

Unaudited Financial Highlights

	Unaudited 31-Dec-18 (GHS '000)	Audited 31-Dec-17 (GHS '000)	Change %
Revenues*	109 431	85 826	28%
Net Interest income	50 711	41 926	21%
Profit after taxation	7 781	5 951	31%
Net advances	276 615	179 496	54%
Total Shareholders' Equity	35 333	27 430	29%

*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income

	Unaudited 31-Dec-18 (GHS '000)	Audited 31-Dec-17 (GHS '000)
Interest income	96 344	78 143
Interest expense	(45 633)	(36 218)
Net Interest Income	50 711	41 925
Fee and commission income	13 087	7 683
Fee and commission expenses	(6 078)	(4 736)
Credit loss expenses	(12 366)	(9 596)
Net Operating Income	45 354	35 276
Admin and operating expenses	(32 210)	(26 356)
Foreign exchange loss	(2 028)	(143)
Profit before Taxation	11 116	8 777
Taxation	(3 335)	(2 826)
Profit for the Year	7 781	5 951

Unaudited Statement of Financial Position

	Unaudited 31-Dec-18 (GHS '000)	Audited 31-Dec-17 (GHS '000)
Assets		
Non current assets	2 656	2 910
Net loans and advances to customers	276 615	179 496
Deferred tax	5 511	2 394
Other receivables	18 000	11 639
Cash and cash equivalents	20 535	22 578
Total Assets	323 317	219 017
Liabilities		
Borrowings	13 964	3 047
Borrowings from related parties	66 544	627
Corporate senior notes	64 851	55 201
Corporate subordinated notes	16 613	17 583
Deposits from customers	98 579	101 074
Accruals and other liabilities	27 433	14 055
Total Liabilities	287 984	191 587
Equity		
Stated Capital	18 533	18 533
Retained Earnings	9 934	5 922
Statutory Reserve	6 866	2 975
Total Equity	35 333	27 430
Total Shareholders' Equity and Liabilities	323 317	219 017

Reconciliation of Retained Earnings

	Unaudited 31-Dec-18 (GHS '000)	Audited 31-Dec-17 (GHS '000)
Retained Earnings - 1 January	5 922	2 946
Adjustment due to IFRS 9 implementation	122	0
Profit for the Year	7 781	5 951
Transfer to Statutory Reserve	(3 891)	(2 975)
Retained Earnings - 31 December	9 934	5 922

Unaudited Statement of Cash Flows

	Unaudited 31-Dec-18 (GHS '000)	Audited 31-Dec-17 (GHS '000)
Net cash flows from operating activities	(84 351)	(32 617)
Net cash flows from investing activities	(711)	(1 182)
Change in borrowings	10 917	1 663
Change in corporate senior notes	9 650	10 044
Change in corporate subordinated notes	(970)	(161)
Change in amounts due to related parties	65 917	627
Change in deposits from customers	(2 495)	40 835
Issue of stated capital	0	120
Net cash flows from financing activities	83 019	53 128
Net change in cash and cash equivalents	(2 043)	19 329
Cash and cash equivalents at 1 January	22 578	3 249
Cash and cash equivalents at 31 December	20 535	22 578

Review of the performance of the Company

The Directors are pleased to present the unaudited results for the year ended December 2018.

Growing 7.4 percent year-on-year in the third quarter of 2018, the Ghana economy has expanded well over the last two years. Although overall inflation increased to 9.4% pa in December, the annual average inflation moderated to a near five-year low of 9.8% pa. Considering the current economic conditions, the Bank of Ghana maintained the MPC policy rate at 17% pa in November 2018.

Reflecting on the previous financial year, Izwe is progressing on its strategic direction while continuing to strengthen the operations through technology enabling platforms, investment in people, maintaining of good corporate governance structures, and a determined focus on client engagement and sustainability.

The business achieved momentum in a highly competitive environment with the Net Loans and Advances book growing 54% from GHS179.5m to GHS276.6m. The growth in Net Loan and Advances book is attributable to Izwe's trusted brand, products that meet our customer's needs, competitive pricing and quality customer service. The growth contributed to Net Interest Income growing year-on-year by 21% to GHS50.7m (FY2017: GHS41.9m). The quality of the Loan and Advance book remained highly satisfactory in 2018 due to sound credit policies, conservative risk appetite and effective collections management.

Izwe managed to keep operating expenses at similar levels as in 2017, with increases in cost being the result of staff recruitment, the benefits of which will be realised in 2019.

The weakening of the Ghanaian cedi in 2018 and increased utilisation of USD denominated funding, gave rise to an FX loss of GHS 2m for the year (FY2017: 0.1m loss). This cost is managed through a combination of currency hedging instruments.

The business delivered outstanding financial performance this year by ensuring sustainable future growth, with the Statement of Comprehensive Income reflecting Profit after Tax of GHS7.8m, a 31% increase year-on-year (FY2017: GHS5.9m) and a growth in the deferred income on the balance sheet of GHS6m.

Under the guidance of the Bank of Ghana, short term interest rates have remained stable in the last quarter of 2018, with our I-vest deposits still being a preferred investment vehicle for both corporates and individuals. Liquidity in the capital markets remained high over the period under review, and Izwe successfully issued a new GHS9m 3-year Senior Secured note in October 2018. Izwe, with its highly respected corporate advisors (Databank Brokerage Limited and Temple Investments), have commenced extending the Listed Izwe Medium Term note programme. This extension will allow new and existing local fund managers the opportunity to invest in a quality asset with a sound history of performance.

In 2018, Equity increased by 29% to a healthy GHS35.3m, testimony to shareholders' commitment to support the business strategically. The entity is well capitalised to meet growth prospects and it sufficiently meets the minimum Bank of Ghana requirements.

Izwe adopted IFRS 9 for the recognition of the allowance for credit losses as at 1 January 2018 in accordance with International Financial Reporting Standards, and Bank of Ghana directives. The standard was adopted retrospectively but as is permitted, the entity opted not to restate prior periods. Opening Retained Earnings as at 1 January 2018 has therefore been adjusted upwards by GHS122k (net of deferred tax) to take into account the positive change in the allowance for bad debts as at 31 December 2017.

Many opportunities exist in the market and Izwe is well placed to capitalise on the existing conditions. Building on Izwe's trusted brand, we remain committed to use both technology and our footprint in growing our core lending business. The Directors would like to thank all stakeholders for their contribution in achieving the results.

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



Raymond K Bismarck
Managing Director



David E Fichardt
Director