

ZAMBIA NATIONAL COMMERCIAL BANK PLC (“ZANACO”)

Company registration number: 5387 Share Code: ZANACO ISIN: ZM0000000250

Summarised Unaudited Results for the period ended 30 June 2018

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 unaudited results for the period ended 30 June 2018

Condensed income statement	30-June 2018 K'000	30-June 2017 K'000	Change (+/-) %
Net income	714,928	702,766	2
Profit before income tax	146,386	151,289	(3)
Tax charge	(51,235)	(54,651)	(6)
Profit attributable to Shareholders	95,151	96,638	(2)
Number of shares during the year ('000)	1,443,750	1,443,750	0
Earnings per share (Kwacha)	0.066	0.067	(2)

Condensed statement of cash flow	2018 K'000	2017 K'000
Net cash generated/(used) from operating activities	148,614	(863,128)
Net Cash used in investing activities	(63,202)	(10,323)
Net Cash used in financing activities	(127,807)	(128,883)
Net decrease in cash and cash equivalents	(42,395)	(1,002,334)
Cash and cash equivalents at beginning of period	1,512,712	2,325,162
Cash and cash equivalents at end of period	1,470,317	1,322,828

Condensed statement of financial position	30-June 2018 K'000	30-June 2017 K'000
Assets		
Cash and balances with Bank of Zambia	1,164,243	1,499,516
Balances with other banks	784,006	542,137
Loans and advances to customers	3,073,643	3,243,828
Financial Investments - available for sale	3,496,791	2,605,659
Property and equipment	351,680	226,061
Other assets	728,809	437,436
Total assets	9,599,172	8,554,637
Liabilities		
Customer deposits	7,531,784	6,524,760
Other liabilities	753,902	382,436
Borrowings	562,830	431,773
Total Liabilities	8,848,516	7,338,969
Total Equity	750,656	1,215,668
Total Equity and Liabilities	9,599,172	8,554,637

Condensed statement of changes in equity	2018 K'000	2017 K'000
Balance at the beginning of the period	1,024,052	1,081,063
Impact of adopting IFRS 9 One-time adjustment	(362,772)	0
Restated opening balance under IFRS 9	661,280	1,081,063
Change in other comprehensive income	0	37,967
Profit for the period	95,151	96,638
Dividend paid	(5,775)	0
Balance at end of period	750,656	1,215,668

Financial Highlights

- Non-funded income (NFI) has grown by 24% Year-on-Year due to strong commission and foreign exchange income largely linked to the growth in the customer deposit base, i.e. deposits have grown 17% Year-on-Year, and transaction activity has in turn increased; consequently, NFI has contributed 41% to total income compared to 33% in the prior year.

- Investment income growth was strong at 56% Year-on-Year, reflecting the balance sheet growth achievement of 34% which was supported by strong and positive momentum on the customer funding side, which attests to the strength of the Banks network reach-out and enhanced value proposition.

- The above were negated by net interest income (NII) which declined 10% Year-on-Year mainly due to margin compression following reduced pricing on local currency loans, and increased interest costs on customer deposits. Despite lending in the market being relatively subdued, the Bank has been able to grow its gross loans by 9% Year-on-Year. The apparent decline in the net loan book has been occasioned by the transitional impact of adopting International Financial Reporting Standard (IFRS) 9, as highlighted in the statement of changes in equity above.

- Operational costs have increased by 15% during the year mainly due to investment related expenses

Capital

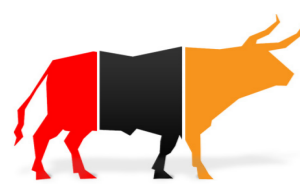
During the period up to 30th June 2018, the Bank remained well capitalized above the minimum required ratio of 10%.

Future Outlook

The Bank remains cognizant of apparent economic challenges, as well as significant market opportunities, and will therefore continue to cautiously pursue a customer centric strategy which delivers value to investors and other stakeholders alike.

BY ORDER OF THE BOARD

Issued in Lusaka, Zambia on Friday, 28th September, 2018



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