

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

**ISSUER**



**INVESTRUST BANK PLC ("INVESTRUST")**  
[Incorporated in the Republic of Zambia]

Company registration number: 119900021906  
Share Code: INVESTRUST  
ISIN: ZM0000000235  
Authorised by: Brian Msidi – 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]

Contact Person: Chitalu Andrew Kabalika  
Contact Number: +260-211-232456  
Website: [www.sbz.com.zm](http://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

**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.



## INVESTRUST BANK PLC

[Incorporated in the Republic of Zambia]  
 Company registration number: 119900021906  
 Share Code: INVESTRUST  
 ISIN: ZM0000000235  
 ["INVESTRUST" or "the Bank" or "the Company"]

In compliance with the requirements of Securities Act **No. 41 of 2016** of Laws of Zambia and the Listing Requirements of the Lusaka Securities Exchange, the Directors of Investrust Bank plc are pleased to announce the audited results for the year ended 31 December 2019.

### ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ZMW'000		
	31-Dec-19	31-Dec-18
<b>Interest Income</b>		
Interest Income	117,228	88,330
Interest Expense	(70,222)	(48,819)
<b>Net Interest Income</b>	<b>47,006</b>	<b>39,511</b>
Other Operating Income	42,830	47,268
<b>Net Interest and Other Operating Income</b>	<b>89,836</b>	<b>86,779</b>
Loss After Tax	(96,060)	(109,187)
Other Comprehensive Income	-	(233)
<b>Total Comprehensive Income for the Year</b>	<b>(96,060)</b>	<b>(109,420)</b>
<b>Earnings Per Share</b>		
Basic and diluted earnings per share	(11.8)	(13.4)

**ABRIDGED STATEMENT OF FINANCIAL POSITION**

<b>ZMW'000</b>		
	<b>31-Dec-19</b>	<b>31-Dec-18</b>
<b>ASSETS</b>		
Cash, Balances with Bank of Zambia & Other Banks	118,109	152,244
Investment securities	402,157	192,980
Net Loans and Advances to customers	297,673	230,784
Other Assets	266,662	257,603
<b>Total Assets</b>	<b>1,084,601</b>	<b>833,611</b>
<b>LIABILITIES</b>		
Customer Deposits	863,772	937,361
Other Liabilities	230,649	96,369
	<b>1,094,421</b>	<b>1,033,730</b>
<b>Equity</b>	<b>(9,820)</b>	<b>(200,119)</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>1,084,601</b>	<b>833,611</b>

**ABRIDGED CASH FLOW STATEMENT FOR 12 MONTHS TO 31 DECEMBER 2020**

<b>ZMK'000</b>	<b><u>12 months to</u> <u>31 Dec 2019</u></b>	<b><u>12 months</u> <u>to 31 Dec</u> <u>2018</u></b>
<b>OPERATING ACTIVITIES</b>		
Loss after tax	(95,827)	(109,187)
<b>Cash generated from (utilised in) operations</b>	<b>(343,613)</b>	<b>(139,239)</b>
WHT suffered and Tax paid	5,268	5,617
<b>Net cash generated from (utilised in) operating activities</b>	<b>(338,345)</b>	<b>(133,622)</b>
<b>Net cash (used in) generated from investing activities</b>	<b>(1,544)</b>	<b>(3,937)</b>

<b>Net cash (used in) generated from financing activities</b>	<b>274,301</b>	<b>(2,561)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(77,742)</b>	<b>(140,120)</b>
Cash and cash equivalents at beginning of period	<b>210,723</b>	<b>350,843</b>
Cash and cash equivalents at end of period	<b>132,981</b>	<b>210,723</b>

## STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

ZMW'000	ORDINARY SHARE CAPITAL	PREFERENCE SHARE CAPITAL	CAPITAL AWAITING ALLOTMENT	SHARE PREMIUM	STATUTORY RESERVES	GENERAL BANKING RESERVES	REVALUATION RESERVES	ACCUMULATED LOSSES	TOTAL
<b>Balance at 1 January 2019 as originally stated</b>	8,165	20		159,909	4,665	10,891	1,817	(385,586)	(200,119)
	-	-		-	-	-	-		-
<b>Restated Balance at 1 January 2019</b>	<b>8,165</b>	<b>20</b>	<b>-</b>	<b>159,909</b>	<b>4,665</b>	<b>10,891</b>	<b>1,817</b>	<b>(385,586)</b>	<b>(200,119)</b>
Loss for the period								(95,468)	(95,468)
Capital Injection - Shares awaiting allotment			286,000						286,000
Movement on revaluation reserves							(359)		(359)
Release of deferred tax on revaluation reserve							126		126
Transfer to/ (from) reserves						-			-
Deferred tax on revaluation reserve									-
<b>Balance at 31 December 2019</b>	<b>8,165</b>	<b>20</b>	<b>286,000</b>	<b>159,909</b>	<b>4,665</b>	<b>10,891</b>	<b>1,584</b>	<b>(481,054)</b>	<b>(9,820)</b>

The Bank operated with a network of 21 branches (after closing 4 branches and 3 agencies) as at 31 December 2019. It continued to offer a full range of banking services to all categories of customers, including retail (individuals, SMEs), NGOs, parastatals, Government agencies and private corporate institutions across all economic sectors.

## **REVIEW OF FINAL RESULTS FOR 2019 AND FINANCIAL PERFORMANCE**

"The Bank recorded a loss after tax of K96.06 million during 2019 (2018: loss after tax K109.18 million), mainly due to the increase in the impairment for the year of K27.64 million. The Bank's net interest income increased by 33% to K47 million (2018: K39.5 million) owing to significant increase in the Government securities portfolio.

### **NON-INTEREST INCOME**

The total transaction fee and commission income recorded a reduction of 16% during 2019 to K33 million (2018: K40.1 million). Net foreign currency and revaluation trading gains/ (losses) saw an increase of 11% to K7.9 million (2018: K7.1 million). The marginal increase was due to the volume and size of foreign currency deals closed during the year.

### **IMPAIRMENT WRITE-BACK/(CHARGES)**

As a result of implementation of model-based approach of loan book review, arising from adoption of IFRS 9, loan impairments have recorded a significant increase with the bank recording a write-off of K27.6 million (2018: write back of K12.5 million).

### **OPERATING EXPENSES**

Total operating expenses for 2019 were recorded at 158 million (2018: K157.4 million). Personnel expenses recorded an overall decrease of 3% to K76 million (2018: K78 million). The Bank continued with the austerity measures as part of its continued cost containment strategy.

## **STATEMENT OF FINANCIAL POSITION**

"The Bank's total assets were recorded at K1.085 billion as at 31 December 2019 mainly attributed to an increase in year-end government securities and loans/advances on the back of capital injection of K286 million from ZCCM-IH which awaits allotment of shares. Total assets were recorded at K1.085 billion (2018: K833 million). Customer deposits decreased by 8% to close at K864 million (2018: K937 million). As at 31 December 2019, the bank was in net liability position of K9.8 million (2018: net assets of K200 million).

As a result of the aforementioned factors, the bank's shareholder equity was recorded at negative K9.8 million (2018: negative K200 million). The Bank's shareholder's equity had a net movement after the loss of K96 million and the capital injection of K286 million.

## **CORPORATE GOVERNANCE**

Investrust Bank plc is committed to operating to the highest standards of corporate governance by striving for substantive compliance with all applicable regulations, including the Lusaka Securities Exchange (LuSE) Corporate Governance Code and Listing Rules; and the provisions of the Bank of Zambia Corporate Governance Directives 2016 and 2017.

## **CAPITAL MANAGEMENT**

The Bank continuously endeavours to comply with all externally imposed capital requirements through the submission to the Bank of Zambia, the Internal Capital Adequacy Assessment programme (ICAAP), which shows the preliminary assessment of the level of capital required to absorb the shocks inherent in the business. Through the ICAAP, the Board and the major shareholders are continuously advised and engaged as to further recapitalise the Bank.

The Bank had a shortfall of K39 million in meeting its minimum regulatory capital of K104 million as at 31 December 2019. In 2019, ZCCM-IH (the Bank's largest shareholder, which is owned 77.60% by the Government

of the Republic of Zambia) injected a total of K286 Million capital awaiting allotment. The funds will form part of a total of the K400 million capital injection that was approved by the shareholders at an Extra – ordinary General meeting held on 5th June 2020. The Right issue received a ‘no objection’ from the Bank of Zambia, pending other regulators to approve the allotment of the shares. The process of approval from the other regulators is currently on course.

## OUTLOOK

"The Board will continue to support management in the execution of strategy and believes that the set objectives will be met as soon as the liquidity and capital issues are resolved in the quickest possible time, so as to protect and preserve the long-term interests of shareholders. The prospects ahead look bright based on the good will that the Bank enjoys and the evidence from other players in the industry. The Directors remain confident that with shareholder support, the Bank will be a force to reckon with in the future.

## DIVIDENDS

The Directors recommend that no dividend be proposed for the year ended 31 December 2019.

**Brian Msidi**  
Company Secretary

Issued in Lusaka, Zambia on 09 July 2019

### Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456

E | [advisory@sbz.com.zm](mailto:advisory@sbz.com.zm)

W | [www.sbz.com.zm](http://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

First Issued on 09 July 2019