

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

**ISSUER**



**STANDARD CHARTERED BANK ZAMBIA PLC ["SCBZ"]**

[Incorporated in the Republic of Zambia]

Company registration number: 6525  
Share Code: SCZ  
ISIN: ZM0000000094  
Authorised by: Rose Kavimba – Company Secretary

**SPONSOR**



**STOCKBROKERS ZAMBIA LIMITED**

**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](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

**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: 19 April 2021**



## STANDARD CHARTERED BANK ZAMBIA PLC

[Incorporated in the Republic of Zambia]

Company registration number: 6525

Share Code: SCZ

ISIN: ZM0000000094

["SCBZ" or "the Company"]

### FULL YEAR RESULTS

#### Summary of audited results for the year ended 31 December 2020

In accordance with the requirements of the Securities Act, No.41 of 2016, and the listing rules of Lusaka Stock Exchange, Standard Chartered Bank Zambia PLC announces the results for the year ended 31 December 2020

#### STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	2020 K'000	2019 K'000
<b>Assets</b>		
Cash and cash equivalents	5,251,892	3,381,132
Cash on hand and balances at Bank of Zambia	2,095,891	1,582,665
Loans and advances to banks	-	101,999
Pledged assets	100,000	100,000
Derivative financial instruments	4,590	45,273
Investment securities	3,542,091	2,049,415
Loans and advances to customers	2,410,457	3,131,664
Other assets	357,185	379,626
Assets held for sale	9,761	-
Property and equipment	179,158	119,397
Current tax assets	-	43,283
Deferred tax assets	165,707	80,297
Intangible assets	70,138	52,688
<b>Total assets</b>	<b>14,186,870</b>	<b>11,067,439</b>
<b>Liabilities</b>		
Amounts payable to group banks	325,740	229,489
Amounts payable to non group banks	21,266	12,297
Derivative financial instruments	8,548	41,740
Deposits from customers	12,214,521	9,289,297
Dividends payable	4,896	5,146
Subordinated liabilities	84,680	56,600
Provisions	78,703	105,290
Current tax liabilities	22,127	-
Other liabilities	615,974	584,755
<b>Total liabilities</b>	<b>13,376,455</b>	<b>10,324,615</b>
<b>Total equity</b>	<b>810,415</b>	<b>742,824</b>
<b>Total liabilities and equity</b>	<b>14,186,870</b>	<b>11,067,439</b>

<b>STATEMENT OF INCOME OR LOSS</b>		
for the year ended 31 December 2020		
	<b>2020</b>	<b>2019</b>
	<b>K'000</b>	<b>K'000</b>
<b>Revenue</b>	1,161,112	1,084,345
Operating expense	<u>(910,234)</u>	<u>(714,828)</u>
<b>Operating profit</b>	250,878	369,517
Impairment on financial instruments	<u>(293,252)</u>	<u>(303,730)</u>
<b>(Loss)/ Profit before Tax</b>	(42,374)	65,787
Income tax expense	<u>(5,704)</u>	<u>(53,501)</u>
<b>(Loss)/ Profit for the year</b>	<u><b>(48,078)</b></u>	<u>12,286</u>
<b>(Loss)/ Earnings per share</b>	<b>(0.029)</b>	0.007

<b>STATEMENT OF CHANGES IN EQUITY</b>		
as at 31 December 2020		
	<b>2020</b>	<b>2019</b>
	<b>K'000</b>	<b>K'000</b>
Balance at 1 January 2020	742,825	613,551
(Loss)/Profit for the year	(48,078)	12,286
AFS reserve movements	115,668	121,989
Dividend	-	(5,001)
<b>Balance as at 31 December 2020</b>	<u><b>810,415</b></u>	<u>742,825</u>

<b>STATEMENT OF CASH FLOWS</b>		
for the year ended 31 December 2020		
	<b>2020</b>	<b>2019</b>
	<b>K'000</b>	<b>K'000</b>
Cash flows from operating activities	3,507,312	161,491
Cash flows used in investing activities	(1,580,468)	(26,663)
Cash flows used in financing activities	<u>(33,543)</u>	<u>(12,048)</u>
<b>Net increase in cash and cash equivalents</b>	1,893,301	122,780
Cash and cash equivalents at beginning of year	3,817,633	3,678,489
Effect of exchange rate fluctuation on cash held	<u>35,047</u>	<u>16,364</u>
<b>Cash and cash equivalents for the year ended</b>	<u><b>5,745,981</b></u>	<u>3,817,633</u>

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act no. 10 of 2017, the Banking and Financial Services Act and the Securities Act of Zambia.

The year 2020 was marked by the outbreak of the COVID-19 pandemic. This pandemic had both health and economic impacts that materially affected the global economy. Zambia was not spared of the effects.

Despite the tough operating environment in 2020, as Standard Chartered Bank Zambia Plc, our remarkable resilience and agility enabled us to uphold our exceptional service standard through our talented and well equipped people, our unique global proposition and our unrivaled digital platforms. We demonstrated that we are truly 'Here for good' by staying close to our clients and other key

stakeholders, including our valued communities throughout the various challenges, most notably the COVID-19 pandemic.

## **Financial Highlights**

The 2020 performance was delivered against a very challenging macroeconomic environment and strict adherence to accounting standards.

**Revenue** increased by only 7 per cent in comparison to 2019 which was mainly on account of increased income from investment securities (52 per cent increase year on year), this was negated by an 11 per cent decline on interest income from loans and advances which was on account of the Bank's de-risking exercise notably of the personal loan book in Retail Banking (RB), rationalizing limits in Corporate, Commercial and Institutional Banking (CCIB) and the running down and exiting of the Commercial Banking business. Non funded income reduced by 12 per cent year on year on account of reduced activities.

**Expected Credit Losses** recorded in the year were in line with prior year. This is on the back of the Bank's robust expected credit loss modelling (ECL) in alignment with International Financial Reporting Standards which take into consideration several factors including external and internal sovereign downgrades. The Bank is among the few in the industry who are booking provisions on investments in government securities. In addition, based on our own internal ECL modelling, we are the first in the market to book provisions on statutory reserve deposits.

**Operating expenses** increased by 27 per cent year on year, on account of human capital restructuring costs and other costs relating to Personal Protective Equipment ['PPE'] for COVID-19 pandemic. The depreciation of the kwacha also largely affected foreign currency denominated costs which grew by 52 per cent year on year. The Bank further expensed some of the costs associated with the move to the new Head Office.

**Loans and advances** to customers dropped by 24 per cent in line with the Bank's strategy to de-risk and tail manage low returning assets which resulted in the personal loan book reduction of 27 per cent year on year.

**Customer deposits** increased 31 per cent with an increase in both the RB and CCIB client accounts

We will continue to leverage on our cost optimisation initiatives and enhanced revenue momentum supported by a strong statement of financial position and dedicated team.

## **Outlook**

The macro-economic variables in 2021 are projected to remain under pressure, coupled with the resurgence of the COVID -19 pandemic, as well as 2021 being an election year. Progress around debt restructuring discussions and an International Monetary Fund (IMF) funded programme could positively impact the economic trajectory in 2021.

Having proactively and effectively managed risk, appropriately reshaped the business, and refocused around the right business opportunities, we are optimistic about the Bank's continued sustainable growth and profitability to deliver healthy returns to shareholders, and prosperity for our clients.

**By Order of the Board**  
**Rose Kavimba**  
**Company Secretary**

Issued in Lusaka, Zambia on 19 April 2021

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 19 April 2021**