

# UNAUDITED RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

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Unaudited Financial Highlights			
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)	Change %
Revenues*	69 683	69 453	0%
Net interest income	22 285	22 042	1%
Profit after tax	1 285	1 318	(3%)
Net advances	278 433	299 371	(7%)
Total Shareholders' Equity	49 707	42 288	18%

\*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income			
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)	
Interest income		54 584	56 601
Interest expense	(32 299)		(34 559)
Net Interest Income	22 285		22 042
Fee and commission income		15 100	12 852
Fee and commission expenses	(5 963)		(5 869)
Credit loss expenses	(4 619)		(4 516)
Net Operating Income	26 803		24 509
Admin and operating expenses	(25 062)		(22 236)
Profit Before FX Costs and Tax	1 741		2 273
Foreign exchange costs		95	(390)
Profit Before Tax	1 836		1 884
Tax	(551)		(566)
Profit After Tax	1 285		1 318

Unaudited Statement of Financial Position			
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)	
<b>Assets</b>			
Cash and cash equivalents	25 352		31 857
Other receivables	53 054		24 636
Net loans and advances to customers	278 433		299 371
Right of use assets	15 745		23 121
Deferred tax	5 038		5 013
Property, plant and equipment	5 014		4 231
Total Assets	382 636		388 229
<b>Liabilities</b>			
Bank overdraft	0		17 190
Accruals and other liabilities	31 480		30 370
Lease liabilities	11 125		20 724
Bilateral facilities	32 756		100 295
Borrowings from related parties	0		1 727
Deposits from customers	172 855		109 878
Corporate senior notes	47 900		48 075
Corporate subordinated notes	36 813		17 683
Total Liabilities	332 929		345 941
<b>Equity</b>			
Stated capital	18 533		18 533
Retained earnings	17 751		14 701
Statutory Reserve	13 423		9 054
Total Equity	49 707		42 288
Total Shareholders' Equity and Liabilities	382 636		388 229

Reconciliation of Retained Earnings			
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)	
Retained Earnings - 1 January	17 109		22 437
Profit after tax	1 285		1 318
Transfer to Statutory Reserve	642		(9 054)
Retained Earnings - 30 June	19 036		14 701

Unaudited Statement of Cash Flows			
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)	
Net Cash Flows from Operating Activities	5 972		(20 371)
Net Cash Flows from Investing Activities	(1 090)		(3 400)
Change in borrowings	(59 928)		19 945
Change in deposits from customers	26 653		10 168
Change in corporate senior notes	67		(16 917)
Change in corporate subordinated notes	26 625		(18)
Change in amounts due to related parties	0		847
Net Cash Flows from Financing Activities	(6 583)		14 024
Net Change in Cash and Cash Equivalents	(1 701)		(9 747)
Cash and Cash Equivalents at 1 January	27 053		24 413
Cash and Cash Equivalents at 30 June	25 352		14 666

Earnings per Share		
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)
Profit after tax	1 285	1 318
Number of shares	2 020 000	2 020 000
Earnings per Share	0.63	0.65

Reconciliation of Debt Securities		
	Unaudited 30-Jun-21 (GHS '000)	Unaudited 30-Jun-20 (GHS '000)
Balance at 1 January	56 000	80 000
Debt Securities issued	25 000	0
Debt Securities repaid	0	(17 000)
Balance at 30 June	81 000	63 000

## Significant Accounting Policies

These unaudited results have been compiled in line with the requirements of International Financial Reporting Standards, the accounting policies having been applied consistently when compared to the audited financial statements for the year ended 31 December 2020.

## Review of the Performance of the Company

The Directors are pleased to present the unaudited results for the six months ended June 2021.

### Economic outlook

The Bank of Ghana reduced its monetary policy rate by 100 bps to 13.5% pa in May 2021, against market expectations to maintain at 14.5% pa (a rate held in place since March 2020), reducing headline borrowing costs to the lowest level since 2012, to support the recovery of the economy. Notwithstanding sluggishness in credit demand conditions due to the pandemic, the COVID-related regulatory reliefs and policy measures introduced in 2020 by the Bank of Ghana continue to support lending activities in the banking sector. Cumulatively, the Ghana Cedi experienced a period of stability against the US dollar, following strong FX reserve build-up by the Bank of Ghana.

Ghana's growth expanded by 3.1% year-on-year in the first quarter of 2021, following a 3.3% rise in the previous period. It was the second successive quarter of growth, as the economy gradually recovers from the pandemic crisis and benefits from a drop in oil prices that caused its first recession since 2007.

The economic outlook is positive in the short to medium term, contingent on an increase in demand for Ghana's exports, improved business confidence, and successful implementation of the Ghana COVID-19 Alleviation and Revitalization of Enterprise Support (CARES) programme. Growth is projected to increase to 4% in 2021 and 4.1% in 2022. Headline inflation rate rose to 7.8% pa in June from a near 8 year low of 7.5% pa in May. Inflation is expected print at 8.2% pa by the end of 2021 and 8% pa in 2022, which is well within the Bank of Ghana's medium-term target band of 6%-10% pa.

### Financial

Treasury management has been a key focus in driving net interest income by repricing of its liabilities as markets rates reduce in line with Bank of Ghana rates. Izwe successfully issued GHS25m subordinated debt in March 2021 under the recently approved GHS150m medium term note. The bond was twice oversubscribed, indicating the high level of confidence that Ghanaian institutional investors have placed in Izwe as an issuer. This together with high levels of liquidity offered by other forms of funding alternatives, has positioned the business to be fully funded in local currency funding and thereby eliminating FX risk. Izwe recorded a 1% marginal growth in net interest income in the first half of 2021 amidst the general economic conditions which occasioned a decline of credit demand.

Operating costs increased by 12.7% year-on-year which is largely inflationary and variable in nature. Part of the increase is associated with one-off business reengineering cost to deepen our reach to client through various channels to achieve a balance focus in both the retail and SME space.

Izwe's financial soundness indicators continue to reflect a well-capitalised and liquid business. Profitability was moderately affected by the pandemic, but effective cost control measures ensured that the impact of the pandemic on the bottom line was contained. Izwe Savings and Loans reported profit after tax of GHS1.3 million for the first half of the year complemented by efficient and stable credit loss management.

### Operations

New technological advancements have been completed and successfully launched in January 2021 which will serve as a main enabler for diversification, growth in client acquisition, as well as enhance client service levels and reduce cost.

The healthy growth in retail and corporate deposits of 57% year-on-year is testament to our strategic focus in building our depositor base, as part of our strategy in expanding our clients product offering.

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

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

Raymond Bismarck  
Managing Director

Carole Ramella  
Director