



PRESS RELEASE

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IZWE SAVINGS AND LOANS PLC (IZWE)-
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

IZWE has released its Unaudited Financial Statements for the year ended December 31, 2022, as per the attached.

Issued in Accra, this 31st.
Day of January 2023

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att'd.

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UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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



IZWE SAVINGS & LOANS PLC
(Reg No.: PL000162015)

Tel: 0302 251 042 | Email: info@izweghana.com
www.izweghana.com

Unaudited Financial Highlights

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)	Change %
Revenues*	137 720	142 175	(3%)
Net interest income	40 289	46 077	(13%)
Profit after tax	1 024	1 608	(36%)
Net advances	281 930	294 524	(4%)
Credit loss expenses	(5 410)	(12 743)	58%
Total Shareholders' Equity	51 054	50 031	2%

*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)
Interest income	109 389	109 086
Interest expense	(69 100)	(63 009)
Net Interest Income	40 289	46 077
Fee and commission income	28 331	33 088
Fee and commission expenses	(11 325)	(13 338)
Credit loss expenses	(5 410)	(12 743)
Net Operating Income	51 885	53 084
Admin and operating expenses	(50 175)	(51 016)
Profit Before FX Costs & Tax	1 710	2 068
Foreign exchange costs	(247)	204
Profit Before Tax	1 463	2 272
Tax	(439)	(664)
Profit After Tax	1 024	1 608

Unaudited Statement of Financial Position

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)
Assets		
Cash and cash equivalents	22 535	23 140
Other receivables	45 023	49 593
Net loans and advances to customers	281 930	294 524
Right of use assets	13 275	16 907
Deferred tax	6 128	6 629
Property plant and equipment	4 659	5 779
Total Assets	373 551	396 572
Liabilities		
Bank overdraft	8 034	4 901
Accruals and other liabilities	36 521	31 019
Lease liabilities	11 443	12 331
Bilateral facilities	47 254	37 404
Borrowings from related parties	46 401	0
Deposits from customers	100 801	185 315
Corporate senior notes	45 222	38 589
Corporate subordinated notes	26 819	36 983
Total Liabilities	322 496	346 542
Equity		
Stated capital	18 533	18 533
Retained earnings	19 339	18 316
Statutory reserve	13 182	13 182
Total Equity	51 054	50 031
Total Shareholders' Equity and Liabilities	373 551	396 572

Reconciliation of Retained Earnings

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)
Retained earnings - 1 January	18 316	17 109
Profit after tax	1 024	1 608
Transfer to statutory reserve	0	(402)
Retained Earnings - 31 December	19 339	18 316

Unaudited Statement of Cash Flows

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)
Net Cash Flows from Operating Activities	28 097	(6 425)
Net Cash Flows from Investing Activities	(41)	3 126
Change in borrowings	9 850	(55 280)
Change in deposits from customers	(84 514)	39 112
Change in corporate senior notes	6 633	(9 243)
Change in corporate subordinated notes	(10 164)	26 795
Change in amounts due to related parties	46 401	0
Net Cash Flows from Financing Activities	(31 793)	1 384
Net Change in Cash and Cash Equivalents	(3 737)	(1 915)
Cash and Cash Equivalents at 1 January	18 238	20 153
Cash and Cash Equivalents at 31 December	14 501	18 238

Earnings per Share

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)
Profit after tax	1 024	1 608
Number of shares	2 020 000	2 020 000
Earnings per Share	0.51	0.80

Reconciliation of Debt Securities

	Unaudited 31-Dec-22 (GHS '000)	Audited 31-Dec-21 (GHS '000)
Balance at 1 January	81 000	56 000
Debt securities issued	25 000	25 000
Debt securities repaid	(19 000)	0
Balance at 31 December	87 000	81 000

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 2021.

Review of the Performance of the Company

Economic Outlook

The Ghanaian economy faced unprecedented headwinds in 2022 with fiscal pressures continuing to remain high. Over the first half of 2022, the fiscal deficit reached 5.6% of GDP, well above the 3.9% target for the same period. Revenues underperformed, as the flagship e-levy was introduced late and faced major implementation challenges. As of end-June 2022, public debt reached 78.3% of GDP and interest payments reached 54.4% of revenues over the first half of the year.

Given growing macroeconomic imbalances, the authorities began discussions with the IMF on a possible program.

Inflation rose to 54.1% y-o-y (an 18-year high) in December 2022, from 12.6% at the end of 2021. The impact of soaring global commodity prices has been compounded by the depreciation of the cedi which more than halved in value against the dollar in 2022. Bank of Ghana (BoG) have sought to dampen inflationary expectations by, cutting expenditures, and raising the monetary policy rate (MPR) to 27% and the banks' primary reserve requirement from 12 to 15 percent.

Despite these macroeconomic concerns, the performance of the financial sector has remained strong. Currency depreciation and high inflation have however driven up the cost of living. This has put considerable strain on household budgets.

The International Monetary Fund (IMF) concluded a USD3 billion staff-level agreement with Ghana in November 2022 for a three-year program supported by an arrangement under the Extended Credit Facility.

Financial Performance

For the year 2022 the Izwe Savings & Loans ("Izwe") credit loss declined significantly, as expected, by 58% year-on-year to GHS5.4m (2021: GHS12.7m), resulting from prudent bad debt provisioning and vigorous risk management process instituted during the year.

Izwe achieved momentum through its recent business reset reporting a 2% decrease in overhead cost to GHS50m (2021: GHS51m) a noticeable performance in a hyper inflationary environment.

Liquidity in the capital market contracted as fund managers faced withdrawals induced by the challenging economic environment. Izwe however, successfully issued GHS25m senior secured bonds in April 2022 under GHS150m listed bond programme. The bond was oversubscribed, indicating the high level of investor confidence placed in Izwe as an issuer. The company also recently witnessed renewed interest from investors.

Izwe Savings and Loans continues to be a solvent, liquid, and well-capitalized institution with CAR at 13.79% in December 2022 (December 2021: 16.34%) well above the regulatory minimum of 10% which positions the entity to meet growth prospect over the coming years. No statutory liquidity reserves breaches were recorded. Net profit after tax of GHS1,024,000 was reported for the year under review, with Izwe being confident that 2023 will report improved profitability.

Business Outlook

Reflective on the current financial year, Izwe is meticulously progressing on its strategic direction while continuing to strengthen the operations through technology enabling platforms, investment in people, maintaining of good corporate governance structures, and a determined focus on client engagement and relationship. This is expected to positively impact the cost of operations, client relationship management and profitability, complementing the development and launch of diversified customer-focus products.

Effective risk management remains a key priority in our operations, with the appropriate framework instituted to effectively cover credit, liquidity, and operational and market risk.

With a more stable interest rate and inflationary environment expected, we anticipate a robust and productive 2023. The overall outlook remains positive and management have set high goals to achieve and exceed.

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
Director