



PRESS RELEASE

PR. No 033/2015

IZWE LOANS LIMITED
UN-AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

IZWE has released its un-audited Financial Statements for the year ended December 31, 2014 as per the attached.

Issued in Accra, this 2nd
day of February, 2015

- E N D -

att'd.

Distribution:

1. All LDMs
2. General Public
3. Listed Companies
4. Registrars
5. Custodians
6. Central Securities Depository
7. SEC
8. GSE Council Members
9. GSE Notice Board

For enquiries, contact:

**General Manager/Head of Listings, GSE on 0302 669908, 669914,
669935**

**JEB*



IZWE LOANS LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

IZWE LOANS LIMITED

Unaudited Statement of comprehensive income for the period ended 31 December 2014

	2014 GHS '000 YTD	2013 GHS '000 YTD
Interest income	40,728	27,884
Interest expense	(18,202)	(8,011)
Net interest income	22,526	19,874
Net other income	4,903	824
Credit loss expenses	(6,958)	(3,253)
Net operating income	20,471	17,445
Administration expenses	(12,031)	(7,704)
Hedging costs and foreign exchange	(15,819)	(5,052)
(Loss) / Profit before tax	(7,378)	4,690
Tax	2,213	(1,184)
(Loss) / Profit for the period	(5,165)	3,505

IZWE LOANS LIMITED

Unaudited Statement of financial position as at 31 December 2014

	2014	2013
	GHS	GHS
	'000	'000
Assets		
Equipment	818	766
Loans and advances	87,813	65,531
Deferred tax	5,637	2,108
Other assets	3,901	5,141
Cash	53,361	10,768
Total Assets	151,530	84,314
Liabilities		
Borrowings	19,067	11,413
Corporate notes	30,515	16,323
Customer deposits	42,161	2,283
Due to related parties	37,221	38,744
Accruals and other liabilities	7,448	4,426
Current taxation	928	3,184
Total Liabilities	137,340	76,374
Shareholders' equity		
Stated capital	18,413	7,000
Retained earnings	(4,224)	941
Total shareholders' equity	14,189	7,941
Total shareholders' equity and liabilities	151,530	84,314

IZWE LOANS LIMITED

Unaudited Cash Flow Statement for the period ended 31 December 2014

	2014	2013
	GHS	GHS
	'000	'000
(Loss) / Profit before tax	(7,378)	4,690
Adjustments for:		
Depreciation and amortisation	298	201
Credit loss expenses	2,893	1,943
	(4,188)	6,834
Change in loans and advances	(25,175)	(34,877)
Change in other assets	1,240	(2,723)
Change in borrowings	7,654	0
Change in corporate notes	14,192	12,288
Change in customer deposits	39,878	1,316
Change in amounts due to related parties	(1,523)	13,987
Change in accruals and other liabilities	3,022	2,630
Tax paid	(3,570)	(87)
Net cash flows from operating activities	31,530	(633)
Purchase of equipment	(350)	(507)
Net cash used in investigating activities	(350)	(507)
Preference shares allocated from borrowings	11,413	0
Net cash flows from financing activities	11,413	0
Net change in cash	42,594	(1,140)
Cash at 01 January	10,768	11,908
Cash at 31 December	53,361	10,768

IZWE LOANS LIMITED

Unaudited Statement of changes in equity for the period ended 31 December 2014

	Stated capital	Retained earnings	Total
2014			
Balance at 01 January	7,000	941	7,941
Reclassification of preference shares from borrowings	11,413		11,413
Loss for the Period		(5,165)	(5,165)
Balance at 31 December 2014	<u>18,413</u>	<u>(4,224)</u>	<u>14,189</u>
2013			
Balance at 01 January	7,000	(2,565)	4,435
Profit for the Period		3,505	3,505
Balance at 31 December 2013	<u>7,000</u>	<u>941</u>	<u>7,941</u>

**Commentary on the unaudited financial statements
31 December 2014**

Financial highlights

(All amounts expressed in thousands of Cedis)

	2014 GHS '000	2013 GHS '000
Net interest income	22,526	19,874
Net operating income	20,471	17,445
Hedging costs and foreign exchange	(15,819)	(5,052)
(Loss) / Profit before tax	(7,378)	4,690
(Loss) / Profit for the period	(5,165)	3,505

The 2014 financial year has come to a close after a difficult period for the Ghanaian economy, the financial markets, and the people of Ghana. The country has faced an accelerated depreciation of its currency, foreign exchange shortages, rising inflation and higher interest rates all of which have impacted the financial results of the company in 2014. These challenges, but primarily the ongoing depreciation of the Cedi and its effect on foreign currency exposures, have severely impacted hedging costs and foreign exchange to the extent that the company has posted a net loss after tax for the period.

Operationally the business is sound and has achieved impressive growth in revenues of 59% off the back of net loans and advances of GHS88m. Net interest income and net operating income have increased 13% and 17% respectively despite the myriad of economic challenges in 2014 showing resilience within the business model amid tough inflationary and monetary pressures.

In order to address the challenges posed by the Ghanaian economic climate, Izwe has re-structured its foreign currency liabilities that were vulnerable to negative external economic factors. One primary objective, in addition to protecting funders' investments and shareholder value from these shocks, was to significantly reduce any foreign exposures and refocus on our operational strengths. In doing this Izwe managed to reduce its foreign exposures from \$16.5m to \$9.8m by January 2015. The refinancing of the balance sheet has led to the financial performance of the company improving significantly in quarter four where the net loss reduced to GHS0.29m as compared to a net loss of GHS4,873 in quarters one to three.

These remarkable highlights, given the overwhelming exogenous challenges this past year, were the result of a number of purposeful initiatives. One such example was the listing of over GHS38m of corporate notes onto the Ghanaian Alternative Market for the first time ever on 7 November 2014; a landmark event for Izwe and for Ghana. The notes, together with the success of the local deposit programme launched in 2014, have contributed meaningfully to reducing USD funding dependency and de-risking the overall funding mix in the business.

The shareholders have also committed to the ongoing success of Izwe by converting 3 year redeemable preference shares (GHS11,4m) into permanent capital thereby capitalising the business further and strengthening its balance sheet.

Into 2015 Izwe plans to build on its momentum of innovation and change, and in so doing, continue the upward trend of monthly profits attained in the latter months of 2014. The Board of Directors is confident that the reduced USD exposures combined with fully hedged positions on the remaining exposures, position the business perfectly to withstand any further deterioration in the macro economic environment in Ghana. Should the fundamentals remain stable however Izwe stands to benefit substantially in the coming months.

Reporting entity

Izwe Loans Limited is a limited liability public company incorporated in Ghana under the Companies Act 1963, Act 179. The company is domiciled in Ghana with its registered office at Maestro Plaza, Kotobabi Main Road, Pig Farm, Accra.

The company is authorised and licensed by the Bank of Ghana (BoG) as a non-bank financial institution. This status accords the company the legal and regulatory mandate to receive and manage customer deposits, as well as disburse loans.

Functional and presentation currency

These unaudited financial statements are presented in Ghana Cedis [GH¢], which is the functional and presentation currency of the company.


Significant Accounting Policies

The accounting policies followed for the period ended 31 December, 2014 are consistent with those followed in the audited annual financial statements of previous financial years.

To the best of our knowledge the financial statements do not contain any untrue statements or misleading facts and no material facts have been omitted.



Raymond K. Bismarck
Managing Director



Samuel Yeboah
Executive Director