



PRESS RELEASE

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IZWE LOANS LIMITED
UNAUDITED FINANCIAL STATEMENTS FOR
THE HALF YEAR ENDING JUNE 2017

IZWE has released its un-audited Financial Statements for the half year ending June 30, 2017 as per the attached.

Issued in Accra, this 31st
day of July, 2017

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att'd.

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UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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Unaudited Financial Highlights for the six months ended 30 June 2017

	Unaudited 30-June-17 (GHS '000)	Unaudited 30-June-16 (GHS '000)	% change
Revenues*	40,812	36,392	12%
Interest expense	(18,055)	(17,260)	5%
Credit loss	(3,806)	(3,740)	2%
Net operating profit	16,998	12,857	32%
Net advances	162,033	135,469	20%
Total Shareholders' Equity	23,314	18,273	28%

*Revenues includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income for the six months ended 30 June 2017

	Unaudited 30-June-17 (GHS '000)	Unaudited 30-June-16 (GHS '000)
Interest income	37,333	32,673
Interest expense	(18,055)	(17,509)
Net Interest Income	19,278	15,164
Fee and commission income	3,479	3,719
Fee and commission expenses	(1,953)	(2,535)
Credit loss	(3,806)	(3,740)
Net Operating Income	16,998	12,608
Administrative and operating expenses	(14,225)	(9,526)
Foreign exchange (loss) / gain	(153)	257
Profit before Tax	2,620	3,339
Taxation	(786)	(1,001)
Profit for the Period	1,834	2,338

Unaudited Statement of Financial Position at 30 June 2017

	Unaudited 30-June-17 (GHS '000)	Unaudited 30-June-16 (GHS '000)
Assets		
Non current assets	2,855	2,092
Loans and advances to customers	162,033	135,469
Advances - gross	178,608	145,154
Provision against advances	(16,575)	(9,685)
Deferred tax	2,299	2,556
Other receivables	12,040	8,544
Cash and cash equivalents	3,820	11,342
Total Assets	183,047	160,001
Liabilities		
Borrowings	15,274	4,829
Corporate senior notes	34,366	45,368
Corporate subordinated notes	17,791	18,038
Deposits from customers	83,762	63,981
Accruals and other liabilities	8,540	9,516
Total Liabilities	159,733	141,731
Shareholders' Equity		
Stated capital	18,533	18,413
Accumulated surplus / (deficit)	4,781	(140)
Total Shareholders' Equity	23,314	18,273
Total Shareholders' Equity and Liabilities	183,047	160,001

Unaudited Cash Flow Statement for the six months ended 30 June 2017

	Unaudited 30-June-17 (GHS '000)	Unaudited 30-June-16 (GHS '000)
Net cash flows from operating activities	(25,592)	(16,008)
Net cash flows from investing activities	(626)	(954)
Change in borrowings	14,069	866
Change in corporate senior notes	(10,791)	619
Change in corporate subordinated notes	47	10,268
Change in amounts due to related parties	0	12,038
Change in deposits from customers	23,522	3,040
Issue of stated capital	120	0
Net cash flows from financing activities	26,967	14,793
Net change in cash and cash equivalents	749	(2,169)
Cash and cash equivalents at 1 January	3,071	13,512
Cash and cash equivalents at 30 June	3,820	11,343

Review of the performance of the Company for the six months ended 30 June 2017

The Directors are pleased to present the unaudited results for the first six months of 2017, building on Izwe's positive performance of 2016. The recent results reflect a 28% increase in Shareholders' Equity to GHS23.3m from the comparative period. Net advances also showed steady growth (20% yoy) in the first half of 2017, growing to GHS162m. Limited increases in funding costs of 5% and credit losses of 2% show strong efficiencies being achieved in the treasury and collections areas of the business which have enhanced net operating income by 32%.

Business development, included in administrative and operating expenses, resulted in a notable rise in costs over the period under review. These costs consist of infrastructure, systems, product and channel development into which the business is investing at present. The expected outcomes of creating additional income streams and enhancing service levels to customers will start materialising from H2 2017 and into 2018. The business has received final approval for its license conversion into a Savings and Loans Company which will provide Izwe with further scope in terms of becoming an all-round financial services provider in Ghana.

Short-term T-bill yields declined sharply over the first six months of 2017, assisted by 450bps of easing by the Bank of Ghana year-to-date. New rules for pension funds have created greater demand for longer maturities, with recent Government bond issuances showing strong investor support. Further declines in T-bill yields are anticipated, in line with expected deceleration in inflation. These anticipated events bode well for further reductions in our funding costs.

At the end of June 2017, Izwe successfully listed a 3-year secured, floating rate note to the value of GHS7m at a 150bps spread over the 3-year Government of Ghana bond. This serves as a clear indication as to the strong credit view that the market has of Izwe. The entity also successfully matured the A7 GHS10m note in March 2017, repaying both capital and interest to investors timeously.

A stable exchange rate, a reduction in inflation from the current levels, and a narrowing of the fiscal and current account deficits have laid the foundations for sustainable economic development in Ghana. Furthermore, oil production has the potential to almost double over the next four years, which also contributes to a positive market sentiment going forward.

The Directors thank our dedicated staff and loyal customers for their ongoing support and we are confident that our current strategy will generate record results for the 2017 financial year.

Raymond Bismarck
Managing Director

David Fichardt
Director