

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



ZAMBIA REINSURANCE PLC

[Incorporated in the Republic of Zambia]

Company registration number: 63239
Share Code: ZAMBIA RE
ISIN: ZM0000000011
Authorised by: Choice Corporate Services Limited - Company Secretary

SPONSOR



Stockbrokers Zambia Limited

[Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

SUMMARISED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

In compliance with the Securities Act No. 41 of 2016 of the laws of Zambia, Zambia Reinsurance PLC announces the audited results for the period ended 31 December 2021

Kwacha	2021	2020
Revenue		
Premiums written in the Year	78,759,253	50,693,422
Premiums ceded to reinsurers	(47,058,834)	(13,695,111)
Net change in unearned premium reserve	122,849	(668,258)
Net premiums	31,823,268	36,330,053
Other operating income	13,459,870	21,350,698
Total revenue	45,283,138	57,680,751
Net insurance claims	(8,132,508)	(7,912,185)
Total operating expenses	(33,906,462)	(37,891,840)
Total claims and other expenses	(42,038,970)	(45,804,025)
Profit before tax	3,244,169	11,876,726
Income tax expense	(944,533)	(5,142,581)
Profit for the year	2,299,636	6,734,145
Other comprehensive income (net of tax)		
Items that will not be reclassified subsequently to profit or loss	1,597,319	(110,289)
Total comprehensive income/loss for the year	3,896,995	6,623,856
Basic Earnings per share	0.05	0.15

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTES	2021	2020
ASSETS			
Non Current Assets		12,290,034	13,844,019
Current Assets		100,545,739	93,902,021
TOTAL ASSETS		112,835,773	107,746,040
EQUITY AND LIABILITIES			
Capital and reserves			
Total Equity		93,272,959	89,376,002
Total Liabilities		19,562,814	18,370,038
TOTAL EQUITY AND LIABILITIES		112,835,773	107,746,040

CONDENSED STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
Cash generated from operating activities	16,317,046	10,472,082
Income tax paid	(2,944,586)	(1,241,844)
Net cash generated from (used in) operating activities	13,372,460	9,230,238
Net cash (used in)/ generated from investing activities	(18,416,141)	(35,291,906)
Net cash used in financing activities	-	35,347,909
Net cash inflows/(outflows)	(5,043,681)	9,286,241
Net cash and cash equivalents at beginning of the year	11,458,615	1,502,302
Impact on foreign currency exchange rate changes	(946,818)	670,072
Net cash and cash equivalents at end of the year	5,468,115	11,458,615
Comprised of:		
Bank and cash balances	2,334,770	1,368,199
Bank term deposits maturing within 90 days	3,133,345	10,090,416
	5,468,115	11,458,615

CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Share capital	Share Premium	Revaluation reserves	Retained earnings	Total
Balance at 1 January 2021	45,000,000	24,978,551 24,978,551	4,046,904 24,978,551	15,350,549	89,376,004
Profit for the year	-	-	-	2,299,636	2,299,636
Other comprehensive income, net of taxes:					
Transfer to retained earnings	-	-	(99,115)	99,115	-
Deferred tax on revalued properties	-	-	128,524		128,524
Gain on investments at fair value	-	-	1,468,795	-	1,468,795
Balance at 31 December 2021	45,000,000	24,978,551	5,545,108	17,749,300	93,272,959

Operating Environment

On the 19 May 2021, the Insurance Act No.38 of 2021 was enacted by parliament with the key objective of improving regulation of the insurance industry and is expected to be operationalized in the first half of 2022.

The impact of the Covid-19 pandemic continues to be felt and challenges remain. Our response to the pandemic has been consistently focused on ensuring that a safe work environment is provided for all staff, as we continue to provide quality service to our business partners.

In order to achieve our goals, we have had to adapt in the way we do business and for 2021, we focused on consolidating our position in the domestic market. This is reflected in the strong results on the top line where much of the organic growth is coming from the domestic market.

Financial Results

- Zambia Reinsurance PLC (Zambia Re) recorded increased revenue of ZMW78.759 million in 2021 from ZMW 50.693 million in 2020. This represented an increase of 55% and was largely due to an increase in the volume of risks assumed in the year, particularly in the category of fire business. The strategic focus of the Company continues to be growth, profitability and expansion of the international business.
- The appreciation of the kwacha against major foreign currencies in the last quarter of the year, had an impact on the profitability of the company due to exchange losses on foreign denominated insurance receivables, resulting in a decrease in profit before tax of ZMW 3.244 million in 2021 compared to ZMW11.877 million in 2020.
- The Company reported a profit for the year of ZMW 2.299 million compared to a profit of ZMW 6.734 million in the previous year.
- The total assets increased to ZMW 112.836 million from ZMW 107.746 million in the previous year mainly as a result of the increase in investments at amortized cost from ZMW42.850 million in 2020 to ZMW60.970 million in 2021. This also resulted in the increase in the investment income by 113% from ZMW 4.609 million in 2020 to ZMW 9.819 million in 2021.
- The Company continued to exercise cost containment measures in the year resulting in a reduction in its operating costs from ZMW 37.891 million in 2020 to ZMW 33.906 million in 2021.
- The basic earnings per share decreased from ZMW 0.15 to ZMW 0.05.

Dividend

The Directors recommended that a dividend of K0.059 per share be paid for the year ended 31 December 2021.

By order of the Board
Choice Corporate Services Ltd - SECRETARY

Postnet Box 658, P/B E891, Lusaka. No. 7, Namambozi Road, Fairview, Lusaka, Zambia. Tel: +260 211 221158, +260 971 695149. Email: info@zambiare.co.zm
www.zambiare.co.zm

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Lusaka Securities Exchange Sponsoring Broker



T | +260-211-232456

E | advisory@sbz.com.zm

W | www.sbz.com.zm

Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

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