

# UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## Unaudited Financial Highlights

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)	Change %
Revenues*	139 032	130 076	7%
Net Interest income	42 004	48 661	-14%
Credit loss expenses	(5 586)	(6 035)	-7%
Profit after tax	7 360	3 480	111%
Net advances	309 336	298 980	3%
Total Shareholders' Equity	48 329	40 970	18%

\*Revenue includes interest and non-interest revenue

## Unaudited Statement of Comprehensive Income

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)
Interest income	111 944	109 030
Interest expense	(69 940)	(60 369)
<b>Net Interest Income</b>	<b>42 004</b>	<b>48 661</b>
Fee and commission income	27 088	21 046
Fee and commission expenses	(10 717)	(7 478)
Credit loss expenses	(5 586)	(6 035)
<b>Net Operating Income</b>	<b>52 789</b>	<b>56 194</b>
Admin and operating expenses	(41 269)	(40 417)
<b>Profit before FX costs and tax</b>	<b>11 520</b>	<b>15 777</b>
Foreign exchange costs	(1 005)	(10 797)
<b>Profit before tax</b>	<b>10 515</b>	<b>4 980</b>
Tax	(3 155)	(1 500)
<b>Profit after tax</b>	<b>7 360</b>	<b>3 480</b>

## Unaudited Statement of Financial Position

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)
<b>Assets</b>		
Cash and cash equivalents	27 053	24 412
Other receivables	22 347	21 938
Net loans and advances to customers	309 336	298 980
Right of use assets	13 446	21 931
Deferred tax	6 007	5 957
Property, plant and equipment	4 308	3 917
<b>Total Assets</b>	<b>382 496</b>	<b>377 135</b>
<b>Liabilities</b>		
Bank overdraft	0	22 703
Accruals and other liabilities	27 884	31 000
Lease liabilities	9 383	18 830
Bilateral facilities	92 668	80 350
Borrowings from related parties	0	880
Deposits from customers	146 202	99 709
Corporate senior notes	47 842	64 992
Corporate subordinated notes	10 188	17 701
<b>Total Liabilities</b>	<b>334 167</b>	<b>336 166</b>
<b>Equity</b>		
Stated Capital	18 533	18 533
Retained Earnings	17 063	13 383
Statutory Reserve	12 734	9 054
<b>Total Equity</b>	<b>48 329</b>	<b>40 970</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>382 496</b>	<b>377 135</b>

## Reconciliation of Retained Earnings

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)
Retained Earnings - 1 January	13 383	11 643
Profit after tax	7 360	3 480
Transfer to Statutory Reserve	(3 680)	(1 740)
<b>Retained Earnings - 31 December</b>	<b>17 063</b>	<b>13 383</b>

## Unaudited Statement of Cash Flows

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)
<b>Net cash flows from operating activities</b>	<b>(34 968)</b>	<b>(13 689)</b>
<b>Net cash flows from investing activities</b>	<b>4 341</b>	<b>(24 270)</b>
Change in borrowings	35 021	99 065
Change in deposits from customers	46 492	(480)
Change in corporate senior notes	(17 149)	141
Change in corporate subordinated notes	(7 513)	37
Change in amounts due to related parties	(880)	(65 664)
<b>Net cash flows from financing activities</b>	<b>55 970</b>	<b>33 098</b>
<b>Net change in cash and cash equivalents</b>	<b>25 343</b>	<b>(4 862)</b>
Cash and cash equivalents at 1 January	1 709	6 571
<b>Cash and cash equivalents at 31 December</b>	<b>27 053</b>	<b>1 709</b>

## Earnings per share

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)
Profit after tax (GHS '000)	7 360	3 480
Number of Shares	2 020 000	2 020 000
<b>Earnings per share</b>	<b>3.64</b>	<b>1.72</b>

## Reconciliation of Debt Securities

	Unaudited 31-Dec-20 (GHS '000)	Audited 31-Dec-19 (GHS '000)
Balance at 1 January	80 000	80 000
Debt Securities issued	0	0
Debt Securities repaid	(24 000)	0
<b>Balance at 31 December</b>	<b>56 000</b>	<b>80 000</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 2019.

## Review of the performance of the Company

The Directors are pleased to present the unaudited results for the year ended 31 December 2020.

## Economic outlook

The Bank of Ghana left its monetary policy rate unchanged at an eight-year low of 14.5% (since March 2020) during its November meeting. The decision aims to cushion the economy against the adverse impact of Covid-19. Meanwhile, annual inflation rate crossed the target band of 6-10%pa to 10.4%pa in December 2020 from an eight-month low of 9.8%pa in the previous month, partly due to surge in food inflation during the festive season and disruptions in agricultural activity amidst the global pandemic. The Cedi depreciated by 3.93% in 2020 against the US dollar, which is the strongest performance since 2017.

Ghana's economic growth is projected to accelerate in 2021 as it emerges from the coronavirus-induced slowdown, and both international and domestic demand regain traction. Volatile commodity prices and lingering uncertainty over the Covid-19 pandemic present key downside risks into 2021. Economic analysts have forecasted Ghana's economy to expand by 4.8% in 2021, which is 0.2% lower than the previous forecast, and 5.3% in 2022. General elections were successfully held in Ghana on 7 December 2020 with the incumbent President being re-elected for a four-year term.

## Financial

The balance sheet remains resilient, and the net advance book increased in size to GHS309.3 million (3.46% increase year-on-year). Net interest income of GHS42 million for the year can be attributed to consistent asset performance on an annualised basis and management's focus in replacement of foreign currency liabilities. The increase in interest expense from the prior year is as anticipated and was in part related to higher cash holdings and direct interest paid, in order to ensure liquidity during the initial months of the pandemic. Prudent bad debt provisioning combined with strong and stable credit loss management have, as expected, resulted in a decrease in credit loss expenses to GHS5.5 million (2019: GHS6 million).

Cost optimisation initiatives have begun to filter through the income statement with operating cost showing a marginal increase of 2% from prior year. Efficient management of overhead expenditure will remain a key focus for management in the 2021 financial strategy.

Izwe Savings and Loans is in a sound financial position with profit after tax of GHS7.36 million for the year, a 111% increase from 2019.

## Operations

Measured growth is anticipated for 2021 in light of the continued impact of the pandemic, as the dominant theme for the business. In the year ahead, Izwe Savings and Loans will launch new technology and introduce diversified products to grow client acquisition. Human capital enhancement, performance management and the robust and effective implementation of risk management across the business units will also play a key role in growth. A Covid-19 overlay focus with activation of regular business impact analysis has been consistently applied since the emergence of the outbreak to reduce the downside risk of the pandemic to the business.

Increased demand for our investment products resulted in a 47% year-on-year increase in these products, which is testament to the continued confidence investors have in the Izwe brand. The business has received regulatory approval to access the local capital markets via a new GHS150 million Medium-Term-Note programme. This will continue to form an integral part of the liquidity management initiatives to support growth in credit offerings. The business achieved momentum in a highly competitive environment and with the many opportunities that exist in the market, Izwe Savings and Loans is well positioned to deliver profitable growth in the year ahead.

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

Samuel Yeboah  
Director