

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 G. Kaulungombe-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. Zambia National Commercial Bank 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.

SSUED: 06 March 2024

ZAMBIA NATIONAL COMMERCIAL BANK PLC (“ZANACO”)

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Summarised Audited Results For The Year Ended 31 December 2023

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 year ended 31 December 2023

Condensed Consolidated Statement of Profit or Loss	Group		Bank		Change	
	30-Dec-23 K'000	30-Dec-22 K'000	30-Dec-23 K'000	30-Dec-22 K'000	Group (+/-) %	Bank (+/-) %
Total operating income	5,282,361	3,935,821	5,294,100	3,936,825	34	34
Profit before income tax	2,705,713	1,732,375	2,736,419	1,768,923	56	55
Income tax expense	(967,331)	(565,378)	(967,331)	(565,378)	71	71
Profit attributable to shareholders	1,738,382	1,166,997	1,769,088	1,203,545	49	47
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)	1.204	0.808	1.225	0.834	49	47

Condensed Consolidated Statement of Changes In Equity	Group	Group	Bank	Bank
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Balance at the beginning of the period	2,851,823	2,053,652	2,980,357	2,145,638
Profit for the year	1,738,382	1,166,997	1,769,088	1,203,545
Changes in other comprehensive income:	95,905	(4,889)	95,905	(4,889)
Dividends paid	(421,575)	(363,937)	(421,575)	(363,937)
Balance at end of year	4,264,535	2,851,823	4,423,775	2,980,357

Condensed Consolidated Statement of Financial Position	Group	Group	Bank	Bank
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Assets				
Cash and balances with Bank of Zambia	8,884,649	4,740,900	8,887,316	4,741,299
Balances with other banks	3,437,154	2,779,016	3,437,154	2,779,016
Trading assets	2,320,685	1,826,953	2,320,685	1,826,953
Investment securities	11,637,063	12,819,157	11,637,063	12,819,157
Loans and advances to customers	16,176,644	12,056,527	16,248,956	12,118,209
Other assets	1,325,021	899,822	1,343,493	965,263
Property and equipment	1,019,003	729,520	1,008,755	718,076
Total assets	44,800,219	35,851,895	44,883,422	35,967,973
Liabilities				
Deposits from other banks	1,865,725	77	1,865,725	77
Customer deposits	33,859,372	29,688,891	33,859,678	29,691,143
Other liabilities	2,106,585	1,008,960	2,030,242	994,252
Borrowings	2,704,002	2,302,144	2,704,002	2,302,144
Total liabilities	40,535,684	33,000,072	40,459,647	32,987,616
Total equity	4,264,535	2,851,823	4,423,775	2,980,357
Total equity and liabilities	44,800,219	35,851,895	44,883,422	35,967,973

Condensed Consolidated Statement of Cash Flows	Group	Group	Bank	Bank
	2023	2022	2023	2022
Net cash (used in)/generated from operating activities	(1,102,522)	7,797,594	(1,094,693)	7,814,972
Net cash generated from/(used in) investing activities	999,330	(4,295,764)	995,439	(4,312,948)
Net cash used in financing activities	(518,315)	(922,088)	(517,984)	(921,773)
Effects of exchange rate changes on cash and cash equivalents	285,519	54,399	283,518	54,399
Net (decrease) /increase in cash and cash equivalents	(335,988)	2,634,141	(333,720)	2,634,650
Cash and cash equivalents at beginning of the period	4,820,805	2,186,664	4,821,204	2,186,554
Cash and cash equivalents at end of period	4,484,817	4,820,805	4,487,484	4,821,204

Financial Highlights

The Group continued on a strong financial trajectory closing the year at K1.7 billion representing a 49% (K571 million) increase in profits. The growth in profitability was driven by increase in total operating income, astute management of costs and impairments. Total operating income grew by 34% (K1.3 billion) driven mainly by increase in interest income by 22% (K850 million) supported by the growth of the loan book, 128% (K770 million) growth in treasury trading income. Efficient credit monitoring practices and focus on origination of quality assets resulted in a notable decrease in impairments in the year by 88% from K186 million recorded in the prior year to K22 million as at the close of the 2023 financial year.

Total operating expenses increased by 27% (K538 million) driven by implementation of the Groups' strategic initiatives aimed at positioning the Bank to be future-fit. The Group costs were also impacted by the depreciation of the local currency and inflationary increase.

The notable growth in profitability was supported by a resilient balance sheet with a total asset base of K45 billion, with a year on year growth of 25%. Total assets mainly comprised of cash and balances with Bank of Zambia – K8.9 billion (year on year growth of 87%), Trading assets – K2.3 billion (year on year growth of 27%), loans and advances – K16.2 billion (year on year growth of 34%). The growth in assets was mainly supported by the growth in customer deposits which grew by 14% year on year (K4.2 billion) closing the year with a deposit base of K33.9 billion. The growth in deposits is in line with the Groups' strategy of growing deposits to increase funds available for investments. Total liabilities recorded a growth of 23% (K7.5 billion) which is mainly attributable to the growth in customer deposits 14% (K4.2 billion) and deposits from other Banks which grew by K1.9 billion.

Capital

The Group proactively manages its capital position to ensure that it adequately capitalize to protect shareholder value and ensure compliance at all times. The Group's Capital Adequacy Ratio at the end of the year was 19.7% which is well above the regulatory limit.

Future Outlook

The Group continuously challenges its ways of operations to ensure that it remains future-fit with a focus on the customer. The Group will continue to leverage off automation, market-leading digital platforms to deliver cost effective and innovative transactional propositions to its customers while ensuring that it operates in a sustainable manner and contribute positively to the communities and societies it operates in.

By Order of the Board

KALUBA G KAULUNG'OMBE-INAMPASA
COMPANY SECRETARY

Issued in Lusaka, Zambia on 6 March 2024



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

