



UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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IZWE LOANS LIMITED

(Registration Number: CS401592014)

Financial Highlights for the six months ended 30 June 2016

	Unaudited 30 June 2016 (GHS '000)	Unaudited 30 June 2015 (GHS '000)	% change
Revenue*	36 392	28 662	27%
Interest expense	(17 260)	(16 196)	7%
Profit before tax	3 336	705	373%
Net advances	135 469	101 175	34%
Total Shareholders' Equity	18 271	14 680	24%

*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income for the six months ended 30 June 2016

	Unaudited 30 June 2016 (GHS '000)	Unaudited 30 June 2015 (GHS '000)
Interest income	32 673	24 827
Interest expense	(17 260)	(16 196)
Net Interest Income	15 413	8 631
Fee and commission income	3 719	3 835
Fee and commission expenses	(2 535)	(1 116)
Credit loss expenses	(3 740)	(3 972)
Net Operating Income	12 857	7 378
Operating expenses	(7 249)	(6 094)
Administration expenses	(2 281)	(1 221)
Foreign exchange gain	9	642
Profit before Tax	3 336	705
Tax	(1 001)	(151)
Profit for the Period	2 335	554

Unaudited Balance Sheet for the period ended 30 June 2016

	Unaudited 30 June 2016 (GHS '000)	Unaudited 30 June 2015 (GHS '000)
Assets		
Non current assets	2 092	1 284
Loans and advances to customers	135 469	101 175
Advances - gross	145 154	111 058
Provision against advances	(9 685)	(9 883)
Deferred tax	2 556	4 988
Other receivables	8 541	7 878
Cash and cash equivalents	11 343	12 251
Total Assets	160 002	127 575
Liabilities		
Borrowings	4 841	2 240
Corporate senior notes	45 368	51 649
Corporate subordinated notes	18 026	0
Deposits from customers	63 981	47 415
Accruals and other liabilities	9 515	11 589
Total Liabilities	141 731	112 894
Shareholders' Equity		
Stated capital	18 413	18 413
Accumulated deficit	(143)	(3 733)
Total Shareholders' Equity	18 271	14 680
Total Shareholders' Equity and Liabilities	160 002	127 575

Unaudited Cash Flow Statement for the six months ended 30 June 2016

	Unaudited 30 June 2016 (GHS '000)	Unaudited 30 June 2015 (GHS '000)
Net cash flows from operating activities	(16 008)	(7 641)
Net cash flows from investing activities	(954)	(676)
Change in borrowings	866	(55 191)
Change in corporate senior notes	619	21 806
Change in corporate subordinated notes	10 268	0
Change in deposits from customers	3 040	5 399
Net cash flows from financing activities	14 792	(27 986)
Net change in cash	(2 169)	(36 303)
Cash at 1 January	13 512	48 553
Cash at 30 June	11 343	12 251

Review of the performance of the Company for the six months ended 30 June 2016

The Directors take pleasure in presenting the unaudited results for Izwe Loans Limited showing steady growth in all key areas to post a profit before tax of GHS3.3m for the six months ended 30 June 2016 (up 373% yoy). Net advances have increased by 34% on the prior year, which has resulted in a 27% increase in interest and related income earned off a stable operating cost base. Notwithstanding the high interest rate environment and elevated inflation in the country, the business continues to perform well in line with expectations and forecasts.

The Company has successfully listed an additional subordinated 6 year note in May 2016, bringing the total subordinated notes listed on the GAX to GHS18m. This successful milestone within our treasury strategy will extend the tenure on a portion of our debt stock and enhance our capital adequacy. The note was 100% oversubscribed, confirming high levels of investor confidence in Izwe as we continue to deliver on our business objectives and create a solid track record in the market.

Increasing demand for Izwe's I-Vest savings product has allowed the business to not only grow deposits from customers but decrease the average funding cost on this segment of the funding book. The debt on Izwe's balance sheet is largely denominated in Ghanaian Cedi and there has been no material exposure to foreign currency movements as a result.

The overall improvement in Izwe's financial performance and position reflects sound operating fundamentals, with net operating income up 74% as sales trends remain positive, book quality is enhanced, and funding costs edge lower.

Operating expenses have increased in line with budgets by 19% due to inflation, business expansion and related investments in infrastructure to implement on our growth strategy for the remainder of 2016.

The Bank of Ghana has taken a firm monetary policy stance that has resulted in stability in the foreign exchange market and generally improving fundamentals in the economy. This will provide a collective boost to local business in the coming months and the growth outlook is broadly positive for the country as elections approach in December.

The Directors are very satisfied with the financial results of the company in 2016 thus far and management are confident that there will be further significant growth in the next half year of 2016.

Functional and Presentation Currency

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

Significant Accounting Policies and Basis of Preparation

These accounts have been prepared in accordance with International Financial Reporting Standards. The accounting policies followed for the six months ended 30 June 2016 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


David Fichardt
Director