

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

ISSUER



ZAMBIA NATIONAL COMMERCIAL BANK PLC (“ZANACO”)
[Incorporated in the Republic of Zambia]

Company registration number: 5387
Share Code: ZANACO
ISIN: ZM0000000250
Authorised by: Kaluba Gloria Kaulung’ombe-Inampasa – 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]

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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. 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.

ISSUED: 09 March 2022



ZAMBIA NATIONAL COMMERCIAL BANK PLC

[Incorporated in the Republic of Zambia]

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["Zanaco" or "the Bank" or "the Company"]

In compliance with the requirements of the Securities Act No.41 of 2016 of the Laws of Zambia and Listings Requirements of the Lusaka Securities Exchange, the Directors of Zanaco are pleased to announce the audited results for the Zambia National Commercial Bank Plc (the "Bank") and its subsidiaries (together the "Group") for the year ended 31 December 2021.

Condensed statements of profit or loss

	Group		Bank		Change	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	Group	Bank
	K'000	K'000	K'000	K'000	(+/-) %	(+/-) %
Total operating income	3,511,658	2,221,114	3,505,536	2,214,589	58	58
Profit before income tax	1,588,132	354,239	1,637,669	382,089	348	329
Income tax expense	(597,849)	(147,581)	(597,849)	(147,581)	305	305
Profit attributable to shareholders	990,283	206,658	1,039,820	234,508	379	343
Number of shares during the year ('000)	1,443,750	1,443,750	1,443,750	1,443,750	0	0
Earnings per share (Kwacha)	0.686	0.143	0.720	0.162	379	343

Condensed statements of financial position

	Group		Bank	
	2021 K'000	2020 K'000	2021 K'000	2020 K'000
Assets				
Cash and balances with Bank of Zambia	2,924,346	2,283,591	2,924,236	2,283,377
Balances with other banks	1,520,014	2,003,275	1,520,014	2,003,275
Trading assets	2,568,061	639,706	2,568,061	639,706
Investment securities	7,743,740	5,858,066	7,743,740	5,858,066
Loans and advances to customers	9,566,818	7,328,493	9,639,870	7,366,056
Other assets	911,355	494,781	934,153	514,529
Property and equipment	869,770	732,380	853,858	712,354
Total assets	26,104,104	19,340,292	26,183,932	19,377,363
Liabilities				
Deposits from other banks	499,933	510,158	499,933	510,158
Customer deposits	19,323,139	15,698,089	19,329,279	15,712,069
Other liabilities	1,582,045	621,718	1,563,748	602,360
Borrowings	2,645,336	1,338,529	2,645,336	1,338,529
Total liabilities	24,050,453	18,168,494	24,038,296	18,163,116
Total equity	2,053,652	1,171,798	2,145,637	1,214,247
Total equity and liabilities	26,104,104	19,340,292	26,183,932	19,377,363

Condensed statements of cash flows

	Group		Bank	
	2021 K'000	2020 K'000	2021 K'000	2020 K'000
Net cash generated from operating activities	2,396,133	3,578,025	2,225,299	3,563,366
Net cash used in investing activities	(3,649,149)	(3,505,538)	(3,642,667)	(3,491,591)
Net cash generated from financing activities	1,389,861	606,573	1,554,317	607,135
Net increase in cash and cash equivalents	136,845	679,060	136,949	678,910
Cash and cash equivalents at beginning of the year	2,405,513	1,618,968	2,405,299	1,618,904
Effects of exchange rate changes on cash and cash equivalents	(355,694)	107,485	(355,694)	107,485
Cash and cash equivalents at end of year	2,186,664	2,405,513	2,186,554	2,405,299

Condensed statements of changes in equity

	Group		Bank	
	2021 K'000	2020 K'000	2021 K'000	2020 K'000
Balance at the beginning of the year	1,171,798	926,280	1,214,248	940,879
Profit for the year	990,283	206,658	1,039,820	234,508
Changes in other comprehensive income:	(26,351)	113,988	(26,352)	113,988
Dividends paid	(82,078)	(75,128)	(82,078)	(75,128)
Balance at end of the year	2,053,652	1,171,798	2,145,637	1,214,247

Financial Highlights

The Group delivered an exceptional performance for the year with a profit after tax of K990 million compared to K207 million in the prior year representing a year on year increase of 379%. The results in the year has been propelled by growth in total operating income of 58%. The growth in total operating income is as a result of increase in interest income arising from investment securities and customer loans. The significant investment in securities and customer loans has been funded by the growth in customer deposits. The performance has been further boosted by the effective management of recoveries on non-performing loans resulting in a net impairment relief of K62 million in the current year compared to an impairment charge in the prior year of K211 million.

The exceptional performance in the year has been anchored on a strong balance sheet. The Group's balance sheet continued to be resilient in the midst of economic uncertainties that characterized 2021 with increases in Covid -19 cases and the national elections held in August 2021. Total assets increased from K19,340 million in the prior year to K 26,104 million representing an increase of 35%. Customer deposits increased from K15,698 million to K19,323 million representing an increase of 23%, this is reflective of the Group's drive to grow liabilities in an effort to maintain strong funding and liquidity to support business strategy and meet regulatory requirements at all times, including under stress. Borrowings increased from K1,339 million to K2,645 million an increase of 98% in order to provide foreign currency liquidity to fund various structured facilities and also provide Covid - 19 relief to clients under stress through the Bank of Zambia Targeted Medium Term Refinancing Facility.

The performance in the year has also been fueled by notable significant transactions relating to structured deals done to service our customers in the agriculture sector, structured trading products, prudent management and recovery of bad debts written off coupled with favorable movement in the exchange rate.

Capital

The Group has continued to build a strong capital position, ending the year with capital adequacy ratio of 17.35%. The capital position is actively managed to support business strategy and meet regulatory requirements at all times.

Future Outlook

The Group has seen good business growth in areas of strategic focus and continues to deliver on its strategic ambitions. The Group has been operationally resilient throughout the period of Covid-19 outbreak and remains cautiously optimistic. We will continue to invest in enhancing our customers' experience and restructuring operations to increase long-term efficiency and sustainability.

By Order of the Board

Kaluba G Kaulung'ombe-Inampasa
Company Secretary

Issued in Lusaka, Zambia on 09 March 2022

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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 09 March 2022