



# UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2019

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Unaudited Financial Highlights			
	Unaudited 30-Jun-19 (GHS '000)	Unaudited 30-Jun-18 (GHS '000)	Change %
Revenues*	64 777	51 681	25%
Net Interest income	28 396	24 146	18%
Profit before Foreign exchange costs and Taxation	10 726	5 736	87%
Net advances	291 463	224 982	30%
Total Shareholders' Funds	39 288	32 953	19%

\*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income		
	Unaudited 30-Jun-19 (GHS '000)	Unaudited 30-Jun-18 (GHS '000)
Interest income	55 488	45 135
Interest expense	(27 092)	(20 989)
<b>Net Interest Income</b>	<b>28 396</b>	<b>24 146</b>
Fee and commission income	9 289	6 546
Fee and commission expenses	(2 952)	(3 202)
Credit loss expenses	(4 642)	(4 738)
<b>Net Operating Income</b>	<b>30 091</b>	<b>22 752</b>
Admin and operating expenses	(19 365)	(17 016)
<b>Profit before Foreign exchange costs and Taxation</b>	<b>10 726</b>	<b>5 736</b>
Foreign exchange (loss)/profit	(8 157)	269
<b>Profit before Taxation</b>	<b>2 569</b>	<b>6 005</b>
Taxation	(770)	(1 865)
<b>Profit for the Period</b>	<b>1 799</b>	<b>4 140</b>

Unaudited Statement of Financial Position		
	Unaudited 30-Jun-19 (GHS '000)	Unaudited 30-Jun-18 (GHS '000)
<b>Assets</b>		
Non current assets	2 843	2 779
Net loans and advances to customers	291 463	224 982
Deferred tax	3 718	1 805
Other receivables	26 415	15 071
Cash and cash equivalents	24 333	18 222
<b>Total Assets</b>	<b>348 772</b>	<b>262 859</b>
<b>Liabilities</b>		
Borrowings	79 064	0
Borrowings from related parties	38 304	650
Corporate senior notes	64 838	64 066
Corporate subordinated notes	17 691	17 646
Deposits from customers	79 736	124 378
Accruals and other liabilities	29 851	23 166
<b>Total Liabilities</b>	<b>309 484</b>	<b>229 906</b>
<b>Equity</b>		
Stated Capital	18 533	18 533
Retained Earnings	12 542	9 375
Statutory Reserve	8 213	5 045
<b>Total Equity</b>	<b>39 288</b>	<b>32 953</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>348 772</b>	<b>262 859</b>

Reconciliation of Retained Earnings		
	Unaudited 30-Jun-19 (GHS '000)	Unaudited 30-Jun-18 (GHS '000)
Retained Earnings - 1 January	11 643	7 304
Profit for the period	1 799	4 140
Transfer to Statutory Reserve	(900)	(2 070)
<b>Retained Earnings - 30 June</b>	<b>12 542</b>	<b>9 375</b>

Unaudited Statement of Cash Flows		
	Unaudited 30-Jun-19 (GHS '000)	Unaudited 30-Jun-18 (GHS '000)
<b>Net cash flows from operating activities</b>	<b>(13 268)</b>	<b>(33 203)</b>
<b>Net cash flows from investing activities</b>	<b>(688)</b>	<b>(361)</b>
Change in borrowings	65 100	(3 000)
Change in corporate senior notes	(13)	8 865
Change in corporate subordinated notes	27	63
Change in amounts due to related parties	(28 240)	23
Change in deposits from customers	(19 119)	23 304
<b>Net cash flows from financing activities</b>	<b>17 753</b>	<b>29 255</b>
<b>Net change in cash and cash equivalents</b>	<b>3 797</b>	<b>(4 310)</b>
Cash and cash equivalents at 1 January	20 535	22 532
Cash and cash equivalents at 30 June	24 333	18 222

Earnings per share		
	Unaudited 30-Jun-19	Unaudited 30-Jun-18
Profit for the period (GHS '000)	1 799	4 140
Number of Shares	2 020 000	2 020 000
Earnings per share	0.89	2.05

**Significant Accounting Policies**

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

Reconciliation of Debt Securities		
	Unaudited 30-Jun-19 (GHS '000)	Unaudited 30-Jun-18 (GHS '000)
<b>Balance at 1 January</b>	<b>80 000</b>	<b>71 315</b>
Debt Securities issued	0	18 000
Debt Securities paid	0	(10 000)
<b>Balance at 30 June</b>	<b>80 000</b>	<b>79 315</b>

**Review of the performance of the Company**

The Directors are pleased to present the unaudited results for the six months ended June 2019.

The Bank of Ghana has maintained its policy rate at 16%pa, in anticipation of robust economic growth in the second half of the year while overall inflation has remained within the target range over the last 15 months. The economy sustained its upward momentum this year, albeit at a more moderate pace in the second quarter. Growth in the first quarter was largely powered by the industrial sector, with mining and quarrying benefiting from robust oil output. Although the manufacturing PMI fell in June, economic growth is however projected to remain positive this year, with household spending expected to rebound amid more moderate inflation figures. The economy is expected to expand 6.3% in 2019 and 6.1% in 2020.

The business recorded high operational performance in the first half of 2019 with strong growth in net operating income of 32.3% (GHS7.3 million) year-on-year to GHS30.1 million. This performance was driven mainly by growth in the underlying net loans and advances, increasing by 30% year-on-year to GHS291 million. This growth in profit was predominantly offset by GHS8.2 million of foreign currency costs as a consequence of currency volatility which carried forward into the second quarter, and to a lesser extent, an increase in operating expenditure (13.8% year-on-year) as a result of product development and footprint expansion. Profit before foreign exchange costs and taxation increased by 87% year-on-year to GHS10.7 million (HY2018: GHS5.7 million). The business recorded profits after foreign currency costs and taxation of GHS1.8 million in the first-half of the year.

Restructuring in the banking and non-banking sector continued to suppress appetite for new deposits in the first months of 2019, reducing the deposit book and placing more reliance on other sources of funding. Izwe has however seen a marked increase in deposits in the second quarter, testament to the confidence that depositors have in the entity amid a changing environment. FX risk has since been significantly reduced by a targeted reduction in foreign currency liabilities of 47.5% as at end June 2019, with the intention to further reduce the balance by the end of the financial year.

The successful financing initiatives in Q2 have significantly reduced foreign currency exposure and the business is well capitalised to support the loans and advances book growth.

Equity increased year-on-year by 19% to GHS39.3 million. We have ensured adequate equity capital and debt funding to support future growth and to withstand external headwinds. The capital structure sufficiently meets the Bank of Ghana requirements.

Whilst trading conditions in Ghana have been influenced by regulatory developments in the financial sector over the period, these have settled leading to a substantial opportunity to expand our business in the medium and long-term through increasing our footprint, enhancement of our service offering and building a broader portfolio of products.

We have delivered substantial asset growth over the period while enhancing asset quality and will keep our focus on continuing this trend in the second half of the year as initiatives are embedded in the business.

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 Bismarck  
Managing Director

Abedi Pele Ayew  
Director