

**SENS ANNOUNCEMENT**  
(the “Notice” or “Announcement”)

**ISSUER**

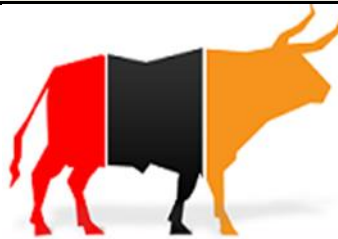


**Izwe Loans Zambia PLC (“IZWE”)**

[Incorporated in the Republic of Zambia]

Company registration number: 120050059445  
Bond Security: Izwe Loans Zambia Limited MTNP  
Authorised by: Choice Corporate Services Limited – Company Secretary

**SPONSOR**



**STOCKBROKERS ZAMBIA LIMITED**

**Stockbrokers Zambia Limited**

[Founder member of the Lusaka Securities Exchange]

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

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**APPROVAL**

The captioned Notice or Announcement has been approved by:

- i. The Lusaka Securities Exchange
- ii. The Securities and Exchange Commission
- iii. Izwe Loans Zambia Plc

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

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**ISSUED: 12 September 2023**



# UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2023

Published in compliance with the requirements of the Securities Act (Act No. 41 of 2016) and the Listing Rules of the Lusaka Securities Exchange ("LuSE")

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## Financial Highlights for the period to 30 June 2023

	Period Ended 30-Jun-23 (ZMW '000')	Period Ended 30-Jun-22 (ZMW '000')	Change %
<b>Summary Statement of Profit or Loss and Other Comprehensive Income</b>			
Gross revenue (*)	271 039	218 613	19%
Interest and similar expenses	(46 795)	(29 501)	37%
Operating expenses	(84 723)	(60 405)	29%
Profit after taxation	80 491	64 789	20%
<b>Summary Statement of Financial Position</b>			
Net loans and advances	1 227 082	896 249	27%
Borrowings	754 335	532 869	29%
Shareholders' equity	463 295	332 086	28%

\* Gross Revenue includes interest and non-interest revenue

## Summary Statement of Comprehensive Income

	Period Ended 30-Jun-23 (ZMW '000')	Period Ended 30-Jun-22 (ZMW '000')
Interest income calculated using the effective interest method	227 212	182 566
Interest and similar expenses	(46 795)	(29 501)
<b>Net Interest Income</b>	<b>180 417</b>	<b>153 065</b>
Net fee and commission income	38 316	23 755
<b>Net Operating Income</b>	<b>218 733</b>	<b>176 820</b>
<b>Other Operating Income</b>	<b>900</b>	<b>1 622</b>
<b>Impairment (loss) on loans and advances</b>	<b>(15 733)</b>	<b>(24 746)</b>
Exchange differences	(1 284)	1 234
Operating expenses	(84 723)	(60 405)
Finance costs	(1 993)	(347)
<b>Profit before taxation</b>	<b>115 000</b>	<b>92 556</b>
Taxation	(34 509)	(27 767)
<b>Profit after taxation</b>	<b>80 491</b>	<b>64 789</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>80 491</b>	<b>64 789</b>
<b>Basic and diluted earnings per share</b>	<b>0,82</b>	<b>0,62</b>

## Summary Statement of Financial Position

	Period Ended 30-Jun-23 (ZMW '000')	Period Ended 30-Jun-22 (ZMW '000')
<b>Assets</b>		
Cash and cash equivalents	48 817	61 667
Other assets	121 041	31 855
Loans and advances (Net of credit loss allowance)	1 227 082	896 249
<b>Total Assets</b>	<b>1 396 940</b>	<b>989 771</b>
<b>Equity</b>		
Share capital	983	1 026
Share premium	26 593	37 390
Retained income	435 719	293 670
<b>Total equity</b>	<b>463 295</b>	<b>332 086</b>
<b>Liabilities</b>		
Borrowings	754 335	532 869
Other Liabilities	179 310	124 816
<b>Total Liabilities</b>	<b>933 645</b>	<b>657 685</b>
<b>Total Equity and Liabilities</b>	<b>1 396 940</b>	<b>989 771</b>

## Summary Statement of Cash Flows

	Period Ended 30-Jun-23 (ZMW '000')	Period Ended 30-Jun-22 (ZMW '000')
Net cash (utilised in)/generated from operating activities	(149 296)	(95 267)
Net cash utilised in investing activities	(3 248)	(6 153)
Net cash utilised in financing activities	97 877	(31 980)
	(54 667)	(133 400)
<b>Total cash, cash equivalents and bank overdraft movement for the period</b>	<b>(133 400)</b>	<b>120 999</b>
<b>Cash, cash equivalents and bank overdraft at 1 January</b>	<b>51 269</b>	<b>195 067</b>
<b>Cash and Cash Equivalents at 30 June</b>	<b>(3 398)</b>	<b>61 667</b>

The Directors of Izwe Loans Zambia Plc "Izwe" are pleased to present the abridged unaudited financial results for the half-year period to 30 June 2023. The information disclosed in the SENS was derived from the information contained in the unaudited financial statements and does not contain full or complete disclosure details.

### Financial Highlights

Izwe experienced commendable growth in the period under review, with revenue growing by 19% over the prior period from ZMW218.6 million to ZMW271.0 million. This was mainly driven by an increase in the number of customers and loan disbursements. Interest cost increased by 37% on the previous period from ZMW29.5 million to ZMW46.7 million due to an increase in borrowings to fund additional growth. There was a sturdy but manageable growth in operating expenses which increased by 29% on the previous period from ZMW60.4m to ZMW84.7 million. Despite this increase, the Company still recorded a cost to income ratio of 41% which was less than forecast limits, indicating that Managements direction of additional spending has been toward driving additional revenue earnings and a further indication of prudent cost control management and efficient operational performance.

Izwe recorded a 20% increase in profitability, posting profit after tax of ZMW80.4 million compared to ZMW64.7 million earned in the prior period. This resulted in a 38% improvement in earnings per share value from ZMW0.62 to ZMW0.82.

The exceptional performance for the period has been built on a strong balance sheet which grew by 41% from ZMW989.7 million in June 2022 to ZMW1.3 billion in June 2023. This growth is mainly attributed to the 27% growth in the net earning asset from ZMW896.2 million in H1 2022 to ZMW1.2 billion in H1 2023 and demonstrates the Company's ability to maintain a sizeable market share in the sector despite heightened competition.

The Company's operating cash flows remained robust, and several funding sources were available to sure-up cash availability in the business. Investing cash flows was primarily directed towards strategic expenditure and working capital investments. Financing cash flows highlighted a responsible approach to debt and equity financing, ensuring sustainable growth.

### Capital

Borrowings increased by 41% from ZMW532.8 million to ZMW754.3 million in order to provide liquidity to support the loan book growth.

The business continues to be anchored on strong shareholder value, with total equity increasing by 40% from ZMW332.0 million to ZMW463.2 million and maintaining a capital adequacy ratio of 34.9% which was significantly higher than the regulatory requirement of 15%.

### Forecast

Izwe remains committed to delivering on the 2023 forecast, with growth in the earning asset expected to reach ZMW1.4 billion at the end of the financial year with significant growth in customer numbers. Our diversification strategy remains on course with significant product launches planned in the third quarter of this year.

Directors and Management are optimistic that the stable business landscape coupled with the positive outlook will provide growth opportunities for the business.

Kulusu Chisola  
Chief Executive Officer

Issued in Lusaka, Zambia on 12 September 2023

**Lusaka Securities Exchange Sponsoring Broker**



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

**First Issued on 12 September 2023**