

IZWE LOANS LIMITED

Listed Bond Offer

Investor Presentation
February 2015



Executive Summary



- **Izwe Loans Limited** ("Izwe") launched in Ghana in June 2011 as a Non-Banking Financial Institution regulated by the Bank of Ghana
- Part of the Izwe Group, a **Pan African financial services company** based in South Africa, Zambia, Kenya and Ghana
- In just over three years Izwe has established itself as one of the **largest** government payroll lenders in Ghana with a loan book in excess of **GHS 95.4m** as at 31 December 2014
- Successfully listed a **GHS 80m Note Program** on the **GAX in November 2014**
- Initially funded through USD debt, both shareholders and management are seeking to increase the percentage of local funding **by raising an additional GHS 15m through a 2 year Listed Note**
- The New Tranche A7 under the MTN programme opens **on 9 March 2015** and **closes on 20 March 2015**

Izwe Ghana Review



Key Financial Figures



- Turned profitable in September 2012
- Successfully raised external debt from third parties including Databank, Stanbic, Fidelity, Standard Chartered Bank and other top institutional investors
 - 13 investment managers invested in the listed note program in 2014
- Significant financial support from the Izwe Group
- Incurred losses due to the devaluation of the Cedi however operational profitability remains strong
- Reduced foreign currency exposure through local funding and hedging instruments

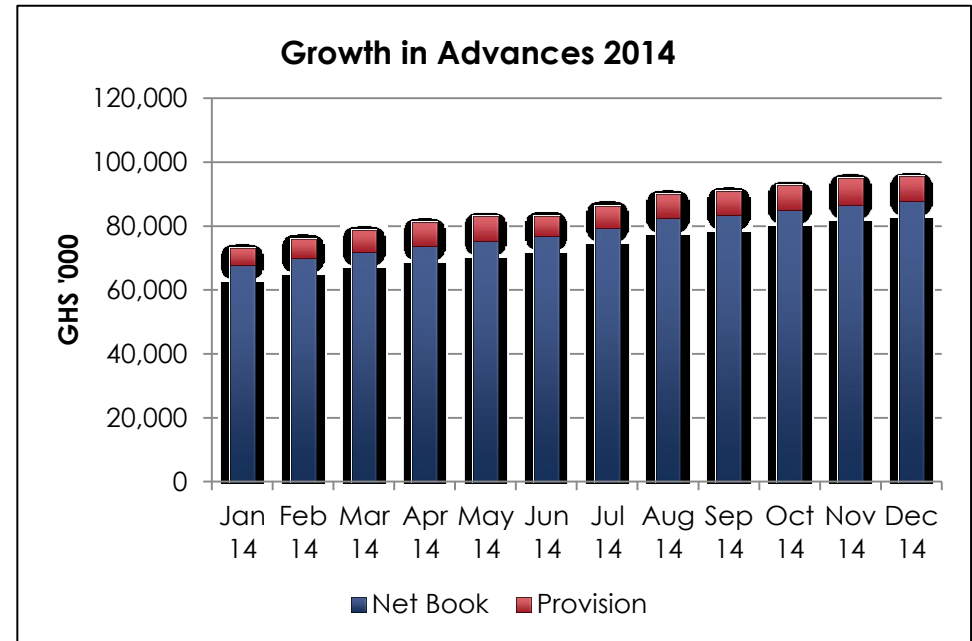
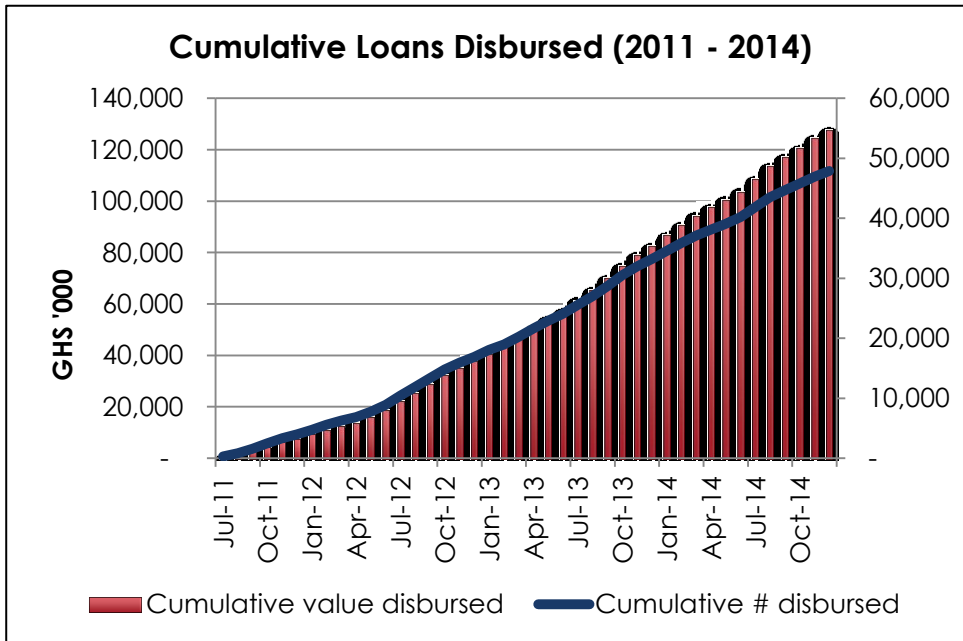
Years ending Dec (GHS'000)	Audited 2011	Audited 2012	Audited 2013	Un-audited 2014
Income Statement				
Income	713	11 500	27 884	40 728
Net interest income	514	8 951	19 874	22 526
Net operating income	226	6 145	17 445	20 471
Profit before tax and forex	(1 686)	863	9 742	8 441
Profit / (loss) after tax	(1 728)	(748)	3 505	(5 165)
Balance Sheet				
Net advances	7 611	32 597	65 531	87 813
Customer deposits			2 283	42 161
Group funding	7 705	36 170	50 157	37 221
External funding		5 003	16 323	49 582
Shareholders' equity	5 272	4 435	7 941	14 189

Performance Over the Last Year



- Over the last year the business has achieved 34% growth in advances and similar growth in customers
- Interest revenue has increased by over 46%
- Net interest ratio is 55% slightly down from the prior year
- Monthly collections have consistently remained above 91%
- Credit loss ratio has increased from 5.5% to 8.2% year on year
- Izwe has experienced strong operational performance with net operating income up from GHS 17m in 2013 to GHS 20m
- Cedi depreciation has significantly impacted Izwe's profitability to the extent that the business has posted after tax losses for 2014

Growth in Advances Book

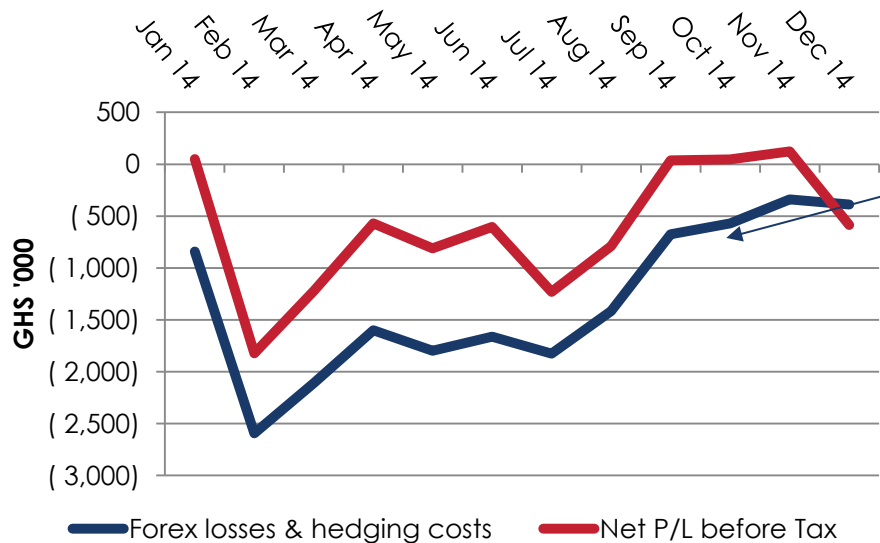


- Loan value and numbers disbursed to date over GHS130m and 48 000 respectively
- Advances book close to breaking GHS100m with provision coverage of 7.9%

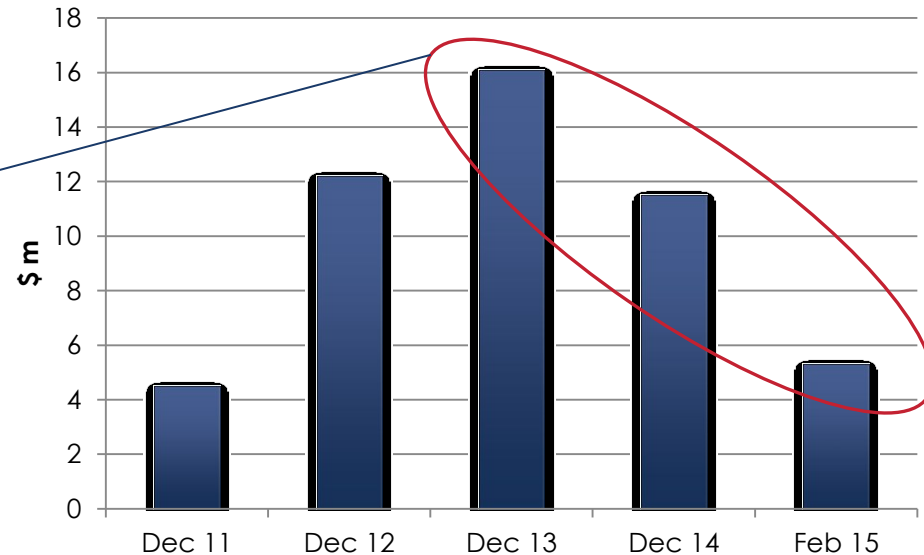
The Impact of Cedi Depreciation



Profit Relative to Forex Costs



Foreign Liabilities (2011 - 2015)

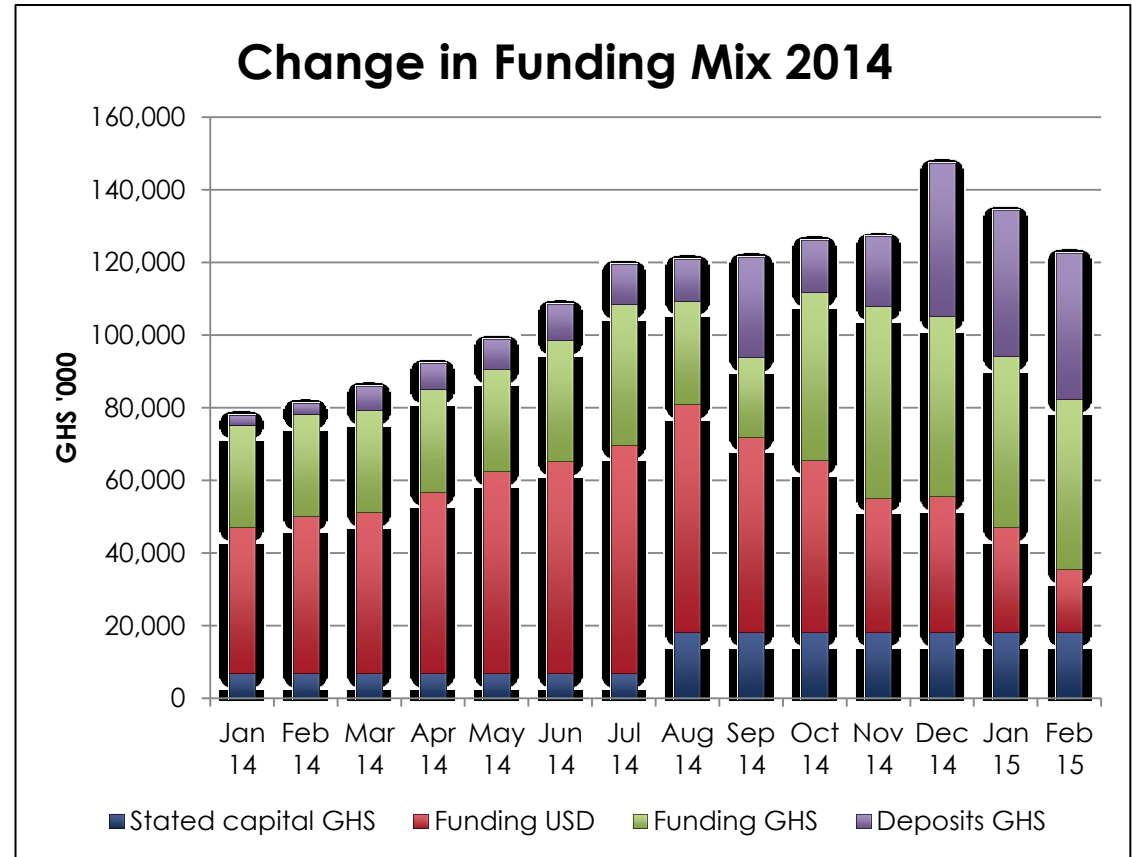


- Strong correlation between profits / losses and forex costs (reason for Izwe's after tax losses in 2014)
- Foreign exposures have been reduced significantly from highs of \$16.5m during the 1st half of 2014 to \$5.3m in Feb 2015 (the full \$5.3m exposure is fully hedged)

Izwe Funding Structure



- Successfully refinanced the balance sheet to de-risk the business
- USD funding minimized
- Effective mix of deposits, longer term GHS funding and USD funding
- Shareholders converted funds into permanent capital of GHS18.4m



Outlook for 2015



- Further reduce USD exposures by raising local funds
- Despite pressures on Ghanaian economy, continue trend of profits attained in latter half of 2014,
- Rollout new products and enhanced digital and direct distribution channels already developed in 2014
- Remain cost conscious and efficient at leveraging off group resources and proprietary systems
- Dedicate resources to improve treasury management
- Significant growth after IMF plan is finalised and government's payroll verification programmes are complete in or around March/April 15
- Complete the test phase of Izwe's new alternate collection platform and implement
- Remain focused on operational strengths to further entrench Izwe in Ghana's financial industry

Financial Projections



Years ending Dec (GHS'000)	2015	2016	2017	2018
Income Statement				
Income	62 955	76 703	89 466	101 698
Net interest income	42 161	50 668	58 480	65 303
Profit before tax and forex	19 062	22 525	24 848	26 281
Profit / (loss) after tax	6 357	7 923	10 172	13 365
Balance Sheet				
Net advances	120 758	147 519	171 675	197 447
Group funding	18 413	7 000	7 000	7 000
External funding	106 969	126 609	141 435	154 745

Based on management forecasts as at April 2014 and independently reviewed by Ernst & Young

Izwe Listed Bond Offer (Tranche A7)



Transaction Summary



Issuer	Izwe Loans Limited ("Izwe")
Type of Notes	Senior Secured Note
Program Size	GHS 80 million
Previously issued	GHS 44.7 million
Currently in issue	GHS 29 million
Issuance Size	GHS 15 million in one tranche
Tenor	2 years
Interest Rate	Indicative range of floating at 182 Day Government of Ghana Treasury Bill plus a premium of 275 to 300 basis points per annum
Interest Period	Semi-annually
Security	Sharing in the assigned advances book with all other senior secured creditors
Note and Security Trustee	Fidelity Bank Ghana Limited
Listing	Ghana Alternative Market (GAX) of the Ghana Stock Exchange (GSE)

Key Dates for Bond Offering



- Opening of Offer: **9 March 2015**
- Application Deadline: **20 March 2015**
- Allotment Date: **23 March 2015**
- Settlement deadline for cheques: **23 March 2015**
- Settlement deadline for bank transfers: **25 March 2015**
- Issue Date: **25 March 2015**
- Listing Date: by **02 April 2015**

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