

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

ISSUER



CAVMONT CAPITAL HOLDINGS ZAMBIA PLC ["CAVMONT"]
[Incorporated in the Republic of Zambia]

Company registration number: 41902
Share Code: CCHZ
ISIN: ZM0000000227
Authorised by: Rita Ndhlovu – 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

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: 28 March 2018

CONSOLIDATED GROUP FINANCIAL RESULTS (UNAUDITED)

The consolidated results of the Group for the 6 months to 31 December 2017

GROUP FINANCIAL PERFORMANCE

The Cavmont Capital Holdings Zambia Plc Group ("the Group"), with Cavmont Bank Limited ("the Bank") as its wholly owned subsidiary, reported a profit of ZMW0.3m (2016: ZMW0.5m) for the six months to 31 December 2017.

Net interest income

Net interest income increased by ZMW10.4m (40%) to ZMW36.1m (2016: ZMW25.7m). The increase was attributable to the substantial growth in loans and advances and investment securities as well as a slight widening in interest margins with the repricing of funding costs in line with competitive market trends.

Non-interest income

The Bank experienced a reduction in non-interest income from ZMW29.4m to ZMW25.2m due to a drop in foreign exchange trading volumes and a lower demand for hedging instruments on the back of a stable Kwacha.

The Bank continues to grow its customer base and to pursue non-interest opportunities through introduction of new products and services.

Operating expenses

Operating costs for the 6 months were ZMW60.7m, an 11.5% increase compared to the prior year. The increase included once-off project operating expenses amounting to ZMW1.1m relating to a new client onboarding system to improve retail loan origination and streamline back office processes. Excluding the cost of this project, operating cost increased by 9.5%, which is slightly above the average inflation of 8.2% for the year 2017.

The Group continues to exercise prudent cost management, realising cost-efficiencies and focusing on the improvement of business processes.

Loans and advances

As a reflection of the recovery in the broad economic environment, net loans and advances grew by 33.5% to ZMW639.5m (December 2016: ZMW478.9m), while investment securities increased by 70.3% to ZMW182.7m (December 2016:

ZMW107.3m).

The Group remains committed to supporting our customers from all sectors of the economy through responsible and prudent lending.

Funding

Notwithstanding the raise of ZMW50m preference shares, funding remained relatively flat due to customer deposits decreasing to ZMW776.1m (December 2016: ZMW795.5m). Customer deposits at the end of the period under review was below the monthly average balance over the last 5 months of ZMW830.1m.

Total risk-based capital adequacy ratio

The Bank remains well capitalised with a total regulatory capital of ZMW149.9m, exceeding the minimum requirement of ZMW104.0m by ZMW45.9m. As a testimony to the Bank's current performance, forecasts and sustainability. Cavmont received a renewed "A-" credit rating from Credit Rating Agency Zambia.

Prospects

The Group is highly committed to further differentiate itself in the financial sector, with focus on our customer value proposition and product delivery. The Bank will continue with its proven growth strategy of attracting new customers, diversification of its funding base, prudent expense management and improving operational efficiencies to deliver sustainable value to all stakeholders.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, interpretations issued by the International Financial Reporting Interpretations Committee, and presentation and disclosure requirements of International Accounting Standards as well as the Companies Act of Zambia Cap 388. The Group's principal accounting policies comply with IFRS and have been applied consistently in all material aspects with those applied during the previous financial year.

By Order of the Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6 months to 31 December

	2017 K'000	2016 K'000
Net interest income	36,095	25,744
Recoveries/(impairments) on loans and advances	(93)	-
Net interest income loan impairment charges and recoveries	36,002	25,744
Non interest income	25,155	29,422
Operating income	61,157	55,167
Operating expenses	(60,723)	(54,469)
Profit/(loss) before income tax	434	698
Income tax recovery/(charge)	(152)	(244)
Profit/(loss) for the period	282	454
Other comprehensive income	-	-
Total comprehensive/(loss) for the period	282	454
Comprehensive income/(loss) attributable shareholders	282	454
Basic earnings per share	0.0025	0.0040
Total shares 114,046,025		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	2017 K'000	2016 K'000
Assets		
Loans and advances	639,445	478,957
Investment securities	182,698	107,281
Balances with banks	190,095	278,190
Other assets	130,263	199,307
Total assets	1,142,501	1,063,735
Equity and Liabilities		
Customer deposits	776,135	795,529
Redeemable preference shares	50,006	-
Other liabilities	198,597	148,848
Shareholders' Equity	117,763	119,358
Total equity and liabilities	1,142,501	1,063,735

CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 31 December 2017

	2017 K'000	2016 K'000
Net cash generated from / (utilised in) operating activities	3,519	33,030
Net cash utilised in investing activities	(75,417)	(27,481)
Increase / (decrease) in cash and cash equivalents	(71,898)	5,549
Cash and cash equivalents at the beginning of the period	198,664	193,115
Increase/(Decrease) for the period	(71,898)	5,549
At end of the period	126,766	198,664

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium K'000	Reserves K'000	Total K'000
Period ended 30 June 2017			
Opening balance	149,554	(31,466)	118,088
Comprehensive income for the period	-	379	379
Revaluation of Buildings	-	3,817	3,817
Tax adjustment to general banking reserve	-	(4,803)	(4,803)
Balance as at 30 June 2017 (audited)	149,554	(32,073)	117,481
Period ended 31 December 2017			
Balance as at 1 July 2017	149,554	(32,073)	117,481
Comprehensive income for the period	-	282	282
Balance as at 31 December 2017 (unaudited)	149,554	(31,791)	117,763

Statement of Financial Position as at 31 December

