

UNAUDITED RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

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Unaudited Financial Highlights

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)	Change %
Revenues*	69 881	69 683	0.3%
Net interest income	23 371	22 285	5%
Credit loss expenses	3 420	4 619	26%
(Loss)/Profit after tax	(80)	1 285	(106%)
Net advances	319 744	278 433	15%
Total Shareholders' Equity	49 952	49 707	0.5%

*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)
Interest income	54 278	54 584
Interest expense	(30 907)	(32 299)
Net Interest Income	23 371	22 285
Fee and commission income	15 603	15 100
Fee and commission expenses	(5 616)	(5 963)
Credit loss expenses	(3 420)	(4 619)
Net Operating Income	29 938	26 803
Admin and operating expenses	(28 400)	(25 062)
Profit before FX costs & tax	1 538	1 741
Foreign exchange costs	(1 651)	95
(Loss) / Profit before tax	(113)	1 836
Tax	34	(551)
(Loss) / Profit after tax	(80)	1 285

Unaudited Statement of Financial Position

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)
Assets		
Cash and cash equivalents	21 226	25 352
Other receivables	51 807	53 054
Net loans and advances to customers	319 744	278 433
Right of use assets	15 714	15 745
Deferred tax	6 128	5 038
Property, plant and equipment	5 707	5 014
Total Assets	420 326	382 636
Liabilities		
Bank overdraft	8 231	0
Accruals and other liabilities	43 558	31 480
Lease liabilities	13 319	11 125
Bilateral facilities	61 009	32 756
Deposits from customers	152 655	172 855
Corporate senior notes	64 810	47 900
Corporate subordinated notes	26 794	36 813
Total liabilities	370 375	332 929
Equity		
Stated capital	18 533	18 533
Retained earnings	18 236	18 394
Statutory reserve	13 182	12 780
Total Equity	49 952	49 707
Total Shareholders' Equity and Liabilities	420 326	382 636

Reconciliation of Retained Earnings

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)
Retained Earnings – 1 January	18 316	17 752
(Loss)/Profit after tax	(80)	1 285
Transfer to Statutory Reserve	0	(643)
Retained Earnings – 30 June	18 236	18 394

Unaudited Statement of Cash Flows

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)
Net cash flows from operating activities	(25 419)	5 972
Net cash flows from investing activities	332	(1 090)
Change in borrowings	28 253	(59 928)
Change in deposits from customers	(20 200)	26 653
Change in corporate senior notes	16 910	67
Change in corporate subordinated notes	(10 019)	26 625
Net cash flows from financing activities	14 943	(6 583)
Net change in cash and cash equivalents	(10 145)	(1 701)
Cash and cash equivalents at 1 January	23 140	27 053
Cash and cash equivalents at 30 June	12 995	25 352

Earnings per Share

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)
(Loss) / Profit after tax	(80)	1 285
Number of shares	2 020 000	2 020 000
Earnings per Share	(0.04)	0.64

Reconciliation of Debt Securities

	Unaudited 30-Jun-22 (GHS '000)	Unaudited 30-Jun-21 (GHS '000)
Balance at 1 January	81,000	56 000
Debt securities issued	25 000	25 000
Debt securities repaid	(19 000)	0
Balance at 30 June	87 000	81 000

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 2021.

Review of the Performance of the Company

The Directors wish to present the following unaudited results for the half year ended 30 June 2022.

Economic Outlook

The Bank of Ghana raised its benchmark monetary policy rate by 200 bps to 19% pa during its May 2022 (June 2022 is maintained at 19% pa) meeting in response to the significant rise in inflation. This was the second consecutive rate increase of the year, taking borrowing costs to its highest level since February 2018.

The annual inflation rate accelerated for the 13th consecutive month to reach 29.8% pa in June 2022 (June 2021 at 7.8% pa), from 27.6% pa in May, breaching the upper ceiling of the Bank of Ghana's medium-term target inflation band of 6%-10% p.a for the tenth month.

Ghana's economic growth is projected to soften in the next half of 2022 as soaring inflation, tighter monetary policy, and a depreciating currency dampen private sector activity and household consumption. However, higher prices for key export commodities, oil and gold, will provide support. The main downside risks are elevated sovereign yield and rising public debt-to-GDP ratio.

Ghana's President, on 1 July 2022 authorized Finance Minister, to commence formal engagements with the International Monetary Fund (IMF), to support the country's economy.

Financial Performance

The balance sheet has remained resilient, with the net advance book increasing to GHS320m (15% growth, year-on-year). Treasury management continues to be a key focus in achieving operational performance. Izwe successfully issued GHS25m senior secured bonds in April 2022 under the approved GHS150m listed bond program. As with past issuances, the bond was oversubscribed, indicating the high level of investor confidence placed in Izwe as an issuer.

Izwe reported a 5% and 12% growth in net interest and net operating income, respectively, indicating resilient operational performance following management's efforts to achieve well diversified funding sources to reduce the impact of the high cost of funds on profitability.

Credit loss declined significantly, as expected, by 25.9% year-on-year to GHS3.4m (2021: GHS4.6m), resulting from prudent bad debt provisioning and robust risk management process instituted during the period.

Overhead costs increased by 11.7% to GHS28m (2021: GHS25m), which is below inflationary levels but mainly occasioned by the induced general economic conditions.

Izwe Savings and Loans continues to be a solvent, liquid, and well-capitalized institution with CAR at 16.06%, well above the regulatory minimum of 10%. Net loss after tax of GHS80,065 was reported for the first half of the year; Izwe Savings and Loans is confident the next half-year will report improved profitability.

Business Outlook

Steady growth is expected heading into the second half of the year; Izwe Savings and Loans will leverage on technological advancement introduced to the business. This is expected to positively impact the cost of operations, client relationship management and profitability, complementing the development and launch of diversified customer-focus products.

Effective risk management remains imperative in our operations, with the appropriate framework instituted to effectively cover credit, liquidity, and operational and market risk. Notwithstanding the impact of economic challenges on our operations, Izwe stands resolute in ensuring operational efficiency and effectiveness over the course of the second half of the year to achieve steady growth in all business units and indicators.

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 continuous contribution in achieving these results.

Raymond Bismarck
Managing Director

Carole Ramella
Director