

# UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Unaudited Financial Highlights	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
Revenues*	140 654	138 495
Net Interest income	29 676	40 544
Credit loss expenses	5 730	(5 410)
Profit/(Loss) after tax	277	1 070
Net advances	380 662	288 304
Total Shareholders' Equity	60 878	51 101
*Revenue includes interest and non-interest revenue		

Unaudited Statement of Comprehensive Income	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
Interest income	113 625	110 164
Interest expense	(83 950)	(69 620)
<b>Net Interest Income</b>	<b>29 676</b>	<b>40 544</b>
Fee and commission income Fee and commission expenses	27 029	28 331
Credit loss expenses	(7 578)	(11 342)
<b>Net Operating Income</b>	<b>54 858</b>	<b>52 123</b>
Admin and operating expenses	(55 165)	(50 453)
<b>Profit before FX costs and tax</b>	<b>(307)</b>	<b>1 671</b>
Foreign exchange costs	704	(247)
<b>Profit/(Loss) before tax</b>	<b>397</b>	<b>1 423</b>
Tax	(119)	(353)
<b>Profit/(Loss) after tax</b>	<b>277</b>	<b>1 070</b>

Unaudited Statement of Financial Position	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
<b>Assets</b>		
Cash and cash equivalents	10 863	22 535
Other receivables	63 782	43 817
Net loans and advances to customers Right of use assets	380 662	288 304
Deferred tax	10 604	12 481
Property, plant and equipment	9 459	9 459
<b>Total Assets</b>	<b>479 535</b>	<b>381 256</b>
<b>Liabilities</b>		
Bank overdraft	32 035	8 034
Accruals and other liabilities	42 511	38 557
Lease liabilities	8 567	11 443
Bilateral facilities	57 472	47 254
Borrowings from related parties	7 895	46 401
Deposits from customers	190 957	106 424
Corporate senior notes	52 426	45 222
Corporate subordinated notes	26 794	26 819
<b>Total Liabilities</b>	<b>418 657</b>	<b>330 155</b>
<b>Equity</b>		
Stated Capital	28 033	18 533
Retained Earnings	19 395	19 118
Statutory Reserve	13 450	13 450
<b>Total Equity</b>	<b>60 878</b>	<b>51 101</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>479 535</b>	<b>381 256</b>

Reconciliation of Retained Earnings	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
Retained Earnings - 1 January	19 118	18 316
Profit/(Loss) after tax	277	1 070
Transfer to Statutory Reserve	0	(268)
<b>Retained Earnings - 31 December</b>	<b>19 395</b>	<b>19 118</b>

Unaudited Statement of Cash Flows	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
<b>Net cash flows from operating activities</b>	<b>(60 264)</b>	<b>39 820</b>
<b>Net cash flows from investing activities</b>	<b>993</b>	<b>462</b>
Change in borrowings	34 218	(245)
Change in deposits from customers	44 709	(83 513)
Change in corporate senior notes	(25)	6 633
Change in corporate subordinated notes	7 204	(10 164)
Change in amounts due to related parties	(38 506)	46 401
<b>Net cash flows from financing activities</b>	<b>47 600</b>	<b>(40 887)</b>
<b>Net change in cash and cash equivalents</b>	<b>(11 672)</b>	<b>(605)</b>
Cash and cash equivalents at 1 January	22 535	23 140
<b>Cash and cash equivalents at 31 December</b>	<b>10 863</b>	<b>22 535</b>

Earnings per share	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
Profit/ (Loss) after tax	277	1 070
Number of Shares	2 020 000	2 020 000
<b>Earnings per share</b>	<b>0.14</b>	<b>0.53</b>

Reconciliation of Debt Securities	Unaudited 31-Dec-23 (GHS '000)	Audited 31-Dec-22 (GHS '000)
Balance at 1 January	68 000	72 000
Debt Securities issued	25 000	25 000
Debt Securities repaid	(18 000)	(29 000)
<b>Balance at 31 December</b>	<b>75 000</b>	<b>68 000</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 2022

**Review of the Performance of the Company**

The Directors wish to present the following unaudited results for year ending 31 December 2023.

**Economic outlook**

After increasing the benchmark policy rate from 29.5%pa to 30%pa during the July Monetary Policy meeting, The Bank of Ghana ("BoG") left the rate unchanged during its November 2023 meeting. The decision was made in anticipation of inflation continuing its downward trend, given the likelihood of food price stability.

Ghana's annual inflation rate eased for the fifth consecutive month to 23.2%pa in December, compared to 43.1%pa in July. It was the lowest reading since March 2022 but still well above the BoG target band of 8-10%pa. Prices slowed for both food (28.7% vs 55%pa in July) and non-food items (18.7% vs 38.80%pa in July).

The International Monetary Fund ("IMF") executive board approved a USD 600million disbursement to Ghana. This is the second tranche under the approved USD 3billion extended credit facility. The Cedi has returned to relative stability, trading around USD/GHS =12.00

**Financial Performance**

The Izwe Savings and Loans' ("Izwe") balance sheet expanded by 32% year-on-year, with Net Loans and Advances to customers increasing to GHS380m from GHS288m. This is due to an increase in sales as Ghana achieves macroeconomic stability. The improved stability has positively impacted liquidity in the financial sector. Given the improved economic environment during the second half of last year, the balance sheet is expected to expand further in 2024.

Efficient liquidity management remains a key focus point of the organisation's success. Deposits experienced significant growth and are maintained at a stable level. The additional liquidity was utilized to grow assets and bolster the overall strength of the balance sheet.

The company reported a 27%pa decline in net interest income due to constrained sales in H1 2023, with an increase of 5.2%pa in net operating income due to improvements in credit loss expense and a reduction of fees and commission expenses. The overall provision methodology, however, remains prudent, with the provision balance considered adequate to cover the inherent credit risk. Izwe anticipates robust performance in 2024 with the expected improvement of the macroeconomic environment.

The year-on-year growth in advances resulted in improved interest income. Similarly, interest expense also increased due to interest accrued and paid on liabilities raised.


Operating cost grew by 10%pa to GHS55m (2022: GHS50m), due to costs associated with asset formulation and the raising of new retail deposit activities.

Izwe remains a solvent, liquid, and well-capitalized institution with a Capital Adequacy Ratio (CAR) of 11.13% in December 2023 (December 2022: 13.79%). The CAR is above the regulatory minimum of 10%, positioning the entity to meet growth prospects over the coming years. No statutory liquidity reserves breaches were recorded. Net profit after tax of GHS 277K was reported for the year under review, with Izwe being confident that 2024 will report improved profitability.

**Business Outlook**

Izwe is meticulously progressing in its strategic direction. The organisation continuously enhances operations through technology-enabling platforms, investment in its people, upholding strong corporate governance and structure and a focus on client engagement and relationships. This comprehensive approach is anticipated to have a positive impact on the cost of operations, client engagement and overall profitability.

  
Raymond Bismarck  
Managing Director

  
Carole Ramella  
Director