

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
[Founder 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

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: 2nd October 2018

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INTERIM RESULTS

Summary unaudited Results for the half Year Ended 30 June 2018

In accordance with the requirements of the Securities Act No.41 of 2016 and the listing rules of Lusaka Securities Exchange, Standard Chartered Bank Zambia PLC announces the interim results of the half year ended 30 June 2018

STATEMENT OF FINANCIAL POSITION

ZMW'000

ASSETS

	June-18	June-17
Notes and Coins	305,568	314,091
Balances held with Bank of Zambia	684,923	862,099
Balances held with Commercial Banks	-	210,000
Balances held with Banks Abroad	2,006,210	1,505,533
Government of Zambia Securities	423,410	920,564
Treasury Bills Issued by the Government.	1,676,754	854,010
Loans and Advances	2,647,677	2,668,922
Derivative Financial Instruments	10,851	-
Intangible Assets	13,398	16,054
Fixed Assets	65,127	55,306
Other Assets	382,268	323,663

Total Assets

8,216,184

7,730,242

LIABILITIES

Demand Deposits	4,469,557	3,684,774
Savings Deposits	543,749	522,039
Time Deposits	1,517,832	1,805,857
Balances due to Bank of Zambia	-	122,625
Amounts Owing to Other Banks	288,000	(1,697)
Amounts Owing to Banks Abroad	119,441	105,554
Amounts Owing to Branches	-	-
Derivative Financial Instruments	-	-
Dividends Payable	3,668	7,614
Subordinated liabilities	39,820	36,487
Other Liabilities	525,824	662,473
Other Borrowed Funds	-	-

Capital

416,745

416,745

Reserves

291,550

367,771

Total Liabilities

8,216,184

7,730,242

Contingent liabilities

Guarantees	244,380	217,240
Letters of Credit	47,950	35,219
Assets Pledged as Collateral Security	-	-
Other	46,577	110,319
	338,907	362,778

STATEMENT OF INCOME AND EXPENSES**ZMW'000**

	Six months to June-18	Six months to June-17
Interest Income From:		
Loans and Overdrafts	251,358	280,107
Securities (TBs & GRZ Bonds)	178,612	198,716
Other Investments	4,619	11,686
Total Interest Income	434,589	490,509
Interest Expense		
On Deposits	(79,296)	(166,866)
Paid to banks and financial institutions	(4,960)	(1,183)
Other	(733)	(162)
Net Interest Income	349,601	322,298
Provision for Loan Losses	(19,931)	(14,808)
Net Interest Income after Loan Losses		
Provision	329,670	307,490
Non Interest Income	232,664	157,565
Operating Income	562,334	465,056
Operating Expenses	(302,579)	(273,803)
Profit Before Taxation	259,756	191,253
Taxation	(91,838)	(67,420)
Net Income after Taxation	167,918	123,833
Profit attributable to; Equity holders of the bank	167,918	123,833
Earnings per share	0.10	0.07

STATEMENT OF CASHFLOWS
for the 6 months ended 30 June 2018

ZMW'000

Cash flow from operating activities

Profit before tax	259,758
Adjustment for items not involving cash or shown separately	
Depreciation of property and equipment	9,727
Amortisation of intangible assets	1,209
Equity settled share based payments transaction	599
Expensed portion of leasehold land prepayment	7
Written off portion of leasehold land and prepayment	-
Impairment losses and reversals	19,931
Gain on disposal of equipment	-
Net interest income	(330,304)
Effect of exchange rate fluctuations on subordinated loan capital	(180)
	<u>(39,254)</u>

Change in operating assets and liabilities

Pledged assets	-
Loans and advances to customers	(63,836)
Derivative financial instruments	(5,941)
Prepayments and other receivables	(16,600)
Deposits from customers	(453,536)
Provisions	2,121
Accruals and other payables	(38,551)
	<u>(615,597)</u>

Interest received	356,574
Interest paid	(53,002)
	<u>303,573</u>

Net cash generated from operating activities before taxation	(312,024)
Income tax paid	(74,360)

Net cash flows from operating activities (386,384)

Cash flows from investing activities	
Purchase of property and equipment to maintain operations	(30,452)
Investment in government securities	(900,330)
Proceeds from maturity/sale of investment securities	630,275
Proceeds from disposal of property and equipment	-
Net cash used in investing activities	<u>(300,508)</u>

Cash flows from financing activities	(201,630)
Dividends paid	<u>(201,630)</u>

Net cash flows from financing activities	
Net (decrease)/increase in cash and cash equivalents	(888,522)
Cash and cash equivalents at beginning of year	3,739,617
Effect of exchange rate fluctuation on cash held	(28,764)

Cash and cash equivalents at end of year	<u>2,822,331</u>
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**STATEMENT OF SHAREHOLDERS' EQUITY
for the 6 months ended 30 June 2018**

ZMW'000

Share Capital		
Balance at the beginning of year	416,745	
Transfer from retained earnings	-	
Redemptions during the year	-	
Balance at the end of the year		416,745
Share Premium		
Increases during the year	-	
Balance at the end of the year		-
Retained earnings		
Balance at the beginning of year	336,727	
Profit for the period	167,917	
Dividends - 2017	(201,603)	
Transfer to other reserves	(17,312)	
Transfer to share capital & statutory reserves	(12,285)	
Deferred Tax on fair value revaluation	-	
Balance at the end of the year		273,444
Statutory Reserves		
Balance at the beginning of year	-	
Transfer from retained earnings	12,285	
Balance at the end of the year		12,285
Available-for-sale Reserves		
Balance at the beginning of year	49,434	
Revaluation reserve-available for sale investment	(60,925)	
Balance at the end of the year		(11,491)
Revaluation Reserves		
Balance at the beginning of year	-	
Additions during the year	-	
Transfer to retained earnings	-	
Deferred tax on realisation of revaluation reserves	-	
Balance at the end of the year		-
Capital Contribution		
Balance at the beginning of year	-	
Additions during the year	17,312	
Balance at the end of the year		17,312
Total Shareholders' equity		708,295
Herman Kasekende	Venus Hampinda	
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	

Note: These results have not been audited and are derived from the company's management accounts.

Income statement Overview

H1 2018 performance for the Bank compared to H1 2017 has improved on account of increased Interest Income by 8%, Non-funded income by 48% and this has been negated by increased operating expenses by 11%. This resulted in an increase in the reported profit after tax by 35%

Revenue

Net Interest Income (NII) increased due to:

- Reduced interest expense payable on account of fixed deposit accounts and deposits from non-bank institutions following the reduction in the Monetary Policy Rate and the general drop of the balance sheet for the two interest lines.

Non- Funded Income (NFI) increased due to:

- Increased card fee income due to the increased volumes year on year coupled with the introduction of the Credit Card
- Increased income from the de-risking of govt securities

Operating Expenses

Non- Interest Expenses were higher than H1 2017 on account of employee benefits increase in line with inflation, property maintenance costs, internal losses and a general increase in recharges on account of foreign exchange fluctuations and volume-based impact.

Balance Sheet

Overall, the balance sheet increased by 6% on account of:

- Balances with banks abroad which increased by 34% mainly because of high levels of transactions with other SCB entities.
 - Investment in Government securities which increased by 19%, this was mainly due to excess liquidity following the reduction of the statutory reserve ratio.
 - The above was partially negated by a drop-in balances with the central bank by 21% due to the drop in the statutory reserve ratio
- Loans and advances remained flat YoY.

By Order of the Board

Rose Kavimba
Company Secretary

Issued in Lusaka, Zambia on Tuesday, 2nd October 2018

Lusaka Securities Exchange Sponsoring Broker



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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

First Issued on Tuesday, 2nd October 2018