

Unaudited Financial Highlights

	Unaudited 30-Jun-18 (GHS '000)	Unaudited 30-Jun-17 (GHS '000)	Change %
Revenues*	51 680	40 813	27%
Net interest income	25 488	19 278	32%
Net advances	223 145	162 033	38%
Total Equity	32 577	23 314	40%

*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income

	Unaudited 30-Jun-18 (GHS '000)	Unaudited 30-Jun-17 (GHS '000)
Interest income	46 477	37 333
Interest expense	(20 989)	(18 055)
Net Interest Income	25 488	19 278
Fee and commission income	5 203	3 479
Fee and commission expenses	(3 200)	(1 953)
Credit loss expenses	(4 527)	(3 806)
Net Operating Income	22 964	16 998
Admin and operating expenses	(17 016)	(14 225)
Foreign exchange gain / (loss)	269	(153)
Profit before Tax	6 217	2 620
Tax	(1 865)	(786)
Profit for the Period	4 352	1 834

Unaudited Statement of Financial Position

	Unaudited 30-Jun-18 (GHS '000)	Unaudited 30-Jun-17 (GHS '000)
Non current assets	2 779	2 855
Loans and advances to customers	223 145	162 033
Deferred tax	2 212	2 299
Other receivables	16 126	12 040
Cash and cash equivalents	18 222	3 820
Total Assets	262 484	183 047
Borrowings	-	15 274
Borrowings with related parties	650	-
Corporate senior notes	64 066	34 366
Corporate subordinated notes	17 646	17 791
Deposits from customers	124 378	83 762
Accruals and other liabilities	23 167	8 540
Total Liabilities	229 907	159 733
Stated capital	18 533	18 533
Retained earnings	11 069	4 781
Statutory reserve	2 975	-
Total Equity	32 577	23 314
Total Equity and Liabilities	262 484	183 047

Unaudited Statement of Changes in Equity

	Unaudited 30-Jun-18 (GHS '000)	Unaudited 30-Jun-17 (GHS '000)
Balance of Equity as at 1 January	27 429	21 480
Increase due to adoption of IFRS 9	796	-
Increase due to Profits	4 352	1 834
Balance of Equity as at 30 June	32 577	23 314

Unaudited Statement of Cash Flows

	Unaudited 30-Jun-18 (GHS '000)	Unaudited 30-Jun-17 (GHS '000)
Net cash flows from operating activities	(33 204)	(25 592)
Net cash flows from investing activities	(361)	(626)
Change in borrowings	(3 000)	14 069
Change in corporate senior notes	8 865	(10 791)
Change in corporate subordinated notes	63	47
Change in amounts due to related parties	23	-
Change in deposits from customers	23 304	23 522
Issue of stated capital	-	120
Net cash flows from financing activities	29 255	26 967
Net change in cash and cash equivalents	(4 310)	749
Cash and cash equivalents at 1 January	22 532	3 071
Cash and cash equivalents at 30 June	18 222	3 820

Review of the performance of the Company

The Directors are pleased to present the unaudited results for the six months ended June 2018.

Over the year the business built on its positive performance of the comparative period by achieving a 38% increase in net loans and advances, growing its book to GHS223m by employing competitive pricing, additional products and heightened marketing efforts. The quality of new business written was higher than ever before, with credit loss expenses growing proportionately slower at 19%, while the entity stayed true to its commitment of passing on the benefit of a lower interest rate environment to its customers.

The Statement of Comprehensive Income reflects further operating and treasury efficiencies with net operating Income increasing 32% YoY compared to a 20% increase in cost base resulting in a 137% improvement in bottom line profit after tax of GHS4.4m for the six months.

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 GHS796k (net of deferred tax) to take into account the positive change in the allowance for bad debts as at 31 December 2017.

Economically, Ghana showed good growth of 6.8% year-on-year in the first quarter of 2018, moderating from an 8.1% gain in the last quarter of 2017. Considering the increased pressure on emerging markets due to a stronger USD environment, the economy performed well, with inflation reaching its lowest level in April 2018 at 9.8% pa. Moderating inflationary pressures prompted the Bank of Ghana to cut its monetary policy rate by a further 100 bps to 17% pa at its MPC meeting held in May. The Bank's decision brought the key rate down to its lowest level since January 2014 and marked an 850bps easing over the past 12 months.

During March 2018, Izwe successfully issued a new 5 year note linked to the comparative 5-year GoG bond. This note was well received by investors, with the offer amount being twice oversubscribed. Additional funding requirements for the first six months were met via growth in deposits of 49% YoY, as Izwe successfully focussed on further diversifying its funding base. The company is in process of increasing the size of its Medium Term Note programme, which will allow additional funding via the buoyant Ghana financial markets.

Equity increased by 40% to a healthy GHS32.6m, testimony to shareholders' commitment to support the business strategically. The entity is well capitalised to meet growth prospects over the coming years and it sufficiently meets the minimum BoG requirements for the period under review.

Izwe is supportive of the additional reforms being introduced by the BoG to strengthen the financial sector, improve governance and further protect public deposits held at regulated financial institutions. The Directors would like to thank all stakeholders for their contribution in achieving the results, with even higher expectations for the second half of the year.



Raymond Bismarck
Managing Director