

UNAUDITED RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2024

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izwe
Savings & Loans

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| Unaudited Financial Highlights | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|---|--------------------------------------|--------------------------------------|
| Revenues* | 94 255 | 63 136 |
| Net interest income | 24 296 | 9 968 |
| Credit loss expenses | (9 854) | 2 777 |
| (Loss)/Profit after tax | (3 172) | (1 133) |
| Net advances | 412 436 | 290 596 |
| Total Shareholders' Equity | 64 023 | 49 968 |
| *Revenue includes interest and non-interest revenue | | |

| Unaudited Statement of Comprehensive Income | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|---|--------------------------------------|--------------------------------------|
| Interest income | 76 789 | 49 283 |
| Interest expense | (52 493) | (39 316) |
| Net Interest Income | 24 296 | 9 968 |
| Fee and commission income | 17 466 | 13 853 |
| Fee and commission expenses | (3 634) | (2 803) |
| Credit loss expenses | (9 854) | 2 777 |
| Net Operating Income | 28 274 | 23 795 |
| Admin and operating expenses | (32 276) | (26 392) |
| Profit before FX costs and tax | (4 003) | (2 597) |
| Foreign exchange costs | (529) | 979 |
| (Loss)/Profit before tax | (4 532) | (1 618) |
| Tax | 1 360 | 486 |
| (Loss)/Profit after tax | (3 172) | (1 133) |

| Unaudited Statement of Financial Position | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|---|--------------------------------------|--------------------------------------|
| Assets | | |
| Cash and cash equivalents | 23 151 | 17 987 |
| Other receivables | 93 048 | 57 453 |
| Net loans and advances to customers | 412 436 | 290 596 |
| Right of use assets | 10 034 | 11 753 |
| Deferred tax | 8 876 | 9 459 |
| Property, plant and equipment | 7 294 | 4 160 |
| Total Assets | 554 839 | 391 408 |
| Liabilities | | |
| Bank overdraft | 0 | 15 720 |
| Accruals and other liabilities | 41 058 | 35 002 |
| Lease liabilities | 5 849 | 9 829 |
| Bilateral facilities | 50 106 | 31 616 |
| Deposits from customers | 288 414 | 170 125 |
| Corporate senior notes | 78 596 | 52 353 |
| Corporate subordinated notes | 26 794 | 26 794 |
| Total Liabilities | 490 816 | 341 440 |
| Equity | | |
| Stated Capital | 18 533 | 18 533 |
| Money held towards capital | 16 300 | 0 |
| Retained Earnings | 15 792 | 17 985 |
| Statutory Reserve | 13 398 | 13 450 |
| Total Equity | 64 023 | 49 968 |
| Total Shareholders' Equity and Liabilities | 554 839 | 391 408 |

| Reconciliation of Retained Earnings | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Retained Earnings – 1 January | 18 964 | 19 118 |
| (Loss)/Profit after tax | (3 172) | (1 133) |
| Transfer to Statutory Reserve | 0 | 0 |
| Retained Earnings – 30 June | 15 792 | 17 985 |

| Unaudited Statement of Cash Flows | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|---|--------------------------------------|--------------------------------------|
| Net cash flows from operating activities | (60 566) | 1 484 |
| Net cash flows from investing activities | 4 007 | 297 |
| Change in borrowings | (47 296) | (7 953) |
| Change in deposits from customers | 89 972 | 40 919 |
| Change in corporate senior notes | 26 170 | 7 131 |
| Change in corporate subordinated notes | - | (25) |
| Net cash flows from financing activities | 68 846 | (6 328) |
| Net change in cash and cash equivalents | 12 288 | (4 548) |
| Cash and cash equivalents at 1 January | 10 863 | 22 535 |
| Cash and cash equivalents at 30 June | 23 151 | 17 987 |

| Earnings per Share | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|---------------------------|--------------------------------------|--------------------------------------|
| (Loss)/Profit after tax | (3 172) | (1 133) |
| Number of Shares | 2 020 | 2 020 |
| Earnings per share | (1.57) | (0.56) |

| Reconciliation of Debt Securities | Unaudited 30-Jun-24 (GHS '000) | Unaudited 30-Jun-23 (GHS '000) |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Balance at 1 January | 75 000 | 68 000 |
| Debt securities issued | 25 000 | 25 000 |
| Debt securities repaid | - | 18 000 |
| Balance at 30 June | 100 000 | 75 000 |

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 2023.

Economic outlook

On May 27th, 2024, the Monetary Policy Committee of the Bank of Ghana ("BoG"), elected to leave the benchmark monetary policy rate unchanged at 29% p.a. for a third consecutive meeting. This decision aims to manage inflation in line with the BoG target and strengthen the local currency. Inflation eased to 23.10% p.a. at the end of Q2-2024 compared to 23.20% p.a. in Q1-2024. Notably, there was a significant month-on-month reduction from 25.00% p.a. to 23.10% p.a. (May to June 2024). Despite this decrease, Ghana's annual consumer inflation in June remained significantly above the central bank's target range of 6% to 10%, primarily due to the ongoing depreciation of the cedi.

From end of Q1 to Q2 the cedi depreciated by approximately 10% against the dollar. Contributing factors include increased demand for foreign exchange for imports, payments to private power producers, speculative activities, and a decrease in cocoa earnings. The Bank of Ghana expects inflation to decline to a range of 13%-17%p.a. by the end of the year.

Review of the Performance of the Company

Financial Performance

The Izwe brand was relaunched in Q1 to align with the strategic direction of Izwe Savings and Loans Plc as the company enters the next phase of its 5-year Strategic Plan. Following the rebranding, the company embarked on an aggressive expansion drive which resulted in an increase of the balance sheet by 42% year-on-year. The customer deposit portfolio proudly gained GHS110m in new deposits, recording an impressive 70% year-on-year growth. In April 2024, Izwe also successfully issued a GHS25m senior unsecured bond under the approved GHS150m listed bond program. The growth in the deposit portfolio, successful issuance of the bonds and increase in the loan book reflects the continuous confidence in the Izwe brand and business by investors and customers.

Izwe Savings and Loans Plc reported a 144% p.a. and 25% p.a. increase in net interest income and net operating income respectively year-on-year, due to both the increase in net loans and advances to customers and fee income. The company's interest expenses in turn increased by 34%p.a., reflecting the sustained elevated interest rate environment, thereby adversely impacting profitability. Interest rates are however stabilizing and on a gradual downward trend, with Izwe's average cost of funds decreasing by around 1.9% over H1 and expected to reduce further in the second half of the year.

The company ended Q2 with a loss of GHS3.17m mainly due to the sustained high cost of operations and stubborn inflationary increases affecting operating expenses. To improve profitability, measures have been taken to reduce cost to a sustainable and strategically appropriate cost base. These measures have resulted in much improved results in June 2024. This trend is expected to continue in the second half of the year and management is confident of posting strong results by the end of the year.

Business Outlook


As macro-economic stability strengthens and business activities expand, the second half of 2024 is expected to yield better outcomes. Izwe will continue to capitalize on technological innovations to enhance customer experience and maintain a strong focus on treasury management to improve operational efficiency and profitability.

Optimizing operational costs and effective risk management is crucial to our operations. Izwe remains steadfast in its commitment to ensure operational efficiency and effectiveness throughout the second half of the year. This is to ensure consistent growth across all business units and ultimately improve profitability. The Board and management of Izwe are confident that based on the trend of the company's performance in Q2, the full year results will be positive.

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