

# UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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IZWE SAVINGS & LOANS PLC  
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## Unaudited Financial Highlights

|                            | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) | Change<br>% |
|----------------------------|--------------------------------------|------------------------------------|-------------|
| Revenues*                  | 137 720                              | 142 175                            | (3%)        |
| Net interest income        | 40 289                               | 46 077                             | (13%)       |
| Profit after tax           | 1 024                                | 1 608                              | (36%)       |
| Net advances               | 281 930                              | 294 524                            | (4%)        |
| Credit loss expenses       | (5 410)                              | (12 743)                           | 58%         |
| Total Shareholders' Equity | 51 054                               | 50 031                             | 2%          |

\*Revenue includes interest and non-interest revenue

## Unaudited Statement of Comprehensive Income

|   | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) |
|---|--------------------------------------|------------------------------------|
| Interest income                         | 109 389                              | 109 086                            |
| Interest expense                        | (69 100)                             | (63 009)                           |
| <b>Net Interest Income</b>              | <b>40 289</b>                        | <b>46 077</b>                      |
| Fee and commission income               | 28 331                               | 33 088                             |
| Fee and commission expenses             | (11 325)                             | (13 338)                           |
| Credit loss expenses                    | (5 410)                              | (12 743)                           |
| <b>Net Operating Income</b>             | <b>51 885</b>                        | <b>53 084</b>                      |
| Admin and operating expenses            | (50 175)                             | (51 016)                           |
| <b>Profit Before FX Costs &amp; Tax</b> | <b>1 710</b>                         | <b>2 068</b>                       |
| Foreign exchange costs                  | (247)                                | 204                                |
| <b>Profit Before Tax</b>                | <b>1 463</b>                         | <b>2 272</b>                       |
| Tax                                     | (439)                                | (664)                              |
| <b>Profit After Tax</b>                 | <b>1 024</b>                         | <b>1 608</b>                       |

## Unaudited Statement of Financial Position

|   | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) |
|---|--------------------------------------|------------------------------------|
| <b>Assets</b>                                     |                                      |                                    |
| Cash and cash equivalents                         | 22 535                               | 23 140                             |
| Other receivables                                 | 45 023                               | 49 593                             |
| Net loans and advances to customers               | 281 930                              | 294 524                            |
| Right of use assets                               | 13 275                               | 16 907                             |
| Deferred tax                                      | 6 128                                | 6 629                              |
| Property plant and equipment                      | 4 659                                | 5 779                              |
| <b>Total Assets</b>                               | <b>373 551</b>                       | <b>396 572</b>                     |
| <b>Liabilities</b>                                |                                      |                                    |
| Bank overdraft                                    | 8 034                                | 4 901                              |
| Accruals and other liabilities                    | 36 521                               | 31 019                             |
| Lease liabilities                                 | 11 443                               | 12 331                             |
| Bilateral facilities                              | 47 254                               | 37 404                             |
| Borrowings from related parties                   | 46 401                               | 0                                  |
| Deposits from customers                           | 100 801                              | 185 315                            |
| Corporate senior notes                            | 45 222                               | 38 589                             |
| Corporate subordinated notes                      | 26 819                               | 36 983                             |
| <b>Total Liabilities</b>                          | <b>322 496</b>                       | <b>346 542</b>                     |
| <b>Equity</b>                                     |                                      |                                    |
| Stated capital                                    | 18 533                               | 18 533                             |
| Retained earnings                                 | 19 339                               | 18 316                             |
| Statutory reserve                                 | 13 182                               | 13 182                             |
| <b>Total Equity</b>                               | <b>51 054</b>                        | <b>50 031</b>                      |
| <b>Total Shareholders' Equity and Liabilities</b> | <b>373 551</b>                       | <b>396 572</b>                     |

## Reconciliation of Retained Earnings

|  | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) |
|--|--------------------------------------|------------------------------------|
| Retained earnings - 1 January          | 18 316                               | 17 109                             |
| Profit after tax                       | 1 024                                | 1 608                              |
| Transfer to statutory reserve          | 0                                    | (402)                              |
| <b>Retained Earnings - 31 December</b> | <b>19 339</b>                        | <b>18 316</b>                      |

## Unaudited Statement of Cash Flows

|   | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) |
|---|--------------------------------------|------------------------------------|
| <b>Net Cash Flows from Operating Activities</b> | <b>28 097</b>                        | <b>(6 425)</b>                     |
| <b>Net Cash Flows from Investing Activities</b> | <b>(41)</b>                          | <b>3 126</b>                       |
| Change in borrowings                            | 9 850                                | (55 280)                           |
| Change in deposits from customers               | (84 514)                             | 39 112                             |
| Change in corporate senior notes                | 6 633                                | (9 243)                            |
| Change in corporate subordinated notes          | (10 164)                             | 26 795                             |
| Change in amounts due to related parties        | 46 401                               | 0                                  |
| <b>Net Cash Flows from Financing Activities</b> | <b>(31 793)</b>                      | <b>1 384</b>                       |
| <b>Net Change in Cash and Cash Equivalents</b>  | <b>(3 737)</b>                       | <b>(1 915)</b>                     |
| <b>Cash and Cash Equivalents at 1 January</b>   | <b>18 238</b>                        | <b>20 153</b>                      |
| <b>Cash and Cash Equivalents at 31 December</b> | <b>14 501</b>                        | <b>18 238</b>                      |

## Earnings per Share

|                           | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) |
|---------------------------|--------------------------------------|------------------------------------|
| Profit after tax          | 1 024                                | 1 608                              |
| Number of shares          | 2 020 000                            | 2 020 000                          |
| <b>Earnings per Share</b> | <b>0.51</b>                          | <b>0.80</b>                        |

## Reconciliation of Debt Securities

|                               | Unaudited<br>31-Dec-22<br>(GHS '000) | Audited<br>31-Dec-21<br>(GHS '000) |
|-------------------------------|--------------------------------------|------------------------------------|
| <b>Balance at 1 January</b>   | <b>81 000</b>                        | <b>56 000</b>                      |
| Debt securities issued        | 25 000                               | 25 000                             |
| Debt securities repaid        | (19 000)                             | 0                                  |
| <b>Balance at 31 December</b> | <b>87 000</b>                        | <b>81 000</b>                      |

## 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

### Economic Outlook

The Ghanaian economy faced unprecedented headwinds in 2022 with fiscal pressures continuing to remain high. Over the first half of 2022, the fiscal deficit reached 5.6% of GDP, well above the 3.9% target for the same period. Revenues underperformed, as the flagship e-levy was introduced late and faced major implementation challenges. As of end-June 2022, public debt reached 78.3% of GDP and interest payments reached 54.4% of revenues over the first half of the year.

Given growing macroeconomic imbalances, the authorities began discussions with the IMF on a possible program.

Inflation rose to 54.1% y-o-y (an 18-year high) in December 2022, from 12.6% at the end of 2021. The impact of soaring global commodity prices has been compounded by the depreciation of the cedi which more than halved in value against the dollar in 2022. Bank of Ghana (BoG) have sought to dampen inflationary expectations by, cutting expenditures, and raising the monetary policy rate (MPR) to 27% and the banks' primary reserve requirement from 12 to 15 percent.

Despite these macroeconomic concerns, the performance of the financial sector has remained strong. Currency depreciation and high inflation have however driven up the cost of living. This has put considerable strain on household budgets.

The International Monetary Fund (IMF) concluded a USD3 billion staff-level agreement with Ghana in November 2022 for a three-year program supported by an arrangement under the Extended Credit Facility.

### Financial Performance

For the year 2022 the Izwe Savings & Loans ("Izwe") credit loss declined significantly, as expected, by 58% year-on-year to GHS5.4m (2021: GHS12.7m), resulting from prudent bad debt provisioning and vigorous risk management process instituted during the year.

Izwe achieved momentum through its recent business reset reporting a 2% decrease in overhead cost to GHS50m (2021: GHS51m) a noticeable performance in a hyper inflationary environment.

Liquidity in the capital market contracted as fund managers faced withdrawals induced by the challenging economic environment. Izwe however, successfully issued GHS25m senior secured bonds in April 2022 under GHS150m listed bond programme. The bond was oversubscribed, indicating the high level of investor confidence placed in Izwe as an issuer. The company also recently witnessed renewed interest from investors.

Izwe Savings and Loans continues to be a solvent, liquid, and well-capitalized institution with CAR at 13.79% in December 2022 (December 2021: 16.34%) well above the regulatory minimum of 10% which positions the entity to meet growth prospect over the coming years. No statutory liquidity reserves breaches were recorded. Net profit after tax of GHS1,024,000 was reported for the year under review, with Izwe being confident that 2023 will report improved profitability.

### Business Outlook

Reflective on the current financial year, Izwe is meticulously 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 relationship. 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 a key priority in our operations, with the appropriate framework instituted to effectively cover credit, liquidity, and operational and market risk.

With a more stable interest rate and inflationary environment expected, we anticipate a robust and productive 2023. The overall outlook remains positive and management have set high goals to achieve and exceed.

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