

# UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## Unaudited Financial Highlights

	Unaudited 31-Dec-19 (GHS '000)	Audited 31-Dec-18 (GHS '000)	Change %
Revenues*	130 858	109 444	20%
Net Interest income	48 697	50 711	(4%)
Profit before FX costs and Taxation	15 278	14 462	5.6%
Net advances	298 368	279 826	7%
Total Shareholders' Equity	40 626	37 489	8%

\*Revenue includes interest and non-interest revenue

## Unaudited Statement of Comprehensive Income

	Unaudited 31-Dec-19 (GHS '000)	Audited 31-Dec-18 (GHS '000)
Interest income	109 067	96 344
Interest expense	(60 370)	(45 633)
<b>Net Interest Income</b>	<b>48 697</b>	<b>50 711</b>
Fee and commission income	21 791	13 100
Fee and commission expenses	(8 813)	(6 091)
Credit loss expenses	(6 037)	(11 048)
<b>Net Operating Income</b>	<b>55 638</b>	<b>46 672</b>
Admin and operating expenses	(40 360)	(32 210)
<b>Profit before FX costs and Taxation</b>	<b>15 278</b>	<b>14 462</b>
Foreign exchange costs	(10 797)	(2 028)
<b>Profit before Taxation</b>	<b>4 481</b>	<b>12 434</b>
Taxation	(1 344)	(3 757)
<b>Profit for the Year</b>	<b>3 137</b>	<b>8 677</b>

## Unaudited Statement of Financial Position

	Unaudited 31-Dec-19 (GHS '000)	Audited 31-Dec-18 (GHS '000)
<b>Assets</b>		
Cash and cash equivalents	24 473	20 535
Other receivables	21 361	20 084
Net loans and advances to customers	298 368	279 826
Deferred tax	5 354	3 718
Property, plant and equipment	25 849	2 656
<b>Total Assets</b>	<b>375 405</b>	<b>326 819</b>
<b>Liabilities</b>		
Accruals and other liabilities	31 003	27 451
Deposits from customers	98 375	98 855
Bank overdraft	22 648	13 964
Bilateral facilities	99 180	0
Borrowings from related parties	880	66 544
Corporate senior notes	64 992	64 851
Corporate subordinated notes	17 701	17 664
<b>Total Liabilities</b>	<b>334 779</b>	<b>289 330</b>
<b>Equity</b>		
Stated Capital	18 533	18 533
Retained Earnings	13 211	11 642
Statutory Reserve	8 882	7 314
<b>Total Equity</b>	<b>40 626</b>	<b>37 489</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>375 405</b>	<b>326 819</b>

## Reconciliation of Retained Earnings

	Unaudited 31-Dec-19 (GHS '000)	Audited 31-Dec-18 (GHS '000)
Retained Earnings - 1 January	11 643	7 304
Profit for the period	3 137	8 677
Transfer to Statutory Reserve	(1 569)	(4 338)
<b>Retained Earnings - 31 December</b>	<b>13 211</b>	<b>11 642</b>

## Unaudited Statement of Cash Flows

	Unaudited 31-Dec-19 (GHS '000)	Audited 31-Dec-18 (GHS '000)
<b>Net cash flows from operating activities</b>	<b>(13 689)</b>	<b>(87 608)</b>
<b>Net cash flows from investing activities</b>	<b>(24 270)</b>	<b>1 218</b>
Change in borrowings	99 181	(3 000)
Change in corporate senior notes	141	9 650
Change in corporate subordinated notes	37	81
Change in amounts due to related parties	(65 664)	65 917
Change in deposits from customers	(480)	(2 219)
<b>Net cash flows from financing activities</b>	<b>33 214</b>	<b>70 429</b>
<b>Net change in cash and cash equivalents</b>	<b>(4 746)</b>	<b>(15 961)</b>
Cash and cash equivalents at 1 January	6 571	22 532
<b>Cash and cash equivalents at 31 December</b>	<b>1 825</b>	<b>6 571</b>

## Earnings per share

	Unaudited 31-Dec-19	Audited 31-Dec-18
Profit for the period (GHS '000)	3 137	8 677
Number of Shares	2 020 000	2 020 000
<b>Earnings per share</b>	<b>1.55</b>	<b>4.30</b>

## Significant Accounting Policies

These unaudited results have been compiled in line with the requirements of International Financial Reporting Standards, the accounting policies have been applied consistently when compared to the audited financial statements for the year ended 31 December 2018, with the exception of the implementation of IFRS16.

## Reconciliation of Debt Securities

	Unaudited 31-Dec-19 (GHS '000)	Audited 31-Dec-18 (GHS '000)
<b>Balance at 1 January</b>	<b>80 000</b>	<b>71 315</b>
Debt Securities issued	0	27 000
Debt Securities paid	0	(18 315)
<b>Balance at 31 December</b>	<b>80 000</b>	<b>80 000</b>

## Review of the performance of the Company

The Directors are pleased to present the unaudited results for the year ended 31 December 2019.

Bank of Ghana maintained its policy rate of 16% pa in December, while the overall inflation rate decreased to 7.9% pa in December (down from 9.4% pa in the prior year). During Q4, available data was mixed. PMI bounced back strongly from October's 13-month low. In December, the cedi weakened to an all-time low after the Government's 2020 budget proposal to increase spending by 21% in 2020. Meanwhile, favourable prices for Ghana's key export commodities bodes well for the external sector.

Healthy growth is expected to carry over into 2020, on the back of resilient domestic demand. Consumption should benefit from a projected increase in public spending and resulting consumer demand, while investment activity is seen to be accelerating following this year's anticipated rebound. Volatile commodity prices and fiscal slippage ahead of next year's elections remain risks to the outlook. The economy is projected to expand by 6.2% in 2020.

The net advances book increased to GHS298.4m (7% increase year on year). The scene is set for strong growth in 2020 with a renewed focus on technology as well as strategic partnerships. Technology will be a key enabler to access new market segments as well as reduce our acquisition cost and improve client service levels.

Net interest income of GHS48.6m for the year can be attributed to consistent asset performance on an annualised basis. The decline of GHS2m from the prior year is largely driven by IFRS16 adoption and a depreciation of the currency against the USD. Bad debt provisioning is in line with expectations.

The adoption of IFRS16, an accounting statement that prescribes the accounting treatment of leases, had the following impact:

Right of use asset	GHS21.9m
Lease liability	GHS18.8m
Depreciation	GHS1.4m
Interest expense	GHS2.4m
Rent reversal	GHS2.3m

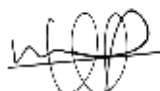
The net negative impact on the Statement of Comprehensive Income was GHS1.5m.

Management of overhead costs remains a key focus for management. Operational costs increased by 25% year on year largely due to increased staff costs, collection expenses and VAT. The expectation is that further increases in expenses during 2020 will be largely inflationary other than variable expenses that will grow in line with client acquisitions.

Profitability remains strong with Izwe Savings & Loans achieving profit before tax for the year of GHS 4.4m, notwithstanding an unusually high foreign exchange cost of GHS10.7m. With the reduced impact of foreign currency exposure, improved collections, consistent book quality as well as growth in the asset base we expect 2020 to deliver sustainably higher levels of profitability with less exposure to market volatility.

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 asset growth results.

  
Raymond Bismark  
Managing Director

  
Abedi Pele Ayew  
Director