



UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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IZWE LOANS LIMITED
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Unaudited Financial Highlights

	Unaudited 31 Dec 2017 (GH¢ '000)	Audited 31 Dec 2016 (GH¢ '000)	Change %
Revenue*	85 823	74 529	15%
Net Interest income	41 931	31 869	32%
Net advances	178 747	134 919	32%
Total Equity	27 708	21 360	30%

*Revenue includes interest and non-interest revenue

Unaudited Income Statement

	Unaudited 31 Dec 2017 (GH¢ '000)	Audited 31 Dec 2016 (GH¢ '000)
Interest income	78 139	67 431
Interest expense	(36 208)	(35 562)
Net Interest Income	41 931	31 869
Fee and commission income	7 683	7 098
Fee and commission expenses	(4 735)	(2 935)
Credit loss	(9 468)	(8 088)
Net Operating Income	35 411	27 944
Admin and operating expenses	(26 373)	(20 131)
Foreign exchange (loss)	(141)	(26)
Profit before Tax	8 897	7 787
Tax	(2 669)	(2 363)
Profit for the Year	6 228	5 424

Unaudited Statement of Financial Position

	Unaudited 31 Dec 2017 (GH¢ '000)	Audited 31 Dec 2016 (GH¢ '000)
Assets		
Non current assets	2 907	2 681
Loans and advances to customers	178 747	134 919
Deferred tax	2 087	2 299
Other receivables	13 408	11 498
Cash and cash equivalents	27 531	3 249
Total Assets	224 680	154 646
Liabilities		
Borrowings	8 320	1 384
Corporate senior notes	54 858	45 157
Corporate subordinated notes	18 685	17 744
Deposits from customers	101 217	60 239
Accruals and other liabilities	13 892	8 763
Total Liabilities	196 972	133 287
Equity		
Stated capital	18 533	18 413
Retained Earnings	9 175	2 946
Total Equity	27 708	21 360
Total Equity and Liabilities	224 680	154 646

Unaudited Statement of Cash Flows

	Unaudited 31 Dec 2017 (GH¢ '000)	Audited 31 Dec 2016 (GH¢ '000)
Net cash flows from operating activities	(33 215)	(15 439)
Net cash flows from investing activities	(1 181)	(1 923)
Change in borrowings	6 936	(2 604)
Change in corporate senior notes	9 701	408
Change in corporate subordinated notes	941	9 985
Change in amounts due to related parties	627	0
Change in deposits from customers	40 978	(703)
Issue of stated capital	120	0
Net cash flows from financing activities	58 676	7 086
Net change in cash and cash equivalents	24 280	(10 276)
Cash and cash equivalents at 1 January	3 249	13 525
Cash and cash equivalents at 31 December	27 531	3 249

Review of the performance of the Company

The Directors are pleased to present the unaudited results for the year ended 31 December 2017. Izwe Loans Ltd has built on its positive performance of 2016, increasing Profit after Tax by 15% over the comparative period. This performance boosted Equity by 30% to GH¢27.7m, in a year marked by many positive developments and investments into new products, skills and technologies to carry our growth strategy forward to 2020.

The financial year under review was categorised by a favourable reduction in interest rates, on the back of expansive macro-economic policy, as successfully directed by the Bank of Ghana. Inflation reduced from 15.5% pa in December 2016, to a low of 11.8% pa in December 2017. The Cedi performed well in 2017 by recording limited weakness against the USD adding confidence to the Ghana financial markets. With Izwe being entirely funded in local currency, there was no material exposure to adverse currency movements.

From a funding perspective, Izwe Loans Ltd successfully listed two new notes on the Ghana Stock Exchange, bringing the total note funding to GH¢73.5m. The new notes range between 3 and 5 years in maturity, balancing the asset maturity profile, and providing access to stable longer term funding. The Izwe deposit book forms a significant portion of our balance sheet, growing 68% over the year, with most depositors reinvesting on a continuous basis. Reducing our funding costs through a combination of market trends and internal treasury efficiencies has curbed interest expense growth allowing Izwe to reduce customer pricing in 2017 with further reductions to be expected in 2018.

Operationally the business is showing increased strength, with net interest income increasing 32% on the comparative 2016 period. Izwe also achieved an impressive 32% growth in net loans and advances of GH¢178.7m, up from GH¢134.9m in the prior year, indicating high growth prospects within its target market. Credit loss expense has been managed to a proportionately lower growth of 17%, highlighting an improved collections performance.

Increases in operating costs were focused on business expansion into asset-backed credit products, as well as new savings programmes. In the last quarter of 2017, Izwe started building and implementing a technology platform which will form the backbone of our new systems in the future. These investments are directed at increasing sales and improving the service experience to all product stakeholders. Management focus in 2018 will be to extract value from our new initiatives and products, cementing Izwe Loans Ltd as a sustainable and prominent financial services player in Ghana.

With a stable interest rate and inflationary environment expected, we anticipate a robust and fruitful 2018. The overall outlook remains positive and management have set high goals to achieve and exceed again in the new year.

The Directors would like to thank all staff for their commitment and dedication during 2017 and we are looking forward to a very successful 2018 for all.


Raymond Bismarck
Managing Director