture and industrial sectors. The PFJ programme was aimed at revamping agriculture productivity across the country's agricultural zones while the 1D1F programme aimed to link agriculture productivity to industrial zones to create a value-added economy. The 1D1F programme aims to establish at least one factory or enterprise in each district in Ghana which would be owned and managed by private investors and entrepreneurs. Against this backdrop, a number of taxes were reviewed downwards while others were abolished to minimise the impact of cost-push factors in the build-up to inflation and improve the operating environment for businesses. This, together with appropriate monetary policy, contributed to a decline in inflation from 15.4% in December 2016 to 7.8% in March 2020, before overshooting the target range of 8% ± 2% in April 2020 at 10.6%. As at the end of September 2019, fifty-eight (58) companies were in operation under the 1D1F programme and had created 10,983 direct jobs with about 43,900 indirect jobs. In addition, 181 companies have benefited from support under the 1D1F programme. To complement these efforts, the Government launched a "*Ghana Beyond Aid"* development strategy in May 2019 with focus on agriculture modernisation and export-led industrialisation. The overarching objective is to propel Ghana from a lower middle-income country to higher-middle income by the turn of the next decade.

Ghana's economy is recording commendable growth and is expected to record an estimated average growth rate of 5.3% from 2021 to 2024 on the back of industrialisation, efficient power supply, increased private sector and public infrastructure investments and foreign direct investment inflows. The growth outlook however reflects the short to medium term impact of the COVID-19 pandemic, which is projected to drag overall growth down to 0.9% in 2020. Inflation is expected to remain sustainable and anchored on a credible macroeconomic framework, but the fiscal deficit is projected to remain elevated above the 5% legislative limit until 2024 due to the unanticipated shocks from the pandemic. Consequently, the fiscal rules in the Fiscal Responsibility Act, 2018, have been suspended by Parliament.

Figure 2:Macroeconomic Performance Data

	2014	2015	2016	2017	2018	2019	1H-2020
The Real and Monetary Sectors							
GDP current (GHS millions) – Rebased	155,433	180,399	215,077	256,671	300,596	349,480	178,245
Real GDP Growth Rate (per cent.)	2.9%	2.2%	3.4%	8.1%	6.3%	6.5%	0.85%**

	2014	2015	2016	2017	2018	2019	1H-2020
End Period Inflation (per cent.)	17%	17.70%	15.40%	11.80%	9.40%	7.90%	11.2%
Monetary Policy Rate (per cent.)	21%	26%	25.50%	20%	18%	16%	14.5%
Ghana Cedi /US$ Exchange Rate	3.20	3.80	4.20	4.42	4.82	5.53	5.6674
Balance of Payments (USD millions)							
Merchandise Trade Balance	(1,383)	(3,144)	(1,782)	1,187	1,809	2,282	952.7
Current Account Balance	(3,695)	(2,824)	(2,841)	(2,003)	(2,044)	(1,834)	(556.3)
Capital and Financial Account	3,753	3,123	2,558	3,016	1,500	3,120	437.3
Overall Balance of Payments	(86)	(16)	247	1,091	(672)	1,341	(0.05)
Gross Foreign Assets (USD millions)	5,461	5,885	6,162	7,555	7,025	8,418	9,171
Fiscal Sector							
Total Government Revenues and Grants (GHS Million)	24,746	32,040	33,678	41,498	47,637	52,974	22,007
Total Government Expenditures (GHS Million)	31,962	38,590	51,125	51,986	58,197	67,671	46,352
Government Overall Balance (% of GDP)	(7.4%)	(4.9%)	(7.3%)	(4.8%)	(3.9%)	(4.8%)	(6.3%)
Public Debt							
Domestic Public Debt (GHS Billion)	44.5	59.9	75.8	66.7	86.9	105.5	122.1
External Public Debt (GHS Billion)	35.0	40.3	69.2	75.8	86.3	112.5	136.3
Gross Public Debt (% of GDP)	50.8%	53.9%	57.0%	55.5%	57.6%	63.0%	67.0%

*Source: Ministry of Finance, Bank of Ghana, Ghana Statistical Service, **Real GDP contracted by 3.2% YoY in Q2-2020*

7.2 POLITICAL BACKGROUND

Ghana is one of the most stable democracies in Africa. The country's first two decades of post-independence history was characterised by long military rules interspaced with civilian governments. After almost a decade of quasi-military rule under the then Provisional National Defence Council, strong internal and external pressures on the Government led to the passage into law of the Ghana Constitution. Additionally, there was the reinstatement of multi-party democracy in the same year, which ushered Ghana into its Fourth Republic.

Ghana is a unitary republic with sovereignty residing in the Ghanaian people. This status is conferred by the Ghana Constitution, which is a hybrid of the Westminster and United States of America's systems of government. Ghana's political system is principally based on the separation of powers of the 3 arms of government (i.e. namely the Executive, the Legislature and the Judiciary) and a system of checks and balances.

Executive authority rests with the President, in conjunction with the Council of State (a body that deliberates and makes recommendations on any matter being considered or dealt with by the President or any other authority in respect of any appointment enshrined in the Constitution). The President is Head of State, Head of Government, and Commander-in-Chief of the Armed Forces of Ghana, and is elected by the direct vote of the eligible and registered populace for a 4-year term and may be re-elected only once. The most recent presidential and parliamentary elections took place on December 7, 2016 and led to the transfer of political power to the then-opposition party, New Patriotic Party, as the voters elected the then presidential candidate Nana Addo Dankwa Akufo-Addo as the 5th President of the Fourth Republic.

Parliament which consists of a unicameral body of 275 members is responsible for legislative functions.

Members of Parliament must be elected by their constituents for a 4-year term in single-seat constituencies. The basic function of Parliament is to deliberate on issues which can result in the passage of resolutions. For a bill to become law, legislation must have the support of the majority of the Members of Parliament present through voting along with the assent of the President, who has a qualified veto over all bills except those to which a vote of urgency is attached. The President's veto can be overridden by a vote of two-thirds of the Members of Parliament.

The Judiciary consists of the Superior Courts of Judicature and such lower courts or tribunals as Parliament may establish. The Superior Courts are the Supreme Court, the Court of Appeal, the High Court and Regional Tribunals. The Ghana Constitution provides that the Supreme Court is to consist of the Chief Justice and not fewer than 9 other Justices. Presently, the Supreme Court consists of the Chief Justice and 10 other Justices. The Chief Justice is appointed by the President acting in consultation with the Council of State and with the approval of Parliament. The President appoints the other Supreme Court Justices, acting on the advice of the Judicial Council, of which the Chief Justice is the Chairman, in consultation with the Council of State and with the approval of Parliament. Ghana's courts are used extensively for civil, business and criminal cases, and the judiciary is generally seen as largely independent of political influences.

In addition to the nationwide governance, Ghana is subdivided into 16 regions for political and administrative purposes. 6 new regions have recently been added to the existing 10 regions following referenda held in the affected regions. A Minister of State (appointed by the President with the approval of Parliament) heads each region and acts as a direct representative of the Government. The regions are further subdivided into district assemblies, which are classified as either metropolitan, municipal or district, depending on the size of the population. The district assemblies are responsible for delivering basic services to the population in their areas of jurisdiction and receive their funding from the District Assemblies Common Fund, which is financed by the national government. Under the Ghana Constitution, the district assemblies have deliberative, legislative and executive powers and are the highest political authority in their districts, subject to the other provisions of the Ghana Constitution. Government recently created 38 new districts to make development more accessible to citizens.

7.3 HISTORICAL ECONOMIC PERFORMANCE

Historically, the backbone of the Ghanaian economy has been the agricultural sector with focus on the production of cocoa. In recent years, however, the services sector has become the highest contributor to GDP (2019: 47.2% of GDP) surpassing agriculture. Following a cocoa boom in the 1920s, Ghana (then called the "Gold Coast") financed the development of its infrastructure and a network of social service institutions (which were among the most advanced in Africa) with cocoa sales proceeds. The 1930s global slump and the disruption of exports during the Second World War marked a decade-long pause in the economic development of the Gold Coast. The British government continued to purchase the cocoa crop in accordance with previous purchase arrangements throughout the war years. War-time rationing limited the opportunities for spending the earnings from the British purchases of cocoa, which resulted in the Gold Coast's emergence post-war as one of the largest holders of reserves in the British Empire.

Against the backdrop of accumulated national savings, Ghana was able to finance a university as early as 1947, along with developments in infrastructure, such as the new harbour and the industrial city of Tema. Early years after independence marked a boom in projects, some of which included the Volta River Authority power system, a paved highway to link Accra and Tema and transformation of Ghana's social and economic infrastructure. The price of social change was being paid for out of the profits from a long cyclical boom in the cocoa industry, a guaranteed gold bullion price and a newly emerging timber export business. This reliance on agriculture and gold prices made Ghana's economy particularly susceptible to changes in prices of such commodities and exchange rates.

Until recently, Ghana's economy was characterised by a pattern of recurring variabilities, depending on movements in the prices of Ghana's 3 principal exports, which were cocoa, timber and gold. In the early 1960s, Ghana was the world's largest producer of cocoa, with an annual output of 450,000 tonnes. However, output fell to an all-time low of 159,000 tonnes in the 1983/84 crop year as a result of low producer prices, and dry weather, which led to bush fires that destroyed many cocoa farms. Cocoa production has since improved on the back of enhanced farming methods and agronomic practices. The last 3 production cycles from 2016 to 2019 crop years have witnessed higher cocoa output with production reaching 969,510 tonnes, 904,740 tonnes and 811,250 tonnes respectively. The annual output, however, indicates declining crop yields as the Government institutes measures to replace older cocoa trees compounded by a slump in cocoa price on the world market over the period.

In 1983, there was a paradigm shift in economic thinking as the Government embarked on a far-reaching reform programme designed to correct the structural imbalances and reverse the country's economic decline. The reforms commenced with the Economic Recovery Programme (ERP) in 1983 with support from the IMF and the World Bank to control inflation using demand management policies. The programme was also designed to reverse the decline in economic growth, particularly in agriculture, build infrastructure, stimulate exports and restore domestic and external balances.

The reforms programme was also extended to the financial sector through the Financial Sector Adjustment Programme (**FINSAP**) in 1987 to mark a shift from the control regime towards a more liberal and market-determined system. The FINSAP was carried out in 3 phases across time with FINSAP-1 which covered the period 1988 – 1991; FINSAP-2 for the period 1992 – 1995; and FINSAP-3 which commenced in 1995 as an ongoing process. The first 2 phases resulted in the deregulation and liberalisation of financial markets in price determination for financial assets. The period witnessed the gradual liberalisation and licensing of foreign exchange bureaus with market determination of exchange rates. Administrative controls on interest rates were abolished to pave way for market-determined interest rates to adequately compensate for risk exposure of banks and stimulate efficient allocation of capital for investment and growth. A divestiture implementation policy also began the privatisation of public enterprises, which remains an ongoing process.

7.4 PRINCIPAL SECTORS OF THE ECONOMY[4]

The Ghanaian economy has historically relied on agriculture as the main driver of economic growth in the pre-oil era. Since the emergence of the oil and gas sector and following the re-basing of the economy in 2010, the industry and services sectors have outpaced agriculture as a contributor to GDP. The Ghana Statistical Service completed a rebasing of the GDP for the second time in 8-years in September 2018 to change its current base year to 2013 from 2006. This expanded the economy by 24.6% in 2018. The increase reflects economic activities that were not captured or were captured with insufficient data such as natural gas production, mining and manufacturing activities.

7.4.1 Services Sector

The services sector remains the largest sector of the economy accounting for 47.2% of GDP in 2019, a marginal increment from the 46.3% recorded in 2018. As at mid-year 2020, the services sector accounted for 48% of Ghana's GDP, despite the impact of COVID-19 on key sub-sectors. The sector's performance is significantly influenced by contribution from sub-sectors such as trade, repair of vehicles, household goods, transport and storage; financial and insurance activities; hotels and restaurants; as well as information and communication. The services sector recorded a growth of 7.6% in 2019, driven by a strong expansion in information and communication (46.5%), real estate services (19.9%), and health and social work activities (10.4%). The average growth was positive for all sub-sectors with the lowest growth rates recorded for financial and insurance activities (1.6%) and other service activities (2.6%) during 2019. The low growth rate recorded for the financial and insurance activities reflects the unintended but inevitable consequences of the financial sector reforms from 2017 to 2019. The services sector growth could, however, witness a sharp slowdown in 2020 as the COVID-19 pandemic undermines global supply chain, tourism and hospitality, transportation and financial sector performance. During the first half of 2020, the services sector recorded an average growth of 3.45% as a COVID-19-induced contraction of 2.6% in the second quarter partially offset the strong expansion of 9.5% recorded in the first quarter of 2020, The key sub-sectors that contracted in the second quarter were Trade, Repair of Vehicles, Household Goods (-20.2%), Hotels and Restaurant (-79.4%) and Professional, Admin. & Support Services (-11.2%). However, the ICT sub-sector continued its leap with a 74.2% growth in the second quarter, supported by the Health & Social work (+21.3%), Education (+17.9%), financial and insurance activities (+3.9%) and Transport (+0.8%) sub-sectors.

7.4.2 Financial and Insurance Activities

The financial and insurance activities sub-sector contributed an average of 5.1% to Ghana's nominal GDP from 2013 to 2019. However, the sub-sector's contribution to GDP declined consistently from 6.8% in 2016 to 3.9% in 2019, reflecting sharp contractions in 2017 and 2018. These contractions were due to the banking sector reforms which imposed a short-term restraint on risk-taking, thereby restricting normal operations and profitability. Growth in the financial and insurance activities sub-sector rebounded into positive territory in 2019 with a 1.6 growth after banks emerged from the reforms with a stronger capital base and risk management framework. Although the sub-sector could be weighed down by the economic squeeze resulting from the COVID-19 impact on credit risk and business profitability, the financial and insurance activities sub-sector recorded an average growth of 5.4% during the first half of 2020. A 6.9% expansion

[4] Ghana Statistical Service: quarterly GDP bulletin (September 2020), Government of Ghana: 2020 Budget Statement and Economic Policy

in the first quarter was followed by a 3.9% growth in the second quarter, despite the lockdown-induced stall in economic activity in the second quarter. The financial and insurance activities sub-sector accounted for 4.9% of GDP as at the second quarter of 2020 compared to 3.9% share at the end of 2019.

7.4.3 Industry

The industry sector contributed 34.2% to GDP in 2019 from 34.0% in 2018. The sector experienced significant growth from 1.1% in 2015 to 15.7% in 2017, driven by the mining and electricity subsectors, of which the oil and gas industry constitutes a significant share. Real growth however slowed to 6.4% in 2019, a decline from the 10.6% recorded in 2018. The 6.4% growth in 2019 was driven by a 12.6% growth in the mining and quarrying subsector. Oil and gas activities grew by 15.1% in 2019 compared to the 3.6% growth in 2018. The manufacturing subsector also grew by 6.3% in 2019. The construction sector contracted by 4.4 in 2019 after declining from 9.5% growth in 2015. The construction sub-sector could be further weighed down in 2020 by Government’s inevitable decision to cut capital expenditure in response to COVID-19 induced need for higher health expenditure. Although the industry sector is prime for stronger growth in the medium-term with support from Government’s industrialisation agenda and infrastructure expansion, the 2020 outlook is weighed down by the potential impact of COVID-19 on key sectors including oil and gas. During the first quarter of 2020, the industry sector posted an average contraction of 2.1% as a 1.5% growth in the first quarter was overturned by a 5.7% contraction in the second quarter. The construction sub-sector contracted by 6.9% in the first quarter of 2020 but recovered in the second quarter to post a growth of 3.6%, representing an average contraction of 1.65% during the first half of 2020.

7.4.4 Petroleum Revenue

The GRA is responsible for collecting all petroleum revenues. The GRA’s estimates of oil revenues follow a rule-based approach, with spendable revenue calculation based on a seven-year moving average of oil prices and the three-year moving average of production. The Government manages its oil wealth by transferring to the Ghana National Petroleum Corporation (**GNPC**) an amount not exceeding 55% of the net cash flow from its share of the carried and participating interests after deducting the equity financing cost on annual basis and subject to parliamentary approval. From 2011 to 2013, the Government transferred 40% while approximately 30% was transferred from 2014 to 2018 to GNPC. In 2019, the allocation to GNPC was 30%. Although the Government expected the allocation to remain at 30% in 2020, the devastating impact of COVID-19 on total government revenue (including oil receipts) led to a decision to reduce the 2020 allocation from 30% to 15%.

Under the Petroleum Revenue Management Act, 2011 (Act 815) (**PRMA**), not more than 70% of Government’s net petroleum receipts is designated as Annual Budget Funding Amount (**ABFA**) and not less than 30% is designated as Ghana Petroleum Funds (GPFs). The PRMA established the Ghana Heritage Fund and the Ghana Stabilisation Fund to receive 30% of net oil receipts after allocating 70% to the ABFA. Of this 30% of net oil receipts, the Ghana Heritage Fund receives approximately 30% (9% of total oil receipts) for future generations, and the Ghana Stabilisation Fund receives the remaining 70% (21% of the total net oil receipts). The Government established the Ghana Stabilisation Fund to sustain public expenditure capacity in a period of petroleum revenue shortfalls. The Government established the Ghana Heritage Fund as an endowment fund to support the welfare of future generations.

7.4.5 Agriculture

The agriculture sector’s contribution to GDP has decreased significantly in recent years (relative to other sectors), from 31.8% in 2009 to 18.5% in 2019 although it employs approximately 35.9% of the estimated workforce. The sector grew by 4.6% in 2019, compared to 4.8% in 2018. The growth in 2019 was driven by the livestock and crops subsectors which recorded growth rates of 5.4% and 5.3% respectively. The fishing subsector recovered from a contraction of 6.8% in 2018 to a growth of 1.7% in 2019. The forestry and logging sub-sector however contracted by 1.7% in 2019, down from a growth of 2.4% in 2018. Growth in the agriculture sector is expected to be 5.1%, 5.8%, 5.3% and 5.3% in 2020, 2021, 2022 and 2023 respectively. The sector is expected to record an average growth of 5.4% over the medium-term as it receives more attention in the form of financial and infrastructural investments, policy initiatives as well as increased credit access.

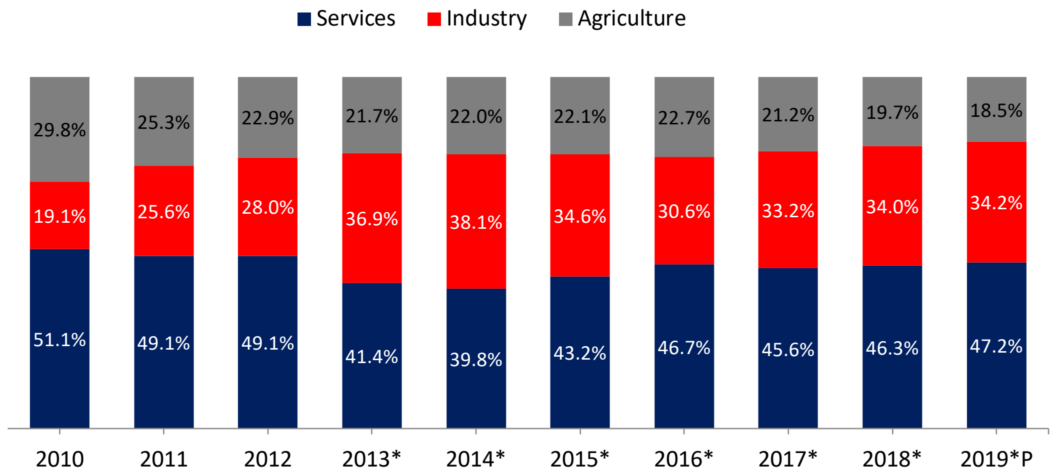
In 2017, the Government rolled out the PFJ programme to transform and modernise the agriculture sector. The PFJ programme contributed to the significant yield increases in selected crops with maize, rice and soya yields increasing by 67%, 48% and 150% respectively in 2017 compared to 2016. Following this success, the Government expanded the PFJ programme in 2018, supplying over 577,000 farmers with subsidised fertilisers and seeds and registering over 278,000 farmers on the biometric database. The Government continued to implement the PFJ programme in 2019, pursuant to which 296,000 metric tonnes of fertilisers (compared to 247,000 metric tonnes in 2018) were subsidised and 15,876 metric tonnes seeds (compared to 6,821 metric tonnes in 2018) were supplied. Also, the fertilizer usage by farmers increased from 8kg/ha to 20kg/ha from 2017 to 2019. The agriculture sector has exhibited satisfactory level of resilience during the COVID-19 pandemic and the disruption to supply chains. The sector grew by 2.8% in the first quarter of 2020 with a further expansion of 2.5% in the second quarter to end the first half of the year with an average growth of 2.65%. The crops sub-sector recorded an average growth of 2.7% in the first half of 2020, aided by the cocoa sub-sector. The livestock and fishing sub-sectors also provided strong support with average growth of 5.6% and 7.2% respectively. The performance of the agriculture sector reflects government's policy of Planting for Food and Jobs (PFJ) and Rearing for Food and Jobs (RFJ) since 2017. These policy interventions are expected to sustain productivity in the agriculture sector over the medium-term.

Figure 3: Sectorial Distribution of the Ghanaian Economy by Activity

	2013	2014	2015	2016	2017	2018	2019
Sectoral contribution to GDP (%) – Rebased							
AGRICULTURE	**21.7**	**22.0**	**22.1**	**22.7**	**21.2**	**19.7**	**18.5**
Crops	14.6	14.6	14.8	16.2	15.4	14.5	13.8
o.w. Cocoa	*1.7*	*2.3*	*2.2*	*1.9*	*1.8*	*1.6*	*1.4*
Livestock	3.7	4.0	3.7	3.3	3.0	2.7	2.5
Forestry and Logging	1.8	2.1	2.1	1.8	1.7	1.5	1.3
Fishing	1.6	1.4	1.5	1.4	1.2	1.0	0.9
INDUSTRY	**36.9**	**38.1**	**34.6**	**30.6**	**33.2**	**34.0**	**34.2**
Mining and Quarrying	13.6	15.4	10.4	8.5	10.7	13.6	14.9
o.w. Oil and gas	5.8	6.4	2.8	0.5	3.5	3.8	4.5
Manufacturing	12.4	12.5	12.4	12.1	11.7	11.3	11.2
Electricity	1.1	1.0	1.8	1.8	1.8	1.5	1.3
Water and Sewerage	0.6	0.6	0.7	0.7	0.6	0.5	0.4
Construction	9.1	8.6	9.3	7.6	8.3	7.1	6.4
SERVICES	**41.4**	**39.8**	**43.2**	**46.7**	**45.6**	**46.4**	**47.2**
Trade; Repair of Vehicles, Household Goods	11.2	11.3	12.4	14.1	14.0	15.2	15.6
Hotels and Restaurants	3.9	3.2	3.5	3.7	3.9	3.8	3.7
Transport and Storage	6.0	5.5	6.0	6.6	7.2	7.5	7.1
Information and communication	1.6	2.0	2.2	2.2	2.1	2.4	3.0
Financial and Insurance Activities	5.1	5.1	5.8	6.8	5.0	4.2	3.9
Real Estate	1.0	0.9	1.3	1.7	1.9	2.2	2.7
Professional, Administrative & Support Service activities	1.4	1.5	1.6	1.6	1.5	1.5	1.5
Public Administration and Defence; Social Security	3.7	3.2	3.2	3.3	3.3	3.3	3.3
Education	4.0	3.7	3.8	3.5	3.4	3.2	3.3
Health and Social Work	2.2	2.2	2.1	2.0	2.1	2.1	2.1
Other Service Activities	1.4	1.2	1.3	1.3	1.2	1.0	1.0
GROSS DOMESTIC PRODUCT at basic prices	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Ghana Statistical Service (Rebased)

Figure 4: Sectorial Distribution of the Ghanaian Economy



'*New Series; P: Provisional for Full Year 2019

7.5 MONETARY & FISCAL DEVELOPMENT

7.5.1 Monetary Policy

The primary objective of the Bank of Ghana is to pursue sound monetary policies aimed at price stability and creating an enabling environment for sustainable economic growth. Price stability in this context is currently defined as a medium-term inflation target range of 8% ±2%, for which the economy is expected to grow at its full potential without excessive inflation pressures. The Bank of Ghana is also responsible for promoting and maintaining a sound financial sector and payment systems through effective regulation and supervision.

Since 2017, the Monetary Policy Committee of the Bank of Ghana (**MPC**) has lowered the monetary policy rate (**MPR**) from 25.5% in December 2016 in a series of adjustments to 16.0% in January 2019. In March 2020, the MPC held an emergency meeting in the wake of the ravaging impact of COVID-19, leading to (among other stimuli) a 150bps drop in the MPR from 16.0% to 14.5%. The Monetary Policy Committee (MPC) has maintained the MPR at 14.50% since March 2020 to reflect the downside risks to GDP growth which are balanced by upside risks to inflation. The latest MPC decision to maintain the policy rate at 14.50% in September 2020 emphasizes the Bank of Ghana's commitment to price stability but with a willingness to balance growth concerns.

7.5.2 Inflation[5]

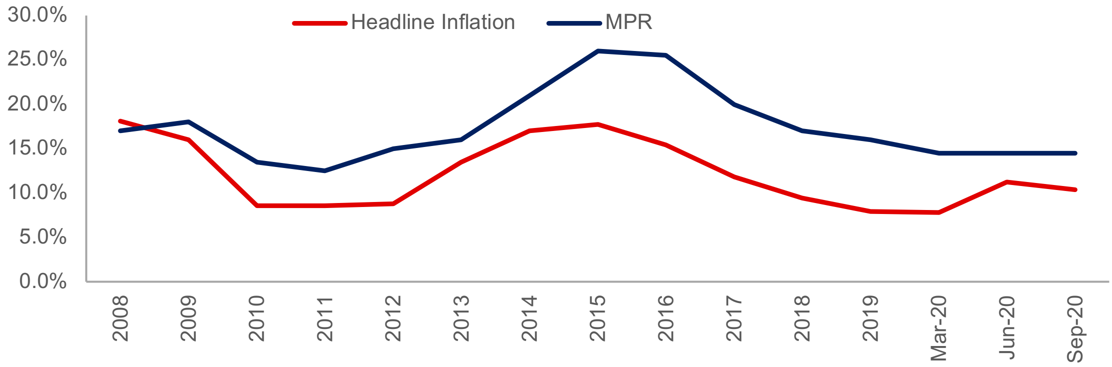
In July 2013, the Ghana Statistical Service introduced a rebased calculation of the Consumer Price Index (**CPI**) which along with other changes, updated the relative weights of the items in the consumption basket and moved the CPI base year from 2002 to the average prices of 2012. CPI indices and rates of inflation under the new calculation vary slightly from indices and rates calculated for the same periods under the old calculation. In general, rates of inflation under the new calculation are slightly higher than they would be if calculated using the old methodology. In August 2018, the CPI was again rebased from 2012 to 2018. This was done to improve the quality and coverage of national accounts aggregates to reflect Ghana's current economic structure. The new review extended the number of markets used for the survey from 42 to 44 as well as adding about an additional 200 items unto the measuring basket. Based on the new methodology, the year-on-year inflation for December 2019 was 7.9%, within the Bank of Ghana's target range of 6.0% – 10-0%. Inflation continued to hover around the midpoint of the Bank of Ghana's target band with 7.8% recorded for March 2020. However, inflation surged to 10.6% in April 2020 due to panic buying and stockpiling ahead of the three weeks COVID-related economic lockdown in April 2020, which drove up food inflation to 14.4% in April 2020

[5] Ghana Statistical Service, Bank of Ghana: Summary of Economic and Financial Data, July 2020, MPC Press Statement (September 2020)

compared to 8.4% in March 2020. The impact of the panic buying amidst disruptions to supply chains pushed headline inflation further to 11.4% in July 2020 before the onset of food harvest pulled inflation down to 10.4% in September 2020. At its MPC meeting in July 2020, the Bank of Ghana projected inflation to remain above the 10% upper band until the second quarter of 2021. Over the last 3 years, the Bank of Ghana has implemented tight monetary policies in furtherance of its core mandate of maintaining pricing stability by bringing down inflation which rose to a recent peak of 19.2% in March 2016.

Annual growth in broad money supply has been relatively slower in the past year, consistent with the Government's tight monetary policy stance.

Figure 5: Trend in Inflation Rate and Monetary Policy Rate



Source: Bank of Ghana, Ghana Statistical Service

7.5.3 Balance of Payment Accounts

Ghana's trade accounts recorded higher export receipts from its key export commodities (including oil, cocoa and gold) since 2017, driven by higher prices on the world market and increased domestic production. The value of exports increased from USD 11.1 billion at the end of 2016 to USD 15.6 billion at the end of 2019 while the total import bill increased moderately from USD12.9 billion in 2016 to USD 13.4 billion at the end of 2019. This resulted in a widening trade surplus since 2017 with a surplus of USD 2.28 billion (3.5% of GDP) at the end of 2019. However, the prevailing global economic downturn arising from the COVID-19 pandemic and the price war between Saudi Arabia and Russia is significantly weighing on the price of crude oil. This could adversely impact the export receipts from crude oil and soft commodities. Gold is however expected to benefit from the increased demand for safe-haven assets during times of global uncertainty. Consequently, safe-haven gains for gold should marginally ease the pressure on the trade balance.

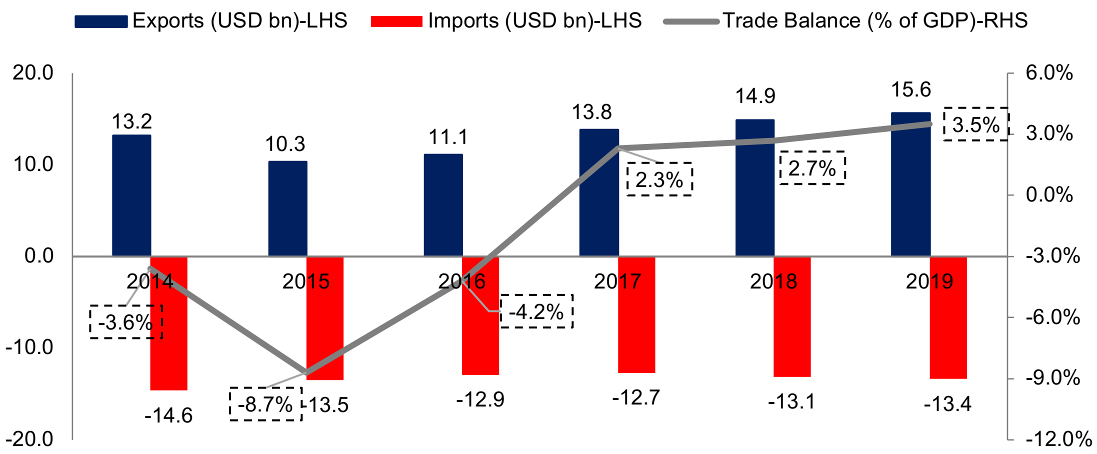
The stronger trade balances supported by improvement in macroeconomic fundamentals have resulted in a steady narrowing of the current account deficit since 2014.

Ghana's overall balance of payments position has fluctuated between deficit and surplus positions in recent years, largely reflecting the country's exposure to external market conditions. These fluctuations reflected the developments in the trade accounts, current accounts as well as the capital and financial accounts. The balance of payments accounts moved from a deficit of USD 699.2 million in 2013 to a surplus of USD 1,091.4 million in 2017. However, the balance of payments registered a deficit of USD 671.5 million at the end of 2018. This was underpinned by the sudden outflow of foreign portfolio investments across emerging markets and developing economies (**EMDEs**) in 2018, resulting in a sharp decline in the balance on the capital and financial accounts from USD 3,015.7 million at the end of 2017 to USD 1,500.4 million at the end of 2018. At the end of 2019, the balance of payments returned to a surplus of USD 1,341.10 million, largely supported by the USD 3.0 billion Eurobond issuances in March 2019 which supported the capital and financial account balance to end 2019 at USD3,119.5 million. The developments in the components of the balance of payment accounts resulted in a USD 1,393.3 million increase in the gross international reserves to USD 8,418.1 million at the end of 2019. This was equivalent to 4.0 months of import cover at the end of 2019 compared to 3.6 months of import cover at the end of 2018.

Ghana's Balance of Payment accounts remained strong during the first quarter of 2020 but weakened moderately in the second quarter of the year as the COVID-19 related drag on global trade with lower prices for crude oil and cocoa weighed on the trade balance. Total export receipts were down by 9.03% year-on-year to USD7.32 billion as at mid-year 2020. However, the 4.26% year-on-year decline in import bill to USD6.41 billion was not enough to prevent a moderate narrowing of the trade surplus to 1.4% of GDP as at mid-year 2020 compared to 2.0% in the same period 2019. With limited outflows on the services account, the persistent trade surplus helped maintain a narrower current account deficit equivalent to 0.8% of GDP at mid-year 2020 compared to 1.0% deficit in the same period 2019.The early Eurobond issuance in February 2020 and the USD1.0 billion Rapid Credit Facility (RCF) from the IMF in mid-April 2020 propelled the Gross International Reserves to USD10.30 billion at end April 2020 from USD8.4 billion at end 2019. However, a sudden increase in foreign portfolio outflows during the second quarter of 2020 reduced the Gross International Reserves to USD9.17 billion at the end of June 2020. This Gross Reserves position is enough to finance 4.3 months of imports, the same cover as at June 2019.

As COVID-19 risks persist in the short-term, the Bank of Ghana has concluded a USD1.0 billion REPO arrangement with the US FED with a minimum tenor of 6 months to provide additional buffer for the Gross Reserves position in the months ahead.

Figure 6: Ghana's Trade Balance (2014 – 2019)



7.5.4 Foreign Exchange Rates[6]

The GHS cumulatively depreciated against the USD by 4.9% as at December 2017, compared to a depreciation of 9.7% against the USD during the same period in 2016. As at the end of December 2018, the GHS had depreciated by 8.39% against the USD and by 12.90% at the end of 2019. The GHS commenced 2020 with strong performances against the 3 major international trading currencies (the USD, the EUR, the GBP). The GHS appreciated against the USD cumulatively by 4.77% as at 24 February 2020. However, investor concerns about the potential economic impact of COVID-19 and the slump in crude oil prices triggered a sudden outflow of foreign portfolio investments across EMDEs, including Ghana. The resultant selling pressure on the GHS culminated in a slashing of the GHS' gains on the foreign exchange market against the USD, resulting in a net depreciation of 2.96% at the end of September 2020.

Although the GHS is expected to remain stable supported by key improvements in the domestic policy environment as well as structural improvements in the domestic foreign exchange market, the coronavirus-induced uncertainty in the financial market remains a major source of depreciation risk for the GHS.

The perennial depreciation of the GHS has been attributed to factors such as cyclical seasonal demand pressures for foreign exchange by corporate entities seeking to repatriate their profits and dividend, capital flight and Ghana's import dependency. The depreciation of the GHS against the major foreign currencies remains a major concern to the Bank of Ghana. Historically, Eurobond issuances have helped to cushion the GHS depreciation in recent years. In October

[6] Bank of Ghana

2019, the Bank of Ghana introduced the foreign exchange forward auction system, providing a benchmark for forward trading of foreign exchange on the domestic market. This structural improvement in currency trading is expected to deepen the foreign exchange market and reduce speculative trading on the spot markets, thereby minimising the depreciation pressure on the GHS.

Although the slump in crude oil prices poses a downside risk to Ghana's foreign exchange earnings, gold price is expected to benefit from safe-haven demand in the wake of the global economic uncertainty resulting from the coronavirus-induced downturn. Also, the lower oil prices and the potential slowdown in merchandise import as a result of COVID-19 cut in international trade is expected to reduce Ghana's import bill, thereby mitigating the depreciation pressures from financial market volatility.

Figure 7: Performance of the Ghana Cedi (2013 – August 2020)

	2013	2014	2015	2016	2017	2018	2019	September 2020*
Exchange Rates								
USD/GHS	2.162	3.200	3.795	4.200	4.416	4.820	5.534	5.7027
GBP/GHS	3.573	4.979	5.616	5.196	5.967	6.171	7.316	7.3585
EUR/GHS	2.986	3.896	4.132	4.437	5.296	5.513	6.211	6.6786
Depreciation/Appreciation Rates								
USD/GHS	-12.8%	-32.5%	-15.7%	-9.6%	-4.9%	-8.4%	-12.9%	-2.96%
GBP/GHS	-14.9%	-28.2%	-11.3%	8.1%	-12.9%	-3.3%	-15.7%	-0.58%
EUR/GHS	-16.8%	-23.4%	-5.7%	-6.9%	-16.2%	-3.9%	-11.2%	-7.01%

Source: Bank of Ghana, August 2020 is Year-to-date performance

7.5.5 Credit Rating[7]

In late 2003, Ghana obtained its first sovereign rating of 'B' with a positive outlook from Fitch and 'B' from Standard and Poor's (**S&P**) in late 2003.

In 2012, Fitch affirmed Ghana's 'B+' with a stable outlook rating, signifying that investors risk a moderate chance of default, while S&P's rated Ghana 'B' with a stable outlook in its 2012 annual review.

In 2015, when Ghana attracted a 10.8% interest rate on the 2015 Eurobond issue, Fitch gave Ghana a 'B' rating with a negative outlook, while S&P rated Ghana 'B-' long-term and 'B' short-term with a stable outlook. Moody's further downgraded Ghana's sovereign rating from 'B2' to 'B3' with a negative outlook.

In September 2017, Fitch affirmed Ghana at 'B' with a stable outlook. Moody's affirmed Ghana's B3 rating in February 2018, maintaining a stable outlook. In March 2018, S&P affirmed its 'B-/B rating, with a stable outlook. In September 2018, S&P upgraded its rating to 'B/B' rating, with a stable outlook.

In September 2019, S&P maintained its B/Stable rating while Fitch also affirmed its 'B' with a stable outlook rating in October 2019. Moody's also revised Ghana's B3/Stable rating in September 2019 to B3/Positive in January 2019. However, COVID-induced concerns around the fiscal and public debt positions have triggered a revision of Ghana's rating outlook by Moody's from positive to negative in April 2020. This was also followed by a downgrade to Ghana's credit rating by S&P from 'B/Stable' to 'B-/Stable' in September 2020. The S&P downgrade to Ghana's credit rating reflects the country's near-term fiscal challenges, which have been exacerbated by the COVID pandemic. However, the decision to maintain the "Stable" outlook for Ghana's credit rating reflects the market's expectations of medium-to-long term improvement in economic conditions on the back of implementing fiscal reforms.

7.5.6 Public Finance

The Government's budget process is governed by the 1992 Constitution, the PFMA (together with the Public Financial Management Regulations, 2019 (L.I. 2378)), the Fiscal Responsibility Act and an Appropriation Act which is passed each year.

[7] Government of Ghana: 2020 Budget Statement and Economic Policy

In 2018, the Government restructured the VAT system by decoupling the GETFund Levy and the National Health Insurance Levy (NHIL) from the standard VAT. This reduced the standard VAT rate from 15.0%. to 12.5% as each of the NHIL of 2.5% and the GETFund Levy of 2.5% became a stand-alone levy.

2020 Budget Statement

In November 2019, the Minister of Finance presented the 2020 budget statement to Parliament under the theme "*Consolidating the Gains for Growth, Jobs and Prosperity for all*" (the **2020 Budget Statement**), outlining and reinforcing Government's growth agenda and macroeconomic targets for 2020. The 2020 Budget Statement is focused on key areas (which include infrastructure, science and technology, domestic revenue mobilisation, digitisation and business regulatory reform, foreign direct investment, and local enterprises) to consolidate the economic gains achieved within the last 3 years and drive the economic transformation forward.

In keeping with the Fiscal Responsibility Act, the 2020 Budget Statement targeted the overall fiscal deficit at 4.7% of GDP in 2020, with the fiscal deficit expected to remain below 5% of GDP from 2020-2023. The primary balance was also expected to remain positive, ensuring fiscal prudence and debt sustainability.

With ongoing enforcement of tax compliance and reforms at the GRA, the 2020 Budget Statement targets total revenue plus grant of GHS 67.07 billion to support total expenditure for the year, estimated at GHS 84.51 billion. This would translate into a projected overall budget deficit of GHS 18.9 billion (4.7% of GDP) with a corresponding primary surplus of GHS 2.81 billion (0.7% of GDP).

The 2020 Budget Statement also proposed the continued implementation of structural reforms to promote macroeconomic stability and build an economic paradigm based on investment and entrench irreversibility and sustainable development. The macroeconomic framework for 2020 is guided by the overall objectives of the CPESDP 2017-2024.

7.5.7 Public Debt and Interest Rates[8]

Ghana's public debt stock has increased from GHS 53 billion (52.0% of GDP) in 2013 to GHS 218 billion (63% of GDP) at the end of 2019. At the end of second quarter 2020, the public debt stock increased to GHS 258.4 billion due to COVID-19 induced shortfalls in revenue outturn, which increased the public sector borrowing requirement. The debt stock at the end of July 2020 comprised an external and domestic debt of GHS 138.0 billion and GHS 125.1 billion, respectively. Interest payments on loans at the end of 2019 was GHS19.76 billion, amounting to about 5.7% of GDP and 37% of total revenue for the year. As at mid-year 2020, interest payments on the total public debt amounted to GHS 11.64 billion, representing 3.0% of revised GDP for 2020 and 53% of revenue for the first half of the year.

Domestic Debt[9]

The maturity profile of Ghana's domestic securities has transformed dramatically since 2008 as the Government pursued debt management objectives to reduce refinancing risk and develop a medium-term benchmark yield curve. Nonetheless, the Government regards short-term domestic debt issued with a tenor of up to one year with high-interest cost as an important, albeit decreasing, feature of the country's current domestic debt structure, comprising 37.6% of total domestic debt as at 31 December 2016, 18.0% as at 31 December 2017, 17.3% as at 31 December 2018, 20.0% as at 31 December 2019 and 13.64% as at 30 June 2020.

ESLA Bond Programme

In 2017, the Ministry of Finance sponsored the establishment of a special purpose vehicle (the **ESLA SPV**) to set up a GHS 10 billion bond programme as a strategy to resolve the energy sector indebtedness. Bonds issued under the ESLA bond programme are not included in the

[8] Bank of Ghana: Summary of Economic and Financial Data, July 2020; Ghana Statistical Service: quarterly GDP report (September 2020); Government of Ghana: 2020 Mid-year Review and Supplementary Budget

[9] Ministry of Finance: 2019 Annual Public Debt Report

domestic debt of Ghana since the Government has irrevocably assigned its rights to the receivables generated by the energy debt recovery levy to the ESLA SPV, and these receivables are used as the basis for the repayment of principal and interest under the bonds. However, notwithstanding the sale of such receivables to fund the ESLA bond programme, the IMF and some of the rating agencies that rate Ghana considers such debt to be contingent liabilities of the Government and so account for this as debt.

Interest Rate on Public Debt

Rates on the short-term bills have been on a steady decline since December 2016 in line with the Government's plan to re-profile its debt to elongate tenor of domestic debt and bring down the cost of borrowing. The interest rates on the 91-day and the 182-day treasury bills declined from 16.43% per annum and 17.64% per annum in December 2016 to 14.70% and 15.15% respectively at the end of 2019. The interest rates on the 364-day, 2-year and 3-year treasury bonds also declined from 21.5% per annum, 22.5% per annum and 24.5% per annum in December 2016 to 17.88% per annum, 20.95% per annum and 19.70% per annum at the end of December 2019. As at the end of August 2020, interest rates on the 364-day treasury bill declined to 16.83% from 17.88% at the end of 2019. The 2-year and the 3-year treasury bonds also declined to 18.25% and 18.85% respectively from 20.95% and 19.70% at the end of 2019. As at the end September 2020, the interest rate on the 364-day treasury bill had declined to 16.99%. The interest rates on the 2-year and 3-year treasury notes have declined to 18.25% and 19% respectively

7.6 MACROECONOMIC OUTLOOK[10]

7.6.1 Overview

Prior to COVID-19, the IMF projected Ghana's economic growth (real GDP growth) to be 7.5% and 5.8% in 2019 and 2020, respectively, while GDP per capita was expected to increase consequently over the same period. The non-oil sector was also forecasted to grow by 6.0% in 2019 and 6.7% in 2020. The Government targeted an overall GDP growth rate of 6.8% in 2020 before the unanticipated shocks from COVID-19. In the medium-term, the services sector is projected to remain the dominant sector in the economy in terms of GDP contribution. The World Bank recently projected Ghana's pre-COVID GDP growth for 2020 at 6.8%, making Ghana the joint 3rd fastest growing economy among 42 sub-Saharan Africa countries.

In the 2020 Budget Statement, the Government proposed the continued implementation of structural reforms to promote macroeconomic stability and build an economic paradigm based on investment and entrench irreversibility and sustainable development. The medium-term outlook for the Ghanaian economy was therefore envisaged as follows:

- non-oil real GDP to grow at an average of 5.9% for the period;
- inflation to be within the target band of 8% ±2%;
- overall fiscal deficit to remain within the fiscal responsibility threshold of not more than 5.0% of GDP;
- the primary balance to be in a surplus; and
- gross international reserves to cover at least 3.5 months of imports of goods and services.

In the short-term, the outlook for the 2020 fiscal year was envisaged as follows:

- overall real GDP growth of 6.8%;
- non-oil real GDP growth of 6.7%;
- end-period inflation of 8.0%;
- fiscal deficit of 4.7 per cent. of GDP;
- primary surplus of 0.7 per cent. of GDP; and
- gross international reserves to cover not less than 3.5 months of imports of goods and services.

The Government has indicated its commitment to fiscal reforms and consolidation in a bid to improve the macro-economic environment. However, the ravaging impact of COVID-19 on the

[10] IMF World Economic Outlook, April 2019; Government of Ghana: 2020 Budget Statement and Economic Policy

global economy is expected to weigh heavily on Ghana's economy. All the key macroeconomic targets for the 2020 fiscal year are significantly threatened and appear unsustainable in the wake of the prevailing disruption from the COVID-19 pandemic. Against this backdrop, the Government has proposed a Coronavirus Alleviation Programme (**CAP**), which was approved by Parliament, to mitigate the adverse impact of COVID-19 on the Ghanaian economy.

7.6.2 The Impact of the COVID-19 Pandemic on Ghana's Economy[11]

On 30 March 2020, Ghana's Finance Minister, Hon. Ken Ofori-Atta, presented an assessment of the economic impact of the COVID-19 on Ghana's economy with proposed mitigation measures.

Impact on GDP Growth: As a result of the disruptive impact of COVID-19 on key sectors of Ghana's economy, the Government expects overall GDP growth to slow down considerably in 2020 with real GDP growth projected to decline to 0.9% compared to 6.8% originally envisaged in the 2020 Budget Statement.

Impact on Exchange Rates: The slump in import volumes and values is expected to reduce demand for foreign exchange to settle import bills, which is expected to favourably impact on the GHS. However, the reduction in exports from Ghana along with disruptive outflow of foreign portfolio investments could adversely impact the exchange rate performance. The Bank of Ghana has however secured a USD 1.0 billion REPO arrangement with the US FED to provide additional buffer for the USD 10.30 billion gross international reserves for at least the next 6-months.

Impact of the Financial Sector and Financing Conditions: The COVID-19 pandemic has led to a tightening of global and domestic financing conditions. Yields have soared across the international capital market and domestic capital markets, elevating the cost of capital and constraining opportunities for funding economic expansion. A sizable portion of Ghana's domestic treasury bonds are held by non-resident investors who have commenced a flight-to-safety amidst heightened financial market volatility, particularly across EMDEs. The aggressive monetary responses by the Bank of Ghana in March 2020 has however increased Ghana Cedi liquidity, providing excess funds on the interbank market and enabling the Government to suppress domestic yields at its primary market offers.

Impact on the Fiscal Framework: The slump in crude oil price to the low-USD 20pb represents a significant deviation from the benchmark price of USD 62.60pb assumed in the 2020 Budget Statement. This negative price deviation, which is expected to further restrain domestic output of oil and gas, is projected to cause a shortfall in oil revenue amounting to GHS 5.1 billion (1.3% of GDP). This is expected to negatively impact the proposed allocations to the ABFA, the Ghana Stabilisation Fund, the Ghana Heritage Fund and transfers to the GNPC for the 2020 fiscal year.

The total estimated fiscal impact from the shortfalls in petroleum receipts, shortfalls in import duties, shortfalls in other tax revenues, the cost of a preparedness plan, and the cost of the Coronavirus Alleviation Programme is pegged at GHS 9,505 million (2.5% of revised GDP). Without incorporating remedial measures, the shocks to the fiscal framework for 2020 is expected to result in an overall fiscal deficit of GHS 30.2 billion (7.8% of revised GDP), compared to the 2020 Budget Statement of GHS 18.9 billion (4.7% of GDP). The resultant primary balance is expected to worsen from a surplus of 2.81 billion (0.7% of GDP) in the 2020 Budget Statement to a deficit of GHS 5.6 billion (1.4% of GDP). At the end of March 2020, the Bank of Ghana's data showed total revenue and grants at 2.7% of GDP while total expenditure was at 6.1% of GDP. These developments resulted in an overall budget deficit of 3.4% of GDP at the end of first quarter 2020, wider than the target of 1.9%.

7.6.3 Proposed fiscal measures to mitigate the impact of the coronavirus pandemic

Given the 2020 fiscal gap of GHS 11.4 billion (2.9% of revised GDP) arising from the COVID-19 shocks, the Government has proposed the following mitigation measures:

[11] Government of Ghana: 2020 Mid-year Review and Supplementary Budget

- lower the cap on the Ghana Stabilisation Fund from the current USD 300 million in the 2020 Budget Statement to USD 100 million in accordance with section 23(3) of the PRMA. This is expected to allow an estimated GHS 1,250 million to be transferred to the Contingency Fund in support of the CAP;

- arrange with the Bank of Ghana to defer interest payments on non-marketable instruments estimated at GHS 1,222.8 million to 2022 and beyond;

- adjust expenditures on goods and services and capex downwards by GHS 1,248 million;

- secure the World Bank Development Policy Operations of GHS 1,716 million and the IMF rapid credit facility of GHS 3,145 million; The IMF however approved a USD1.0 billion interest-free Rapid Credit Facility in mid-April 2020 to aid Ghana's response to COVID-19. This approved amount, which significantly exceeded Government's initial expectations should also ease the COVID-induced 2020 financing pressure.

- reduce the proportion of net carried and participating interest due the GNPC from 30% to 15%; and

- suspend the Memorandum of Understanding (MoU) on zero financing of Government deficit by the Bank of Ghana and also trigger section 30 of the Bank of Ghana Act to allow increase deficit financing above the normal financing limit. The Bank of Ghana has consequently established a GHS 10 billion quantitative easing programme to fund the excess financing gap created by COVID-19 shocks.

Notwithstanding the above mitigation measure, the Government expects the 2020 fiscal framework to result in an overall fiscal deficit of 6.6% of revised GDP with a corresponding deficit on the primary balance equivalent to 1.1% of revised GDP. The recalibrated fiscal framework consequently shows a high likelihood that the fiscal responsibility rule of 5% overall deficit and positive primary balance could be breached in 2020. However, the Government could invoke section 3(1) of the Fiscal Responsibility Act in support of this fiscal outcome.

8. OVERVIEW OF THE BANKING INDUSTRY IN GHANA

8.1 OVERVIEW OF GHANA'S BANKING SECTOR[12]

The Bank of Ghana regulates the banking and the non-banking sectors to ensure the achievement of a sound and efficient financial system, protect deposits and prevent systemic risks.

Banks in Ghana are governed by the BSDI Act. The BSDI Act restricts banking business to corporate bodies which are incorporated in Ghana and have obtained a licence from the Bank of Ghana. At the end of December 2017, there were 34 banks in Ghana. This has reduced to 24 banks as at the end of April 2020, due to the Bank of Ghana's clean-up of the banking sector and other factors set out under Section 8.3 (*Recent Developments in the Banking Industry*) below. There are 8 listed banks and 16 non-listed banks. Nine banks are Ghanaian majority-owned, while 15 are foreign majority-owned. Some international banks such as Citibank, Ghana International Bank Plc, Exim Bank of Korea and Bank of Beirut have also opened representative offices in Ghana.

Deposit-taking non-bank financial institutions are also regulated under the BSDI Act[13]. These include 25 savings and loan companies, 11 finance houses, 144 rural and community banks and 137 deposit-taking microfinance institutions.

All other microfinance institutions are regulated under the NBFI Act. These include money lending companies, financial non-governmental organisations and other microfinance institutions.

The regulatory framework currently used by the Bank of Ghana to regulate the Ghanaian banking sector includes the following:

Bank of Ghana Act
BSDI Act
NBFI Act
Deposit Protection Act, 2016 (Act 931)
Companies Act
Foreign Exchange Act
Payment Systems Act, 2019 (Act 992)
Credit Reporting Act
AML Laws
Borrowers and Lenders Act
Notices, directives, circulars and/or rules issued by the Bank of Ghana

8.2 RECENT DEVELOPMENTS IN THE BANKING INDUSTRY

8.2.1 Key Legal and Regulatory Changes

Some of the key regulator-driven events that have taken place in the Ghanaian banking industry since 2003 are detailed below:

[12] Bank of Ghana, Ministry of Finance
[13] Bank of Ghana

Year	Key Developments[14]
2003	Bank of Ghana increased the Minimum Capital Requirement (MCR) to GHS 7 million
2003	Universal banking licence was introduced for banks with GHS 7 million in capital
2004	The Banking Act replaced the Banking Law, 1989 (PNDC Law 225)
2006	The Foreign Exchange Act came into effect
2007	The Credit Reporting Act and the Banking (Amendment) Act, 2007 (Act 738) were passed
2007	Redenomination of the GHS
2008	Introduction of E-zwich, the biometric smart card
2008	The Borrowers and Lenders Act and the AML Laws came into effect
2008	Bank of Ghana increased the MCR from GHS 7 million to GHS 60 million
2013	Bank of Ghana increased the MCR from GHS 60 million to GHS 120 million
2015	Bank of Ghana authorised special diagnostic external audit of banks to review asset classification and valuation, provisioning and loan restructuring practices
2016	The BSDI Act was passed
2017	Implementation of the Treasury Single Account
2017	Bank of Ghana increased the MCR from GHS 120 million to GHS 400 million
2018	A new framework for determination of base rate, the Ghana Reference Rate (GRR) is introduced
2018	Bank of Ghana issued new Corporate Governance Guidelines for banks
2018	Bank of Ghana introduced Capital Requirement Directive
2018	Bank of Ghana introduced "Fit and Proper" Directive for banks, specialised deposit-taking institutions and financial holding companies
2018	Bank of Ghana introduced Mergers and Acquisition Directive for banks, specialised deposit-taking institutions and financial holding companies
2018	Bank of Ghana introduced Financial Holdings Companies Directives
2018	Bank of Ghana introduced Cyber and Information Security Directive
2019	Bank of Ghana issues directive on interbank forex market conduct
2019	Bank of Ghana introduces Forward Auction for Forex Purchases
2019	The Payment Systems and Services Act and came into effect
2020	Credit Reporting Regulations, 2020 (L.I 2394) came into effect

8.2.2 Recent Licensing, Mergers and Acquisitions

The Bank of Ghana undertook an asset quality review of the banks for the period of 2015 to 2017. The review revealed that a number of banks had inadequate capital, high non-performing loans, weak corporate governance structures, weak risk management practices and regulatory compliance issues. The effect was that a number of the banks were insolvent and thus posed significant systemic risks to the financial system. The Bank of Ghana, therefore, undertook the following measures:

(a) in August 2017, the Bank of Ghana revoked the licences of two of the insolvent banks (UT Bank Limited and Capital Bank Limited). Messrs. Vish Ashiagbor and Eric Nana Nipah of PwC were appointed as the receivers for both banks. Selected assets and liabilities of the banks were transferred to GCB Bank Limited under a purchase and assumption agreement entered into between the receivers and GCB Bank Limited and approved by the Bank of Ghana. The rest of the assets and liabilities of the banks are to be realised and settled through the receivership process;[15]

(b) in September 2017, the Bank of Ghana introduced the New MCR, based on an analysis of the vulnerabilities within the banking system;[16]

(c) in March 2018, the Bank of Ghana appointed KPMG as an administrator over Unibank (Ghana) Limited for a period of 6 months to, among others, ascertain the state of the bank's assets and liabilities and return the bank to regulatory compliance;[17]

[14] Bank of Ghana Press Releases
[15] Source: Bank of Ghana (press release issued on August 14, 2017)
[16] Source: Bank of Ghana (notice issued on September 11, 2017 and under notice number BG/GOV/SEC/2017/19)
[17] Source: Bank of Ghana (press release issued on March 20, 2018)

(d) in April 2018, the Bank of Ghana appointed an adviser to Sovereign Bank Limited to advise the bank's management and to monitor the bank's recapitalisation efforts and implementation of governance reforms agreed with the Bank of Ghana;[18]

(e) in August 2018, the Bank of Ghana granted a banking licence to Consolidated Bank Ghana Limited (**CBG**) which was set up by the Government. The Bank of Ghana also revoked the licences of five insolvent banks (Unibank (Ghana) Limited, The Royal Bank Limited, Beige Bank Limited, Construction Bank Limited and Sovereign Bank Limited) and appointed Nii Amanor Dodoo of KPMG as the receiver for the banks. Selected assets and liabilities of the banks were transferred to CBG under a purchase and assumption agreement entered into between the receiver and CBG and approved by the Bank of Ghana. The rest of the assets and liabilities of the banks are to be realised and settled through the receivership process;[19]

(f) in January 2019, the Bank of Ghana revoked the licences of two more banks (Heritage Bank Limited and Premium Bank Limited) and appointed Mr. Vish Ashiagbor of PwC as the receiver for the banks. Selected assets and liabilities of the banks were transferred to CBG under a purchase and assumption agreement entered into between the receiver and CBG and approved by the Bank of Ghana. The rest of the assets and liabilities of the banks are to be realised and settled through the receivership process.[20] The Bank of Ghana also downgraded GN Bank Limited to a savings and loans company;

(g) in May 2019, Bank of Ghana revoked the licences of 192 insolvent microfinance companies. In addition, licences of another 155 insolvent microfinance companies that had ceased operations were revoked [21]; and

(h) in August 2019, the licenses of 23 insolvent savings and loans companies and finance houses were revoked by the Bank of Ghana.[22]

The Bank of Ghana also approved a request for a voluntary winding up of Bank of Baroda (Ghana) Limited (**Baroda Bank**) in December 2018. It also approved a purchase and assumption agreement entered into between the Baroda Bank and Stanbic Bank Ghana Limited for the transfer of all deposits and selected loan assets of Baroda Bank to Stanbic Bank Ghana Limited.[23]

This reduced the number of banks from 34 (as at December 31, 2017) to 24 (as at April 30, 2020). The 24 banks have met (or are in the process of meeting) the New MCR in the following manner:

(a) the following 16 banks met the requirement through capitalisation of income surplus and/or fresh injection of equity capital:

[18] Source: Bank of Ghana (press release issued on May 4, 2018)
[19] Source: Bank of Ghana (press release issued on August 1, 2018)
[20] Source: Bank of Ghana (press release issued on January 4, 2019)
[21] Source: Bank of Ghana (press release issued on May 31, 2019)
[22] Source: Bank of Ghana (press release issued on August 16, 2019)
[23] Source: Bank of Ghana (press release issued on January 4, 2019)

No.	Bank
1	Access Bank (Ghana) Plc
2	Bank of Africa (Ghana) Limited
3	Barclays Bank of Ghana Limited
4	CAL Bank Limited
5	CBG
6	Ecobank Ghana Limited
7	FBN Bank Limited
8	Fidelity Bank
9	GCB Bank Limited
10	GT Bank Limited
11	Republic Bank Limited
12	Société Générale Limited
13	Stanbic Bank Ghana Limited
14	Standard Chartered Bank Ghana Limited
15	UBA Bank (Ghana) Limited
16	Zenith Bank (Ghana) Limited

Source: Bank of Ghana

(b) the following six banks undertook mergers (or are in the process of merging) for the purpose of, among others, meeting the New MCR:

No.	Bank
1	First National Bank Limited[24] and GHL Bank Limited
2	Energy Bank Ghana Limited and First Atlantic Bank Limited
3	OmniBank Ghana Limited and BSIC Ghana Limited (which became OmniBSIC)

Source: Bank of Ghana

(c) five banks (Agricultural Development Bank, Universal Merchant Bank Limited, Prudential Bank Limited, OmniBSIC and National Investment Bank Limited) have been (or are being) capitalised through a capital support programme sponsored by the Government and implemented by the Ghana Amalgamated Trust Plc.

8.3 PERFORMANCE OF THE BANKING SECTOR[25]

The banking industry is one of the most competitive sectors of the economy. It continues to record steady growth in assets and deposits along with a recovery in profit growth post recapitalization of the sector. At end-February 2020, the banking sector witnessed growth in credit to the private sector, strong deposit growth as well as stronger total assets growth. The banks associated with the energy sector legacy debt were hit by rising non-performing loans (**NPLs**) which affected asset quality. In recent years, efforts by the Ministry of Finance and the BoG to sanitise the sector, including the issuance of the ESLA bonds, the recent recapitalization exercise and prevailing regulatory requirements are driving banks towards solvent, profitable and robust operations. The capital adequacy ratio (**CAR**) which witnessed marginal decline resulting from the elevated non-performing assets and interest rates remained above the 13% regulatory prudential limit as at the end of February 2020. It is noteworthy that despite the strong recovery in the banking sector, the novel coronavirus which poses a threat to economies globally remains a downside risk to the Ghanaian banking sector in 2020. The potential impact of the COVID-19 pandemic on the sector may include difficulty in credit extension, loan repayment, among others. The BoG has, in the wake of the uncertainties around the COVID-19 pandemic and its expected disruption to the economy and the banking sector, issued policy measures to manage and mitigate the risk of the pandemic while monitoring ongoing developments to ensure soundness of the financial system.

8.3.1 Growth

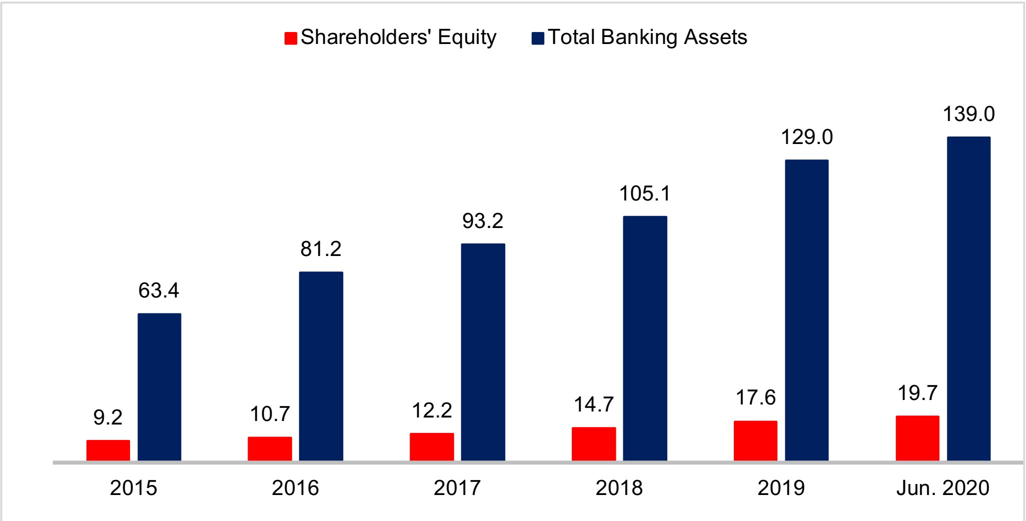
The balance sheet size of the banking sector has grown strongly over the last five years. Asset growth as at end-June 2020 recorded a strong performance, largely driven by sustained growth in gross advances and increased capital levels from the recapitalization exercise held in 2018. Total assets of the banking sector grew by 23.2% to GHS139 billion in June 2020 compared to a 12.4% growth same time last year. Domestic and foreign assets both benefitted from this

[24] First National Bank Limited had satisfied the New MCR before the merger process with GHL Bank Limited began
[25] Bank of Ghana: Banking Sector Report (June 2019, November 2019 and June 2020)

strong total asset growth. While domestic assets increased by 18.7% to GHS118.3 billion, foreign assets rose 8.2% to GHS10.02 billion in June 2020 resulting in a 92/8 split in favour of domestic assets. The total banking sector deposits as at the end-June 2020 stood at GHS 90.04 billion indicating a 19.1% year-on-year growth from GHS75.57 billion in June 2019. Banks' borrowings increased by 10.9% to GHS16.34 billion in June 2020 from GHS14.7 billion in June 2019.

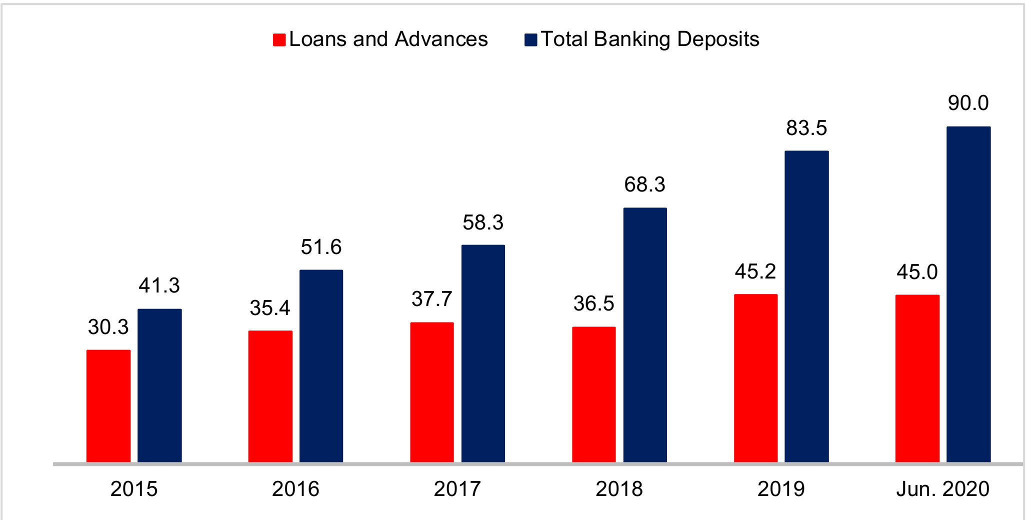
The following chart shows the trend of growth in banking sector assets, customer deposits, loans and advances and shareholders' equity:

Figure 8: Trend in Industry Assets versus Shareholders' Funds (GHS' Billion)



Source: Bank of Ghana

Figure 9: Trend in Industry Deposits versus Loans and Advances (GHS' Billion)



Source: Bank of Ghana

8.3.2 Asset Funding

The Ghanaian banking sector is operating a deposit-based funding strategy, which means that assets are mainly funded by deposits mobilized by the banks. This, despite the recent digitization of mobilization, explains why banks invest in branch expansion to enable them mobilize cheap retail deposits to reduce their overall cost of funding and boost margins. The aggregate deposits for the Ghanaian banking sector jumped from GHS16.0 billion in 2011 to GHS 83.5 billion in December 2019, reflecting an 8-year CAGR of 22.9%, which was driven largely by expansion of the branch network. Although deposits dominated the funding mix of banks at 64.8% in June 2020, this was 220bps lower than the same time last year. The reduction in banks' borrowings reduced its share in the mix to 11.8% from 13.1% (June 2019), and trailed shareholders' funds, which stood at 14.2% of total assets at the end of June 2020. Consequently, the cheapest sources of funding for banks (deposits and borrowings) together accounted for about 76.6% of total assets as at June 2020, down from 81.1% in June 2019.

8.3.3 Capital Adequacy

The increase in equity, primarily due to the capital injection to meet the regulatory minimum capital requirements, has made banks more robust and solvent. Banks' solvency as indicated by the CAR at end of June 2020 was 21.2%, an improvement from the 19.3% recorded in June 2019 and significantly above the 13.0% buffer level. This improvement is as a result of the implementation of capital restoration plans after the asset quality review exercise. Due to the expected impact of COVID-19 on the sector, the BoG issued a policy directive which lowered the CAR to 11.5% from 13% to enable the banks extend credit to critical sectors of the economy without much constraint owing to the high prudential limit.

8.3.4 Asset Quality

The non-performing loans ratio within the banking industry contracted further by 240bps to 15.7% (NPL value: GHS 6.33 billion) in June 2020. This follows a % decline in NPLs the previous year. The NPL ratio saw an uptick of 1.2% from the previous quarter reflecting higher increase in the stock of NPLs during Q2-2020 due to loan repayment challenges by clients who have been severely impacted by the pandemic. The ratio of NPLs excluding the loss category improved to 6.4% in June 2020, from 9% in June 2019.

Prior to COVID-19, the asset quality of banks would have been projected to remain broadly positive following the recapitalization exercise in the banking sector and BoG's loan loss write-off policy. Currently, the COVID-19 pandemic poses an obvious downside risk to asset quality which should be cushioned by the policy initiatives issued by the BoG.

8.3.5 Profitability

Indicators of banking sector profitability showed positive income statement performance in the first 6 months of 2020. The half-year 2020 performance is on the back of moderated growth in banks' income compared to the growth in operating expenses. The industry's net interest income grew by 16.5% in June 2020 largely driven by a 13.7% increase in interest income compared to an 8.3% increase in interest expense for the same period. In like manner, net operating income recorded a 17% growth in June 2020 compared to a 30% growth in the previous year. Net income grew by 15.5% to GHS 1,926.2 million in June 2020 compared with the 36.3% growth amounting to GHS 1,667.1 million recorded during the same period last year. The banking industry's return on equity (after tax) declined marginally to 20.6% in June 2020 from 21.2% in June 2019. Similarly, return on assets (before-tax) declined to 4.1% in June 2020 from 4.4% in June 2019.

Figure 10: Profitability, Efficiency and Solvency Ratios of the Ghanaian Banking Industry (%)[26]

	2015	2016	2017	2018	2019	1H-2020
Return on Equity	21.4	17.3	18.7	18.8	19.9	20.6
Return on Assets	4.5	3.8	3.6	3.4	4.2	4.1
Return on Earning Assets	6.1	5.1	4.7	4.6	5.4	5.4
Net Interest Margin	13.8	13.0	11.0	9.5	10.5	11.4
Net Interest Spread	12.5	11.4	10.2	9.5	11.8	11.6
Operational Cost to Income Ratio	53.2	57.4	59.0	58.3	54.1	54.4
Capital Adequacy Ratio	17.8	18.0	18.0	21.9	17.5	21.2
Non-performing Loans Ratio	14.7	17.3	21.6	18.2	14.3	15.7

Source: Bank of Ghana

8.3.6 Non-Bank Financial Institutions (NBFIs)[27]

Non-Bank Financial Institutions (NBFIs) recorded a 40% year-on-year decline in total assets to GHS6.8 billion at the end of 2019 compared to GHS11.4 billion recorded at the end of 2018.

[26] Bank of Ghana: 2019 Annual Report; Bank of Ghana: Banking Sector Report (June 2020)

[27] Source: Bank of Ghana

Deposits also fell by 42% to GHS3.7 billion at the end of 2019 relative to GHS6.3 billion recorded at the end of 2018. The declines observed in the NBFI sector are largely attributable to the sector-wide clean-up exercise which led to the revocation of the licenses of 23 insolvent savings and loans companies. The BoG is of the view that the clean-up which was carried out in mid-2019 will enhance the soundness, stability and efficiency of the NBFI sector.

8.3.7 Microfinance Institutions (MFIs)[28]

The MFIs sector posted a 22% decline in assets to GHS783 million at the end of 2019 compared to GHS999 million at the end of 2018. Deposits remained the same at GHS347 million at the end of 2019 when compared to the figure achieved for 2018. The tougher regulatory stance, resulting in the clean-up of the sector in 2019 led to the revocation of the licenses of 386 MFIs and microcredit institutions to safeguard customer funds. The regulator expects the clean-up exercise to improve the stability in the sector as well as provide comfort to depositors on the soundness of the financial system.

8.4 BANKING SECTOR OUTLOOK

The banking sector has delivered strong growth in credit, deposits, profits and total assets translating into the improved financial soundness indicators and stability. In spite of the great achievement which has seen solvency, liquidity, asset quality, efficiency and profitability improve over the years, the impact of the COVID-19 pandemic is an obvious downside risk to the aforementioned. The positive outlook for the banking sector now looks somewhat bleak given the uncertainties around the novel disease and the ability of its containment by the Government. Following the reforms in the sector and precedent to the outbreak of COVID-19, the banking sector was expected to continue to deepen intermediation and adopt strong and sound banking and risk management practices to reap the benefits of the reforms.

Despite the breakout of the pandemic, the introduction of the New MCR has placed banks in a better position to absorb shocks and financial distress. Banks have implemented the Basel II/III regulatory framework as required by the Bank of Ghana before the end of 2018. This coupled with stringent risk management frameworks is expected to facilitate transparency and effectiveness in dealing with risks to protect depositors' funds. The BoG's monetary policy interventions and continuous monitoring of the sector particularly in these COVID times is also expected to minimise the exposure of banks to unanticipated COVID-associated shocks. The reduction of the Primary Reserve Requirement from 10% to 8%, along with the lower CAR of 11.5% from 13%, are all measures in place to provide liquidity to banks for financial support to the economy.

[28] Source: Bank of Ghana

9. OVERVIEW OF THE GHANAIAN CAPITAL MARKET

9.1 OVERVIEW OF THE CAPITAL MARKET

The SEC regulates Ghana's capital market mainly through the Securities Industry Act. The capital market is the market for the issuance and trading of shares (preference and equities), fixed income securities and commodities. Shares are traded on the GSE and the Ghana Alternative Market (**GAX**) while fixed income securities are traded on the GFIM. Commodities are traded on the Ghana Commodities Exchange (**GCX**). The major players in Ghana's capital market are the Government, the SEC, the Bank of Ghana, the GSE, the GCX, investment banks, and corporations.

Ghana's capital market is relatively small in terms of instruments traded and the number of participants compared with other key sub-Saharan African markets such as South Africa, Nigeria and Kenya. Currently, 38 companies are listed on the GSE, made up of 33 on the main market and five on the GAX. In addition, there is one preference share and an Exchange Traded Fund (ETF) listed on the GSE. Total market capitalisation of the GSE as at April 2020 stood at GHS 55.2 billion. The fixed income market is dominated by government bonds and notes.

The regulatory framework currently used by the SEC to regulate Ghana's capital market includes the following:

Securities Industry Act
SEC Regulations
Unit Trust and Mutual Fund Regulations, 2001 (LI 1695)
Foreign Exchange Act

Some of the developments that have helped to shape the evolution of the capital market over the past 3 decades include:

- 1989: Incorporation of the GSE as a private company limited by guarantee
- 1990: Commencement of trading on the floor of the GSE in November 1990
- 2004: Establishment of the Bank of Ghana Securities Depository to manage the issuance, redemption and maintenance of ownership records of securities issued by the Government, Bank of Ghana and Ghana Cocoa Board
- 2007: Passage of the Central Securities Depository Act, 2007 (Act 733) to permit the issuance of dematerialised securities, where shareholders and the board of directors of an issuer have authorised this. It also enabled the GSE to set up the GSE Securities Depository Company Limited (**GSD**), as well as, a settlement system. The Bank of Ghana also set up the CSD under this Act
- 2008: Commencement of the operations of the GSD in November 2008
- 2009: Launch of a live automated trading system in March 2009 on the GSE, which was later upgraded to allow brokers to trade remotely from their offices in June 2009
- 2011: Extension of trading hours from 09:30GMT - 13:00GMT to 09:30GMT - 15:00GMT
- 2013: Launch of GAX as a parallel market operated by the GSE to allow viable small and medium enterprises (SMEs) to raise capital to finance their growth ambitions
- 2014: Merger of the two depositories: CSD and GSD, facilitated by the Ministry of Finance. The rationale for the merger was that the capital market was too small to be served by both depositories. The GSE and the Bank of Ghana came into agreement on December 2013 to merge the GSD and the CSD into a single depository known as the CSD. The merger took effect on 1 January 2014
- 2015: Launch of GFIM to facilitate secondary market trading of fixed income securities issued by Government, governmental agencies and corporate institutions

- 2015: Successful upgrade of the GSE's automated trading platform to international standards to boost global investor confidence in the Ghanaian market and to provide the backbone for West African capital markets integration agenda

9.2 OVERVIEW OF THE GSE

9.2.1 Overview of the GSE

The GSE was incorporated in July 1989 as a private company limited by guarantee under the Companies Act of 1963 (Act 179). The Stock Exchange Act, 1971 (Act 384) (now repealed), gave authority to the GSE to operate as a stock exchange in October 1990. On 12th November 1990, trading on the floor commenced and the first council of the exchange was inaugurated. The GSE changed its status to a public company limited by guarantee in April 1994. Trading on the GSE began with 3 stockbrokers, 1 commemorative bond and 11 companies listed on one market.

The GSE is governed by a 9-member council with its operations regulated by the SEC. The GSE's membership comprises 21 licensed dealing members (**LDMs**) and 23 associate members.

9.2.2 Performance of the GSE[29]

The GSE was adjudged one of the best performing exchanges in Africa in 2017 following an impressive performance in 2017 when it recorded a year-end return of 52.7%.

The performance of the GSE in 2019 was, however, bearish due to the extended effects of the financial sector clean-up. The main index, the GSE Composite Index, fell significantly to 2,257.15 points in 2019 representing a year-on-year loss of 12.30% compared to a decline of 0.29% in 2018. At the end of 2019, the GSE's total market capitalisation stood at GHS56.79 billion reflecting a decrease of 7.11% compared to an increase of 4.00% in 2018 on a year-on year basis. At the end of August 2020, the GSE Composite Index had recorded a year-to-date loss of 18.19% with total market capitalization at GHS 52.57 billion compared to a year-to-date loss of 10.44% with a total market capitalization of GHS 57.60 billion at the end of August 2019. This shows a further decline in market return as the market remains bearish on COVID-19 induced market selloffs.

This decrease has mainly been attributed to the decline in stock values in some sectors including the finance, agriculture, distribution, food and brewery subsectors.

With the exception of 2017, the market has turned out weak performances in the past five years, adversely impacted by the reforms of the financial sector and more recently, the impact of the COVID-19 pandemic. With the financial sector reforms nearly complete and the emergence of the COVID-19 pandemic, the market is expected to trade lower in the short-term and rebound in the medium-to-long term as investors react to the improving performance of the listed companies.

[29] Ghana Stock Exchange: Market Report – August 2020

Figure 11: Performance of the GSE (2013 - 2020)

	2013	2014	2015	2016	2017	2018	2019	August 2020[30]
Number of Listed Companies	34	35	39	41	40	40	38	37
Market Capitalisation (*GHS millions*)	61,158.30	64,352.40	57,116.87	52,690.99	58,803.96	61,136.53	56,791.28	52,568.06
GSE Composite Index Level	2,145.20	2,261.02	1,994.91	1,689.05	2,579.72	2,572.22	2,257.15	1,846.59
Annual Returns *(%)*	78.81	5.40	-11.77	-15.33	52.73	-0.29	-12.25	-18.19
Annual Trading Volumes (*shares millions*)	313.0	207.5	246.4	252.8	322.8	200.50	3,816.97	378.65
Annual Value Traded (*GHS millions*)	456.1	346.0	247.6	242.1	518.4	659.30	624.20	272.55

Source: Ghana Stock Exchange

9.3 OVERVIEW OF THE GAX

The GAX was launched in 2013 as a parallel market operated by the GSE, which focuses on SMEs with potential for growth and their ability to achieve profitability within three years after listing. In addition to SMEs, start-ups at different phases of growth can also apply to list on the GAX to gain access to long-term funds to finance their growth, broaden their shareholder base and boost the liquidity of their shares. The requirements for listing on the GAX include a minimum stated capital of GHS 250,000.00, minimum public float of 25% of issued shares and ability to make profit within the first 3 years after listing.

For start-ups however, applicants must submit a 3-year business plan, demonstrating clearly the viability of the applicant.

As at August 2020, there were 5 listed companies on the GAX. The most recent entrant, Digicut Advertising and Production Limited raised GHS 2.85 million on the GAX to support its growth ambitions.

9.4 OVERVIEW OF THE GFIM

9.4.1 Overview of the GFIM

The GFIM was established in 2015 to facilitate the listing and secondary trading of fixed income securities in Ghana. Currently, the fixed income securities trading on the GFIM include treasury securities (bonds, notes and bills), corporate bonds and notes, Bank of Ghana bills and COCOBOD bills. In addition, the market can handle the trading of local government and supra-national bonds as well as repos. The establishment of the GFIM was driven by the key stakeholders of the Ghanaian financial sector including the Ministry of Finance, the Bank of Ghana, the GSE, the CSD, Ghana Association of Bankers, Financial Market Association and LDMs.

The establishment of the GFIM was based on the existing securities licence of the GSE, and as such, the operations of the fixed income market are based on the existing regulatory framework of the GSE, which is regulated by the SEC. However, the Bank of Ghana regulates the operations of primary dealers in the primary market.

[30] Ghana Stock Exchange: Market Report – August 2020

9.4.2 **Performance of the GFIM**

Ghana's fixed income market grew by a 5-year CAGR of 25.06% to GHS 100.89 billion of outstanding securities at the close of 2019 as a result of strong Government reliance on the domestic market to finance fiscal deficits. The fixed income market continues to grow unabated with an 23.69% increase in outstanding debt securities to GHS 124.51 billion as at end-June 2020. The Government and the Bank of Ghana issued debt securities ranging from 2-weeks to 20 years. The corporate debt market, though relatively small, is on the rise, buoyed by the introduction of the GAX and the GFIM which paved the way for a number of corporate debt listings by financial services, logistics and real estate firms in the last 5 years. The companies with debt instruments on the fixed income market are Izwe Savings and Loans Plc, Letshego Ghana Savings and Loans Plc (formerly AFB Ghana Plc), Edendale Properties Limited, Bond Savings and Loans Limited, Bayport Savings and Loans Plc, Ghana Home Loans, Dalex Finance and Leasing Plc, E.S.L.A Plc and Quantum Terminals Plc. Outstanding debt securities listed on the GFIM at the close of August 2020 was GHS 131.99 billion with Government being the largest issuer accounting for 80.90% (GHS 106.77 billion) of the listed debt. The other large-size issuers include the BoG with 6.82% (GHS 8.90 billion), Cocobod with 6.05% (GHS 7.99 billion), E.S.L.A. Plc with 6.05% (GHS 7.63 billion), and of the outstanding listed debt stock. Corporate securities, at a distance from the rest, accounted for just 0.45% (GHS 597.83 million) of all the debt securities listed on the GFIM.

About 79.14% of all outstanding fixed income securities (GHS 104.45 billion) at the close of August 2020 were held by local investors including commercial banks, firms and institutions, Bank of Ghana, rural banks, insurance companies and the Social Security and National Insurance Trust. The remaining 20.86% (GHS 27.53 billion) were held by foreign investors.

Table 8: Performance of the GFIM (2015 - 2020)

	2015	2016	2017	2018	2019	2020[31]
Number of Issuers	7	9	11	12	12	12
Face Value of Listed Debt (*GHS millions*)	32,902.81	48,204.97	68,379.16	80,805.39	100,660.94	131,985.26
Annual Value Traded (*GHS millions*)	5,222.32[32]	16,984.56	30,703.70	37,865.32	55,552.59	65,552.47

Source: Ghana Stock Exchange, Central Securities Depository

Secondary market activity on the GFIM has seen significant growth since its establishment in August 2015. The market achieved a 3-year CAGR of 48.50% in value traded at the end of 2019 as a result of reforms in the management of pension funds in Ghana and relative stability in the macroeconomic environment.

9.5 OVERVIEW OF THE GCX

The Government launched the GCX on 6 November 2018. Trading commenced on the same day, starting with white and yellow maize.

The GCX is a membership-based organisation, which requires market players to sign up through application to be a member. It aims to address the challenges facing smallholder farmers and associated value chain participants. It is intended to create a transparent and efficient marketing system for Ghana's key agricultural commodities and thereby, promote and enhance investment and productivity in agriculture. The Government expects that the GCX will help farmers to shift from subsistence to commercial farming and enhance exports of agricultural commodities. The GCX is a public-private partnership between the Government and a private sector consortium comprised of domestic and global institutional investors, including Ecobank Ghana Limited, GCB Bank Limited, 8 Miles Fund, and the International Finance Corporation. The Bank of Ghana has granted provisional approval for the establishment of a finance house to engage solely in warehousing receipt system of financing.

[31] Central Securities Depository: Monthly Bulletin (August 2020)
[32] Data for value traded on GFIM is for August – December 2015

Recent developments aimed at stimulating the development of the GCX include:

- 2019: The GCX and ARB Bank launch Electronic Warehouse Financing for the provision of loans to smallholder farmers based on the GCX electronic warehouse receipt

- 2019: The GCX adds sorghum and sesame contracts to its electronic trading platform, bringing the total number of contracts on the exchange to five – white maize, yellow maize, soybean, sorghum and sesame

- 2019: The GCX accepts the listing of Ghana's local rice on the exchange to boost local rice production and consumption

10 INFORMATION ON THE ISSUER

10.1 CORPORATE HISTORY OF THE ISSUER

The Issuer was incorporated on 4 October 2010 as a private company limited by shares with registration number CA-79,783. It was licensed on 7 June 2011 by the Bank of Ghana as a Non-Bank Financial Institution to operate as a finance house.

On 14 February 2014, the Issuer was converted to a public company and was issued with a new registration number PL000162015 and a new certificate of incorporation on 18 February 2015. The Issuer adopted the Issuer Constitution on 14 February 2014, subject to the approval of the Bank of Ghana.

The Issuer was converted to a Savings and Loans company, with the approval of the Bank of Ghana with effect from 17 March 2017.

Pursuant to its conversion into a Savings and Loans company, the Issuer changed its name from “Izwe Loans Limited” to “Izwe Savings and Loans Plc” by a special resolution of its shareholders passed on 7 April 2017.

10.2 OVERVIEW OF THE ISSUER

The Issuer is a leading Savings and Loans company focused on providing a range of financial products to both consumers and businesses in Ghana. The Issuer’s main product offering to customers comprises unsecured payroll loans to Government workers, quasi-governmental workers and other private sector workers with established corporates in Ghana. Izwe also provides asset-backed finance on a limited scale to help businesses grow in addition to a range of high yielding savings and investment products.

Izwe first started serving Ghanaian clients in 2011. The market presented an opportunity to create a niche in the provision of client centric direct finance solutions. After successfully building loan products to meet the needs of the formally employed, the Issuer added products for retail and small to medium-scale enterprises (SMEs) to equally meet their needs in a timely and responsible manner. In addition to this, it has successfully added savings and investment products to its offerings.

Izwe means ‘nation' in isiZulu. It is the essence of what the Issuer stands for: uplifting people for the greater good of their country. The Issuer is committed to continual innovation to meet clients' long-term financial goals, by giving them a real opportunity to generate fiscal wealth through smart and secured investments.

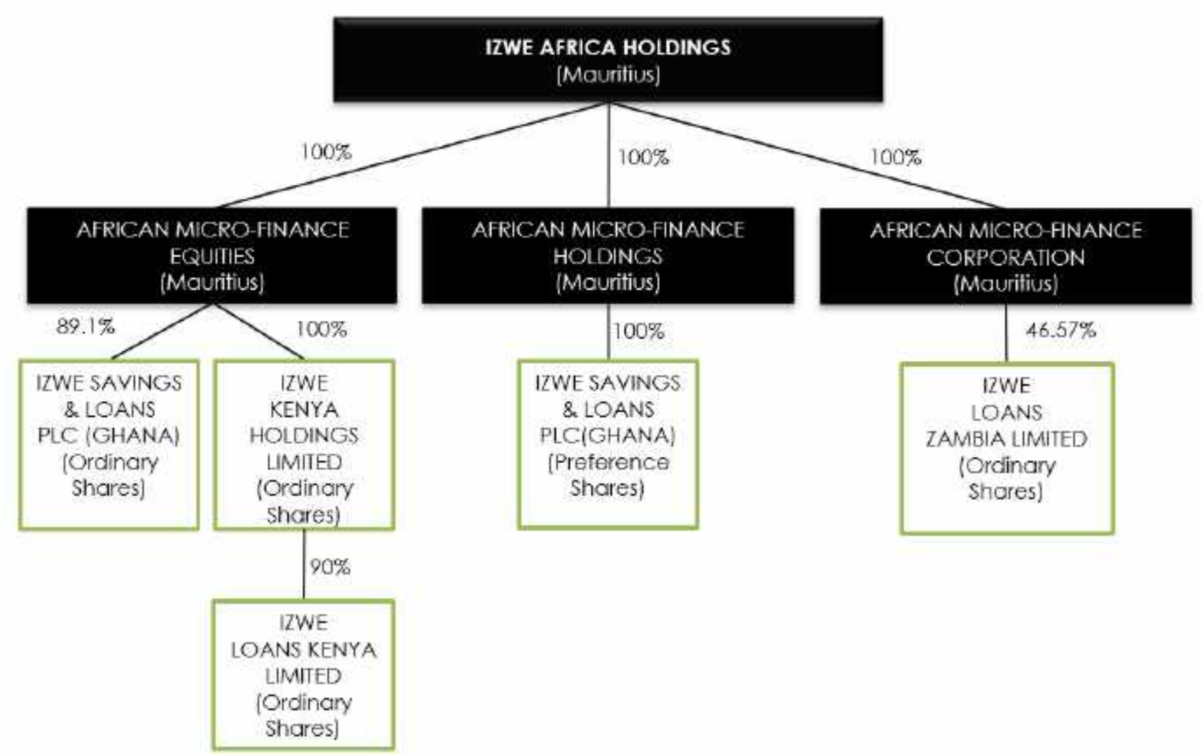
The Issuer is regulated by the Bank of Ghana as a savings and loans company and also by the SEC and GSE as a company with listed securities. Izwe is meticulous about compliance with local rules and authorities. This, coupled with a strong service culture, has earned Izwe the reputation as a trusted, safe and reliable financial solutions provider. The Issuer is directed and managed from its head office in Accra and is further supported by a team of highly experienced finance professionals based in the other jurisdictions and the Izwe Africa Group offices. The Issuer’s objective is to continuously provide an enabling working environment to attract and develop the best local people, and to fulfil its core objective of satisfying its customers’ financial needs in a friendly, service-oriented, and professional manner. This, coupled with a proven track record as a responsible lender with consummate efficiency in loan disbursements, has positioned the Issuer as the finance provider of choice for Government workers and SMEs in Ghana.

10.2.1 **Izwe Africa Group**

The Issuer is part of the Izwe Africa Group, a pan-African micro-finance business with operations spanning five countries across Africa - Ghana, Kenya, Mauritius, South Africa, and Zambia.

The Izwe Africa Group is well-recognised and respected in the micro-finance industry across Africa. The approximate net asset base of the Izwe Africa Group is USD106million (c. GHS 615million) as at April 2020.[33] The Izwe Africa Group has disbursed over 2,507,000 loans (valued at over USD265 million (c. GHS 1.5billion)) to more than 238,000 clients since its establishment in 2004.[34]

Figure 12: Structure of Izwe Africa Holdings



The Issuer draws on the experience and skills of the Izwe Africa Group in all areas relating to its industries, including;

(a) credit underwriting;
(b) debtor's management;
(c) deduction at source administration;
(d) financial disciplines and risk management;
(e) treasury management;
(f) information technology;
(g) human resource management;
(h) marketing and sales promotions; and
(i) back office administration.

[33] Izwe Africa Group Analytics Department.
[34] Izwe Africa Group Analytics Department.

10.2.2 Overview of Majority Shareholder – African Micro-Finance Equities

African Micro-Finance Equities (**AMFE**) owns 89.1% of the issued ordinary shares of the Issuer. AMFE is registered in Mauritius as a wholly owned subsidiary of Izwe Africa Holdings. Izwe Africa Holdings is, therefore, the ultimate parent company of the Issuer.

10.3 THE ISSUER'S BUSINESS OVERVIEW

The Issuer provides unsecured loans to civil servants, large parastatal employees and employees of trustworthy private corporate with a secure payroll system.

Supplementing the product offerings is an asset-based finance product which provides entrepreneurs and business owners of SMEs loans to grow their businesses, against the value of their asset.

To ensure customer protection, Izwe applies well-defined risk matrices and sophisticated scorecards, supported by responsible practices and certifications. The Issuer also critically assesses the customers' need for a particular loan product and their ability to service the loans in time.

The need to effectively combine meeting clients' needs while maintaining the growth and continuity of its business underscores the Issuer's requirement for a reliable and guaranteed collections mechanism for the payroll loans.

As part of its deposit mobilisation strategy, the Issuer also offers a range of savings and investment products to its retail and corporate customers.

10.3.1 Core Lending Product: Payroll Deduction

The principal business of the Issuer involves providing credit to full-time Government workers and employees of parastatal organisations and large corporates in Ghana. Features of the payroll product include:

(a) preferential access to personal loans for amounts up to GHS100,000;
(b) flexible loan terms of up to 72 months (6 years);
(c) seamless and fast approval process;
(d) no hidden costs, with transparent interest rates; and
(e) thorough credit vetting to ensure responsible lending to avoid over-indebtedness.

The Issuer's loans are available in both rural and urban areas across Ghana and are distributed using strategically located branches, a wide network of independent sales contractors, an effective call centre, a dynamic website and mobile channels.

Loans are disbursed via electronic funds transfer, mobile money or cash, based on the needs of the applicant and in line with Izwe's internal risk matrix, loan repayments are deducted at source through the Controller and Accountant General's Department or in collaboration with the relevant payroll departments of our approved employers.

10.3.2 Other Individual and Business Products

The Issuer has launched a suite of alternative products in the asset-backed lending, deposit mobilisation, savings, and investment segments. iVest and CashSaver make up Izwe's savings and investment products for deposit mobilisation, with Car4Cash being the only asset-backed lending product.

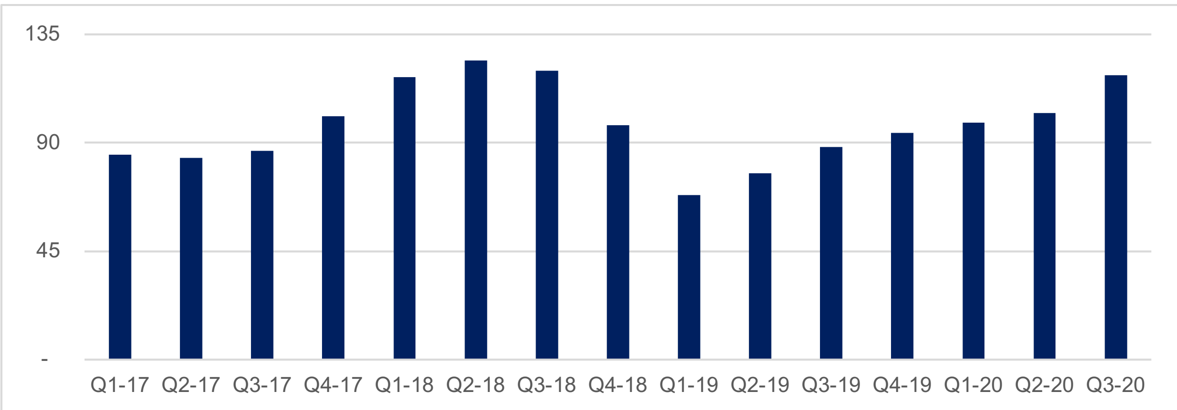
Figure 13: Innovative Products to Support Business Growth of the Issuer

	iVest	CashSaver	Car4Cash
Launched	**December 2017**	**January 2018**	**January 2018**
Description	iVest is an unsecured interest-bearing investment offering that has a fixed duration and interest rate.	CashSaver is a day-to-day savings account that pays leading interest rates and offers transactional capabilities.	Car4Cash is a loan offering secured by the value of the borrower's vehicles for both individuals and SMEs.

The products mentioned above have assisted in diversifying the Issuer's income access to capital to facilitate business growth.

The iVest product has been exceptionally well-supported since inception and contributes to diversifying the funding mix of the Issuer.

Figure 14: Quarterly Performance of iVest Product since Inception (GHS'M)



10.3.3 Growth of the Issuer's Business

Since July 2011, the Issuer continues to grow significantly on the back of its product offerings to its clients. It prides itself on its ability to meet customers' needs within the shortest possible timeframe, irrespective of their geographical location. The Issuer has invested in a new agile backend platform which is supplemented by an efficient loan disbursement model developed over years and a strong governance structure backed by experience from the operations of the Izwe Africa Group.

The charts below demonstrate the steady growth in the number and value of loan disbursements per month over the period, as well as the growth in the Issuer's loan book over the same period. In the immediate term, the Issuer expects to achieve an average growth of about 13% in its loan book.

Figure 15: Growth in Payroll Loans Disbursed Per Quarter Since Inception

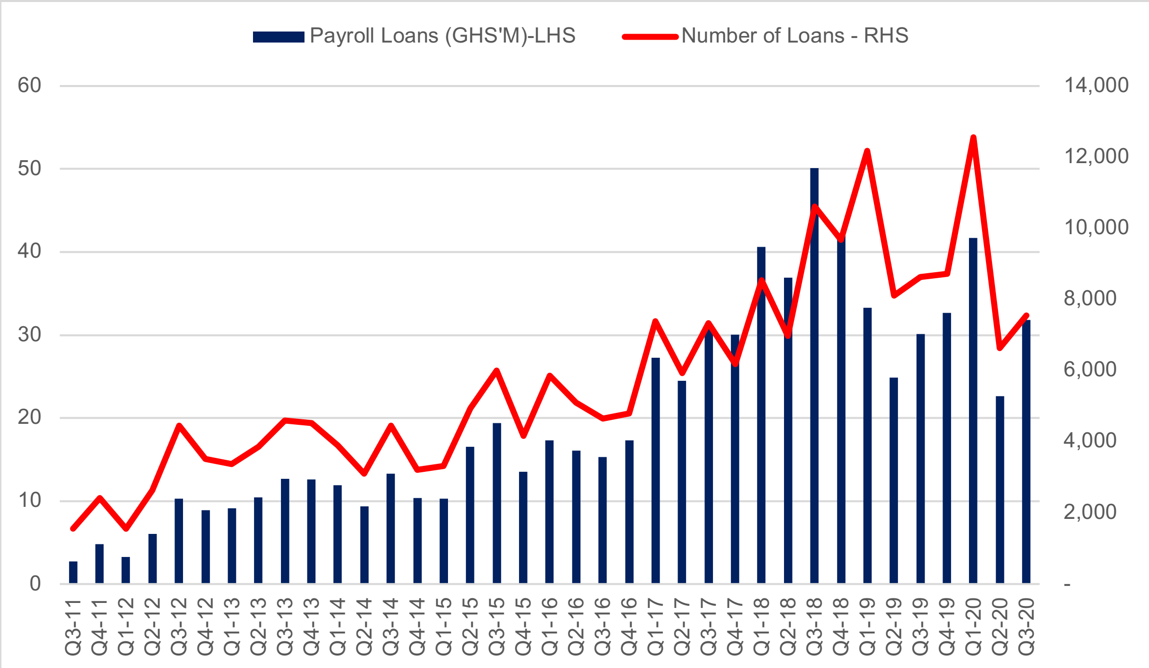
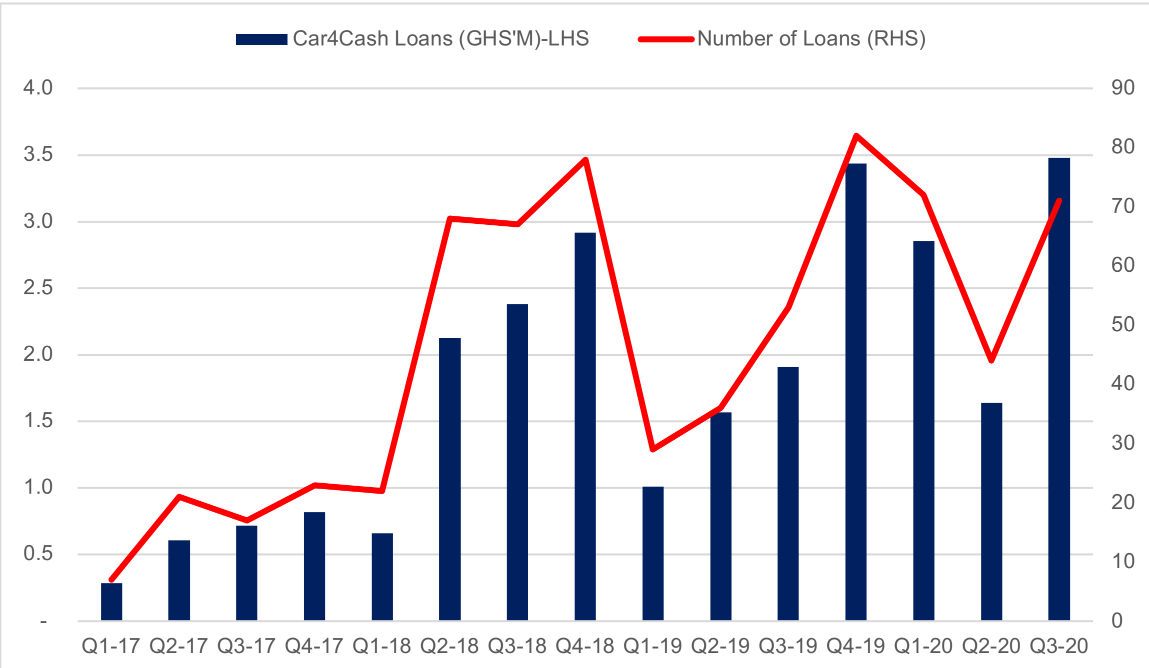


Figure 16: Growth in Car4Cash Loans Disbursed Per Quarter

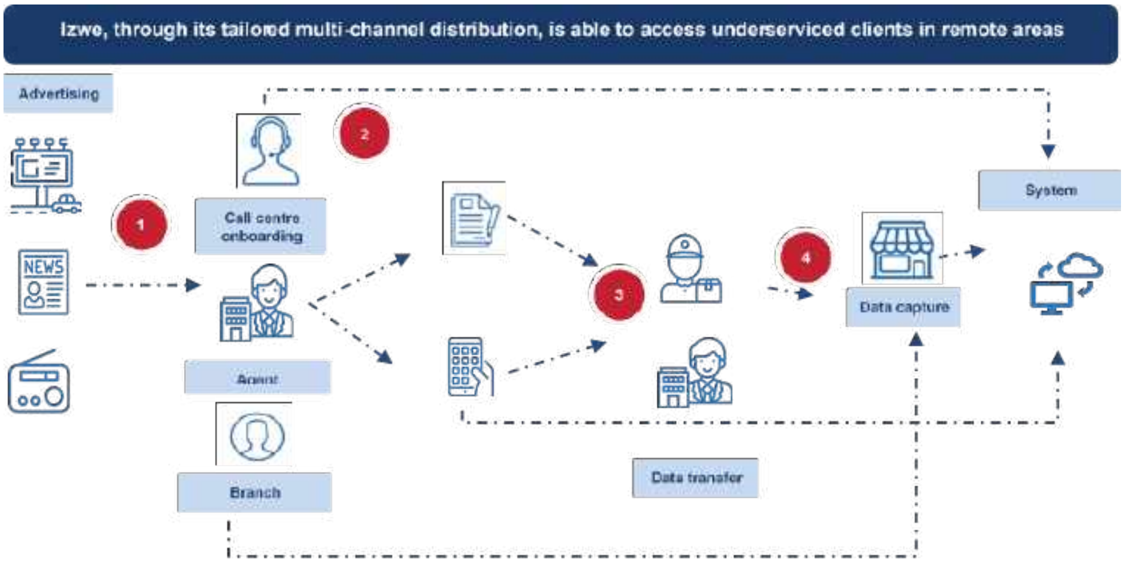


10.3.4 Operational Strategy

(a) Loan Origination

Clients undergo a detailed and documented anti-money laundering compliance process in accordance with applicable AML Laws to verify both client's funds and the intended use of loan proceeds.

Figure 17: Schematic View of Client Acquisition Process of the Issuer



The Issuer offers clients access to and employs the services of a combination of call centres, retail branches, website and a wide independent sales force to originate its products across the various regions in Ghana. A key factor in the success of the Issuer has been its ability to identify suitable locations, which are strategically located for ease in servicing its target market. In addition to years of experience and insight into managing 'sales agent networks', the Issuer is able to attract and retain top sales agents and effectively manage and motivate them to originate loans throughout the country.

Branch business hours have been set to complement the activities of our clients by also remaining open outside of standard trading hours, to facilitate transactions when the client requires.

Sales agents are equipped with advanced mobile technology to complete the client onboarding process and provide the required information in the shortest possible time for disbursement.

The Issuer's customer acquisition process is focussed on using multiple marketing channels, reaching the client in environment that suits his needs, Onboarding can be digital or paperless, while still adhering to strict multiple security protocols. Information is captured electronically and stored remotely ensuring data integrity.

(b) **Loan Administration**

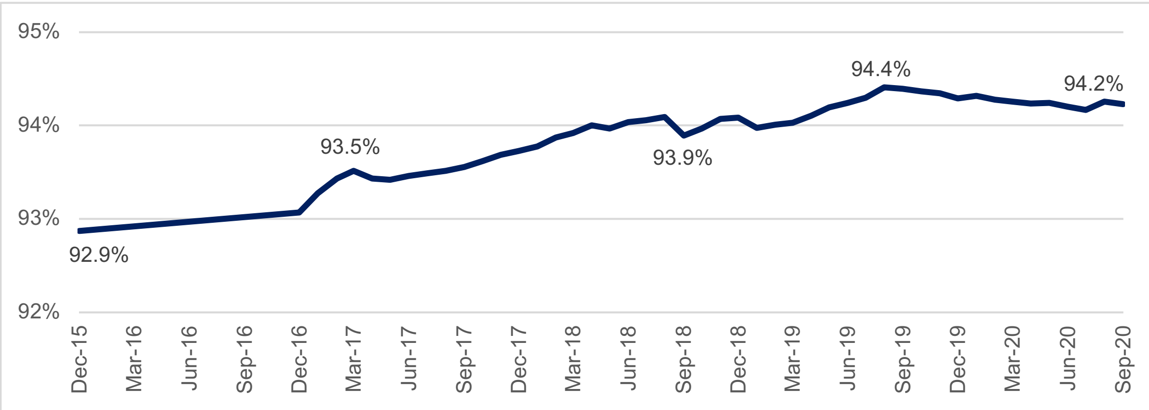
Loan repayment instalments are collected in several ways, with payroll deduction directly from the borrower's salary remaining the primary collection mechanism for its core offering of personal loans.

This activity is successfully managed and administered by the Controller and Accountant General's Department (CAGD) in the case of civil servants, and the respective payroll departments of the institutions that we serve.

Izwe also employs alternative collection mechanisms such as bank direct debit, cash, standing orders and post-dated cheques, in order to provide clients with a wide range of repayment options as well as ensure that collection performance remains one of the best in the industry.

Bank direct debit collections, third party debt collection agencies as well as an in-house call centre are all used to supplement collection measures in recovering the loan instalment should the instalment not have been collected via any of the primary collection mechanisms. These collection mechanisms require advanced IT and data analysis functionality to the full receipting process successfully. Collections and arrears management are a strength of the Izwe operations team, evidenced by the continuous improvement in collection rates.

Figure 18: Cumulative Monthly Collection of the Issuer

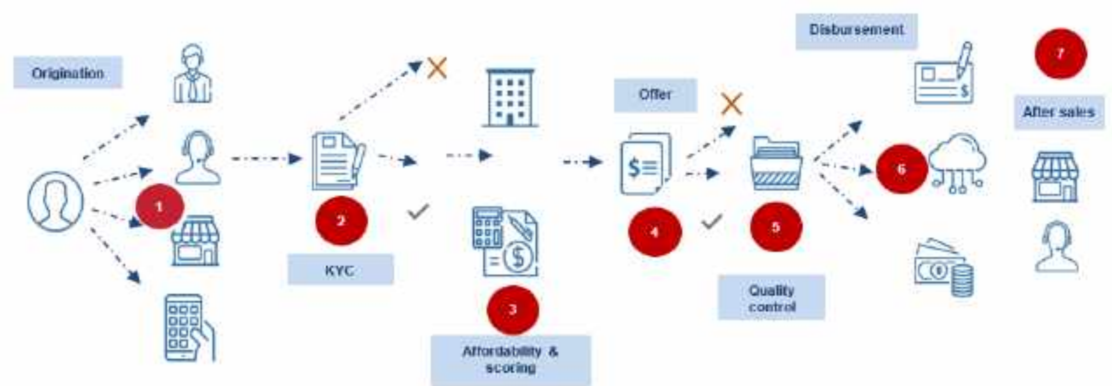


The Issuer is proud to have one of the leading collection performances in the industry and is very proactive with regard to its management - it has the detailed understanding and reporting mechanisms to carry out the above effectively. The Issuer operates on an established debtor management platform, which has a proven capacity in the marketplace to handle very large clientele. A significant amount of development has been commissioned on its systems, in order to enhance and automate the collection and receipting functions, and to generate exceptionally accurate and detailed reports. These include a vintage module in both instalments due and non-performing credit formats, and a comprehensive audit, collections and client module, which provides for broad flexibility in data extraction and analysis. The loan administration process can be segmented into two processes – the Loan Disbursement Process and the Loans Collection Process:

(i) **Loan Disbursement Process**

The Issuer has a secure end-to-end loan disbursement process that allows for use of multiple channels to originate and process the loan based on the Issuer's mandatory documentation requirements, in order to provide the client with a tailored offering. Most of the steps are electronic in nature, reducing processing times and minimising the risk of human error. Importantly, the process is completed with post-deal servicing, to ensure that client needs have been met.

Figure 19: Schematic View of Loan Disbursement Process of the Issuer



Loan Approval

- Initial credit vetting, which is done in alignment with the public sector payroll's affordability calculation criteria, or as in the case of the Issuer's other credit products, a detailed credit analysis of the income and credit history of the client and the security offered in support of the loan.
- Loan offer generation is provided through a system-driven credit assessment algorithm, which ensures that credit granting is performed objectively and consistently. This has proved to have very good predictive capability.
- Identity, employment, and affordability are verified by the applicant's employer and other credible 3rd party sources.
- Loan application completion, documentation checking and first phase credit policy adherence.

Loan Processing Hub

- Second phase credit policy adherence and documentation quality control, fraud checks and, if required, a secondary employment confirmation process.
- Loan capturing.
- Credit bureau assessment.
- System validation on key data fields.
- Third phase quality control by senior managers and first release authorisation.

Loan Disbursement (Head office - Accra)

- Second release authorisation through an automated centralised loan release process with additional system driven validations.
- electronic funds transfer, mobile money or cash disbursements are authorised in real time.
- Centralised document filing as well as electronic document access, backup, and storage.
- As part of the Issuer's distinct client offering, the Issuer can offer a same-day turnaround time from loan application to loan disbursement for its applicants.

(ii) **After sales**

The Issuer remains in close contact with clients via its branch network and call centres that can service client needs as they may arise from time to time.

10.3.5 **Information and Communication Technology and Training**

A key determinant of a sustainable future for companies in the financial services sector will be their ability to reach clients in a cost effective and digital format. The Issuer has, therefore, invested significantly in technology for all its operations to not only better serve its clients, but also to ensure that fixed costs remain low. This investment includes multiple servers that can effectively support its business.

In the few years of operation, the technology deployed has proved to be reliable for the Issuer's needs with no loss of data or downtime of more than eight hours in over 10 years. Furthermore, the Issuer is constantly exploring ways to enhance its systems to facilitate speedier delivery of services to our valued customers while offering greater flexibility.

10.3.6 **Competitive Advantage**

Since inception, the Izwe Africa Group has been owned and managed by a growing group of entrepreneurs and micro-finance professionals, who share a passion for bringing financial solutions to new and diverse markets.

The Izwe Africa Group is structured in a way to provide leverage to all subsidiaries and local management teams, to utilise the experience and shared resources based at the Izwe Africa Group's central service centre in Johannesburg, South Africa. In addition, Izwe Africa Holdings entered into joint ventures with large banking and insurance groups in South Africa, including the FirstRand Group, Sanlam Limited and Old Mutual Plc, evidencing the strength of its loan origination, credit assessment and administration capabilities.

Since entering the Ghanaian market in July 2011, the Issuer has assisted in creating an environment which has seen loan rates and service delivery becoming more competitive. The Issuer has deployed innovative marketing techniques, allowing it to access markets previously under-serviced by the existing financial institutions and it continues to do as it expands its product set.

The Izwe IT systems and credit risk management tools, developed and utilised by the Issuer, have allowed it to improve the credit application and assessment processes that existed in the Ghanaian market, reduce turnaround times and strengthen the control environment around collections, cash, disbursements and fraud.

Izwe's collections and debt management systems, which have been developed with industry-leading micro-finance systems specialists over many years, have proven robust and effective. This has given the Issuer's staff real-time and flexible access to all information relating to customers, loans, collections and book performance.

10.3.7 **Outlook for the Issuer's Business**

The shareholders and management of the Issuer have committed their joint skills, expertise and resources to position the Issuer as a leading and well-respected financial institution, with the focus of offering cost-effective and useful financial products to its clients.

With a proven business model backed by the Izwe Africa Group's excellent track record, the Issuer will continue to offer Ghanaian citizens tangible means to access credit in a responsible manner and, in so doing, improve Ghanaians' well-being and living standards for many years to come. It is expected that competition will remain strong, but the Issuer is well-positioned and resourced to remain the leader in growth and innovation in its sector.

The initial impact of Covid-19 on the performance of the Issuer remains muted, with the Issuer having limited exposure to SME clients that may have a deteriorating credit position. The Issuer remains well provided for in terms of its provisioning standards. Although the consequential impact may be uncertain on the performance of the Company's portfolio, the Issuer remains focussed on minimising credit exposure to sectors that have been adversely affected by the pandemic.

The Izwe Africa Group remains dedicated to the provision of specialised information technology systems and best-in-class credit underwriting systems to the Issuer and, in addition, will continue to provide expertise in the area of credit risk management, financial reporting and product development that this specialised sector requires. This will remain a unique advantage of the Issuer over competitors as it allows the Issuer to maximise the proven competencies of the Izwe Africa Group, saving both time and money.

With the Izwe Africa Group's support, the Issuer seeks to achieve its key strategic objectives of:

(a) supplementing its strategically positioned branch network with digital technology, thereby increasing accessibility to its services by SMEs and individual customers throughout Ghana while leveraging on its low fixed cost base;

(b) growing its loan book with a focus on product diversification and retaining its high-quality credit; and

(c) reducing weighted average funding costs by accessing diversified sources of local funding and mobilising both corporate and retail deposits, allowing it to benefit from economies of scale in the medium to long term.

10.4 BRANCH NETWORK

The Issuer has established 10 branches and 2 collection centres across Ghana, with 2 branches each in Accra and Kumasi, and one branch each in Tamale, Ho, Takoradi, Sunyani, Koforidua and Cape Coast. The Issuer has also established a collection centre each in Techiman and Bolgatanga. This provides the Issuer with its core necessary infrastructure to deploy and service its growing client base efficiently. A summary of the Issuer's branch network is as follows:

Figure 20: Issuer's Branch Network and Collection Centres in Ghana

Figure 21: Distribution of the Issuer's Branch Network and Collection Centres in Ghana

Region	Number of Branches
Greater Accra (Accra)	2
Ashanti (Kumasi)	2
Northern (Tamale)	1
Volta (Ho)	1
Western (Takoradi)	1
Brong Ahafo (Sunyani)	1

Eastern (Koforidua)	1
Central (Cape Coast)	1
Total	**10**

Region	Number of Collection Centres
Upper East (Bolgatanga)	1
Brong Ahafo (Techiman)	1
Total	**2**

10.5 SHAREHOLDING AND CAPITAL STRUCTURE OF THE ISSUER

10.5.1 Ordinary and Preference Shares

The Issuer is registered with 10,000,000 ordinary shares of no-par value and 5,000,006 preference shares of no-par value. It has issued 2,020,000 ordinary shares and all its 5,000,006 authorised preference shares as at the date of this Prospectus.

The current stated capital of the Issuer is GHS 18,532,825.00.

The details of the current shareholding of the Issuer are as follows:

Figure 22: Information on Ordinary and Preference Shares Issued

Shareholder (Ordinary Shares)	No. of Shares	% of Holding	Value of Shares (GHS)
African Micro-Finance Equities	1,800,000	89.1%	1,800,000
Abedi Pele Ayew	200,000	9.9%	200,000
Raymond Kwakye Bismarck	20,000	1%	119,520
Total	**2,020,000**	**100%**	**2,119,520**

Shareholder (Preference Shares)	No. of Shares	% of Holding	Value of Shares (GHS)
African Micro-Finance Holdings	5,000,006	100%	16,413,305

10.5.2 Current Indebtedness of the Issuer

As at the date of the Prospectus, the Issuer has the following outstanding indebtedness (certified certificate of indebtedness attached under Appendix G):

(a) the outstanding indebtedness under the Expired Note Programme (which are senior secured debts and unsecured subordinated debts). The existing senior secured debts will rank *pari passu* with the Senior Secured Bonds and other secured debts of the Issuer but will rank senior to any Senior Unsecured Bonds, Subordinated Bonds or other unsecured and/or subordinated debts of the Issuer. The existing subordinated debts will rank *pari passu* with the Subordinated Bonds and other subordinated indebtedness of the Issuer. The details of outstanding indebtedness under the Expired Note Programme are as follows (as at 31 August 2020):

Figure 23: Indebtedness of the Issuer under the Expired Note Programme

Tranche	Tenor	Issue Date	Maturity Date	Principal Amount (GHS)	Interest Payable (GHS)	Security Status
11	6-Year	27-05-2016	27-05-2022	10,000,000	518,046	Unsecured (subordinated)
13	5-Year	30-10-2017	30-10-2022	19,000,000	1,213,361	Senior Secured
14	5-Year	29-03-2018	29-03-2023	18,000,000	1,861,742	Senior Secured
15	3-Year	29-10-2018	29-10-2021	9,000,000	660,861	Senior Secured

(b) the outstanding indebtedness under the secured bilateral borrowings of the Issuer (the relevant bilateral lenders are part of the Existing Secured Parties). These are senior secured debts which will rank *pari passu* with the Senior Secured Bonds and other secured debts of the Issuer but will rank senior to any Senior Unsecured Bonds, Subordinated Bonds or other unsecured and/or subordinated debts of the Issuer. The details of the secured bilateral borrowings of the Issuer (as at 31 August 2020) are as follows:

Figure 24: Indebtedness of the Issuer under Secured Bilateral Facilities

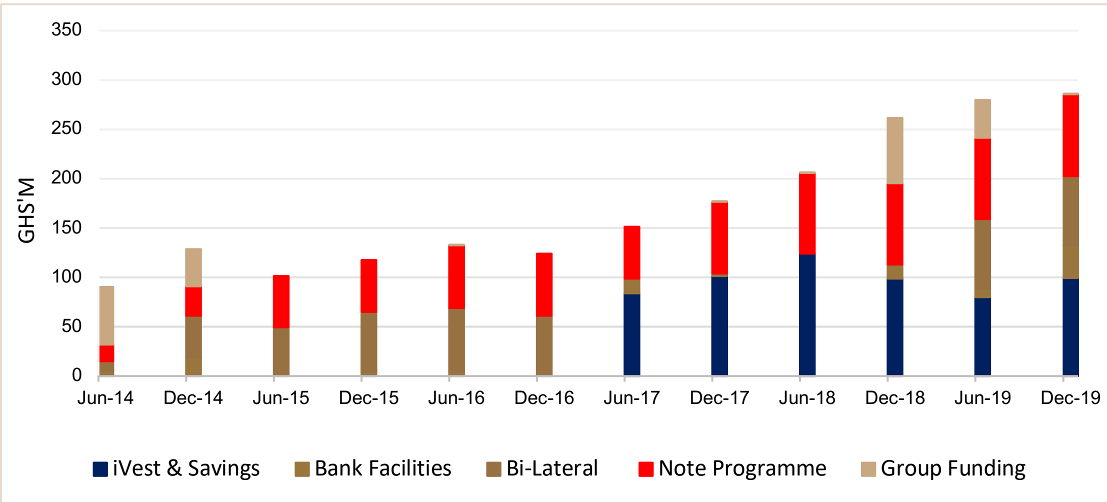
Lender	Agreement Date	Principal	Outstanding Amount	Maturity Date
Barclays Bank (Ghana) Limited now Absa Bank	20 Dec 2019	Overdraft of GHS 30,000,000	GHS 21,799,569	7 Feb 2021
Fidelity Bank	28 Aug 2020	Term facility of GHS 25,000,000 Overdraft of GHS 3,000,000	GHS 5,633,160	28 Aug 2021
Regional Education Finance Fund for Africa (REFFA Fund)	30 Jan 2020	GHS equivalent of USD 5,000,000	GHS 27,050,000	12 Feb 2024
ALCB Fund	29 Mar 2019	GHS 40,000,000	GHS 40,000,000	30 Apr 2021
Sanlam Life Insurance Limited	2 May 2019	GHS 28,896,000	USD 5,000,000	24 May 2022

10.5.3 Historical Indebtedness of the Issuer

Since the establishment of the Expired Note Programme in 2014, the Issuer has managed to further diversify its liabilities while continuously growing its assets. Funding has increased in both size and tenor, with a significant decline in the reliance on Izwe Africa Group funding as asset managers and Ghanaian investors elected to invest with the Issuer. Bonds issued under the Expired Note Programme remain a key source of funding to the Issuer, providing diversification in terms of the profile of the instruments, as well as the investors electing to invest with Izwe.

The charts that follow indicates the historical debt profile of the Issuer from 2014 to 2019 on a quarterly basis as well as the debt profile for the years 2014 and 2019.

Figure 25: Historical Debt Profile of the Issuer (2014 – 2019)



10.6 GOVERNANCE STRUCTURE OF THE ISSUER

10.6.1 The Issuer Board

As at the date of this Prospectus, the Issuer Board is constituted by six Directors. The current members of the Issuer Board are as follows:

Figure 26: Summary Information on Directors

Director	Date of Appointment	Period Served	Director Type	Qualifications	Other Directorships
Lance Graham Cleaver	October 2010	10 years	Chairman, Non-Executive	Bachelor of Commerce degree in Industrial Psychology and Business Economics	Izwe Africa Holdings, African Micro-Finance Holdings, African Micro-Finance Equities, African Micro-Finance Corporation, Izwe Loans Zambia Limited, Izwe Loans Limited (Kenya)
Raymond Kwakye Bismarck	November 2013	7 years	Managing Director	Master of Science in Finance & Risk Management	Markray Limited
Samuel Yeboah	March 2013	7 years	Non-Executive	Master of Business Administration	Roasters Café Limited, Hospitality Retail Corporate Home Limited, Office Pal Limited, Mogs Limited, Syycol Limited, ATG Ghana Limited
Angela Gyasi	November 2016	4 years	Non-Executive	Bachelor of Laws and a Qualifying Certificate in Law	Cellulant Ghana Limited
Carole Ramella	18th September, 2020	3 weeks	Independent Non-Executive	Masters in Business Administration and Chartered Accountant (French)	GFA Consulting Limited, Nexto Pharmaceuticals Limited
Mabel Nana Nyarkoa Porbley	18th September, 2020	3 weeks	Non-Executive	Chartered Insurer	Saham Insurance Ghana, Ghana Insurers Association, ECOWAS Brown Card, The Duke of Edinburgh's International /President's Award

The tenure of three board members, namely Abedi Ayew Pele, Lance Cleaver and Dave Fichardt, has expired. The Issuer has recruited suitable candidates with the requisite qualifications and experience to be appointed as replacement Directors, with this application currently pending approval by Bank of Ghana.

The summarised profiles of the Directors of the Issuer are as follows:

(a) **Lance Graham Cleaver (Chairman), South African, 49 years**

Lance Cleaver is one of the most experienced executives in micro-lending, having worked for more than 25 years in the formal retail and micro-lending industries. He has extensive knowledge in the micro-lending industry and has been actively involved in the finance and insurance industries for the past two decades. His contribution includes developing business models to successfully transact in the unsecured lending markets. Lance held a senior position in Altfin, which was a pioneer in the South African micro-finance industry in the early 1990s. Subsequently, he joined African Bank Limited in an executive capacity and was a member of the executive and credit committees responsible for over USD800 million of annual turnover. Lance managed the distribution of insurance and credit products through over 400 stores in South Africa. In 2004, he left African Bank Limited to start Izwe Loans (South Africa). Lance is the Managing Director of Izwe Africa Holdings, overseeing business interests in Zambia, Ghana and Kenya, as well as expansion into other non-South African territories. Lance holds a Bachelor of Commerce degree in Industrial Psychology and Business Economics from the University of Port Elizabeth.

(b) **Raymond Kwakye Bismarck (Managing Director), Ghanaian, 41 years**

Raymond joined the Issuer as its Managing Director in September 2013, with his extensive experience in providing banking services to small and medium scale enterprises. Raymond started his career with a Savings and Loans Company, the Ghanaian subsidiary of an international finance group based in Frankfurt, Germany. He spent most of his working career developing products and services tailored to the banking needs of small businesses and private individuals in the Ghanaian microfinance industry. He has 19 years' experience in the Ghanaian banking sector with expertise in the areas of institution building, business development and designing savings schemes for small and medium scale enterprises and individuals. He was promoted to the position of senior manager of the savings and loans company that he worked at prior to joining the issuer and was part of the senior management team that grew the business to the asset size of GHS135,000,000. He holds a Master of Science degree in Finance & Risk Management from the Business School of Netherlands.

(c) **Samuel Yeboah, (Non-Executive Director), Ghanaian, 43 years**

Samuel Yeboah was involved in the setting up of the Issuer in Ghana in 2010 and he officially joined the Issuer in 2011. He previously worked as a Business Development and Corporate Relations Manager at Mon-Tran Ghana Limited. Prior to Mon-Tran, he was the local representative of Thermonic Electric (Canada), which provided consulting services to local and foreign companies on business development strategies. His clients included Chamotors (USA). Samuel Yeboah holds a Master of Business Administration degree from Liverpool John Moores University, UK.

(d) **Angela Gyasi (Non-Executive Director), Ghanaian, 45 years**

Angela was called to the Ghana Bar in 2001 and has over 15 years' experience in legal practice. She specializes in employment, pensions and immigration law. Angela has broad experience in employment issues arising from corporate transactions, day to day advice on general employment issues and has worked on several high-value transactions. Angela is a Partner of the law firm of Bentsi-Enchill, Letsa & Ankomah and works in the Corporate and Commercial Practice Group of the firm. Angela has a Bachelor of Laws degree from the University of Ghana and a Qualifying Certificate in Law from the Ghana School of Law.

(e) **Carole Ramella (Independent, Non-Executive Director), French, 46 years**

Mrs. Ramella is a financial consultant and currently the Managing Director of GFA Consulting Limited. She holds a Corporate Finance MBA from INSEAD and has undertaken the French Chartered Accountant Exam. Mrs. Ramella has extensive international experience in finance, accounting, and corporate governance. She has successfully fulfilled her appointed duties on several Executive Boards, key among them being GFA Consulting, Nexto Pharmaceuticals and EXCEED-Africa Program. Mrs. Ramella has in-depth financial advisory skills and has advised the French and Ghanaian governments on a number of financial matters.

(f) **Mabel Porbley (Non-Executive Director), Ghanaian, 47 years**

Mrs Porbley is a Chartered Insurer who has several years of experience in the insurance and finance space and is currently the Managing Director of Saham Insurance Ghana, a member of the Sanlam Group of South Africa. She holds a Masters Degree in Business Administration from GIMPA. Mrs Porbley provides guidance on a number of Executive Boards, key among these being the Ecowas Brown Card Insurance Scheme and the Ghana Insurance Association. Mrs Porbley has been in leadership positions spanning over 16 years of her 20-year career.

10.6.2 **Issuer Board Committees**

The Issuer Board has two committees, an Audit Committee and a Risk Committee. The details of the committees are as follows:

Figure 27: Issuer Board Committees

Committee	Areas Covered	Committee Members
Audit	The Audit Committee provides assurance that financial disclosures made by management reasonably portray the Company's financial conditions, results of operations and long-term commitments. To accomplish this, the audit committee shall: ▪ provide oversight of the Company's internal and external auditors, approving their appointment, compensation and dismissal; ▪ review audit reports ensuring that management is taking appropriate corrective action in a timely manner to address weaknesses and other lapses identified by internal and external auditors; ▪ supervise the review and approval of financial statements; ▪ consider the appropriateness of accounting policies applied and whether they are prudent and consistent with prior practice and comply with regulations and legal requirements; ▪ review critical accounting issues, significant estimates based on judgment and adequacy of provisions including provision for credit impairment losses which are included in the financial statement; ▪ consider the quality of financial information disclosed to the shareholders and other stakeholders; and ▪ review the financial reporting process with a view to ensuring the Company's compliance with accounting standards and financial matters and the applicable laws and regulations. **External Audit** ▪ make recommendations for the appointment and retention of the external auditors; ▪ review and discuss the scope of the audit and audit plan; ▪ consider differences of opinion between management and the external auditor; ▪ evaluate the performance, objectivity and independence of the external auditor; ▪ review the nature and extent of non-audit services provided by the external auditors; and ▪ obtain assurance from the auditors that adequate accounting records are maintained **Internal Audit** ▪ review the objectives of the internal audit function and the annual plan of action; ▪ review and supervise the approval of the scope of internal audit and audit plan; ▪ assess the adequacy and performance of the internal audit function and the adequacy of available resources; ▪ review significant matters reported by the internal auditor;	▪ Dave Fichardt (Chair) ▪ Samuel Yeboah

<table>
<tr><th>Committee</th><th>Areas Covered</th><th>Committee Members</th></tr>
<tr><td></td><td>

- review significant differences between Management and the internal auditors;
- review the cooperation and coordination between the internal and external auditors.

Internal Control Systems

- review the systems of internal controls to ascertain its adequacy and effectiveness;
- review and discuss any previously identified material weaknesses in controls and deficiencies in system;
- if considered necessary, recommend additional procedures to enhance the system of internal controls;
- review internal and external auditors' reports (management letter) and management's response thereto and consider status of actions taken by management;
- identify any change necessary to the agreed audit scope or to other services as a result of any weaknesses or deficiencies revealed; and
- ensure that senior management personnel are taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors as well as any other relevant matter referred to the committee by the Issuer Board.

</td><td></td></tr>
<tr><td>Risk</td><td>

The Risk Committee provides Risk Management, Risk Oversight and Risk Monitoring

Risk Management:

provide oversight and advice in relation to:

- risk management framework (including the significant policies, procedures and practices employed);
- current and potential future risk exposures;
- future risk strategy; and
- perform any other assignments relating to the management of risk in the company as may be delegated by the Issuer Board.

The Board Risk Committee shall:

- at minimum, on annual basis review, establish and recommend to the Issuer Board the risk appetite as well as assess the appropriateness of the corporate plan in the context of the risk appetite of the Company
- annually review and make recommendations on the risk management of the Institution (i.e. policies, processes, risk register, models and limits) to manage and mitigate risk within the approved strategy and risk appetite to the Issuer Board for approval

Risk Oversight:

- challenge the assessment and measurement of key risks of the Company;
- provide advice, oversight and the encouragement necessary to embed and maintain a supportive risk culture throughout the Company;

</td><td>

- Angela Gyasi (Chairperson)
- Samuel Yeboah
- Dave Fichardt
- Raymond Bismarck

</td></tr>
</table>

Committee	Areas Covered	Committee Members
	▪ provide high level oversight and critique of the day-to-day risk management and oversight arrangements of senior management personnel; ▪ provide high level oversight and critique of the design and execution of the scenario analysis and stress-testing of the institution as presented by the Chief Risk Officer; ▪ review the internal capital adequacy assessment and internal liquidity adequacy assessment of the company; ▪ provide direct oversight responsibilities on the functions of the Chief Risk Officer and the compliance functions of the company; ▪ review the external risk information disclosures including annual report and accounts and quarterly disclosures of the institution; ▪ provide oversight and critique of due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Issuer Board; and ▪ assess capital adequacy. **Risk Monitoring** monitor the risk exposures through the: ▪ review of the risk profile of the institution (i.e. performance indicators) against the risk appetite, approved limits and risk trends; ▪ review of management report on the nature and extent of risk exposures of the company; ▪ review of key performance indicators on risk, controls and compliance; ▪ review of current risk exposures and future risk strategy, considering the macro-economic environment; and ▪ review of the litigation portfolio of the institution.	

10.6.3 Other Director Matters

(a) Directors' Interest in the Shares of the Issuer

Raymond Kwakye Bismarck (the Managing Director) holds 1% of the Issuer's issued ordinary shares.

(b) Directors' Remuneration and Benefits

As at the date of the Prospectus, the following remuneration and benefits have been paid to Directors

Figure 28: Director's Remuneration and Benefits

Compensation to directors	December 2019 (GHS)	December 2018 (GHS)	December 2017 (GHS)
Director fees	90,500	69,393	16,000
Loans to directors and key management	246,995	387,474	297,024
Key management emoluments	1,776,523	1,295,256	1,041,948
Total	**2,114,018**	**1,752,123**	**1,354,972**

10.6.4 Senior Management

The Issuer's senior management team consists of the following:

(a) **Raymond Kwakye Bismarck, 45 years (*Chief Executive Officer*)**

Please see Section 10.6.1(d) for his profile.

(b) **Kojo Gyan Baffoe-Eghan, 41 years (*Chief Operating Officer)***

Kojo is a financial services professional with over ten (10) years senior management experience in international financial institutions. His experience spans key functions in Banking, and he is passionate about financial inclusion. He is a fellow of the Africa Board fellowship, and a member of the Chartered institute of Marketing, UK. Kojo holds a Graduate Degree in Project Management from the University of Ghana Business School, a Certificate in Strategic Leadership in Inclusive Finance from the Harvard Business School and is a graduate of the ProCredit Academy, Furth, Germany. He joined Izwe as Chief Operating Officer in February 2020.

(c) **Mario du Plessis, 55 years (*Head of Back Office Operations*)**

Mario has over 30 years' experience in the retail banking and micro lending industry. He previously worked for African Bank as a Mobile Sales Manager where he was responsible for the running and expansion of mobile sales offices in the Eastern Cape Region of South Africa. Mario joined The Izwe Africa Group in 2007 as Area Manager and was responsible for the setting up of 8 branches in the Eastern Cape Region. In 2010, he moved to Pretoria where he worked as Regional Manager and later moved into a senior position as Head of 30 Izwe branches in South Africa. He joined the Izwe Ghana management team in June 2016.

(d) **Bernard Boafo-Bekoe, 45 years (*Head of Finance)***

Bernard is a Chartered Accountant, Banker and a Chartered Analyst with over 20 years of extensive experience, including 11 years in the banking industry. He has held senior executive positions, focusing on strategic and corporate management, leadership, policy analysis, financial and risk management, organizational restructuring, market research, among others. Prior to his appointment at Izwe, he was the CFO and a founding member of both Fairllop International Limited and Frosty Ice Mining Limited. He also held managerial positions with Capital Alliance Company Limited. He had his accountancy professional development at Kwesie, Kan-Dapaah & Baah Chartered Accountants as an assurance manager. Bernard is a Fellow of the Chartered Institute of Financial and Investment Analysts, Ghana. He graduated from the Paris Graduate School of Management, France, with an IEMBA degree (Banking & Finance). He also holds ACCA and he is a member of CIMA. Bernard joined Izwe as the Head of Finance in November 2012.

(e) **Mark Smith Andoh, 41 years (*Head of New Business*)**

Mark has worked for 13 years in the banking industry with a number of institutions including NDK Financial Services, Standard Chartered Bank, ProCredit and Fidelity Bank. His working experience has centered around the provision of finance solutions to SMEs and he has great passion for this. Mark is a member of the Chartered institute of Bankers and a Graduate of the University of Ghana Business School. He joined the Senior Management of Izwe in October 2017 as the Head of New Business with a mandate to develop off-payroll business - with Car4cash as a first product.

(f) **Jacob Nii Darkoo Amoo, 52 years (*Head of Sales and Distribution*)**

Before joining Izwe Savings and Loans PLC, Jacob was previously employed by a leading Savings and Loans company in Ghana for more than eleven (11) years where he held several senior management positions including National Operations Manager, Head of Direct Sales Business and Head of Sales and Distribution. His experience in sales operations spans over twenty years in both the FMCG and the microfinance Industries. He is credited with the establishment of a strong and highly motivated sales team which helped to position the company as a market leader in the microfinance space. He led the team to reorganize and restructure the branch operations (between 2015-2018) to inject efficiency and deliver sales growth and profitability through the digitization of the sales process and the agency model. Jacob holds an MBA in Marketing from the University of Cape Coast (UCC), a Post-Graduate Diploma in Marketing and a Bachelor's Degree (Sociology) from the University of Ghana. Jacob is the Head of Sales and Distribution with oversight responsibility for branch operations and sales.

(g) **Akyea Afari Gyasi, 42 years (*Head of Collections*)**

Akyea previously worked in various capacities at Barclays Bank and managed various projects during his time at Barclays Bank. His experience spans several industries with stints in the financial services. Before he joined Barclays in 2006, he worked with Fraga Oil Ghana Limited. Akyea has been instrumental in building strong performance environments over the course of his career. He has vast experience in Collections, Finance and Risk Management. Akyea has a B.Ed. Psychology (Accounting Option) degree from the University of Cape Coast and a Master's in Business Administration (Finance Option) from GIMPA.

10.7 ISSUER DISCLOSURES

10.7.1 Related Party Transactions

The Issuer has recorded the following related party transactions:

Figure 29: Related Party Transactions of the Issuer

Related party	December 2019 (GHS)	December 2018 (GHS)	December 2017 (GHS)
Africa Micro-Finance Holdings	880,259	66,544,346	627,400
Total balance due	**880,259**	**66,544,346**	**627,400**

10.7.2 Subsidiaries and Affiliates

As at the date of the Prospectus, the Issuer has the following affiliates:

Figure 30: Subsidiaries and Affiliates of the Issuer

Name of Entity	Date of Incorporation	Authorised Business
Izwe Africa Holdings	20 January 2014	Investment holding
African Micro-Finance Holdings	29 May 2008	Providing of short, medium- and long-term credit and related financial services in micro finance
African Micro-Finance Equities	8 March 2011	Investment holding
African Micro-Finance Corporation	23 June 2008	Investment holding
Izwe Loans Zambia Plc	21 July 2005	Micro finance, financial services, and all related activities
Guardrisk International PCC	18 June 1998	Protected cell company
Izwe Kenya Holdings Limited	24 May 2012	Micro finance, financial services, and all related activities
Izwe Loans Kenya Limited	24 December 2015	Micro finance, financial services, and all related activities

10.7.3 Employees

As at 30 September 2020, the Issuer has total staff of 740 (comprising 198 permanent workers, 79 fixed-term workers and 463 agents). A summary of the Issuer's employees from 2018 to the date of this Prospectus is below:

Figure 31: Information on Staff Strength of the Issuer

	2018	2019	May 2020
Executive	4	4	2
Senior Manager	1	1	5
Manager	35	38	46
Assistant Manager	1	1	1
Other Officers	125	156	144
Sales Executive	553	575	505
Contract staff	13	53	37
Total	**732**	**828**	**740**

10.7.4 Immovable Property

The Issuer does not own any immovable property. It rents the immovable property it uses for its operations. The details of the Issuer's tenancy arrangements in respect of its business premises are as follows:

Figure 32: Summary of Immovable Property

Property	Description	Location of Property	Nature of Interest
Head Office	Maestro Plaza Ground Floor	Maestro Plaza, Pig Farm Junction, Accra	Tenancy
Head Office	Maestro Plaza Ground Floor (Early renewal)	Maestro Plaza, Pig Farm Junction, Accra	Tenancy
Head Office	Maestro Plaza First Floor (Early renewal)	Maestro Plaza, Pig Farm Junction, Accra	Tenancy
Head Office	Maestro Plaza Second Floor	Maestro Plaza, Pig Farm Junction, Accra	Tenancy
Head Office	Maestro Plaza Third Floor	Maestro Plaza, Pig Farm Junction, Accra	Tenancy
Head Office	Maestro Plaza Fourth Floor	Maestro Plaza, Pig Farm Junction, Accra	Tenancy
Ring Road Retail Branches	Ground and First Floors	Parcel No. 2, Block 12, Section 013, Kokomlemle	Tenancy
Adum Branches	Ground and First Floors	Dufie Tower, Plot No. 222A, OTB-Adum-Kumasi	Tenancy
Suame	Ground Floor	Three Storey Building at Tarkwa Junction, Suame-Kumasi	Tenancy
Tamale	Ground and Third Floors	JY Complex, Tamale Estate Rd, Tamale	Tenancy
Ho	Ground and First Floor	Ho Bankoe near Civic Center	Tenancy
Takoradi	Entire Building	Plot No. 10, Prince of Wales Road, Takoradi	Tenancy
Sunyani	First and Second Floors	Hs. No. SNT 4A Sunyani	Tenancy
Koforidua	Ground Floor	Block 89 Plot No. 22 Post Office Street Koforidua	Tenancy
Cape Coast	First Floor	Hs. No. 116, Watermelon Avenue, Comm Ten, Tema	Tenancy
Bolga Satellite	Two stores	Hs. No. K47 Kumbosigo Residential Area	Tenancy
Techiman Satellite	One store	Plot No. 3A Tuansuoase No. 1, Techiman	Tenancy

10.7.5 Insurance

The Issuer currently holds valid insurance policies covering the following risks: fidelity, contents, vehicles, asset all risks, money in transit and public liability. The Issuer currently insures its loan portfolio against death and permanent disability of its customers.

A summary of the Issuer's insurance policies (as at the date of this Prospectus) are as follows:

Figure 33: Summary of Insurance Policies

Policy Type	Insured Value (GHS)	Expiry Date
Comprehensive Motor Insurance	3,645,865.00	31 March 2021
Assets All Risk	3,510,200.00	31 March 2021
Fidelity Guarantee	4,530,000.00	31 March 2021
Public Liability	1,000,000.00	31 March 2021
Money Insurance	2,680,000.00	31 March 2021
Home & Personal Assets	50,000.00	31 March 2021
Director's & Officer's Liability	7,000,000.00	31 March 2021
Workmen's Compensation	290,381.44	31 March 2021
Group Life Comprehensive Plan	8,082,265.56	31 March 2021

10.7.6 Material Contracts

As at the date of this Prospectus (and other than in the ordinary course of business or except for the Bond Documents), the Issuer has not entered into any contract containing provisions under which the Issuer has an obligation or entitlement which is (or may be) material to the ability of the Issuer to meet its obligation in respect of the Bonds.

10.7.7 Litigation

As at the date of this Prospectus, the Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings which is material and the results of which might have a significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

10.7.8 Conflicts of Interest

As at the date of this Prospectus, the Directors have no potential conflicts of interest between any duties to the Issuer and their private interests or other duties. The Directors are not permitted to participate in the Programme.

10.7.9 Auditing

The Directors were responsible for the preparation and fair presentation of the financial information of the Issuer in accordance with the International Financial Reporting Standards. EY Ghana's responsibility was to express a conclusion on the accompanying financial information. EY Ghana conducted their review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review Historical Financial Statements and International Standard on Assurance Engagement (ISAE) 3400 and the Examination of Prospective Financial Information.

10.7.10 Exchange Control

As at the date of this Prospectus, there are no exchange control restrictions in Ghana preventing foreign residents from subscribing to the Bonds. Foreign investors can subscribe for or purchase Bonds. Bond repayments are remittable out of Ghana by foreign residents through an authorised dealer bank.

10.7.11 Authorisation

The establishment of the Programme and the issue and listing of Bonds under the Programme have been duly authorised by a resolution of the Issuer Board dated 4 August 2020 and a resolution of the shareholders of the Issuer dated 4 August 2020. This Prospectus has been approved by the SEC. The listing of any relevant Series or Tranche of Bonds on GFIM has been provisionally approved by the GSE.

11 SUMMARY OF REPORTS AND FORECASTS

11.1 REPORT OF REPORTING ACCOUNTANTS ON HISTORICAL FINANCIAL INFORMATION

The report of the Reporting Accountants on the historical financial information on the Issuer for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 is attached under Appendix E (*Summary of Financial Reports and Forecasts*). Copies of this can be obtained from the registered offices of the Bond Trustee during normal business hours of any Business Day.

11.2 REPORT OF THE REPORTING ACCOUNTANTS ON PROJECTED FINANCIAL INFORMATION

The report of the Reporting Accountants on the projected financial position of the Issuer for the period ending 31 December 2020 to 31 December 2024 is attached under Appendix E (*Summary of Financial Reports and Forecasts*). Copies of this can be obtained from the registered offices of the Bond Trustee during normal business hours of any Business Day.

11.3 UNDERLYING ASSUMPTIONS FOR THE PROJECTIONS

The following are the assumptions underlying the projections in the report of the Reporting Accountants on the projected financial information of the Issuer:

11.3.1 Key Assumptions

Key Targets	Key Management Assumptions	Independent assessment of assumptions
Economic outlook	Inflation is forecasted to be 10% pa (2021 to 2023) and 9% in 2024.	The Bank of Ghana Monetary Policy Report for May 2020 on inflation outlook and analysis estimated inflation for the month of April to be 10.6% pa. This however is expected to reduce to circa 8%pa with a 2% range. Oxford economics with its source from the International Monetary Fund (IMF/Haver Analytics has projected Ghana's inflation rate to be as follows: 2021: 8.6%, 2022: 8.5%, 2023: 8.4%, 2024: 8.3%. Management's estimation of 10%pa falls within the 2% range in accordance with the BoG report. This appears reasonable.
Cash and Cash Equivalents	Cash proceeds of GHS 150,000,000 to be raised from the bond issue. In addition to this, the business has other sources of funding including term facilities and well sized overdraft facilities affording the company some flexibility.	This is in line with management's strategy.
Property and equipment	Management anticipates capital expenditure of GHS 2.25m as per the forecast to upgrade property and equipment.	The investment in property and equipment is anticipated in years 2021 & 2022. A cash outflow of GHS750k and GHS1.5m is shown in the statement of cashflow.
Interest Income	Interest income growth is expected to be derived from growth in loans and advances, driven by sales and term offering to clients. Izwe also launched a new product, Asset Backed Finance (ABF), which will be offered in all branches. ABF has been rolled out to all branches in 2020 and will contribute to income in future years. Interest income for 2020 is expected to increase marginally from 2019 to 2020. Actual sales in 2019 were less than in 2018 mainly due to uncertainty in the Ghana financial markets. The Izwe loan book is longer term and depressed sales in 2019 will affect income earning ability in 2020. Regardless of the impact of Covid 19 on sales in the months of April to June 2020, sales are	Growth rate in interest income over the last three years averaged 17.4%. This compares favourably with the average for the planned period of 15.1% although slightly conservative, management's estimate appears reasonable.

Key Targets	Key Management Assumptions	Independent assessment of assumptions
	expected to be higher than in 2019, positively impacting interest income in 2021. Sales are expected to taper off in 2023/24 and this impacts interest income. Margin on net assets increase slightly from 2020 to 2024 mainly due to growth in ABF.	
Fees and commission income	Fees and commission income will simulate interest income. In line with interest income, fees and commission earned will be determined by sales and an average increase year on year is seen from 2021 to 2023 with fee income growth tapering off in 2024 as per the explanation above for interest income.	Growth rate in fee and commission income over the last 3 years averaged 46.5% as compared to an average of 19.9% over the planned period. Management appears cautious on their fee and commission income estimate.
Impairment loss on financial assets	The IFRS 9 impairment model has been implemented for a number of years which allowed Izwe to refine the model based on client past behaviour. Together with various collection methods, Izwe was able to slightly improve impaired losses. Izwe has had a favourable impairment loss on its financial assets, as a result of its business of providing loans to predominantly government workers. Historically, from 2017 to 2019, Izwe has had its impairment loss at an average of 6% to its loan portfolio. The projections for 2020 to 2024 are also at an average of 6%. Provisioning on ABF, the much smaller of the two loan assets, are higher as the loans are to private clients and is forecast to be 9.15%.	The loan book over the planned period can be split as follows: 96.25% to government workers and 3.75% to private client (ABF). Impairment loss averaged 6% of the loan book over the last 3 historical years. It is estimated to average about 6% of the loan book in the planned period. This appears reasonable considering that the impairment loss of 9.15% on ABF loans takes into consideration the relatively higher risk profile of loans to private clients.
Funding Cost	Funding costs consist of interest on deposits, retail savings, a bank facility, and listed long term Bonds. Interest rates have been based on current facilities and term sheets already agreed and in place and weighted accordingly. Deposits (20% - 25% pa); Facility and Bonds (19% - 28% pa); Savings (11% -16% pa). The all-in rate year on year stays relatively unchanged, averaging about 22.1% pa historically and 21.6% pa in the planned period. Retirement of existing bonds will be as follows: - Tranche 13&15 – to be paid in 2021 and 2022 respectively. The issuer for Tranche 11 has an option to mature the note in May 2021 or to extend the note for another year (linked to a step-up rule). The assumption was made that the note will be early redeemed in May 2021. Tranche 14- management expect to raise the same Tranche with similar conditionalities in the year of maturity ie. 2023.	This appears in line with management's plan.

12 CONDITIONS

The following are the Conditions of the Bonds to be issued by the Issuer under the Programme. The Applicable Pricing Supplement in relation to any Series or Tranche may specify other terms and conditions, which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the following Conditions for the purpose of such Series or Tranche. The Conditions, as replaced or modified by the Applicable Pricing Supplement, will be incorporated by reference in each Bond.

The Bonds are issued subject to the Trust Deed. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Copies of the Trust Deed are available for inspection by the Bondholders, upon request, at the registered offices of the Bond Trustee (being at the date hereof, Ridge Tower, West Ridge, Accra, Ghana) and for so long as any Bonds remain outstanding.

1. AUTHORISATION, ISSUE AND SUBSCRIPTION

1.1 **Authorisation**

1.1.1 The Bonds are issued by the Issuer in accordance with, and subject to, these Conditions, which were approved by resolutions of the Issuer Board passed on 4 August 2020 as well as the shareholders of the Issuer passed on 4 August 2020.

1.1.2 A total Principal Amount of GHS 150,000,000 is authorised for issue under this Programme. The Principal Amount of each Bond issued by the Directors shall be as recorded in the Applicable Pricing Supplement.

1.2 **Issue and Subscription**

1.2.1 The Issuer may issue Bonds to such applicants and on such dates as the Issuer deems fit. The Issuer reserves the right, in its sole discretion, to refuse any application in whole or in part, or to accept some applications for the Bonds in full and others in part, or to refuse all applications for the Bonds on any basis determined by it.

1.2.2 Each Bond shall be held subject to the Conditions, which Conditions shall be binding on the Issuer and each Bondholder.

1.2.3 The Bondholders are (by virtue of their subscription for, or purchase of, the Bonds) deemed to have notice of, entitled to the benefit of, and are subject to, all the provisions of the Trust Deed.

2. FORM, DENOMINATION, TITLE AND TRANSFER

2.1 **Form of Bonds**

2.1.1 The Bonds are in dematerialised form and will be electronically maintained on the CSD with an identifying number that will be recorded in the Register.

2.1.2 All Bondholders will be required to open and maintain CSD accounts, which will be credited with the Bonds upon issue.

2.2 **Denomination of Bonds**

Bonds shall be issued in the Currency specified in the Applicable Pricing Supplement.

2.3 **Title to the Bonds**

2.3.1 Title to the Bonds shall pass by registration in the Register, unless Applicable Laws provide otherwise or provide for additional formalities for transfer of title. In so far as Applicable Law requires notification to the debtor for a valid transfer of title to the Bonds, the registration of the transfer in the Register shall constitute evidence of this notification. Except as ordered by a court of competent jurisdiction or as required by law, the Bondholder, as reflected in the Register, shall be deemed to be and may be treated as the absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the Bondholder.

2.3.2 The Issuer shall issue a single Global Bond Certificate to the Bond Trustee in respect of each Series or Tranche of Bonds. The CSD shall maintain a record of Bondholders' respective electronic book entries in the Register showing the particulars of Bondholders and their respective holdings.

2.3.3 The Issuer, Bond Trustee, and CSD shall recognise a Bondholder as the sole and absolute owner of the Bonds registered in that Bondholder's name in the Register (notwithstanding any notice of change of ownership or writing thereon or notice of any previous loss or theft thereof) and the Bond Trustee shall not be bound to request in writing the CSD to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which the Bonds may be subject.

2.4 **Transfer of Bonds**

2.4.1 No transfer of Bonds may be registered unless a form of transfer has been delivered to the CSD as per the rules of the CSD relating to transfer of securities. Each form of transfer shall be in writing in the usual form or in any other form approved by the CSD. Each form shall be signed by the Bondholder or his duly authorised agent and be delivered to the CSD in respect of the Bonds to be transferred and such evidence as to identity, title, authority and legal capacity of the transferor and transferee and their respective agents, if any, as the Issuer or the CSD, may reasonably require (the **Transfer Form**).

2.4.2 The Register shall contain the name, address and bank account details of the Bondholders. The Register shall set out the Principal Amount of the Bonds issued to any Bondholder and shall show the date of such issue, the date upon which the Bondholder became registered as such and the unique serial numbers of all securities as pertains in the CSD system.

2.4.3 The CSD shall make information on Bondholders contained in the Register available to any Bondholder or any person authorised in writing by the Bondholder as they may reasonably request. The CSD shall not record any transfer other than on Business Days or while the Register is closed.

2.4.4 The Register shall be closed during the Book Closure Period. Bondholders entitled to participate in a distribution of Interest, or a Redemption Amount shall be those registered as such on the Last Day to Register.

2.4.5 The CSD shall alter the Register in respect of any change of name, address or bank account number of any of the Bondholders of which it is notified in accordance with these Conditions.

2.4.6 In the case of an exercise of the Issuer's right to Redemption by Instalment or an Early Redemption, the CSD will change the holdings in the Register to reflect the redemption and the balance of the holding not redeemed.

2.4.7 Exchange and transfer of Bonds shall be effected according to the rules of the CSD and subject to charges by the CSD and brokers.

2.4.8 No Bondholder may require the transfer of a Bond to be registered during a Book Closure Period, after any such Bond has been called for Redemption, or (in the case of a Redemption by Instalment) during the period beginning on the 10th Business Day before the Instalment Date of and ending on the Instalment Date (both inclusive).

3. STATUS OF BONDS

3.1 Status of the Senior Secured Bonds

The Senior Secured Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall rank *pari passu* among themselves and (save for certain obligations required to be preferred by Applicable Law) equally with all other present and future senior secured obligations of the Issuer.

3.2 Status of the Senior Unsecured Bonds

The Senior Unsecured Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer. The Senior Unsecured Bonds rank, and will at all times rank, *pari passu*, among themselves and senior to the Subordinated Bonds and (save for certain obligations required to be preferred by Applicable Law) *pari passu* with any other present and future senior unsecured and unsubordinated obligations of the Issuer.

3.3 Status of the Subordinated Bonds

The Subordinated Bonds constitute direct, general, unconditional, subordinated and unsecured obligations of the Issuer and shall, in case of (a) the insolvency and winding up in the Republic of Ghana of the Issuer; or (b) dissolution of the Issuer in the Republic of Ghana, rank:

(a) *pari passu* amongst themselves and with any other present and future Financial Indebtedness which ranks by or under its own terms or otherwise *pari passu* with subordinated and unsecured Financial Indebtedness or other obligations of the Issuer;

(b) subordinate and junior only to present and future Financial Indebtedness of the Issuer which by or under its terms ranks senior, or does not rank subordinate to, any Financial Indebtedness or other obligations of the Issuer; and

(c) senior to any other present and future Financial Indebtedness which ranks by or under its own terms or otherwise, subordinate or junior to the Subordinated Bonds of the Issuer.

4. NEGATIVE PLEDGE

So long as any Bond remains outstanding, the Issuer shall not create, incur, assume or permit to arise or subsist any Encumbrance upon the whole or any part of its undertakings, assets or revenues, present or future, to secure any Financial Indebtedness (except for any Senior Secured Bonds and the Permitted Encumbrances) unless, at the same time or prior thereto, the Issuer's obligations under the Bonds:

(a) are secured equally and rateably therewith, to the satisfaction of the Bond Trustee; or

(b) have the benefit of such other arrangement as shall be approved by a Special Resolution (as defined in the Trust Deed) of the affected Bondholders.

5. INTEREST

5.1 Interest on Fixed Rate Bonds

5.1.1 Each Fixed Rate Bond bears Interest on its outstanding Principal Amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Interest Rate, such Interest being payable in arrears on each Interest Payment Date up to the Maturity Date or Redemption Date.

5.1.2 If a Fixed Coupon Amount or a Broken Amount is specified in an Applicable Pricing Supplement, the amount of Interest payable on each Interest Payment Date in respect of the Fixed Interest Period will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s) specified hereon.

5.2 Interest on Floating Rate Bonds

5.2.1 Interest Payment Dates

Each Floating Rate Bond bears Interest on its outstanding Principal Amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Interest Rate, such Interest being payable in arrears on each Interest Payment Date up to the Maturity Date or Redemption Date.

5.2.2 Business Day Convention

5.2.2.1 If any date referred to in these Conditions would otherwise fall on a day that is not a Business Day, then such date is subject to adjustment by:

(a) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(b) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(c) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(d) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

5.2.3 Interest Rate for Floating Rate Bonds

5.2.3.1 The Interest Rate payable, from time to time, in respect of the Floating Rate Bonds shall be determined in the manner specified in the Applicable Pricing Supplement.

5.2.3.2 The Interest Rate for each Interest Period shall be either

(a) the offered quotation; or

(b) the arithmetic mean (rounded if necessary, to the second decimal place, with 0.005 being rounded upwards) of the offered quotation,

(expressed as a percentage rate *per annum*) for the Reference Rate (as specified in the Applicable Pricing Supplement), in the case of Government treasury bill rate on the relevant Interest Determination Date (as specified in the Applicable Pricing Supplement) plus or minus the margin (if any), all as determined by the Calculation Agent.

5.3 **Accrual of Interest**

Interest shall cease to accrue on each Bond on the Redemption Date, unless payment of the Principal Amount is improperly withheld or refused, in which event, Interest shall continue to accrue (before as well as after judgment) at the Interest Rate in the manner provided in this Condition 5 (together with Default Interest) to the date of actual payment.

5.4 **Minimum Interest Rate and/or Maximum Interest Rate**

5.4.1 If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period (determined in accordance with this Condition 5) is less than such Minimum Interest Rate, the Interest Rate for such Interest Period shall be such Minimum Interest Rate.

5.4.2 If the Applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period (determined in accordance with this Condition 5) is greater than such Maximum Interest Rate, the Interest Rate for such Interest Period shall be such Maximum Interest Rate.

5.5 **Calculation of Interest**

5.5.1 The Interest payable in respect of any Bond for any Interest Period shall be calculated by multiplying the Interest Rate and the outstanding Principal Amount by the applicable Day Count Fraction, unless the amount of Interest (or a formula for its calculation) is specified in the Applicable Pricing Supplement in respect of such Interest Period (the **Applicable Pricing Supplement Interest Amount**), in which case the Interest payable in respect of such Bond for such Interest Period shall equal the Applicable Pricing Supplement Interest Amount. Where any Interest Period comprises two or more Interest Periods, the amount of Interest payable in respect of such Interest Period shall be the sum of the amounts of Interest payable in respect of each of those Interest Periods.

5.5.2 **Day Count Fraction** in this Condition 5 means:

(a) if **Actual/365** or **Actual/Actual** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(b) if **Actual/365 (Fixed)** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(c) if **Actual/364** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 364;

(d) if **Actual/360** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; and

(e) if **30/360**, **360/360** or **Basis** is specified in the Applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12, 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

5.5.3 For the purposes of any calculations of Interest required pursuant to these Conditions (unless otherwise specified):

(a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);

(b) all Interest and Interest Rate figures shall be rounded to two decimal places (with halves being rounded up); and

(c) any Currency amount that falls due and payable shall be rounded to the nearest unit of the Currency (with halves being rounded up). For these purposes unit means the lowest amount of the Currency.

5.6 **Determination and Notification of Interest Rate, Interest and Redemption Amount**

5.6.1 **Determination of Interest or Redemption Amount**

5.6.1.1 The Calculation Agent shall (as soon as practicable after the Relevant Time or as it may be required to) determine any Interest Rate, obtain any quotation, or calculate any Interest or Redemption Amount or other amount (as the case may be) for review by the Bond Trustee.

5.6.1.2 The Calculation Agent shall (as soon as practicable on the first day of the Book Closure Period) determine any Interest Rate, obtain any quotation, or calculate any Interest or Redemption Amount or other amount (as the case may be) for review by the Bond Trustee.

5.6.2 **Notification of Interest**

5.6.2.1 In relation to the determination under Condition 5.6.1.1, the Calculation Agent shall cause:

(a) the determination of such Interest Rate, obtaining of such quotation, or calculation of such Interest or Redemption Amount or other amount (as the case may be) and the relevant Interest Payment Date, to be notified to the Issuer, the Paying Agent and the Bond Trustee; and

(b) the Interest Rate and the relevant Interest Payment Date to be notified to the Bondholders, no later than the 4th Business Day after such determination or calculation.

5.6.2.2 In relation to the determination under Condition 5.6.1.2, the Calculation Agent shall cause the determination of such Interest Rate, obtaining of such quotation, or calculation of such Interest or Redemption Amount or other amount (as the case may be) and the relevant Interest Payment Date, to be notified to the Issuer, the Paying Agent, the Bond Trustee and the Bondholders, no later than the 4th Business Day after such determination or calculation.

5.6.2.3 Where any Interest Payment Date or Interest Period date is subject to adjustment pursuant to Condition 5.2.2 (*Business Day Convention*), the Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6.3 **Finality of Determination**

The determination of any rate or amount, the obtaining of any quotation and the making of each determination or calculation by the Calculation Agent in accordance with these Conditions shall (in the absence of manifest error) be final and binding upon all parties.

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption by Instalments

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond which provides for Instalment Dates and Instalment Amounts shall be partially redeemed by instalments on each Instalment Date at the relevant Instalment Amount specified in the Applicable Pricing Supplement. The outstanding Principal Amount of each such Bond shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Principal Amount of such Bond, such proportion) for all purposes with effect from the relevant Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the date on which full payment of such Instalment Amount is made.

6.2 Final Redemption

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond shall be finally redeemed on the Maturity Date or Redemption Date specified thereon at its Final Redemption Amount.

6.3 Early Redemption

The Early Redemption Amount payable in respect of any Bond shall be the Final Redemption Amount unless otherwise specified in the Applicable Pricing Supplement.

6.4 Optional Redemption

6.4.1 Bonds (which have a Call Option as indicated under an Applicable Pricing Supplement) may be redeemed at the option of the Issuer at any time, on giving not less than 30 Business Days' but no more than 60 Business Days' notice to the Bondholders (which notice shall be irrevocable), at the Principal Amount (together with Interest accrued to the Redemption Date).

6.4.2 Upon expiry of any such notice as referred to in this Condition 6.4, the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6.4.

6.4.3 All Bonds in respect of which an Exercise Notice is served shall be redeemed, on the date specified in such notice in accordance with this Condition 6.

6.4.4 In the case of a partial redemption pursuant to a Call Option, the notice to Bondholders shall also contain the applicable Bonds to be redeemed. In the case of a partial redemption, each Bond in a Series or a Tranche shall be redeemed in the same percentage of its Principal Amount outstanding. In the case of partial redemption of all Bonds, each Series or Tranche shall be redeemed in that percentage of the funds available for payment in redemption as the aggregate Principal Amount outstanding in that Series or Tranche bears to the aggregate Principal Amount of all Bonds outstanding and each Bond in the Series or Tranche shall be redeemed in the same percentage of Principal Amount outstanding, subject to compliance with any Applicable Laws.

6.5 **Purchases**

6.5.1 The Issuer may at any time (if the market conditions are appropriate) purchase (or procure others to purchase for its account) all or any portion of the outstanding Bonds at any price in the open market or by tender or by private treaty.

6.5.2 In the case of a purchase by tender, the terms for purchasing the outstanding Bonds shall be as set out in a tender notice (which notice shall be irrevocable) to be published up to 5 Business Days to the effective date of the relevant purchase. The terms of any purchase shall include the purchase price (or the details of any switch for new Bonds), the maximum acceptance amount (including any intention to purchase more or less than such maximum amount and the criteria for accepting more or less), the commencement date, the closing date, the results announcement date and the settlement date.

6.5.3 The Issuer shall not be bound to accept for purchase any outstanding Bonds tendered pursuant to any tender notice. The acceptance (for purchase by the Issuer) of outstanding Bonds shall be at the sole and absolute discretion of the Issuer and tenders may be rejected in whole or in part by the Issuer for any reason.

6.5.4 Bonds so purchased may be held or resold or surrendered for cancellation, at the option of the Issuer. Any Bonds so purchased, while held by or on behalf of the Issuer or any Affiliates, shall not entitle the Bondholder to vote at any Meeting and shall not be deemed to be outstanding for the purposes of calculating quorums at Meetings.

6.6 **General**

6.6.1 Bonds purchased by or on behalf of the Issuer, or any Affiliates may be cancelled and if so, together with all Bonds redeemed by the Issuer, may not be reissued or resold and the obligations of the Issuer in respect of any cancelled Bonds shall be discharged. Bonds that have been cancelled shall be notified to the CSD.

6.6.2 Notwithstanding any provision in this Condition 6, the Issuer shall not redeem any of the Bonds within 12 months of the relevant Issue Date.

7. PAYMENTS

7.1 **General**

7.1.1 Bond Repayments shall be made by the Issuer *via* electronic funds transfer to the Trust Account by 9 am from the 4th Business Day before the relevant Bond Repayment Date. Such payment into the Trust Account by the Issuer shall be a valid discharge by the Issuer of its obligation to make the relevant Bond Repayment, *provided* that if any such payment is made after the relevant Bond Repayment Date, payment shall be deemed not to have been made by the Issuer until the full sum is paid to the Bondholders.

7.1.2 All payments shall be made in the following order of priority and ranking:

(a) *first*, towards any Interest then due and payable by the Issuer; and

(b) *second*, towards any Instalment Amount, Principal Amount or Redemption Amount then due and payable by the Issuer.

7.2 **Payment Upon Redemption**

Bond Repayments due on Redemption shall only be payable:

7.2.1 in respect of Interest, to Bondholders registered as such on the Last Day to Register immediately preceding the Interest Payment Date in question;

7.2.2 in respect of Instalment Amounts, to Bondholders registered as such on the Last Day to Register immediately preceding the Instalment Date in question; and

7.2.3 in respect of an Early Redemption Amount or a Final Redemption Amount, to Bondholders registered as such on the Last Day to Register prior to the relevant Redemption Date.

7.3 **Methods of Payment**

7.3.1 Bond Repayments shall be made in GHS when due and the amounts credited by the Paying Agent *via* bank transfer to Bondholders' bank accounts.

7.3.2 Payment instructions (for value on the due date or, Business Day Convention per the Applicable Pricing Supplement) will be initiated (i) on the due date for payment, and (ii) on the due date for payment (in the case of Interest due other than on Redemption).

7.3.3 All payments in respect of the Bonds are subject, in all cases, to any Applicable Laws, but without prejudice to the provisions of Condition 8 (*Taxation*).

7.3.4 No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 **Partial Payments**

If at any time a partial payment of Principal Amount, Interest or Instalment Amount is made in respect of any Bond, the CSD shall endorse the Register with a statement indicating the amount and date of such payment.

7.5 **Unclaimed Payments**

The Issuer shall submit a report of any unclaimed payments of Bond Repayments to the SEC on an annual basis.

8. TAXATION

All payments of Interest made by the Issuer to the Bondholders in respect of the Bonds will be subject to withholding tax under the Income Tax Act except where the Bondholder is exempt under Applicable Laws.

9. PRESCRIPTION

Claims against the Issuer for Bond Repayments shall become void unless presented for payment within 6 years from the date on which such payment first becomes due.

10. MEETINGS OF BONDHOLDERS, MODIFICATION & WAIVERS, INFORMATION AND SUBSTITUTION

10.1 **Meetings of Bondholders**

10.1.1 The Trust Deed contains provisions for convening Meetings to consider any matter affecting their interests, including the modification of these Conditions and the Trust Deed. Those provisions have been summarised under this Condition 10.1.

10.1.2 The Issuer or the Bond Trustee may convene a Meeting at any time in respect of a Series Bonds, Tranche Bonds or all Bonds. The Issuer or the Bond Trustee will determine the date, time and place for such Meetings including by telephone, video conferencing or other electronic means of audio or audio/visual communication (**Conference**) with the required number of Bondholders (wherever they may be situated) forming a quorum under Condition 10.1.5 below. A Conference shall be deemed to constitute a Meeting provided that the following conditions are met:

(a) notice of such Meeting has been given to all the Bondholders in accordance with the relevant provisions under this Condition 10.1;

(b) all Bondholders (then entitled to receive notice of the Meeting and who are not physically present at such Meeting but wish to participate) are linked by Conference for the purposes of such Meeting;

(c) at the commencement of the Meeting, each Bondholder (or their proxy or representative) shall acknowledge their presence to all the other Bondholders taking part;

(d) unless a Bondholder has previously announced their intention to leave the Meeting and obtained the consent of the chairman, a Bondholder may not leave the Meeting by disconnecting the Conference and shall be conclusively presumed to have been present and to have formed part of the quorum throughout the Meeting; and

(e) the Meeting shall be deemed to have taken place in Ghana.

10.1.3 The Issuer or the Bond Trustee shall convene a Meeting if so requested in writing by the Series Bondholders, Tranche Bondholders or Bondholders holding not less than 51% in aggregate of the total Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds (as applicable) then outstanding (**Requisition Notice**). A Requisition Notice shall state the purpose of the Meeting and shall be served on the Issuer and the Bond Trustee in accordance with Condition 11 (*Notices*). If the Issuer does not proceed to call a Meeting within 30 calendar days of the service of the Requisition Notice, the requisitionists may instruct the Bond Trustee to convene the Meeting, but the Meeting so convened shall be held within 60 calendar days from the date of service of the Requisition Notice and shall be convened as nearly as possible in the same manner as that in which Meetings may be convened by the Issuer. Notice of the Meeting shall be given to the Issuer.

10.1.4 The Issuer or the Bond Trustee shall give, to the Issuer or the Bond Trustee and the Bondholders (or their agents), at least, 21 calendar days' written notice (specifying the place, day and time of the Meeting and the purpose of the Meeting). The notice period may be shortened if the Series Bondholders, Tranche Bondholders or Bondholders (as applicable) (of, at least, 51% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds (as applicable)) agree in writing to a shorter period. The notice (to be given in accordance with Condition 11 (*Notices*)) shall set out the full text of any resolutions to be proposed unless the Bond Trustee agrees that the notice shall instead specify the nature of the resolutions without including the full text. The accidental omission to give such notice to the Issuer or the Bond Trustee or any Bondholder (or their agents) or the non-receipt of any such notice, shall not invalidate the proceedings at a Meeting.

10.1.5 No business shall be transacted at a Meeting unless a quorum is present at the time when the Meeting proceeds to business. The quorum for any Special Resolution shall consist of the relevant Series Bondholders, Tranche Bondholders or all Bondholders (either present in person or by proxy) holding in the aggregate not less than 75% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds (as applicable). The quorum for any Ordinary Resolution shall consist of the relevant Series Bondholders, Tranche Bondholders or all Bondholders (either present in person or by proxy) holding in the aggregate not less than 51% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds (as applicable).

10.1.6 The chairman of a Meeting shall be appointed by the Bond Trustee. An individual (who may, but need not, be a Bondholder) nominated in writing by the Bond Trustee may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Bond Trustee may appoint a chairman.

10.1.7 The chairman of a Meeting may (with the consent and direction of the Issuer and the Bond Trustee) adjourn a Meeting. The Bond Trustee or the Issuer shall give, at least, 14 calendar days' written notice of the place, day and time of an adjourned Meeting to the Issuer or the Bond Trustee and each relevant Bondholder (or their agent). The notice shall state that the relevant Bondholders (present in person or by proxy at the adjourned Meeting) will constitute a quorum.

10.1.8 Any resolution put to the vote at a Meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman of the Meeting, the Bond Trustee, the Issuer or by any Bondholder (present in person or by proxy). A poll demanded on the election of a chairman or on the question of the adjournment of a Meeting shall be taken immediately. A poll demanded on any other question shall be taken at such time as the chairman directs and the result of such poll shall be deemed to be the resolution of the Meeting. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

10.1.9 On a show of hands each Bondholder (present in person or by proxy) shall have one vote. On a poll, each Bondholder (present in person or by proxy) shall have one vote for each value of the minimum denomination (as stated in the Applicable Pricing Supplement) of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds held by it. Any joint holders of Bonds shall have only one vote on a show of hands and one vote on a poll for each value of the minimum denomination (as stated in the Applicable Pricing Supplement) of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds, Tranche Bonds or all Bonds of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by proxy at the Meeting.

10.1.10 Bondholders may vote on a poll or on a show of hands either in person or through a proxy who is not required to be a Bondholder (appointed by a proxy form signed by the Bondholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney of a duly authorised officer of the corporation). The proxy form shall be deposited at the registered office of the Issuer or at the office where the Register is kept or at such other office as the Issuer may determine not less than 24 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in such proxy form proposes to vote, and in default, the proxy shall be invalid. No proxy form shall be valid after the expiration of 6 months from the date named in it as the date of its execution.

10.1.11 Subject to the Conditions and the provisions of the Trust Deed, the relevant Series Bondholders, Tranche Bondholders or all Bondholders shall have power (exercisable by Special Resolution) to approve any proposal by the Issuer to among others:

(a) amend the Maturity Dates or Redemption of any of the Bonds, any Interest Payment Date or Instalment Date on the Bonds;

(b) reduce or cancel the Instalment Amount or the Principal Amount of, or any premium payable on Redemption of, the Bonds;

(c) reduce the Interest Rate(s) in respect of the Bonds or to vary the method or basis of calculating the amount of Interest and/or Interest Rate(s) or the basis for calculating any Interest in respect of the Bonds;

(d) reduce any Minimum Interest Rate and/or Maximum Interest Rate;

(e) amend any financial covenant set out in any Applicable Pricing Supplement;

(f) vary any method of, or basis for, calculating the Redemption Amount;

(g) vary the Currency or Currencies of payment of the Bonds;

(h) modify the provisions concerning the quorum required at any Meeting or any adjournment of such Meeting or the majority required to pass the Special Resolution;

(i) remove the Bond Trustee and the appointment of a new trustee;

(j) (subject to Condition 10.3 (*Modifications and Waivers*) below) modify, abrogate, vary or compromise any provisions of this Prospectus, the Conditions, the Trust Deed, the Agency Agreement, or any arrangement in respect of the obligations of the Issuer under or in respect of the Bonds; or

(k) waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of this Prospectus, the Conditions, the Bonds, the Trust Deed, the Agency Agreement, or any act or omission which might otherwise constitute an Event of Default.

10.2 **Information to Bondholders**

In addition to any requirement under this Prospectus and the Trust Deed for the Issuer to provide the Bondholders with any information, the Bond Trustee shall publish the following in accordance with Condition 11 (*Notices*):

(a) the passing of any Special Resolution, Ordinary Resolution or Written Resolution; and

(b) the issuance of any Applicable Pricing Supplement.

10.3 **Modifications and Waivers**

10.3.1 The Bond Trustee may agree, without the consent of the Bondholders, to effect:

(a) any modification of any provision of the Trust Deed or the Bonds (including these Conditions) which is of a minor nature or is made to correct a manifest error in the opinion of the Bond Trustee, provided that such modification is not prejudicial to the interests of the Bondholders; and

(b) any other modification and any waiver or authorisation of any breach or proposed breach of any provision of these Conditions or the Trust Deed which are in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders.

10.3.2 The Bond Trustee may take into account, among other things, any confirmation from the rating agencies (where applicable) that the then current ratings of the relevant Bonds would not be adversely affected in considering whether any such modification, waiver or authorisation would be materially prejudicial to the interests of the Bondholders.

10.3.3 Any such modification, waiver or authorisation may be given or made on such terms and subject to such conditions as the Bond Trustee may in its sole discretion determine and shall be binding on the Bondholders and, unless the Bond Trustee otherwise agrees, the Bond Trustee shall cause such modification to be notified to the Bondholders within 5 Business Days after modification, provided that the Bond Trustee shall not exercise any powers conferred upon it by this Condition 10 in contravention of any express direction by a Special Resolution or a Written Resolution (provided that no such direction or request shall affect any authorisation, waiver or determination previously given or made).

10.4 **Substitutions**

10.4.1 The Bond Trustee may, without the consent of the Bondholders, agree on such terms as it may specify to the substitution of the Issuer's successor in business where the substitution of the Issuer is as a result of a merger, an acquisition, or other form of business combination involving the Issuer.

10.4.2 Subject to obtaining the prior consent of the Bondholders, the Bond Trustee may agree on such terms as it may specify to the substitution of the Issuer where the Issuer is substituted with its Affiliate in its place as issuer under the Trust Deed and the Bonds.

11. NOTICES

11.1 **Notices to Bondholders**

Notices to Bondholders will be deemed to be validly given if:

(a) sent by first-class mail (if overseas) to them (or, in the case of joint holders, to the first-named in the Register) at their respective addresses as recorded in the Register (and such notice shall be deemed to have been validly given on the 10th Business Day after the date of postage);

(b) published in a newspaper of general circulation in Ghana and approved by the Bond Trustee (and such notice shall be deemed to have been validly given on the date of the publication);

(c) published on the GFIM or any other stock exchange on which Bonds may be listed (and such notice shall be deemed to have been validly given on the date of the publication);

(d) published on a nationally recognised and accessed online medium and approved by the Bond Trustee (and such notice shall be deemed to have been validly given on the date of the publication); or

(e) sent to their respective emails as recorded in the Register (and such notice shall be deemed to have been validly given when despatched).

11.2 **Notices to the Issuer**

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer:

(a) at its registered address and clearly marked on their exterior "*Urgent - Attention: The Managing Director"* (or at such other address and for such other attention as may have been notified to the Bondholders in accordance with Condition 11.1 above or to the Bond Trustee in accordance with Condition 11.3 below). Such notices will be deemed to have been validly given at the opening of business on the next Business Day on which the Issuer's registered address is open for business; or

(b) via email to the email address and for the attention of the person set out under page 6 of this Prospectus (or such other email address and for such other attention as may have been notified to the Bondholders in accordance with Condition 11.1 above or to the Bond Trustee in accordance with Condition 11.3 below). Such notices shall be deemed to have been validly given upon the despatch of the email.

11.3 **Notices to the Bond Trustee**

Notices to the Bond Trustee will be deemed to have been validly given if delivered to the Bond Trustee:

(a) at its registered office and clearly marked on their exterior "*Urgent - Attention: Deputy Managing Director, Wholesale Banking"* (or at such other address and for such other attention as may have been notified to the Bondholders in accordance with Condition 11.1 above or to the Issuer in accordance with Condition 11.2 above). Such notices will be deemed to have been validly given at the opening of business on the next Business Day on which the Bond Trustee's registered address is open for business; or

(b) via email to the email address and for the attention of the person set out under page 7 of this Prospectus (or such other email address and for such other attention as may have been notified to the Bondholders in accordance with Condition 11.1 above or to the Issuer in accordance with Condition 11.2 above). Such notices shall be deemed to have been validly given upon the despatch of the email.

12. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further securities ranking *pari passu* with the Bonds of a Series or Tranche in all respects (except for Interest, the first Interest Payment Date and Issue Date) and so that such further issues shall be consolidated and form a single Series with such outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 12. Any such other securities shall be constituted by an addendum to the Trust Deed.

13. ENFORCEMENT

13.1 At any time after the Bonds become due and payable, the Bond Trustee may (at its discretion and without further notice) institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such proceedings unless:

(a) it shall have been so directed by a Special Resolution or a Written Resolution; and

(b) it shall have been indemnified to its satisfaction.

13.2 No Bondholder may proceed directly against the Issuer unless the Bond Trustee, having become bound so to proceed, fails to do so within a period of 60 calendar days following the instance of the obligation to proceed having arisen, and such failure is continuing.

13.3 The Bond Trustee shall apply the amounts received or recovered upon enforcement as follows:

(a) *first*, towards the payment of all costs, expenses and liabilities incurred by the Bond Trustee (or its agent) in the enforcement process or in the performance of its duties under these Conditions or the Trust Deed;

(b) *second*, towards the payment of all outstanding amounts under the Senior Secured Bonds and/or any secured debts of the Issuer at the time. If the amounts received by the Bond Trustee are not sufficient to pay such amounts in full, the Bond Trustee shall apply them *pro rata* on the basis of the amount due to each relevant Bondholder and/or secured creditor entitled to such payment;

(c) *third*, towards the payment of all outstanding amounts under the Senior Unsecured Bonds and/or any unsubordinated and unsecured debts of the Issuer at the time. If the amounts received by the Bond Trustee are not sufficient to pay such amounts in full, the Bond Trustee shall apply them *pro rata* on the basis of the amount due to each relevant Bondholder and/or unsubordinated and unsecured creditor entitled to such payment;

(d) *fourth*, towards the payment of all outstanding amounts under the Subordinated Bonds and/or any subordinated debts of the Issuer at the time. If the amounts received by the Bond Trustee are not sufficient to pay such amounts in full, the Bond Trustee shall apply them *pro rata* on the basis of the amount due to each relevant Bondholder and/or subordinated creditor entitled to such payment;

(e) *fifth*, towards payment to any person entitled thereto in priority to the Issuer (if any); and

(f) *sixth*, payment of the balance (if any) to the Issuer.

14. INDEMNIFICATION OF THE BOND TRUSTEE

14.1 The Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility in certain circumstances. Subject to the fiduciary obligations of the Bond Trustee to the Bondholders, the Bond Trustee may enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Bond Trustee is not responsible for the validity, sufficiency or enforceability of the Trust Deed or the Bonds, nor is the Bond Trustee obliged to take any action unless indemnified and/or secured to its satisfaction. The Bond Trustee is also entitled to be paid its costs and expenses in priority to the claims of the Bondholders.

14.2 In the exercise of its powers and discretion under these Conditions and the Trust Deed (including but not limited to those referred to in this Condition 14), the Bond Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence of such exercise for individual Bondholders of Bonds as a result of such Bondholders being connected in any way with a particular territory or otherwise, and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

15. GOVERNING LAW AND JURISDICTION

15.1 **Governing Law**

The Conditions, the Bonds and/or the Trust Deed are governed by, and shall be construed in accordance with, Ghanaian law.

15.2 **Jurisdiction**

15.2.1 The courts of Ghana shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Conditions, the Bonds and/or the Trust Deed.

15.2.2 Notwithstanding Condition 15.2.1, it is agreed that any dispute arising out of or in connection with the Conditions, the Bonds and/or the Trust Deed (including any question regarding its existence, validity or termination) may, at the option of the Issuer and/or Bond Trustee, be referred to and finally resolved by arbitration. Disputes submitted to arbitration shall be resolved in accordance with the Alternative Dispute Resolution Act, 2010 (Act 798). The tribunal shall consist of one arbitrator who shall, in the absence of agreement of the parties, be appointed by the Ghana Arbitration Centre. The place of arbitration shall be Accra, Ghana. The language of the arbitration shall be English and the rules of the Ghana Arbitration Centre shall apply.

15.3 **Non-petition**

No person (or a person acting on its behalf) shall be entitled, at any time, to institute against the Issuer (or join in any institution against the Issuer) any insolvency, liquidation, reorganisation, arrangement proceedings or other similar proceedings under any Applicable Law in connection with the obligations of the Issuer relating to these Conditions or otherwise owed to the Bondholders under the Bond Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by the Bond Trustee for the purpose of an Event of Default relating to non-payment of outstanding amounts under the relevant Series Bonds or Tranche Bonds (as applicable).

16. FINANCIAL COVENANTS

16.1 The Issuer shall determine and maintain such financial covenants as specified in an Applicable Pricing Supplement.

16.2 For the purposes of this Condition 16 (*Financial Covenants*):

16.2.1 **Cash-in-Hand** means all amounts from time to time standing to the credit of all bank accounts operated in the name of or on behalf of the Issuer from time to time, but at all times excluding the amounts held by the Issuer in its bank account/s for and on behalf of any licensed insurance company, which amounts will be certified by a director of such insurance company and an independent accountant appointed by the Bond Trustee;

16.2.2 **Collection Ratio** means the actual aggregate cash amount collected from all the Issuer's debtors, expressed as a percentage of the cumulative of all amounts due and payable by all the Issuer's debtors in terms of the initial repayment term (as set out in the End User Loan Agreements), measured at any point in time, but exclusive of any amounts due and payable in respect of loans written-off under the Issuer's provisioning policy;

16.2.3 **Debt-Equity Ratio** means the ratio between the Issuer's Debt and the Issuer's Equity;

16.2.4 **Debtors Book** means all Issuer's rights under and in terms of the End User Loans, which have been assigned as security to the Existing Security Trustee under the Security Agreement;

16.2.5 **End User Loans** means the loans advanced by the Issuer to individuals in terms of written agreements (**End User Loan Agreements**) concluded and/or to be concluded between the Issuer and the relevant individual/s in the ordinary course of business of the Issuer;

16.2.6 **Financial Covenants** means the financial covenants, as reflected in this Condition 16;

16.2.7 **Issuer's Debt** means, on any day, the aggregate of the total amounts (whether in respect of principal, interest or otherwise) outstanding in terms of the Issuer's senior secured creditors;

16.2.8 **Issuer's Equity** means:

16.2.8.1 the Issuer's stated capital (inclusive of preference shares, if any);

16.2.8.2 *plus* the aggregate of the outstanding principal amounts of all the Shareholder Loans which the Issuer's shareholders have made available to Issuer;

16.2.8.3 *plus* the Issuer's retained earnings;

16.2.8.4 *plus* any other distributable and non-distributable reserves belonging to the Issuer; and

16.2.8.5 *minus* the Issuer's retained losses;

16.2.9 **Net Debtors Book** means Debtors Book net any provision for impairments;

16.2.10 **Senior Cover Ratio** means the ratio between the Net Debtors Book plus Cash-in-Hand and the aggregate of all amounts owing under the Senior Facility Agreements (as defined in the Intercreditor Agreement) plus the aggregate of all amounts owing under the Senior Secured Bonds (exclusive of any and all Senior Unsecured Bonds and Subordinated Bonds); and

16.2.11 **Shareholder Loans** means any unsecured amount lent and advanced to the Issuer by any of its respective shareholders or any of the companies in the Issuer's group of companies, including but not limited to Izwe Africa Holdings and all its subsidiaries.

16.3 The Issuer shall, by no later than 25 (twenty-five) calendar days after the end of each calendar month, furnish the Bond Trustee with management accounts of the Issuer reflecting the Financial Covenants in respect of the period ending after the prior calendar month.

16.4 The provisions of Condition 16.3 *above* shall not preclude the Bond Trustee from itself determining the Financial Covenants at any time. The Bond Trustee shall, in such regard, act as expert and its determination of the Financial Covenants shall, except in the case of manifest error, be final and binding on the Issuer.

17. EVENTS OF DEFAULT

The Bond Trustee may (at its discretion) or shall (if so directed by a Special Resolution or a Written Resolution) (subject in each case to being indemnified and/or secured to its satisfaction) give notice to the Issuer specifying any affected Bonds and that such Bonds are immediately due and repayable in the Principal Amount together with accrued Interest if, in the case of the Bonds, any of the following Events of Default occurs:

(a) **non-payment**: the Issuer fails to pay the Principal Amount or the Instalment Amount of any of the Bonds when the same becomes due and payable either at the Maturity Date, at the Instalment Date, upon Redemption, by declaration or otherwise, or the Issuer is in default with respect to the payment of Interest on any of such Bonds and such default in respect of Principal Amount, Instalment Amount or Interest continues for a period of 7 Business Days;

(b) **breach of other obligations**: the Issuer is in default in the performance, or is otherwise in breach, of any warranty, covenant, obligation, undertaking or other agreement under the Bonds or the Trust Deed (other than a default or breach elsewhere specifically dealt with in this Condition 17(b)) and such default or breach (if capable of remedy) is not remedied within 30 calendar days (or such longer period as the Bond Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer and, if applicable, by the Bond Trustee;

(c) **insolvency**:

(i) any person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, manager, administrator, liquidator or rehabilitation manager in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or all or substantially all of their respective assets and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 Business Days; or

(ii) the Issuer shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be placed into rehabilitation, adjudicated as bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, manager, administrator, liquidator, rehabilitation manager or trustee or assignee in bankruptcy or liquidation of the Issuer or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer commences proceedings with a view to the general adjustment of its indebtedness, which event in any such case is (in the sole opinion of the Bond Trustee), materially prejudicial to the interests of the Bondholders;

(d) **material non-compliance with Applicable Laws**: the Issuer fails to comply in any material respect with any Applicable Laws for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Bonds or the Trust Deed or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect;

(e) **invalidity or unenforceability**: the Bond Trustee is of the opinion (determined in its sole discretion) that any of following occurrences in this Condition 17(e) is materially prejudicial to the interests of the Bondholders:

(i) the validity of the Bonds or the Trust Deed is contested by the Issuer;

(ii) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Bonds or the Trust Deed; or

(iii) the Issuer shall deny all or any of its obligations set out in the Bonds or the Trust Deed (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise);

(f) **government intervention**:

(i) all or any substantial part of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

(ii) the Issuer is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in this Condition 17(f), the Bond Trustee is of the opinion determined in its sole discretion that such occurrence is materially prejudicial to the interests of the Bondholders;

(g) **financial covenants**: if any financial covenant specified in an Applicable Pricing Supplement falls below the required thresholds contemplated therein or in the Applicable Pricing Supplement and the said default is not rectified within 60 calendar days; and/or

(h) **negative pledge**: the Issuer fails to remedy a breach of Condition 4 (*Negative Pledge*) and such failure continues for a period of 10 Business Days after receipt by the Issuer of written notice from the Bond Trustee requiring same to be remedied.

13 SUBSCRIPTION AND SALE INFORMATION

13.1 SELLING RESTRICTIONS

13.1.1 The Bonds will be marketed and sold only in Ghana and not for distribution in any other jurisdiction. The Bonds will be offered, from time to time, by the Issuer through the Dealers.

13.1.2 Each Dealer undertakes that (i) it has complied, and will comply, with all Applicable Laws in relation to any sale or distribution of the Bonds, and (ii) it will not distribute this Prospectus, any Applicable Pricing Supplement or any related offering material outside Ghana.

13.1.3 Any agreement for the sale of Bonds will, *inter alia*, make provision for the form and terms and conditions of the relevant Bonds, the price at which such Bonds will be sold by the Dealer(s) and the commissions or other agreed discounts (if any) payable or allowable by the Issuer in the event of an underwriting of the Bonds by the Dealers.

13.1.4 The price and size of a Series or Tranche will be determined by the Issuer and the Joint Lead Managers at the time of issue in accordance with prevailing market conditions.

13.1.5 These selling restrictions may be supplemented or modified with the agreement of the Issuer subject to the approval of the SEC. Any such supplement or modification may be set out in the Applicable Pricing Supplement (in the case of a supplement or modification only relevant to a particular Series or Tranche of Bonds) or in a supplement to this Prospectus.

13.2 APPLICATION PROCEDURE

Application for the Bonds shall be made through the application forms (as set out in Appendix B (*Application Form*)) or such other form as shall be specified by the Issuer. The application forms may be obtained from the head offices of the Joint Lead Managers. Applications must be submitted directly to the Joint Lead Managers at either of their respective head offices marked for the attention of the "*Managing Director*", no later than 17:00 hours GMT on the date specified in the Applicable Pricing Supplement. Successful Applicants will be notified by the Joint Lead Managers of the amount of Bonds allotted to them immediately after the allotment date specified in the Applicable Pricing Supplement

13.3 PAYMENT FOR THE BONDS

Payment for the Bonds is to be made in full to the Issuer in immediately available funds by the date specified in the Applicable Pricing Supplement.

Payment of the subscription price for the Bonds may be made:

(a) by banker's cheque drawn in favour of **Izwe Savings and Loans Plc Bond Programme Collection Account,** such cheque to reach the Joint Lead Managers no later than 15:00 hours (GMT) 2 Business Days before the Issue Date against delivery of a deposit slip; or

(b) by bank transfer or remittance, to be made on the instructions of the successful applicant to his/her/its bank for the funds to be credited to the Issuer's bank account, with details below:

Account Name: *Izwe Savings and Loans Plc Bond Programme Collection Account*
Bank Name: *Fidelity Bank (Ghana) Limited*
Account Number: *1300031377736*
Bank Branch: *Ridge*
Branch Sort Code:*240101*
SWIFT: *FBLIGHAC*

13.4 CLEARING AND SETTLEMENT

The Bonds will be credited electronically on the CSD. The Bonds have been accepted for clearance through the CSD. The appropriate international securities identification number (i.e. ISIN Code) for each Tranche or Series will be specified in the Applicable Pricing Supplement. If the Bonds are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the Applicable Pricing Supplement.

The CSD is a body set up by the Bank of Ghana and the GSE to provide a central depository for keeping records of ownership of debt and equity instruments and to undertake clearing and settlement of these instruments. The CSD functions in the form of a “bank” for securities where all transactions (debit and/or credit of securities) of investors are made. The CSD is, therefore, linked to participating institutions (depository participants) that trade in securities. The securities of an investor are held in dematerialised form and credited to the investor's account with his/her depository participant.

13.5 TRADING AND SETTLEMENT OF THE BONDS

The Bonds will be listed on GFIM and/or any other stock exchange specified in an Applicable Pricing Supplement.

The Bonds will be traded on, or cleared or settled through, the CSD. Subject to the rules and procedures of the CSD and the GFIM, purchases of Bonds held within the CSD must be made by or through a GFIM dealer (a **GFIM Dealer**), which will receive a credit for such Bonds in their securities account on the CSD’s records.

Where the Bonds are subscribed for by a GFIM Dealer for the account of its clients (the **Investors**), the GFIM Dealer shall make arrangements for the Bonds to be credited to the securities account of the Investor with the CSD. An Investor will not receive written confirmation from the CSD of its subscription for the Bonds. It will, however, expect to receive written confirmations providing details of the transaction, as well as periodic statements of its holdings, from the GFIM Dealer through which the subscription for the Bonds were made. Transfers of Bonds on the CSD will be effected by entries made on the books of the GFIM Dealers acting on behalf of Investors.

The GFIM Dealers will be responsible for keeping the contact details of the Investors. A notice of change in contact details must be forwarded to the GFIM Dealer through which the Bonds were subscribed.

14 LEGAL COMPLIANCE LETTER

14.1 The validity and enforceability of the Bonds and the Bond Documents have been opined upon for the Issuer by BELA (in the Legal Compliance Letter) and addressed to the Bond Trustee, the SEC and the GSE.

14.2 The Legal Compliance Letter also indicates that the Issuer is not prevented or restricted (under Applicable Law or the Issuer Constitution) from establishing the Programme or issuing the Bonds, and that the Issuer has complied with all disclosures and other applicable requirements under the SEC Regulations and any other Applicable Law for the public offer and listing of the Bonds.

14.3 A copy of the Legal Compliance Letter is attached under Appendix D (*Legal Compliance Letter*).

APPENDIX A: FORM OF APPLICABLE PRICING SUPPLEMENT

DATE: [---------]

Incorporated as a public limited liability company in the Republic of Ghana with registration number PL000162015

Issue of [Aggregate Nominal Amount of Series/Tranche] under the GHS 150,000,000 Bond Programme

Series/Tranche [●]

This document constitutes the Applicable Pricing Supplement relating to the issue of Bonds described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Bonds, as set forth in the Prospectus dated [●].

The Bonds may be redeemed at the option of the Issuer on the terms contained in the Conditions. This Applicable Pricing Supplement contains the final terms and conditions of the Bonds and must be read in conjunction with the Prospectus. Where there is any inconsistency between the terms of this Applicable Pricing Supplement and the Prospectus, this Applicable Pricing Supplement will prevail.

The Issuer represents that it has taken all reasonable care to ensure that the information contained in this Applicable Pricing Supplement is true and accurate in all material respects as of the date hereof and there are no other material facts in relation to the Issuer the omission of which would make misleading any statement herein, whether of fact or of opinion.

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denotes directions for completing the Applicable Pricing Supplement.*]

1	**Description of the Bonds**	
1.1	Issuer	
1.2	Issue	
1.2.1	Series Number	
1.2.2	Tranche Number	
1.3	Principal Amount	
1.3.1	Series	
1.3.2	Tranche	
1.4	Offer Open Date and Time	
1.5	Issue Date	
1.6	Specified Denomination of Bonds	
1.7	Minimum Subscription Amount	
1.8	Subscription Multiples beyond Minimum	
1.9	Issue Price	[*] % of Aggregate Principal Amount (*plus accrued interest from (insert date) if applicable*)
1.10	Status of the Bonds	
1.11	Final Redemption Amount	

1.12	Closing Date for Subscription	
1.13	Date for Notification of Allotment	
1.14	Details of the Bond Trustee	
2	**Interest Provisions**	
2.1	Fixed Rate Bond Provisions	(*Delete if not applicable*)
2.1.1	Fixed Rate of Interest	% Rate applicable
2.1.2	Default Interest Rate	[•]% in addition to Fixed Rate of Interest
2.1.3	Broken Amount	(*Provide details of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*)
2.1.4	Day Count Fraction	(*Applicable/Not Applicable*)
2.1.5	Fixed Coupon Amount	
2.1.6	Interest Commencement Date	
2.1.7	Interest Determination Dates	
2.1.8	Interest Payment Dates	(*) each year
2.1.9	Maturity Date	
2.1.10	Calculation Agent	Central Securities Depository (Ghana) Limited
2.1.11	Other terms relating to the method of calculating interest for the Fixed Rate Bonds	(*Not Applicable/provide details*)
2.2	Floating Rate Bonds	(*Delete if not applicable*)
2.2.1	Interest Commencement Date	
2.2.2	Interest Rate	(*Reference rate Plus the Margin to be applied at the beginning of each interest payment period*)
2.2.3	Default Interest Rate	[•]% in addition to Interest Rate
2.2.4	Interest Periods	
2.2.5	Interest Payment Dates	
2.2.6	Interest Determination Date	
2.2.7	Reference Rate	
2.2.8	Method for determining Reference Rate	(Provide Details)
2.2.9	Business Day Convention	(*Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (Provide Details)*)
2.2.10	Maximum Rate of Interest	
2.2.11	Minimum Rate of Interest	
2.2.12	Margin	(** per cent or basis points*)
2.2.13	Step up Margin	
2.2.14		
2.2.15	Day Count Fraction	
2.2.16	Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Bonds, if different from those set out in the Conditions	
2.2.17	Maturity Date	
2.2.18	Calculation Agent	Central Securities Depository (Ghana) Limited
2.2.19		
3	**Redemption Provisions**	
3.1	Redemption/Payment Basis	(*Redemption at par or other (specify)*)

3.2	Issuer's Early Redemption	(*Applicable/Not-Applicable*)
3.3	Issuer's Optional Redemption	(*Applicable/Not-Applicable*)
3.4	Other terms applicable on Redemption	(*specify*)
4	**Security Provisions**	
4.1	Details of Security	
4.2	Secured Amount	
4.3	Nature of Security	
4.4	Enforcement of security	
5	**Distribution**	
5.1	Method of distribution	The Bonds under this Series or Tranche will be distributed by [*private placement on a non-syndicated basis*]
5.2	Details of Dealer	
6	**Financial Covenants**	
6.1	Financial Covenants	(*Applicable/Not Applicable*)
7	**General Provisions**	
7.1	Date of approval for issuance by board of directors and shareholders of Issuer	
7.2	Form of Bonds	All Bonds will be in dematerialised form and electronically registered on the Central Securities Depository
7.3	Additional selling restrictions	(*provide details if any*)
7.4	Settlement Procedures and Instructions	
7.5	Bank account to which payments are to be made	
7.6	Listing	Ghana Fixed Income Market
7.7	Tax	Interest earned on Bonds is subject to 8% withholding tax unless exempted by law (*attach copy of certificate of exemption where applicable*)
7.8	Governing Law	Ghanaian Law
7.9	ISIN Code	
7.10	Clearing System	
IMPORTANT DATES AND TIMES FOR OFFER		
Offer Opening Date and Time		
Offer Closing Date and Time		Completed applications forms must be received by Dealers at their specified offices before or on……..
Allotment Date		All applicants will be notified of their allotment by fax/email/telephone no later than………..
Payment Date		Payment for good value by successful applicants must be received by …………..
Issue Date		The Bonds will be issued by the Issuer by ………
Book Closure Date		
Delivery Date		Bonds will be credited to CSD accounts of successful paid up (receipt of cleared funds in Issuers designated account) applicants within 2 Business Days of Issue Date
Listing on the GFIM		Issued Bonds will be listed for trading within 5 Business Days of Issue Date

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer. [*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing persons involved and the nature of the interest*.]

RESPONSIBILITY

The Issuer and its board of directors accept responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Prospectus, contains all information that is material in the context of the issue of the Bonds.

Signed on behalf of **Izwe Savings and Loans Plc**

By:	By:
Duly authorised signatory	Duly authorised signatory

APPLICATION FORM

(Incorporated as a public company with limited liability in the Republic of Ghana with registration number PL000162015)

APPLICATION FORM FOR TRANCHE/SERIES []

Issue of [] Year [] Rate [] [] Bonds

Under the GHS 150,000,000 Bond Programme

Applicants must complete all sections of the application form. Please read the Section E 'Bonds and Instructions for Completing Application Form' below for guidance. Application lists will close at 16:30 hours GMT on [●] 2020.

SECTION A

Name of Applicant		
Postal Address (P. O. Box or Private Bag)		
Name of Contact Person		
Telephone number		
Facsimile number		
E-mail address		
Tax Status (Y/N)		
Central Securities Depository Account Details:		
Depository Participant Code	Depository Account Number	Account Type

SECTION B (Subscription Amount)

	A Nominal Value (GHS)	B Issue Price (%)	C Total Consideration (C = A x B)
Amount applied for			

SECTION C (Declaration)

To: The Board of Directors of Izwe Savings and Loans Plc I/We, the undersigned, warrant that I/we have full legal capacity to contract on behalf of the applicant stated in Section A overleaf (the **Applicant**), and on behalf of the Applicant irrevocably and unconditionally apply for and agree to take up the nominal value of the Bonds stated in Column ''A'' in Section B overleaf at the price stated in Column B in Section B, or any lesser nominal value of the Bonds that may be allotted to the applicant in terms of the Trust Deed dated [●]. Where a lesser nominal value of the Bonds is allotted to the Applicant, I agree that the relevant amount payable by the Applicant in terms of Column ''C'' in Section B overleaf will be reduced *pro rata* to the lesser nominal value so allotted. I/We acknowledge that the Applicant will be unconditionally liable for payment in respect of the Bonds allotted and that such payment will be made in full accordance with the payment procedures set out under Section 13 (*Subscription and Sale Information*) of the Prospectus by **10 hours GMT** on **[●] 2020**.
Signature:
Full Name:
Capacity:
Date:

SECTION D (Instructions: Payment of Entitlements)

Interest payments and the principal repayment in respect to the Bonds and refunds, if any, that are due in respect of bids where payments have been made at the time of application are to be made to:
into my Current Account (Account Details for the CSD Account):
Name of Bank:
Bank Branch:
Bank Account Number:
Sort Code:
SWIFT Code:

SECTION E (Bonds and Instructions for Completing Application Form)

1. Completing this form:

A. All alterations to this application form must be authenticated by full signature. All applications must be made without conditions stated by the applicants.

B. Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the application form will be invalid.

C. All Applicants must open and maintain a Central Securities Depository account for the entire duration of the Bonds.

D. Guide to Completing the Application Form:

Section A:
Provide the following details:

(a) Full Name of Applicant

(b) Postal Address (e.g. P. O. Box 1235)

(c) Name of Contact Person if the applicant is not the same person completing the forms in the case of individuals or representative of an institutional applicant.

(d) Telephone Number on which the applicant can be contacted e.g. 0302-123456.
(e) E-mail Address to receive communication regarding this offer such as Allotment Notification etc.

(f) Tax Status: State your tax status as either 'Y' if the applicant is subject to pay withholding tax or 'N' if exempted by law. For guidance, mutual funds licensed by the SEC or approved Pension Fund Schemes licensed by the National Pensions Regulatory Authority of Ghana are exempted by law from paying withholding tax on interest income.

(g) Central Securities Depository Account Details:

- Depository Participant Code e.g. ABC-P, BCDN-C etc.
- Depository Account Number e.g. 11223344
- Client Type: Local Individual (LI), LC (Local Company), FI (Foreign Individual), Foreign Company (FC).

Section B (Subscription Amount):
(a) Amount applied must be in lots of GHS [●].
(b) Nominal amount of the application
(c) Issue Price for [●] is [●]%
(d) Total Consideration: Nominal Value x Issue Price

Section C (Declaration)
Applications are made subject to the provisions of the Prospectus to which this form is attached. This must be completed by the applicant if an individual or his/her attorney if one has been appointed or the authorised representatives of a legal person or institutional investor.

Section D (Instructions for the Payment of Entitlement)
The applicant must provide information instructions relating to the payment of entitlements from the investment (coupon and principal) by the Paying Agent. All applicants should confirm the details of the bank account details from the depository member who set-up their CSD account. The Paying Agent will be said to have paid entitlements due an applicant to the bank account information provided by the Registrar for the Programme (Central Securities Depository).

E. Photocopies or other copies of an application form shall not be accepted.

F. Applications are irrevocable and shall not be withdrawn or amended without the written consent of the Issuer. The Issuer reserves the right to accept or reject any application in whole or in part. The Joint Lead Managers will notify successful applicants of amounts allotted to them no later than [●] hrs (GMT) on [●], [●].

2. Acceptance

By signing an application form the applicant undertakes to pay the Issuer on the Issue Date in same-day funds the purchase price for the Bonds allotted in accordance with the provisions of the Applicable Pricing Supplement.

3. Settlement Procedure

Payment of the subscription price for the Bonds shall be made either:

(a) by banker's cheque drawn in favour of "**Izwe Savings and Loans Plc Bond Programme Collection Account**", such cheque to reach the Dealer no later than 15:00 hours (GMT) 2 Business Days before the Issue Date against delivery of a deposit slip; or

(b) by bank transfer or remittance, to be made on the instructions of the successful applicant to his/her/its bank for the funds to be credited to the Issuer's bank account, with details below:

Account Name: *Izwe Savings and Loans Plc Bond Programme Collection Account*
Bank Name: *Fidelity Bank Ghana Limited*
Account Number: *1300031377736*
Bank Branch: *Ridge*
Branch Sort Code:240101
SWIFT: *FBLIGHAC*

4. Delivery of Bonds

The Bonds will be credited to each successful applicant's Central Securities Depository account against cleared funds within 2 Business Days of the Issue Date.

5. General

The Prospectus and any contracts resulting from an acceptance of an application for the Bonds shall be governed and construed in accordance with Ghanaian law.

APPENDIX C: FORM OF GLOBAL BOND CERTIFICATE

(Incorporated as a public limited liability company in the Republic of Ghana with registration number PL000162015)

CERTIFICATE NUMBER	SERIES NUMBER	TRANCHE NUMBER

GHS 150,000,000 BOND PROGRAMME
Issue of [Senior Secured/Senior Unsecured/Subordinated] (Floating/Fixed Rate) Bonds Due……
GLOBAL BOND CERTIFICATE

This Bond Certificate certifies that **Fidelity Bank (Ghana) Limited of Ridge Tower, West Ridge, Accra, Ghana** holds this certificate as Bond Trustee on behalf of the persons specified in the Register as the registered holders (the **Bondholders**) of [principal amount] of [Senior Secured/Senior Unsecured/Subordinated] [Floating/Fixed]Rate Bonds (the **Bonds**) of Izwe Savings and Loans Plc (the **Issuer**). The Bonds are subject to the terms and conditions (the **Conditions**) in the Prospectus dated [●]. Expressions defined in the Conditions have the same meanings in this Bond Certificate, unless otherwise defined herein.

The Issuer, for value received, promises in accordance with the Conditions to pay to the Bondholders on the Redemption Date (or such earlier date as the amount payable upon prepayment in accordance with Conditions), the Principal Amount of: [amount in figures] (amount in words) (or so much thereof as may then be outstanding) and to pay interest on such Principal Amount from the Issue Date in arrears at the rates, in the amounts and on the dates for payment provided for in the Conditions and the Applicable Pricing Supplement together with such other sums and additional amounts (if any) as may be payable under the Conditions and the Applicable Pricing Supplement.

For the purposes of this Bond Certificate, (a) the Bondholders represented by this Bond Certificate are bound by the provisions of the Prospectus, the Trust Deed, the Agency Agreement and the Applicable Pricing Supplement, (b) the Issuer certifies that the Bondholders are entered in the Register as the holders of the Bond(s) represented by this Bond Certificate, (c) this Bond Certificate is evidence of entitlement only, (d) title to the Bond(s) represented by this Bond Certificate passes only on due registration on the Register, and (e) only the duly registered Bondholders represented by this Bond Certificate are entitled to payments in respect of the Bond(s) represented by this Bond Certificate.

This Bond Certificate shall not become valid for any purpose until authenticated by or on behalf of the CSD.

This Bond Certificate shall be governed by, and constructed in accordance with, the laws of Ghana.

IN WITNESS whereof the Issuer has caused this Bond Certificate to be executed on its behalf.

IZWE SAVINGS AND LOANS PLC

By:	By:
Duly authorised signatory	Duly authorised signatory

CERTIFICATE OF AUTHENTICATION

This Bond Certificate is duly authenticated by or on behalf of Central Securities Depository (Ghana) Limited as Registrar (without recourse, warranty or liability)

By:	By:
Duly authorised signatory	Duly authorised signatory

BENTSI-ENCHILL
LETSA & ANKOMAH

I112s12

10 September 2020

Securities and Exchange Commission
30, Third Circular Road
Cantonments, Accra
Ghana

Attention: The Director-General

Ghana Stock Exchange
5th Floor, Cedi House
Liberia Road, Accra
Ghana

Attention: The Managing Director

Fidelity Bank Ghana Limited
Ridge Towers, West Ridge
Accra, Ghana

Attention: John Taricone

Dear Sirs

IZWE SAVINGS AND LOANS PLC: OPINION OF LEGAL COUNSEL IN CONNECTION WITH THE ESTABLISHMENT OF A GHS 150 MILLION BOND ISSUANCE PROGRAMME AND LISTING OF BONDS THEREUNDER ON THE GHANA FIXED INCOME MARKET OF THE GHANA STOCK EXCHANGE

1. INTRODUCTION

1.1 Basis of Introduction

We have acted as legal counsel to Izwe Savings and Loans Plc, a public company limited by shares and incorporated under the laws of Ghana (the **Issuer**), in connection with the establishment of a GHS 150,000,000 bond issuance programme (the **Bond Programme**), under which the Issuer will issue bonds (the **Bonds**), from time to time by public offer and/or private placement, and list the Bonds on the Ghana Fixed Income Market of the Ghana Stock Exchange (the **GFIM Listing**).

1.2 Documents Examined

1.2.1 For the purpose of giving this opinion, we have examined final drafts and/or executed versions of the following documents (together, the **Programme Documents** and, each, a **Programme Document**):

1.2.1.1 the prospectus which sets out, among others, the terms and conditions of the Bonds (the **Prospectus**), and to be issued by the Issuer upon the approval of the Securities and Exchange Commission of Ghana (the **SEC**);

LEX MUNDI

LEXAfrica

LEGAL PRACTITIONERS, NOTARIES PUBLIC & TRADEMARK AGENTS

Kojo Bentsi-Enchill
D. K. D. Letsa
Ace Anan Ankomah
Seth Asante
Susan B. A. Kumapley

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In association with

Lex Mundi
Lex Africa
Udo Udoma & Belo-Osagie

1.2.1.2 the trust deed to be entered into between the Issuer and Fidelity Bank Ghana Limited (**Fidelity Bank**), under which the Issuer appoints Fidelity Bank as the trustee for the holders of the Bonds (the **Bond Trustee**);

1.2.1.3 the agency agreement to be entered into between the Issuer, Fidelity Bank and the Central Securities Depositories (Ghana) Limited (the **CSD**), under which the Issuer appoints Fidelity Bank as paying agent and paying bank for the Bond Programme and the CSD as the calculation agent, registrar and transfer agent for the Bond Programme;

1.2.1.4 the accession agreement to be entered into by the Bond Trustee in respect of the intercreditor agreement dated September 1, 2014 (as amended on 21 May 2019) and entered into among the Issuer, African Micro-Finance Holdings and Fidelity Bank (in its capacity as note trustee and security trustee); and

1.2.1.5 the escrow account agreement to be entered into between the Issuer, Fidelity Bank, Databank Brokerage Limited and Temple Investments Limited, under which the Issuer appoints Fidelity Bank as the escrow bank for the purpose of the escrow of the proceeds of the issuance of any tranche or series of the Bonds until paid to the Issuer.

1.2.2 Unless otherwise indicated, all expressions defined in the Prospectus have the same meanings when used in this opinion.

1.2.3 In addition, we have examined originals or copies (certified to our satisfaction) of the following documents:

1.2.3.1 the certificate of incorporation of the Issuer dated 26 April 2017;

1.2.3.2 the certificate to commence business of the Issuer dated 23 June 2011;

1.2.3.3 the constitution of the Issuer adopted by special resolution passed on 14 February 2014 (and amended on 29 March 2017) (the **Issuer Constitution**);

1.2.3.4 the licence dated 5 September 2017 and issued by the Bank of Ghana to the Issuer to undertake the business of savings and loans;

1.2.3.5 the letter dated 25 March 2020 and issued by the Bank of Ghana to the Issuer approving the Bond Programme (the **Bank of Ghana Approval**);

1.2.3.6 the written resolution of the board of directors of the Issuer dated 4 August, 2020, approving and authorising, among others, the establishment of the Bond Programme, the issuance of the Bonds, the application for the GFIM Listing, the terms and conditions of the Programme Documents, the execution of the Programme Documents and the appointment of each and any director of the Issuer to sign the Programme Documents on behalf of the Issuer (**Board Approval**); and

1.2.3.7 the written resolution of the shareholders of the Issuer dated 4 August, 2020, approving and authorising, among others, the establishment of the Bond Programme, the issuance of the Bonds, the application for the GFIM Listing, the terms and conditions of the Programme Documents and the execution of the Programme Documents (**Shareholders' Approval**).

1.2.4 We have also examined such other documents and certificates, searches and records as are necessary under the laws of Ghana to enable us give this opinion.

1.3 Scope and Purpose of the Opinion

1.3.1 This opinion is limited to matters of the law of Ghana as in force and applied at the date of this opinion. We have not investigated the laws of any country other than Ghana and we express no opinion on the laws of any other jurisdiction.

1.3.2 This opinion is given on the basis of the assumptions set out in Schedule A (*Assumptions*) and is subject to the qualifications set out in Schedule B (*Qualifications*).

2. OPINION

Based on the preceding paragraphs, we are of the opinion that

2.1 Incorporation and Capacity

2.1.1 The Issuer is duly incorporated as a public company limited by shares under the Companies Act, 2019 (Act 992) (the **Companies Act**).

2.1.2 The Issuer has perpetual corporate existence and the capacity to sue or be sued in its own name.

2.1.3 The Issuer is duly authorised and licensed to carry on the business of savings and loans.

2.1.4 To the best of our knowledge and upon due enquiry:

2.1.4.1 the Issuer has all the necessary power and authority to own its property and assets and to carry on its business as currently authorised under the Issuer Constitution;

2.1.4.2 no steps have been (or are being taken) to appoint any administrator, trustee, receiver, liquidator or analogous person or body over (or to wind up or dissolve) the Issuer; and

2.1.4.3 no moratorium has been declared on the payment of any indebtedness of the Issuer.

2.2 Powers and Authorisations

The Issuer:

2.2.1 has the power to enter into (and perform its obligations under) the Programme Documents;

2.2.2 has taken all necessary action to authorise the entry into (and the performance of its obligations under) the Programme Documents; and

2.2.3 has taken all necessary action to authorise the signature and delivery of all notices, certificates, communications and other documents to be delivered by it under the Programme Documents.

2.3 Legal Validity and Enforceability

Subject to the execution of the relevant Programme Documents and paragraph 2.8.3 below, each obligation (expressed to be assumed by the Issuer under each Programme Document) constitutes the legal, valid and binding obligation of the Issuer enforceable against it in accordance with the terms of the relevant Programme Document.

2.4 Regulatory Approvals and Consents

2.4.1 The Prospectus is required to be approved by the SEC in accordance with the Securities Industry Act, 2016 (Act 929).

2.4.2 The GFIM Listing is required to be approved by the Ghana Stock Exchange in accordance with the listing rules under the manual for the Ghana Fixed Income Market dated 17 August 2015 (the **GFIM Manual**).

2.4.3 The establishment of the Bond Programme and the issuance of the Bonds are required to be approved by the Bank of Ghana. As at the date of this opinion, the Issuer has obtained the approval of the Bank of Ghana for the establishment of the Bond Programme in the form of the Bank of Ghana Approval.

2.4.4 Apart from the approvals referred to under this paragraph 2.4, no regulatory approvals, consents, licensing or authorisations are required for the establishment of the Bond Programme, the issuance of the Bonds, the GFIM Listing or the execution of the Programme Documents.

2.5 Prospectus and the Bonds

2.5.1 The Prospectus complies with the relevant provisions of Schedule 5 of the Securities and Exchange Commission Regulations, 2003 (LI 1728) and Schedule 10 of the Companies Act.

2.5.2 The Issuer's obligations under the Senior Secured Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer. The Senior Bonds will rank, *pari passu* among themselves and, at least, *pari passu* in right of payment with all other present and future secured obligations of the Issuer (save only for such obligations as may be preferred by mandatory provisions of any Applicable Law).

2.5.3 The Issuer's obligations under the Senior Unsecured Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer. The Senior Unsecured Bonds will rank, *pari passu*, among themselves and senior to the Subordinated Bonds and *pari passu* with any other present and future unsecured obligations of the Issuer.

2.5.4 The Issuer's payment obligations under the Subordinated Bonds constitute direct, general, subordinated and unsecured obligations of the Issuer and shall, in case of the insolvency and winding up or the dissolution of the Issuer rank:

2.5.4.1 *pari passu* among themselves and with any other present and future financial indebtedness which ranks by or under its own terms or otherwise *pari passu* with subordinated financial indebtedness or other obligations of the Issuer;

2.5.4.2 subordinate and junior only to present and future financial indebtedness of the Issuer which by or under its terms ranks senior, or does not rank subordinate to, any financial indebtedness or other obligations of the Issuer; and

2.5.4.3 senior to any other present and future financial indebtedness which ranks by or under its own terms or otherwise, subordinate or junior to the Subordinated Bonds.

2.6 Contractual Obligations

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing the Issuer from entering into and performing its obligations under the transactions contemplated by the Bond Programme.

2.7 The Issuer Constitution

2.7.1 The Issuer Constitution complies with all legal requirements on the contents of the constitution of a public company.

2.7.2 The issuance of the Bonds (pursuant to the listing rules under the GFIM Manual) will not contravene any provision of the Issuer Constitution.

2.7.3 The Bond Programme does not contravene any provision of the Issuer Constitution or any Applicable Law.

2.8 Taxes and Stamp Duty

2.8.1 The statements in the Prospectus regarding taxation in Ghana are correct in all material respects.

2.8.2 In accordance with the Income Tax Act, 2015 (Act 896) (as amended), interest payments under the Bonds will be subject to withholding tax of 8%, except in relation to bondholders who are exempt from withholding tax.

2.8.3 Each of the Programme Documents (except the Prospectus) will be subject to a nominal stamp duty of GHS 0.50 in accordance with the Stamp Duty Act, 2005 (Act 689) (as amended) in order to be admissible in evidence (and enforceable) in the courts of Ghana.

2.9 Registrations and Filings

2.9.1 No registration or filing is required at any registry for any Programme Document to be valid, binding and enforceable in accordance with their respective terms.

2.9.2 However, the Prospectus is required to be filed with the Companies Registry. There will be no legal effect on the Prospectus if it is not duly filed.

Yours faithfully,

Frank Akowuah
(Partner: Financial Institutions and Capital Markets)
Bentsi-Enchill, Letsa & Ankomah

Schedule A

Assumptions

In giving this opinion, we have assumed (and this opinion is given on the basis) that:

1. all original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;

2. the Board Approval was duly executed by all the directors of the Issuer and all requirements relating to disclosure of interest and due consideration of the commercial interests of the Issuer were complied with;

3. the Shareholders' Approval was duly executed by all the shareholders of the Issuer after the board of directors of the Issuer fully disclosed all material details relating to the transaction; and

4. all disclosures made to us by the Issuer and its officers (as reflected in the Prospectus) are materially correct as at the date of this opinion and no event has occurred which undermines or may undermine the correctness of those disclosures.

We have found nothing to indicate that the above assumptions are not justified.

Schedule B

Qualifications

This opinion is subject to the following qualifications:

1. we have not independently verified the information contained in the Prospectus. Accordingly, nothing contained in the Prospectus, is to be construed as, or shall be relied upon as, a promise, warranty or representation (whether to the past or the future) by us, regarding the accuracy or completeness of such information, at any time;

2. the enforcement of the Programme Documents may be limited by any laws relating to bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting creditors' rights generally; and

3. any claims may be or become barred under laws relating to the limitation of actions or may be or become subject to set-off or counterclaim.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
IZWE SAVINGS AND LOANS PLC

We have reviewed the annual audited financial statements of Izwe Savings and Loans Plc that comprise the statement of financial position as at 31 December 2017, 2018 and 2019, the statement of profit or loss and other comprehensive income and statement of cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes as set out in the financial statements.

KPMG, Chartered Accountants of Accra have acted as auditors of Izwe Savings and Loans Plc (formerly Izwe Loans) for the year 31 December 2017. Deloitte, Chartered Accountants of Accra have acted as auditors of Izwe Savings and Loans Plc for the years 31 December 2018 and 2019. The auditors issued an unqualified opinion on the financial statements of Izwe Savings and Loans Plc from 2017 to 2019.

The financial information from 2017 to 2019 set out in the following sections have been prepared from the audited financial statements of Izwe Savings and Loans Plc after making such adjustments as we considered necessary.

Directors' Responsibility

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992) and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on the annual audited financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.
A review of financial statements in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when we become aware of matters that cause us to believe the financial statements as a whole may be materially misstated.

We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annual financial statements do not present fairly, in all material respects, the financial position of Izwe Savings and Loans Plc as at 31 December 2017, 2018 and 2019 and of its financial performance and cash flows for the periods then ended, in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992).

This report is intended for the sole use of Izwe Savings and Loans Plc to support a bond issuance. No responsibility to any third party is accepted. The report should not be disclosed to any third party without our prior written consent.

Yours faithfully

Signed by Victor Gborglah (ICAG/P/1151)
For and on behalf of Ernst & Young (ICAG/F/2020/126)
Chartered Accountants
Accra, Ghana

Date: 6 November 2020

Historical Statement of Financial Position as at 31 December 2019, 2018 and 2017

		FY Dec 2019	FY Dec 2018	FY Dec 2017
Assets	Notes	GHS	GHS	GHS
Cash and cash equivalents	4	10,419,943	17,385,469	21,583,145
Cash restricted for sale	4	13,992,852	3,150,000	995,324
Trade and other receivables	5	21,938,206	19,326,991	11,638,591
Net advances	6	273,668,655	257,939,252	169,811,353
Current tax receivable	7	943,032	757,070	-
Right of use assets	8	20,692,808	-	-
Deferred tax	9	5,012,521	3,718,013	2,394,284
Property, plant and equipment	10	3,898,188	2,631,119	2,744,263
Intangible assets	11	19,110	25,171	165,348
Total assets		**350,585,315**	**304,933,085**	**209,332,308**
Equity and Liabilities				
Equity				
Share capital	12	18,532,825	18,532,825	18,532,825
Reserves		8,434,475	7,313,816	2,975,470
Retained income		12,763,545	11,642,649	5,921,678
Total equity		**39,730,845**	**37,489,290**	**27,429,973**
Liabilities				
Bank overdraft	4	22,702,986	13,964,493	46,633
Derivative liability		16,145	291,085	-
Trade and other payables	13	5,672,106	5,273,100	4,188,417
Lease liabilities	14	18,830,133	-	-
Current tax payable	7	-	-	181,167
Loans from related parties	25	880,259	66,544,346	627,400
Loans and borrowings	15	262,752,841	181,370,771	176,858,718
Total liabilities		**310,854,470**	**267,443,795**	**181,902,335**
Total Equity and Liabilities		**350,585,315**	**304,933,085**	**209,332,308**

Historical Statement of Profit or Loss and Other Comprehensive Income for the Years ended 31 December 2019, 2018 and 2017

	Notes	FY Dec 2019 GHS	FY Dec 2018 GHS	FY Dec 2017 GHS
Interest income calculated using the effective interest method	16	109,030,365	96,343,891	78,143,488
Interest and similar expense	17	(60,369,651)	(45,632,740)	(36,217,561)
Net interest income		**48,660,714**	**50,711,151**	**41,925,927**
Fee and commission income		21,046,134	13,099,733	7,682,647
Fee and commission expense		(7,478,107)	(6,091,273)	(4,735,754)
Net fee and commission income	18	**13,568,027**	**7,008,460**	**2,946,893**
Other operating income	19	2,563,968	1,898,763	1,363,157
Total other operating income		**2,563,968**	**1,898,763**	**1,363,157**
Depreciation - right-of-use assets		(1,415,897)	-	-
Depreciation		(1,061,882)	(933,141)	(863,833)
Amortisation		(15,761)	(31,764)	(89,796)
Personnel costs	20	(10,954,783)	(9,026,245)	(6,580,704)
Impairment loss on loans and advances	6	(8,599,061)	(12,946,805)	(10,959,539)
Exchange differences	21	(12,035,818)	(2,027,725)	(143,452)
Other operating expenses	22	(26,968,412)	(22,218,804)	(18,821,638)
Total operating expenses		**(61,051,614)**	**(47,184,484)**	**(37,458,962)**
Profit before taxation		3,741,095	12,433,890	8,777,015
Taxation	23	(1,499,540)	(3,757,198)	(2,826,074)
Profit for the year		2,241,555	8,676,692	5,950,941
Other comprehensive income		-	-	-
Total comprehensive income for the year		**2,241,555**	**8,676,692**	**5,950,941**

Historical Statement of Changes in Equity for the Years Ended 31 December 2019, 2018 and 2017

	Stated capital	Statutory reserves	Retained income	Total equity
	GHS	GHS	GHS	GHS
Balance at 01 January 2019	18,532,825	7,313,816	11,642,649	37,489,290
Profit for the year			2,241,555	3,480,161
Total comprehensive income for the year			2,241,555	3,480,161
Transfer between reserves		1,120,659	(1,120,659)	
Balance at 31 December 2019	18,532,825	8,434,475	12,763,545	39,730,845

	Stated capital	Statutory reserves	Retained income	Total equity
	GHS	GHS	GHS	GHS
Balance at 01 January 2018 (As previously reported)	18,532,825	2,975,470	5,921,678	27,429,973
Adjustment on initial application of the IFRS9, net of tax	-	-	1,382,625	1,382,625
Balance at 01 January 2018 (as restated)	18,532,825	2,975,470	7,304,303	28,812,598
Total comprehensive income for the year	-	-	8,676,692	8,676,692
Transfer between reserves	-	4,338,346	- 4,338,346	-
Balance at 31 December 2018	18,532,825	7,313,816	11,642,649	37,489,290

	Stated Capital	Statutory reserves	Retained income	Total equity
	GHS	GHS	GHS	GHS
Balance at January 1, 2017	18,413,305	-	2,946,208	21,359,513
Total comprehensive income for the year	-	-	5,950,940	5,950,940
Issue of shares	119,520	-	-	119,520
Transfer to statutory reserves	-	2,975,470	(2,975,470)	-
Balance at December 31, 2017	18,532,825	2,975,470	5,921,678	27,429,973

Historical Statements Cash Flows for the Years Ended 31 December 2019, 2018 and 2017

		FY Dec 2019	FY Dec 2018	FY Dec 2017
Cash flows from operating activities	Notes	**GHS**	**GHS**	**GHS**
Cash generated from operations	24	14,307,029	(31,614,884)	6,580,178
Interest expense		(6,952,811)	(3,368,788)	(3,063,436)
Tax paid	7	(2,835,903)	(6,480,039)	(2,975,135)
Net cash from operating activities		**4,518,315**	**(41,463,711)**	**541,607**
Cash flows from investing activities				
Purchase of property and equipment		(2,356,107)	(898,146)	(1,052,232)
Proceeds from sale of property and equipment		14,200	82,000	17,000
Purchase of intangible assets		(9,700)	(10,520)	(140,383)
Disposals of other intangible assets		-	118,933	-
Net cash from investing activities		**(2,351,607)**	**(707,733)**	**(1,175,615)**
Cash flows from financing activities				
Proceeds on share movements			-	119,520
Proceeds from related party loan		-	63,795,888	598,120
Repayment of related party loan		(68,933,526)	(1,896,961)	-
Proceeds from loans and borrowings		244,568,599	201,216,614	180,060,321
Repayment of loans and borrowings		(177,662,252)	(236,904,957)	(159,477,893)
Payment on lease liabilities	14	(5,000,696)	-	-
Net cash from financing activities		**(7,027,875)**	**26,210,584**	**21,300,068**
Total cash and cash equivalents movement for the year		(4,861,167)	(15,960,860)	20,666,060
Cash and cash equivalents at the beginning of the year		6,570,976	22,531,836	1,865,776
Total cash and cash equivalents at end of the year	4	**1,709,809**	**6,570,976**	**22,531,836**

Notes to The Financial Statements for the Years Ended 31 December 2019, 2018 and 2017

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Cash on hand	496,968	411,081	209,371
Bank balances	9,922,975	16,974,388	21,373,774
	10,419,943	17,385,469	21,583,145
Cash restricted for use	13,992,852	3,150,000	995,324
Bank overdraft	(22,702,986)	(13,964,493)	(46,633)
Current assets	24,412,795	20,535,469	22,578,469
Current liabilities	(22,702,986)	(13,964,493)	(46,633)
	1,709,809	6,570,976	22,531,836

5. Trade and other receivables	FY Dec 2019	FY Dec 2018	FY Dec 2017
Non-financial instruments:	GHS	GHS	GHS
Deferred acquisition cost	19,027,179	15,505,934	9,481,717
Prepayments	2,911,027	3,821,057	2,156,874
Total trade and other receivables	21,938,206	19,326,991	11,638,591

6. Net advances	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Advances - Secured lending	7,111,184	6,135,404	2,011,106
Advances - Payroll	308,900,226	291,579,524	193,878,001
Allowance for impairment	(17,031,190)	(17,889,292)	(16,392,390)
Total net advances	298,980,220	279,825,636	179,496,717

7. Current tax receivable	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Balance at beginning of the year	757,070	(181,167)	(234,607)
Current tax for the year recognised in profit or loss	(1,986,483)	(5,541,802)	(2,921,695)
Under provision in prior years	(807,565)	-	-
WHT tax credits on interest income	144,107	-	-
Tax paid	2,835,903	6,480,039	2,975,135
Balance at end of the year	(943,032)	(757,070)	181,167

8. Right-of-use assets

Details pertaining to leasing arrangements, where the company is lessee are presented below:

The company adopted IFRS 16 for the first time in the current financial period, 2019. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right- of-use assets therefore only includes the current period.

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Buildings	20,692,808	-	-

9. Deferred tax	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Deferred tax asset	5,012,521	3,718,013	2,394,284
Reconciliation of deferred tax asset / (liability)			
At beginning of year	3,718,013	2,394,284	2,298,663
Adjustment on initial implementation of IFRS 9 (note 2)	-	(460,875)	-
Property and equipment	(153,864)	(57,321)	(76,254)
Allowance for impairment on loans and advances	-	1,664,747	122,864
Under provision in prior years	807,565	-	-
Provision for bad and doubtful debts	(214,526)	-	-
Net impact of IFRS 16	383,799	-	-
Movement in accruals	16,587	7,947	9,848
Repairs and maintenance	454,947	169,231	39,163
At year end	5,012,521	3,718,013	2,394,284

12. Stated capital and retained income

	FY Dec 2019	FY Dec 2018	FY Dec 2017
Authorised	GHS	GHS	GHS
10,000,000 Ordinary shares of no par value	10,000,000	10,000,000	10,000,000
5,000,006 Non-cumulative, non-redeemable preference shares of no par value	5,000,006	5,000,006	5,000,006
	15,000,006	15,000,006	15,000,006
Issued			
2,020,000 Ordinary shares of no par value	2,119,520	2,119,520	2,119,520
5,000,006 Non-cumulative, non-redeemable	16,413,305	16,413,305	16,413,305
Total	18,532,825	18,532,825	18,532,825

13. Trade and other payables	FY Dec 2019	FY Dec 2018	FY Dec 2017
Financial instruments:	GHS	GHS	GHS
Other payables	3,383,788	4,061,785	2,745,990
Amounts due to related parties	1,105,524	186,968	831,771
Other accruals	360,513	627,773	325,972
Non-financial instruments:			
Payroll accruals	822,281	396,574	284,684
	5,672,106	5,273,100	4,188,417
Non-current liabilities	-	-	-
Current liabilities	5,672,106	5,273,100	4,188,417
	5,672,106	5,273,100	4,188,417

14. **Lease liabilities**	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Opening balance	-	-	-
Adoption of IFRS 16	7,088,009	-	-
New leases entered into in the current year	13,388,131	-	-
Interest expense for the year	2,437,099	-	-
Repayments for the year	(5,000,696)	-	-
Translation effect of leases denominated in USD	917,590	-	-
Total	**18,830,133**	**-**	**-**

15. **Loans and borrowings**	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Standard Chartered Bank Limited	-	-	3,000,000
African Local Currency Bond Fund Limited	41,653,333	-	-
Sanlam Life Insurance Limited	28,576,495	-	-
Fidelity Bank Ghana Limited	10,120,548	-	-
Listed notes – subordinated	17,700,629	17,664,371	17,583,105
Listed notes – secured	64,991,856	64,851,311	55,201,434
Short term borrowings	99,709,980	98,855,089	101,074,179
Total	**262,752,841**	**181,370,771**	**176,858,718**

16. **Interest income calculated using the effective interest method**	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Loans and advances to customers	107,452,676	94,865,186	77,824,555
Interest received from staff loans and bank	1,577,689	1,478,705	318,933
Total	109,030,365	96,343,891	78,143,488

17. **Interest and similar expenses**			
Interest expense on amounts due to related parties	8,241,036	2,566,190	19,329
Interest on loans and borrowings	47,022,646	42,245,736	34,393,889
Interest expense on bank overdraft	2,668,870	820,814	1,804,343
Interest expense on lease liability	2,437,099	-	-
Total	60,369,651	45,632,740	36,217,561

18. Net fee and commission income / (expense)	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Fee and other income	21,046,134	13,099,733	7,682,648
Commission on loans and advances	- 7,478,107	- 6,091,273	- 4,735,754
Total	**13,568,027**	**7,008,460**	**2,946,894**
19. Net other operating income			
Bad debts recovered	2,563,968	1,898,763	1,363,157

20. Personnel costs			
Salaries and wages	9,806,163	7,507,350	5,661,893
Directors fees	90,500	69,393	16,000
Leave pay	84,023	47,788	56,974
Company contributions (Medical and pension funds)	974,097	1,401,714	845,838
Total	10,954,783	9,026,245	6,580,705

21. Exchange differences	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Loss on foreign exchange differences	12,035,818	2,027,725	143,452

22. Other operating expenses	FY Dec 2019	FY Dec 2018	FY Dec 2017
	GHS	GHS	GHS
Advertising costs	1,118,417	627,662	802,793
Audit fees	220,508	239,337	134,938
Bank charges	291,795	213,387	178,712
Collection costs	5,327,587	4,105,998	3,240,675
Fixed asset expenses	1,153,200	737,464	685,538
Information technology consulting expenses	1,921,886	1,887,167	1,488,328
Insurance	271,126	201,794	160,220
Legal and consulting fees	760,205	701,538	409,244
Profit on disposal of property and equipment	12,956	- 3,852	- 6,762
Admin and support fees	3,401,313	3,733,286	3,731,391
Other expenses	1,851,216	1,068,053	802,902
Credit Bureau costs	94,471	70,109	46,352
Postal and courier	129,250	59,506	85,085
Printing and stationery	663,563	545,822	353,850
Refreshments	439,021	359,277	316,468
Rent and utilities	1,452,176	2,850,615	2,568,129
Repairs and maintenance	1,153,124	549,422	378,436
Social responsibility	17,876	14,342	34,079
Staff welfare costs	338,053	519,924	228,931
Telephone and data costs	1,239,634	801,533	1,000,292
Travel and accommodation	3,585,041	2,936,420	2,182,037
Value added taxation write-off	1,525,994	-	-
Total	26,968,412	22,218,804	18,821,638

23. Taxation

	FY Dec 2019 GHS	FY Dec 2018 GHS	FY Dec 2017 GHS
Major components of the tax expense			
Current			
Local income tax - current period	2,545,063	5,541,802	2,921,695
Stabilisation levy	248,985	-	
	2,794,048	5,541,802	2,921,695
Deferred			
Originating and reversing temporary differences	(1,294,508)	(1,784,604)	(95,621)
	1,499,540	3,757,198	2,826,074

Reconciliation of the tax expense

	FY Dec 2019 GHS	FY Dec 2018 GHS	FY Dec 2017 GHS
Reconciliation between accounting profit/loss and tax expense.			
Accounting profit	4,979,701	12,433,890	8,777,013
Tax at the applicable tax rate of 25% (2017: 25%)	1,244,925	3,108,473	2,194,253
Tax effect of adjustments on taxable income			
Stabilizing levy	248,985	621,695	556,386
Permanent differences	5,630	27,030	75,434
Total	1,499,540	3,757,198	2,826,073

24. Cash (used in)/generated from operations

	FY Dec 2019 GHS	FY Dec 2018 GHS	FY Dec 2017 GHS
Profit before taxation	4,979,701	12,433,890	8,777,013
Adjustments for:			
Depreciation and amortisation (note 9&10)	2,493,540	964,905	953,629
(Profit) / loss on sale property and equipment	12,956	(3,852)	(6,762)
Interest expense	9,389,910	3,368,788	3,063,436
Interest accrual loans and borrowings	14,475,723	40,200,396	33,136,342
Interest accrual on related party loan	3,957,095	2,063,556	17,783
WHT tax credits on interest income	(144,107)	-	-
Exchange differences on related party loan	(687,656)	1,954,463	11,497
Foreign exchange movements on USD leases	(321,016)	-	-
Changes in working capital:			
Derivatives	(274,940)	291,085	-
Prepayments transferred to right-of-use assets	(1,632,565)	-	-
Movement on advances	(19,154,584)	(98,485,418)	(43,959,423)
Trade and other receivables	(2,611,215)	(7,688,400)	(758,661)

Trade and other payables	3,824,187		13,285,703	5,345,324
Total	14,307,029	-	31,614,884	6,580,178

25. Commitments	FY Dec 2019	FY Dec 2018	FY Dec 2017
Operating leases – as lessee (expense)	GHS	GHS	GHS
Minimum lease payments due			
- within one year	-	2,017,433	1,832,986
- in second to fifth year inclusive	-	10,958,151	4,997,965
Total	-	12,975,584	6,830,951

26. Related party balances	FY Dec 2019	FY Dec 2018	FY Dec 2017
Loan accounts - Owing to related parties	GHS	GHS	GHS
Africa Micro-Finance Holdings (1)	880,259	66,544,346	627,400
Analysis of related parties			
Opening	66,544,346	627,400	-
Additions	-	63,795,888	598,120
Repayments	(68,933,526)	(1,896,961)	-
Interest accrued	3,957,095	2,063,556	17,783
Exchange differences	(687,656)	1,954,463	11,497
Total	880,259	66,544,346	627,400

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INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE MEMORANDUM OF FINANCIAL STATEMENTS FORECAST
TO THE BOARD OF DIRECTORS OF
IZWE SAVINGS AND LOANS PLC

We have reviewed the accounting policies and calculations of the financial statements forecast of Izwe Savings and Loans Plc (for which the Directors of IZWE are solely responsible) for each of the years ending 31 December 2020, 2021, 2022, 2023 and 2024.

We have undertaken a negative assurance engagement in respect to the Directors assumptions used to prepare and present the Forecast Information, disclosed in the Notes to the Forecast Information.

Directors responsibility for the forecast information and for the assumptions used to prepare the forecast information

The Directors are responsible for the preparation and the presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information as set out in the Notes to the Forecast Information in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992). This responsibility includes the design, implementation, maintenance and internal control relevant to the preparation and presentation of the Forecast Information based on those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent limitations

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than in the purpose of the report.

Reporting accountant's responsibility

Our responsibility is to express a negative assurance conclusion whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992). We conducted our negative assurance engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3400 - The Examination of the Prospective Financial Information ("ISAE 3400"), as issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform this engagement to obtain negative assurance whether the Directors provide a reasonable basis for the preparation and presentation of the Forecast Information.

A negative assurance undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions.

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Negative assurance conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that:

- the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information for each of the years ending 31 December 2020, 2021, 2022, 2023 and 2024.

- the financial statements forecasts, in so far as the accounting policies and calculations are concerned, have not been properly compiled on the footing of the assumptions made by the Directors, and are not presented on a basis consistent with the accounting policies adopted by Izwe Savings and Loans Plc.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Signed by Victor Gborglah (ICAG/P/1151)
For and on behalf of Ernst & Young (ICAG/F/2020/126)
Chartered Accountants
Accra, Ghana

Date: 6 November 2020

5 Year Forecast Statement of Financial Position Ending 31 December 2020, 2021, 2022, 2023 and 2024

	FY Dec 2020	FY Dec 2021	FY Dec 2022	FY Dec 2023	FY Dec 2024
Assets	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**
Cash and cash equivalents	11,980,845	8,950,677	14,761,667	16,099,540	18,558,824
Cash restricted for sale	14,649,414	16,007,675	6,294,047	6,293,087	6,291,970
Trade and other receivables	22,758,592	22,758,594	22,758,593	22,758,592	22,758,593
Net advances	320,228,068	372,317,665	432,238,720	494,826,004	555,003,606
Current tax receivable	2,316,637	2,041,637	1,766,637	1,516,637	1,366,637
Right of use assets	21,908,491	19,558,979	17,213,273	14,906,055	12,819,479
Deferred tax	5,012,521	6,070,199	7,004,880	7,967,201	8,879,089
Property, plant and equipment	5,699,927	4,657,740	3,838,770	2,036,334	1,138,905
Total assets	**404,554,495**	**452,363,166**	**505,876,587**	**566,403,450**	**626,817,103**
Equity and Liabilities					
Equity					
Share capital	18,532,825	18,532,825	18,532,825	18,532,825	18,532,825
Reserves	12,205,687	19,336,962	33,540,247	55,786,774	84,950,052
Retained income	16,534,757	23,666,032	37,869,317	60,115,844	89,279,122
Total equity	**47,273,269**	**61,535,819**	**89,942,389**	**134,435,443**	**192,762,999**
Liabilities					
Bank overdraft	2,763,244	14,873,744	4,398,744	4,398,744	4,398,744
Trade and other payables	34,390,186	41,241,041	46,861,352	52,002,441	55,842,955
Lease liabilities	19,922,168	17,697,369	14,180,523	10,729,940	12,578,341
Loans from related parties	5,345,630	5,626,117	5,913,960	6,216,529	6,534,579
Loans and borrowings	294,859,998	311,389,076	344,579,619	358,620,353	354,700,485
Total liabilities	**357,281,226**	**390,827,347**	**415,934,198**	**431,968,007**	**434,055,104**
Total Equity and Liabilities	**404,554,495**	**452,363,166**	**505,876,587**	**566,403,450**	**626,817,103**

5 Year Forecast Statement of Profit or Loss and Other Comprehensive Income Ending 31 December 2020, 2021, 2022, 2023 and 2024

	FY Dec 2020	FY Dec 2021	FY Dec 2022	FY Dec 2023	FY Dec 2024
	GHS	GHS	GHS	GHS	GHS
Interest income calculated using the effective interest method	120,044,283	143,646,638	169,743,595	197,716,714	219,874,646
Interest and similar expense	(72,326,944)	(77,843,356)	(82,499,769)	(86,847,666)	(88,238,205)
Net interest income	**47,717,339**	**65,803,282**	**87,243,826**	**110,869,048**	**131,636,441**
Fee and commission income	26,812,382	32,424,091	39,232,808	46,446,755	51,832,883
Fee and commission expense	(11,402,452)	(17,662,566)	(20,955,064)	(23,123,247)	(24,975,893)
Net fee and commission income	**15,409,930**	**14,761,525**	**18,277,744**	**23,323,508**	**26,856,990**
Other operating income	1,659,115	1,773,276	2,112,737	2,448,574	2,704,019
Total other operating income	**64,786,384**	**82,338,083**	**107,634,307**	**136,641,130**	**161,197,450**
Depreciation - right-of-use assets	(2,368,549)	(2,349,512)	(2,345,705)	(2,307,218)	(2,086,576)
Depreciation	(1,243,735)	(1,648,724)	(2,131,470)	(1,614,936)	(709,929)
Amortisation	(16,272)	(143,463)	(187,500)	(187,500)	(187,500)
Personnel costs	(11,644,439)	(12,266,453)	(13,373,494)	(14,580,475)	(15,750,616)
Exchange difference	(3,426,695)	(3,319,665)	(1,508,449)	(822,110)	(541,325)
Impairment loss on loans and advances	(11,144,934)	(13,963,343)	(15,317,538)	(17,278,148)	(18,469,216)
Other operating expenses	(25,936,304)	(28,271,853)	(32,189,335)	(36,289,237)	(40,128,638)
Total operating expenses	**(55,780,928)**	**(61,963,013)**	**(67,053,491)**	**(73,079,624)**	**(77,873,800)**
Profit before taxation	9,005,456	20,375,070	40,580,816	63,561,506	83,323,650
Taxation	(2,701,638)	(6,112,521)	(12,174,245)	(19,068,452)	(24,997,095)
Profit for the year	**6,303,819**	**14,262,548**	**28,406,572**	**44,493,053**	**58,326,556**
Other comprehensive income			-	-	-
Total comprehensive income for the year	**6,303,819**	**14,262,548**	**28,406,572**	**44,493,053**	**58,326,556**

5 Year Forecast Statements Cash Flows Ending 31 December 2020, 2021, 2022, 2023 and 2024

	FY Dec 2020	FY Dec 2021	FY Dec 2022	FY Dec 2023	FY Dec 2024
Cash flows from operating activities	**GHS**	**GHS**	**GHS**	**GHS**	**GHS**
Cash generated from operations	3,893,577	(10,812,028)	(116,297)	18,944,653	38,848,664
Interest expense	(5,021,956)	(5,617,138)	(5,950,805)	(5,993,592)	(6,322,137)
Tax paid	(4,075,244)	(6,895,200)	(12,833,925)	(19,780,773)	(25,758,984)
Net cash from operating activities	**(5,203,623)**	**(23,324,366)**	**(18,901,027)**	**(6,829,712)**	**6,767,543**
Cash flows from investing activities					
Purchase of property and equipment	(2,975,301)	(750,000)	(1,500,000)	-	-
Proceeds from sale of property and equipment	-	-	-	-	-
Purchase of intangible assets	-	-	-	-	-
Disposals of other intangible assets	-	-	-	-	-
Net cash from investing activities	**(2,975,301)**	**(750,000)**	**(1,500,000)**	**-**	**-**
Cash flows from financing activities					
Proceeds from related party loan	5,628,556	-	-	-	-
Repayment of related party loan	(1,350,000)	-	-	-	-
Proceeds from loans and borrowings	126,055,124	115,764,386	76,528,685	28,412,741	25,851,860
Repayment of loans and borrowings	(101,002,438)	(102,498,161)	(45,471,562)	(16,505,429)	(31,905,149)
Additional lease liabilities	4,026,040	-	-	-	-
Payment on lease liabilities	(3,021,151)	(2,974,266)	(4,083,734)	(3,740,687)	1,743,913
Net cash from financing activities	**30,336,131**	**10,291,959**	**26,973,389**	**8,166,625**	**(4,309,376)**
Total cash and cash equivalents movement for the year	22,157,207	(13,782,407)	6,572,362	1,336,913	2,458,167
Cash and cash equivalents at the beginning of the year	1,709,808	23,867,015	10,084,608	16,656,970	17,993,883
Total cash and cash equivalents at end of the year	**23,867,015**	**10,084,608**	**16,656,970**	**17,993,883**	**20,452,050**

Appendix 1: Historical Statement of Financial Position as at 31 December 2019

	FY Dec 2019	Adjustment	FY Dec 2019 restated
Assets	GHS	GHS	GHS
Cash and cash equivalents	10,419,943		10,419,943
Cash restricted for sale	13,992,852		13,992,852
Trade and other receivables	21,938,206		21,938,206
Net advances	298,980,220	(25,311,565)	273,668,655
Current tax receivable	943,032		943,032
Right of use assets	21,931,414	(1,238,606)	20,692,808
Deferred tax	5,012,521		5,012,521
Property, plant and equipment	3,898,188		3,898,188
Intangible assets	19,110		19,110
Total assets	**377,135,486**	**(26,550,171)**	**350,585,315**
Equity and Liabilities			
Equity			
Share capital	18,532,825		18,532,825
Reserves	9,053,778	(619,303)	8,434,475
Retained income	13,382,848	(619,303)	12,763,545
Total equity	**40,969,451**	**(1,238,606)**	**39,730,845**
Liabilities			
Bank overdraft	22,702,986		22,702,986
Derivative liability	16,145		16,145
Trade and other payables	30,983,671	(25,311,565)	5,672,106
Lease liabilities	18,830,133	-	18,830,133
Current tax payable	-		-
Loans from related parties	880,259		880,259
Loans and borrowings	262,752,841		262,752,841
Total liabilities	**336,166,035**	**(25,311,565)**	**310,854,470**
Total Equity and Liabilities	**377,135,486**	**(26,550,171)**	**350,585,315**

Appendix 2: Historical Statement of Financial Position as at 31 December 2018

	FY Dec 2018	Adjustment	FY Dec 2018 restated
Assets	GHS	GHS	GHS
Cash and cash equivalents	17,385,469		17,385,469
Cash restricted for sale	3,150,000		3,150,000
Trade and other receivables	19,326,991		19,326,991
Net advances	279,825,636	(21,886,384)	257,939,252
Current tax receivable	757,070		757,070
Right of use assets	-		-
Deferred tax	3,718,013		3,718,013
Property, plant and equipment	2,631,119		2,631,119
Intangible assets	25,171		25,171
Total assets	**326,819,469**	**(21,886,384)**	**304,933,085**
Equity and Liabilities			
Equity			
Share capital	18,532,825		18,532,825
Reserves	7,313,816		7,313,816
Retained income	11,642,649		11,642,649
Total equity	**37,489,290**	**-**	**37,489,290**
Liabilities			
Bank overdraft	13,964,493		13,964,493
Derivative liability	291,085		291,085
Trade and other payables	27,159,484	(21,886,384)	5,273,100
Lease liabilities	-	-	-
Current tax payable	-	-	-
Loans from related parties	66,544,346		66,544,346
Loans and borrowings	181,370,771		181,370,771
Total liabilities	**289,330,179**	**(21,886,384)**	**267,443,795**
Total Equity and Liabilities	**326,819,469**	**(21,886,384)**	**304,933,085**

Appendix 3: Historical Statement of Financial Position as at 31 December 2017

	FY Dec 2017	Adjustment	FY Dec 2017 restated
Assets	GHS	GHS	GHS
Cash and cash equivalents	21,583,145		21,583,145
Cash restricted for sale	995,324		995,324
Trade and other receivables	11,638,591		11,638,591
Net advances	179,496,716	(9,685,363)	169,811,353
Current tax receivable	-		-
Right of use assets	-		-
Deferred tax	2,394,284		2,394,284
Property, plant and equipment	2,744,263		2,744,263
Intangible assets	165,348		165,348
Total assets	**219,017,671**	**(9,685,363)**	**209,332,308**
Equity and Liabilities			
Equity			
Share capital	18,532,825		18,532,825
Reserves	2,975,470		2,975,470
Retained income	5,921,678		5,921,678
Total equity	**27,429,973**		**27,429,973**
Liabilities			
Bank overdraft	46,633		46,633
Derivative liability	-		-
Trade and other payables	13,873,780	(9,685,363)	4,188,417
Lease liabilities	-	-	-
Current tax payable	181,167	-	181,167
Loans from related parties	627,400		627,400
Loans and borrowings	176,858,718		176,858,718
Total liabilities	**191,587,698**	**(9,685,363)**	**181,902,335**
Total Equity and Liabilities	**219,017,671**	**(9,685,363)**	**209,332,308**

Appendix 4: Historical Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2019

	Notes	FY Dec 2019	Adjustment	FY Dec 2019 restated
		GHS	GHS	GHS
Interest income calculated using the effective interest method	16	109,030,365		109,030,365
Interest and similar expense	17	(60,369,651)		(60,369,651)
Net interest income		**48,660,714**		**48,660,714**
Fee and commission income		21,046,134		21,046,134
Fee and commission expense		(7,478,107)		(7,478,107)
Net fee and commission income	18	**13,568,027**		**13,568,027**
Other operating income	19	2,563,968		2,563,968
Total other operating income		**2,563,968**		**2,563,968**
Depreciation - right-of-use assets		(1,415,897)		(1,415,897)
Depreciation		(1,061,882)		(1,061,882)
Amortisation		(15,761)		(15,761)
Personnel costs	20	(10,954,783)		(10,954,783)
Impairment loss on loans and advances	6	(8,599,061)		(8,599,061)
Exchange differences	21	(10,797,212)	(1,238,606)	(12,035,818)
Other operating expenses	22	(26,968,412)		(26,968,412)
Total operating expenses		**(59,813,008)**	**(1,238,606)**	**(61,051,614)**
Profit before taxation		4,979,701	**(1,238,606)**	3,741,095
Taxation	23	(1,499,540)		(1,499,540)
Profit for the year		3,480,161	**(1,238,606)**	2,241,555
Other comprehensive income		-	-	-
Total comprehensive income for the year		**3,480,161**	**(1,238,606)**	**2,241,555**

Appendix 5: Details of Right Of Use Assets (Lease Properties) as at 31 December 2019

S/N	Country	BRANCH	Landlord name	Description	Existing Use	Size	Lease start date (or renewal start date)	Lease expiry date (or renewal expiry date)	Lease payment terms (monthly / quarterly etc.)	Early termination terms (3 months; 6 months etc)	Lease term	Current Capital Value GHS
1	Ghana	Head Office - GF	Maha Ayew	4 Storey Building, Maestro Plaza, Pig Farm Junction, Accra	Commercial	137.99sqm	1/Jan/17	31/Dec/21	Annually	3 months	60	602,191.34
2	Ghana	Head Office - GF (Add Space)	Maha Ayew	4 Storey Building, Maestro Plaza, Pig Farm Junction, Accra	Commercial		1/Jan/17	31/Dec/21	Annually	3 months	60	125,211.37
3	Ghana	Head Office - FF	Maha Ayew	4 Storey Building, Maestro Plaza, Pig Farm Junction, Accra	Commercial	221.05 sqm	1/Apr/17	31/Mar/22	Annually	3 months	60	925,944.12
4	Ghana	Head Office - SF	Maha Ayew	4 Storey Building, Maestro Plaza, Pig Farm Junction, Accra	Commercial	273.37sqm	1/Nov/16	31/Oct/21	Annually	3 months	60	811,136.59
5	Ghana	Head Office - TF	Maha Ayew	4 Storey Building, Maestro Plaza, Pig Farm Junction, Accra	Commercial	265.62sqm	22/Aug/17	22/Aug/22	Annually	3 months	61	831,888.02
6	Ghana	Head Office - 4F	Maha Ayew	4 Storey Building, Maestro Plaza, Pig Farm Junction, Accra	Commercial	217.75sqm	2/Jan/20	1/Jan/27	Annually	3 months	84	0.00
7	Ghana	Tamale - 1	Charles Anokye Frimpong/J.Y. Pharmacy	4 Storey Building, JY Complex, Tamale Estate Rd, Tamale	Commercial		15/Apr/14	14/Apr/24	Biennial	3 months	121	170,453.28
8	Ghana	Tamale - 2	Charles Anokye Frimpong/J.Y. Pharmacy	4 Storey Building, JY Complex, Tamale Estate Rd, Tamale	Commercial		1/Sep/19	31/Aug/23	Annually	3 months	48	55,239.47
9	Ghana	Tamale - 3	Charles Anokye Frimpong/J.Y. Pharmacy	4 Storey Building, JY Complex, Tamale Estate Rd, Tamale	Commercial		1/Aug/18	31/Jul/24	Biennial	3 months	73	212,010.29
10	Ghana	Sunyani - 1	Leticia Fofie	2 Storey Building, Hs. No. SNT 4A Sunyani	Commercial	450sqm	1/Nov/15	31/Oct/21	Biennial	3 months	73	214,386.11
11	Ghana	Sunyani - 2	Leticia Fofie	2 Storey Building, Hs. No. SNT 4A Sunyani	Commercial		1/Nov/16	14/Oct/22	Biennial	3 months	72	175,980.27
12	Ghana	Koforidua	The Road and Building Contractors Associations, Eastern Region	Block 89 Plot No. 22 Post Office Street Koforidua	Commercial	800sqm	15/Jul/16	14/Jul/22	Triennial	3 months	72	262,877.12
13	Ghana	Maestro Car Park	Daniel Ntiamoah	100x80mtr plot. House No. C570/13 Kotobabi Road, Pig Farm	Residential		1/Feb/19	31/Jan/23	Biennial	3 months	48	48,186.28
14	Ghana	Bolga Satellite	Mashud Shaibu Iddrisu	Hs. No. K47 Kumbosigo Residential Area	Commercial		1/Nov/19	31/Oct/21	Biennial	3 months	24	0.00
15	Ghana	Techiman Satellite	Kwaakye Ameyaw Stephen	2 storey building, Plot No. 3A Tuansuoase No. 1, Techiman	Commercial	26sqm	17/Sep/18	16/Sep/20	Annually	3 months	24	33,220.28
16	Ghana	Cape Coast	Anna Mensah	Hs. No. 116, Watermelon Avenue, Comm Ten, Tema	Commercial		1/Apr/18	31/Mar/24	Biennial	3 months	73	186,889.71

S/N	Country	BRANCH	Landlord name	Description	Existing Use	Size	Lease start date (or renewal start date)	Lease expiry date (or renewal expiry date)	Lease payment terms (monthly / quarterly etc.)	Early termination terms (3 months; 6 months etc)	Lease term	Current Capital Value GHS
17	Ghana	Ring Road- Accra	Iddrisu Abdul Aziz Adamu	Parcel No.2, Block 12, Section 013, Kokomlemle- Accra	Commercial	390sqm	1/Aug/19	31/Jul/24	Annually	3 months	61	2,662,597.73
18	Ghana	Kumasi Suame	George K. Ofori	Tarkwa Jucntion	Commercial	350sqm	1/Dec/18	30/Nov/24	Annually	3 months	73	2,202,405.42
19	Ghana	Kumasi - FF	Alex Fosu Adubofour	Dufie Towers, Adum Kumasi	Commercial	300sqm	1/Nov/19	31/Oct/26	Monthly	3 months	85	845,127.25
20	Ghana	Kumasi- New Adum	Alex Fosu Adubofour	Dufie Towers, Adum Kumasi	Commercial	250sqm	1/Nov/19	31/Oct/26	Monthly	3 months	85	8,485,109.83
21	Ghana	Ho - New	Wil-Elik Company Limited	Building near Nankoe (Civic Center)	Commercial	679.87sqm	1/Dec/18	30/Nov/24	Annually	3 months	73	530,519.83
22	Ghana	Takoradi - New	Sara Yankey	Plot No. 10 Prince of Wales Rd, Takoradi	Commercial	445.15sqm	1/Sep/19	31/Aug/27	Annually	3 months	97	1,065,277.04
23	Ghana	Archives - Abofu	Dora Afia Boatemaa	C 59/22 Abofu- Achimota	Residential		1/Jul/19	30/Jun/24	Annually	3 months	61	218,643.31
24	Ghana	East Legon Car Park	Acheampong James Okyere	70x100 Walled bare plot, Spintex Road	Commercial		1/Dec/18	30/Nov/20	Annually	3 months	24	27,513.44
25	Ghana	Mario Rent (Hanson Court)	Cyil Ofori & Amelia Laing	Flat No.20 Hansen Court, #58 Switchback Rd, Cantonments,Accra	Residential		01/Jan/2019	31/Dec/20	Annually	3 months	24	0.00

APPENDIX F: INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2020

The following financial statements are extracts of the issuer's unaudited financial statements for period ended 30 June 2020.

Unaudited Statement of Comprehensive Income for the Period Ended 30 June 2020

	30 June 2020	30 June 2019
	(GHS '000)	**(GH¢ '000)**
Interest income	56,601	55,488
Interest expense	(34,559)	(27,092)
Net Interest Income	**22,042**	**28,396**
Fee and commission income	12,852	9,280
Fee and commission expenses	(5,869)	(2,952)
Credit loss expenses	(4,516)	(4,642)
Net Operating Income	**24,509**	**30,091**
Admin and operating expenses	(22,236)	(19,365)
Profit before FX costs and Taxation	**2,273**	**10,726**
Foreign exchange costs	(390)	(8,157)
Profit before Tax	**1,884**	**2,569**
Tax	(566)	(770)
Profit for the Period	**1,318**	**1,799**

Unaudited Statement of Financial Position as at 30 June 2020

	30 June 2020	30 June 2019
	(GHS '000)	(GH¢ '000)
ASSETS		
Cash and cash equivalents	31,857	24,333
Other receivables	24,636	26,415
Net loans and advances to customers	299,371	291,463
Rights of use assets	23,121	-
Deferred tax	5,013	3,718
Property, plant, and equipment	4,231	2,843
Total Assets	**388,229**	**348,772**
LIABILITIES		
Bank overdraft	17190	3371
Accruals and other liabilities	30,370	29,851
Lease liabilities	20,724	-
Bilateral facilities	100,295	75,693
Borrowings from related parties	1,727	38,304
Deposits from customers	109,878	79,736
Corporate senior notes	48,075	64,838
Corporate subordinated notes	17,683	17,691
Total Liabilities	**345,941**	**309,484**
EQUITY		
Stated capital	18,533	18,533
Retained Earnings	14,701	12,542
Statutory Reserve	9,054	8,213
Total Equity	**42,288**	**39,288**
Total Shareholders' Equity and Liabilities	**388,229**	**348,772**

Reconciliation of Retained Earnings

	Unaudited 30 June 2020	Unaudited 30 June 2019
	(GHS '000)	(GHS '000)
Retained Earnings - 1 January	22,437	11,643
Profit after tax	1,318	1,799
Transfer to Statutory Reserve	(9,054)	(900)
Retained Earnings - 30 June	**14,701**	**12,542**

Unaudited Statement of Cash Flows for the Period Ended 30 June 2020

	30 June 2020	30 June 2019
	(GHS '000)	(GHS '000)
Net cash flows from operating activities	**(20,371)**	**(13,268)**
Net cash flows from investing activities	**(3,400)**	**(688)**
Change in borrowings	19,945	61,729
Change in deposits from customers	10,168	(19,119)
Change in corporate senior notes	(16,917)	(13)
Change in corporate subordinated notes	(18)	27
Change in amounts due to related parties	847	(28,240)
Net cash flows from financing activities	**14,024**	**14,384**
Net change in cash and cash equivalents	**(9,747)**	**428**
Cash and cash equivalents at 1 January	24,413	20,535
Cash and cash equivalents at 30 June	**14,666**	**20,963**

APPENDIX G: CERTIFIED CERTIFICATE OF INDEBTEDNESS

Deloitte.

P. O. Box GP 453
Accra
Ghana

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The Board of Directors
Izwe Savings and Loans PLC
Accra

Dear Sirs,

Report of Factual Findings in Connection with Indebtedness as at 31 August 2020

We have performed the procedures agreed with you and enumerated below with respect to the indebtedness of Izwe Savings and Loans PLC as at 31 August 2020.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS 4400) applicable to agreed-upon procedures engagements.

The procedures were performed solely to certify the indebtedness of Izwe Savings and Loans PLC as at 31 August 2020 and are summarized as follows:

I. Obtained the ledger details of outstanding overdrafts, loan facilities with Banks and Bi-laterals and bonds as at 31 August 2020;

II. Agreed the ledger balances to the trial balance and management accounts as at 31 August 2020;

III. Circularised third parties to confirm the existence and valuation of the indebtedness as at 31 August 2020 or obtained statements from these third parties;

IV. We compared such statements or confirmations to the amounts referred to in I. For amounts which did not agree, we obtained reconciliations from Izwe Savings and Loans PLC.

V. Certified the indebtedness as at 31 August 2020 upon the completion of the procedures.

We report our findings below:

(I) With respect to item 1 we found the addition to be correct and the total amount to be in agreement.

(II) With respect to item 2 we found the ledger balances to be in agreement with the trial balance and management accounts.

(III) With respect to item 3 we found there were statements for all such indebtedness.

(IV) With respect to item 4 we found the amounts agreed, or with respect to amounts which did not agree, we found Izwe Savings and Loans PLC had prepared reconciliations.

A full list of partners and directors is available on request

Deloitte.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the indebtedness as of 31 August 2020.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties, other than the Securities and Exchange Commission (SEC).

This report relates only to the accounts and items specified above and in the appendix A and does not extend to any financial statements of Izwe Savings and Loans PLC, taken as a whole.

FOR DELOITTE & TOUCHE

PARTNER ....

Deloitte & Touche
The Deloitte Place, Plot No. 71,
Off George Walker Bush Highway,
North Dzorwulu, Accra

19 October 2020

Appendix A

Description	Outstanding Indebtedness as at 31 August 2020	Maturity
Bilateral Facilities		
Sanlam Life Insurance Limited	26,274,000.00	24 May 2022
Sanlam Life - Interest	394,827.56	24 May 2022
Sanlam Life - FX mvt	2,622,000.00	24 May 2022
Regional Education Finance Fund for Africa	27,050,000.00	12 Feb 2024
Regional Education Finance Fund for Africa - Interest	303,405.24	12 Feb 2024
	56,644,232.80	
Unsecured Subordinated Notes		
Unsecured Subordinated Debt	10,000,000.00	27 May 2022
Unsecured Subordinated Interest	518,046.16	27 May 2022
	10,518,046.16	
Senior Secured Notes		
ILL013 Senior	19,000,000.00	30 Oct 2022
ILL014 Senior	18,000,000.00	29 Mar 2023
ILL015 Senior	9,000,000.00	29 Oct 2021
Notes	46,000,000.00	
ILL013 Senior-Interest	1,213,361.11	30 Oct 2022
ILL014 Senior-interest	1,861,742.47	29 Mar 2023
ILL015 Senior-interest	660,860.66	29 Oct 2021
Notes Interest Payable	3,735,964.24	
	49,735,964.24	
Bank Facilities		
ABSA Bank Overdraft	21,799,568.50	7 Feb 2021
Fidelity Bank Overdraft	5,633,159.92	28 Aug 2021
	27,432,728.42	
Senior Secured Facility		
African Local Currency Bond Fund	40,000,000.00	30 Apr 2021
African Local Currency Bond Fund - Interest	1,015,666.68	30 Apr 2021
	41,015,666.68	
Total Indebtedness	**185,346,638.30**	

FOR DELOITTE & TOUCHE

PARTNER:..............................

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