

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

DISCLAIMER AND 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.

ISSUED: 7 August 2024

Unaudited Results For The Period Ended 30 June 2024

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")

Financial Highlights for the period ended 30 June 2024

	Jun-24 K '000'	Jun-23 K '000'	Change %
Selected Key Value Drivers			
Gross revenue (*)	390,077	271,039	44%
Profit after taxation	90,885	80,491	13%
Cost to income ratio (CTI)	45.1%	38.7%	
Capital adequacy ratio (CAR)	30.7%	35.0%	

Summary Statement of Financial Position

	Jun-24 K '000'	Jun-23 K '000'	Change %
Net loans and advances	1,713,389	1,227,082	40%
Borrowings	1,148,590	754,335	52%
Shareholders' equity	563,688	463,295	22%

* Gross Revenue includes interest and non-interest revenue

Statement of Profit or Loss and Other Comprehensive Income

	Jun-24 K '000'	Jun-23 K '000'
Interest income calculated using the effective interest method	329,701	227,212
Interest and similar expenses	(108,202)	(46,795)
Net Interest Income	221,499	180,417
Net fee and commission income	45,505	38,316
Net Operating Income	267,004	218,733
Impairment (loss)/gain on loans and advances	(9,628)	(15,733)
Operating expenses	(120,375)	(84,723)
Finance costs	(7,165)	(3,277)
Profit before taxation	129,836	115,000
Taxation	(38,951)	(34,509)
Profit after taxation	90,885	80,491
Other comprehensive income	-	-
Total comprehensive income for the year	90,885	80,491
Basic and diluted earnings per share	0.92	0.82

Summary Statement of Financial Position

	Jun-24 K '000'	Jun-23 K '000'
Assets		
Cash and cash equivalent	112,025	48,817
Other assets	143,654	121,041
Loans and advances (Net of allowance for impairment)	1,713,389	1,227,082
Total Assets	1,969,068	1,396,940
Equity		
Share capital	983	983
Share premium	26,593	26,593
Retained income	536,112	435,719
Total equity	563,688	463,295
Liabilities		
Borrowings	1,148,590	754,335
Other Liabilities	256,789	179,310
Total Liabilities	1,405,380	933,645
Total Equity and Liabilities	1,969,068	1,396,940

Summary Statement of Cash Flows

	Jun-24 K '000'	Jun-23 K '000'
Net cash utilised in operating activities	(49,967)	(149,296)
Net cash utilised in investing activities	(46,209)	(3,248)
Net cash utilised in financing activities	101,172	97,877
Total cash, cash equivalents and bank overdraft movement for the period	4,996	(54,667)
Cash, cash equivalents and bank overdraft at 1 January	107,028	51,269
Cash and Cash Equivalents at 30 June	112,025	(3,398)

Summary Statement of Changes in Equity

	Jun-24 K '000'	Jun-23 K '000'
Balance of Shareholders' Equity at 1 January	472,803	382,804
Profit for the period	90,885	80,491
Balance of Shareholders' Equity at 30 June	563,688	463,295

Commentary on 2024 Half-Year Performance

The Board of Directors of Izwe Loans Zambia Plc (the "Company" or "Izwe") are pleased to present the condensed unaudited financial results for the period ended 30 June 2024. This publication does not contain full or complete disclosure details.

Inspiring Progress

During the period under review, Izwe achieved significant milestones in its journey to becoming a diversified, digital first financial services provider to both consumers and small businesses.

This transformation has been underpinned by resolute execution on our three-year strategic plan. The new products launched in 2023 have rapidly moved from introduction stage into a growth phase, with a clear path towards becoming meaningful contributors to the bottom line of the business. Our shareholders and clients are inspired by the progress made on our payments product, Izwe Pay, which is changing the merchant payments landscape, opening up possibilities for new forms of unsecured lending to small and medium businesses through data driven merchant credit. These strides, in combination with successful completion of the re-branding of Izwe in the first quarter of 2024 have re-positioned the business as a diversified financial services provider of choice.

Financial Highlights

Gross revenue, which includes both interest and non-interest income, increased by 44% year-on-year, rising from ZMW271.0 million in June 2023 to ZMW390.0 million reported in June 2024. This growth was driven by a significant increase in earning assets, which grew from ZMW1.2 billion the previous year to ZMW1.7 billion by the end of June 2024.

Macro-economic challenges such as inflation and currency conversion rates, when combined with continued significant investments in technology and marketing, saw operating costs increase by 42%, from ZMW84.7 million in prior year to ZMW120.3 million at the end of June 2024. However, tight cost containment measures ensured that a healthy cost-to-income ratio was reported at 45.1% by the end of the half-year. Operating profit printed at ZMW90.8 million, reflecting a 13% increase compared to the previous year. Earnings per share increased from ZMW0.82 to ZMW0.92.

Consumer lending, which still constitutes a significant portion of the business remained stable during the reporting period with opportunities for growth remaining vibrant as public sector recruitments by Government continue. The secured lending market showed improvement, with assets under this product recording significant growth between the two periods. Maintaining solid credit quality continues to be a priority, contributing to a net asset growth of 40% over the previous year.

Capital and Dividend

Izwe maintained a strong capital position, with shareholders' value increasing by 22%, from ZMW463.2 million prior year to ZMW563.6 million in June 2024. The capital adequacy ratio for the period was reported at 30.7%, which is significantly above the regulatory requirement of 15%, highlighting Izwe's robust capital generation and capacity to support its customers.

On 30 July 2024, Izwe's Directors proposed an interim dividend payment of ZMW0.5087 per ordinary share, aligning with our strategic goals and providing value to our shareholders while ensuring the continued stability and growth of the organisation.

Economic and Business Outlook

The outlook for the remainder of 2024 remains positive despite current economic challenges. Izwe draws confidence from the visible interventions put in place by the Zambian Government to resuscitate key sectors that have the potential to significantly grow key client pools for Izwe and allow the business to continue contributing meaningfully to economic resurgence through providing leading financial solutions to clients and being a meaningful tax contributor to the Treasury.

By order of the Board

Kulusu Chisola
Chief Executive Officer

7 August 2024