



IZWE SAVINGS & LOANS PLC  
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#### Unaudited Financial Highlights

	Unaudited 31-Mar-19 (GHS '000)	Unaudited 31-Mar-18 (GHS '000)	Change %
Revenues*	31 434	24 670	27%
Net Interest income	14 715	11 460	28%
Profit after taxation	471	2 469	-81%
Net advances	293 990	208 092	41%
Total Shareholders' Equity	37 960	31 283	21%

\*Revenue includes interest and non-interest revenue

#### Unaudited Statement of Comprehensive Income

	Unaudited 31-Mar-19 (GHS '000)	Unaudited 31-Mar-18 (GHS '000)
Interest income	27 523	21 283
Interest expense	(12 808)	(9 823)
<b>Net Interest Income</b>	<b>14 715</b>	<b>11 460</b>
Fee and commission income	3 911	3 387
Fee and commission expenses	(976)	(1 613)
Credit loss expenses	(1 910)	(1 399)
<b>Net Operating Income</b>	<b>15 740</b>	<b>11 835</b>
Admin and operating expenses	(9 445)	(8 297)
Foreign exchange loss	(5 622)	(10)
<b>Profit before Taxation</b>	<b>673</b>	<b>3 528</b>
Taxation	(202)	(1 059)
<b>Profit for the period</b>	<b>471</b>	<b>2 469</b>

#### Unaudited Statement of Financial Position

	Unaudited 31-Mar-19 (GHS '000)	Unaudited 31-Mar-18 (GHS '000)
<b>Assets</b>		
Non current assets	2 680	2 882
Net loans and advances to customers	293 990	208 092
Deferred tax	3 718	1 933
Other receivables	23 074	13 376
Cash and cash equivalents	13 248	17 854
<b>Total Assets</b>	<b>336 710</b>	<b>244 137</b>
<b>Liabilities</b>		
Borrowings	25 790	0
Borrowings from related parties	85 890	758
Corporate senior notes	66 259	56 055
Corporate subordinated notes	17 811	17 784
Deposits from customers	70 144	117 506
Accruals and other liabilities	32 856	20 751
<b>Total Liabilities</b>	<b>298 750</b>	<b>212 854</b>
<b>Equity</b>		
Stated Capital	18 533	18 533
Retained Earnings	12 113	9 775
Statutory Reserve	7 314	2 975
<b>Total Equity</b>	<b>37 960</b>	<b>31 283</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>336 710</b>	<b>244 137</b>

#### Reconciliation of Retained Earnings

	Unaudited 31-Mar-19 (GHS '000)	Unaudited 31-Mar-18 (GHS '000)
Retained Earnings - 1 January	18 956	10 280
Profit for the period	471	2 469
Transfer to Statutory Reserve	(7 314)	(2 975)
<b>Retained Earnings - 31 March</b>	<b>12 113</b>	<b>9 775</b>

#### Unaudited Statement of Cash Flows

	Unaudited 31-Mar-19 (GHS '000)	Unaudited 31-Mar-18 (GHS '000)
<b>Net cash flows from operating activities</b>	<b>(11 034)</b>	<b>(19 066)</b>
<b>Net cash flows from investing activities</b>	<b>(268)</b>	<b>(230)</b>
Change in borrowings	11 826	(3 000)
Change in corporate senior notes	1 408	854
Change in corporate subordinated notes	147	201
Change in amounts due to related parties	19 346	131
Change in deposits from customers	(28 711)	16 432
Issue of stated capital	0	0
<b>Net cash flows from financing activities</b>	<b>4 014</b>	<b>14 618</b>
<b>Net change in cash and cash equivalents</b>	<b>(7 287)</b>	<b>(4 678)</b>
Cash and cash equivalents at 1 January	20 535	22 532
Cash and cash equivalents at 31 March	13 248	17 854

#### Earnings per share

	Unaudited 31-Mar-19	Unaudited 31-Mar-18
Profit for the period (GHS '000)	471	2 469
Number of Shares	18 532 825	18 532 825
Earnings per share	0.025	0.133

#### Significant Accounting Policies

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

#### Reconciliation of Debt Securities

	Unaudited 31-Mar-19 (GHS '000)	Unaudited 31-Mar-18 (GHS '000)
<b>Balance at 1 January</b>	<b>80 000</b>	<b>71 315</b>
Debt Securities issued	0	18 000
Debt Securities repaid	0	(10 000)
<b>Balance at 31 March</b>	<b>80 000</b>	<b>79 315</b>

#### Review of the performance of the Company

The Directors are pleased to present the unaudited results for the period ended 31 March 2019.

Ghana's economy grew 6.8% pa year-on-year in the fourth quarter of 2018, slowing from a 7.4% pa expansion in the last quarter of 2018, mainly due to a sharp decline in the oil and gas sector. Inflation had steadily declined from 15.4% pa in 2016, 11.8% pa in 2017, 9.4% pa in 2018 reducing further to 9.3% pa in March 2019, with the Bank of Ghana forecast indicating that inflation would remain within the target band of 8 + 2 percent over the forecast horizon. The Monetary Policy Committee (MPC) of the Bank of Ghana reduced the monetary policy rate by 100 basis points to 16% pa in January 2019 based on the macroeconomic developments in the global economy, economic growth, implementation of the 2019 budget and the outlook for inflation. Business sentiment is positive as are analysts forward looking views on growth, liquidity and currency stability.

Reflecting on the first three months of 2019, Izwe achieved excellent book growth in competitive trading conditions while our financial position is strong and positions us for growth going forward.

The business ended the first quarter of 2019 with net advances of GHS293m, representing a 41% increase year-on-year. This generated net interest income of GHS12.7m for the quarter which represents a 10% increase over the prior year. The quality of the Loan and Advance book remained highly satisfactory due to sound credit policies, conservative risk appetite and effective collections management.

Operating expenses increased by 13% year-on-year, with increases in cost being the result of staff recruitment to roll out new products and higher collection costs off a larger book.

Widely publicised changes in bank capital requirements impacted appetite for deposits across the Ghana financial industry. This, coupled with our strong growth in advances, required USD denominated funding to be raised from the Group. High levels of currency volatility resulted in a quarterly FX cost of GHS3.5m which has resulted in a reduction in Q1 profits to GHS673k before tax. FX risk has largely been mitigated for the second quarter and management are comfortable that Q2 profitability will be restored to regular levels.

Total borrowings, notes and deposits, increased year-on-year to GHS 266 million (39%), attributable to additional funding required to finance the growth in total loans and advances.

Equity increased year-on-year by 21% to a healthy GHS38m, testimony to shareholders' commitment to support the growth of the business with additional capital. The entity is well capitalised to meet growth prospects and it sufficiently meets the Bank of Ghana requirements.

The business fundamentals remain strong with growing interest income off a significantly larger advances book, above average collection rates and robust demand for our products while Izwe Savings and Loans PLC remains a trusted household brand. We will be focussing on the treasury dynamics in the next quarter to achieve an equitable mix between local and foreign debt on the balance sheet and managing currency risk on the foreign portion. We look forward to increased monthly profitability and expect additional growth from the positive economic growth outlook for the country in the year ahead.

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 the results.

Raymond Bismarck  
Managing Director

David Fichardt  
Director