

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019
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IZWE LOANS ZAMBIA PLC
(Reg. No.: 120050059445)

Financial Highlights for the year ended 31 December 2019

	Year ended 31-Dec-19 (ZMW '000)	Year ended 31-Dec-18 (ZMW '000)	Change %
Summary Statement of Comprehensive Income			
Gross Revenue (*)	432 318	446 227	-12%
Interest Expense	(137 621)	(98 144)	40%
Operating Expenses	(105 472)	(80 674)	31%
Profit after Taxation	88 906	140 785	-37%

Summary Statement of financial position

	Year ended 31-Dec-19 (ZMW '000)	Year ended 31-Dec-18 (ZMW '000)	Change %
Net Loans and Advances	810 284	967 239	-16%
Borrowings and Corporate Notes	655 045	673 082	-3%
Shareholders' Equity	303 843	214 937	41%

* Gross Revenue includes interest and non-interest revenue

Summary Statement of Comprehensive Income

	Year ended 31-Dec-19 (ZMW '000)	Year ended 31-Dec-18 (ZMW '000)
Interest Income calculated using the effective interest method	394 023	372 411
Interest Expense	(137 621)	(98 144)
Net Interest Income	256 402	274 267
Net Fee and Commission Income	32 416	69 849
Net Operating Income	288 818	344 116
Credit loss expenses	(12 636)	(29 315)
Foreign exchange gain / (loss)	(29 097)	(11 532)
Operating Expenses	(105 472)	(80 674)
Finance Costs	(8 093)	(5 185)
Profit before Taxation	133 520	217 410
Taxation	(44 614)	(76 625)
Profit for the Year	88 906	140 785

Summary Statement of Financial Position

	Year ended 31-Dec-19 (ZMW '000)	Year ended 31-Dec-18 (ZMW '000)
Assets		
Cash and Cash Equivalents	22 757	12 965
Other Assets	262 497	40 079
Loans and Advances (Net of credit loss allowance)	810 284	967 239
Total Assets	1 095 538	1 020 283
Liabilities		
Borrowings and Corporate Notes	655 045	673 082
Other Liabilities	136 650	132 264
Total Liabilities	791 695	805 346
Shareholders' Equity	303 843	214 937
Total Liabilities and Shareholders' Equity	1 095 538	1 020 283

Summary Statement of Cash Flows

	Year ended 31-Dec-19 (ZMW '000)	Year ended 31-Dec-18 (ZMW '000)
Net Cash Flows Used In Operating Activities	52 755	(27 518)
Net Cash Flows Used In Investing Activities	(504)	(1 853)
Net Cash Flows Generated/ (Used In) Financing Activities	(18 664)	(23 730)
Net Change In Cash and Cash Equivalents	33 587	(53 101)
Cash and Cash Equivalents at 1 January	38 843	14 258
Cash and Cash Equivalents at 31 December	(5 256)	(38 843)

Summary Statement of Changes in Equity

	Year ended 31-Dec-19 (ZMW '000)	Year ended 31-Dec-18 (ZMW '000)
Balance of Shareholders' Equity at 1 January	214 937	209 305
Increase Due to Increase in Profits	88 906	140 785
Increase due to adoption of IFRS 9	-	4 908
Issue of Shares	-	346
Dividend declared	-	(140 407)
Balance of Shareholders' Equity at 31 December	303 843	214 937

Review of Financial Performance for the year ended 31 December 2019

The Directors are pleased to present the Company's abridged audited financial results for the year ended 31 December 2019.

The information disclosed in the SENS is derived from the information contained in the audited annual financial statements and does not contain full or complete disclosure details.

In 2019 Izwe Loans Zambia Plc ("Izwe") reported an after-tax profit of ZMW88.9 million representing a decrease of 37% year on year (2018: ZMW140.7 million). Gross revenue amounted to ZMW432.3 million, a 3% reduction compared to the previous year. The decrease in profitability is primarily attributed to gross revenue reducing on the back of the strategy taken to support liquidity by slowing growth as a result of the macro economic environment.

Operating expenses increased by 31% from ZMW80.6 million in 2018 to ZMW105.5 million in the year under review. Increases in most expense lines were driven by inflationary adjustments of prices. The credit loss expense reduced to ZMW12.6 million (2018: ZMW29.3 million) attributable to the reduction in the loans and advances book. Exchange losses increased 60% year on year to ZMW29.1 million (2018: ZMW11.5 million) as a result of the depreciation of the Kwacha against major international currencies and an increase in foreign exchange hedging costs.

Review of Financial Position for the year ended 31 December 2019

The net loans and advances book reduced by 16%, ending the 12-month period at ZMW810.2 million (2018: ZMW967.2 million). Despite this reduction, the quality of the advances book remains satisfactory due to strict adherence to credit policies, conservative credit evaluations and effective collections management. Total borrowings and corporate notes, current and non-current, reduced to ZMW655 million (3%), attributable to the repayment of borrowings.

Dividends

During the year under review the Board elected not to declare a dividend electing to reinvest earnings in the business to preserve liquidity and retain strength in the balance sheet.

Capital

Izwe remains strongly capitalised with equity increasing to a healthy ZMW303.8 million (2018: ZMW214.9 million) which adequately meets the Bank of Zambia minimum capital requirements.

Macroeconomic Outlook

With the annual inflation rate remaining outside of the target range at 11.7% p.a. (6-8% p.a. target), the Bank of Zambia increased the policy rate to 11.50% p.a. from 11.25% p.a. towards the end of 2019.

Economic growth is expected to moderate in 2020, with anticipated GDP forecasts of 3% p.a., a reduction from the 4% p.a. forecast in 2019 according to Government's projections in the 2020 National Budget.

By Order of the Board

Dr Brian Malambo
Chief Executive Officer - Izwe Loans Zambia PLC

Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED