

# UNAUDITED RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

Published in compliance with the requirements of Bank of Ghana and Ghana Stock Exchange



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## Unaudited Financial Highlights

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
Revenues*	63 136	69 881
Net interest income	9 968	23 371
Credit loss expenses	2 777	(3 420)
(Loss)/Profit after tax	(1 133)	(80)
Net advances	290 596	319 744
Total Shareholders' Equity	49 968	49 952

\*Revenue includes interest and non-interest revenue

## Unaudited Statement of Comprehensive Income

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
Interest income	49 283	54 278
Interest expense	(39 316)	(30 907)
<b>Net Interest Income</b>	<b>9 968</b>	<b>23 371</b>
Fee and commission income	13 853	15 603
Fee and commission expenses	(2 803)	(5 616)
Credit loss expenses	2 777	(3 420)
<b>Net Operating Income</b>	<b>23 795</b>	<b>29 938</b>
Admin and operating expenses	(26 392)	(28 400)
<b>Profit before FX costs &amp; tax</b>	<b>(2 597)</b>	<b>1 538</b>
Foreign exchange costs	979	(1 651)
<b>(Loss) / Profit before tax</b>	<b>(1 618)</b>	<b>(113)</b>
Tax	486	34
<b>(Loss) / Profit after tax</b>	<b>(1 133)</b>	<b>(80)</b>

## Unaudited Statement of Financial Position

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
<b>Assets</b>		
Cash and cash equivalents	17 987	21 226
Other receivables	57 453	51 807
Net loans and advances to customers	290 596	319 744
Right of use assets	11 753	15 714
Deferred tax	9 459	6 128
Property plant and equipment	4 160	5 707
<b>Total Assets</b>	<b>391 408</b>	<b>420 326</b>
<b>Liabilities</b>		
Bank overdraft	15 720	8 231
Accruals and other liabilities	35 002	43 558
Lease liabilities	9 829	13 319
Bilateral facilities	31 616	61 009
Deposits from customers	170 125	152 655
Corporate senior notes	52 353	64 810
Corporate subordinated notes	26 794	26 794
<b>Total liabilities</b>	<b>341 440</b>	<b>370 376</b>
<b>Equity</b>		
Stated capital	18 533	18 533
Retained earnings	17 985	18 236
Statutory reserve	13 450	13 182
<b>Total Equity</b>	<b>49 968</b>	<b>49 952</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>391 408</b>	<b>420 326</b>

## Reconciliation of Retained Earnings

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
Retained Earnings – 1 January	19 118	18 316
(Loss)/Profit after tax	(1 133)	(80)
Transfer to Statutory Reserve	0	0
<b>Retained Earnings – 30 June</b>	<b>17 985</b>	<b>18 236</b>

## Unaudited Statement of Cash Flows

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
<b>Net cash flows from operating activities</b>	<b>1 484</b>	<b>(22 142)</b>
<b>Net cash flows from investing activities</b>	<b>297</b>	<b>(65)</b>
Change in borrowings	(7 953)	26 934
Change in deposits from customers	40 919	(32 673)
Change in corporate senior notes	7 131	26 221
Change in corporate subordinated notes	(25)	(189)
<b>Net cash flows from financing activities</b>	<b>(6 328)</b>	<b>20 293</b>
<b>Net change in cash and cash equivalents</b>	<b>(4 548)</b>	<b>(1 914)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>22 535</b>	<b>23 140</b>
<b>Cash and cash equivalents at 30 June</b>	<b>17 987</b>	<b>21 226</b>

## Earnings per Share

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
(Loss) / Profit after tax	(1 133)	(80)
Number of shares	2 020 000	2 020 000
<b>Earnings per Share</b>	<b>(0.56)</b>	<b>(0.04)</b>

## Reconciliation of Debt Securities

	Unaudited 30-Jun-23 (GHS '000)	Unaudited 30-Jun-22 (GHS '000)
<b>Balance at 1 January</b>	<b>68 000</b>	<b>72 000</b>
Debt securities issued	25 000	0
Debt securities repaid	18 000	0
<b>Balance at 30 June</b>	<b>75 000</b>	<b>72 000</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 H1 2023 ending 30 June 2023.

**Economic outlook**  
After increasing the benchmark policy rate by 150 bps in March, The Bank of Ghana maintained this rate at an elevated level of 29.5%pa post its meeting on May 22nd, 2023. The decision was made in anticipation of inflation continuing its downward trend given the likelihood of food price stability post the harvest season.

To reduce the implementation of further fiscal measures and support a faster decline in inflation towards its medium term target, BoG signed a memorandum of understanding with the Treasury on zero-financing to the budget.

May 2023 experienced a slight increase in the annual inflation rate to 42.2%pa from April 2023's figure of 41.2%pa, significantly influenced by an increase in food inflation by 310bps.

**Financial Performance**  
The balance sheet of Izwe Savings and Loans ("Izwe") contracted by 7% year-on-year with Net Loans and Advances to customers decreasing to GHS391m from GHS420m. This is attributed to a slowdown in new asset acquisition due to macro-economic headwinds restricting liquidity to the financial sector. However, with the improved economic outlook for the second half of the year, the balance sheet is expected to expand accordingly.

Our treasury operations continues to focus on liquidity management, with a notable successes in increasing deposits from clients. After redeeming a GHS25m senior secured bond maturity in March 2023, Izwe successfully issued GHS25m senior unsecured bonds in April 2023 under the approved GHS150m listed bond programme. Further investor demand for our bonds was strong, indicating a high level of investor confidence placed in Izwe as an issuer. Given the current high levels of liquidity, Izwe may issue a new tranche under the bond programme in H1 2024.

The company reported a 9%pa and 21%pa decline in net interest income and net operating income respectively as a result of the slowdown in Net loans and advances to customers and the impact of elevated interest rates. Izwe anticipates robust performance in the second half of 2023 as the macro-economic environment improves.

The year-on-year decline in the loan book has resulted in a reduction in the provision for bad debts and a corresponding release in the credit loss expense incurred. The overall provision methodology however remains prudent, with the provision balance considered adequate to cover the inherent credit risk.

Overhead cost declined by 7%pa to GHS26m (2022: GHS28m), which resulted from various cost optimisation initiatives and associated reduction in variable costs.

The entity maintained its levels of Capital Adequacy above the regulatory requirement with the impact of forecasted operational gains expected to further improve the ratio in the second half of the year. A net loss before tax of GHS1.1m was reported for H1 2023, with Izwe remaining confident of improved profitability in the full year results.


**Business Outlook**  
With increased macro-economic stability and the reduction in business activity, the second half of 2023 is anticipated to produce normalised results. Izwe will continue to leverage on technological advancement introduced to the business as well as implement new customer-focus retail products.

Effective risk management remains key to our operations and Izwe stands resolute to ensure operational efficiency and effectiveness over the course of the second half of the year to achieve steady growth in all business units and indicators.

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**  
Chairman