

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: 7 March 2019

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Summarised Audited Results for the Year Ended 31st December 2018

In accordance with the requirements of the Securities Act No.41 of 2016, of the laws of Zambia and the listing rules of Lusaka Securities Exchange, the Directors of Standard Chartered Bank Zambia PLC are pleased to announce the audited results of the year ended 31st December 2018

STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

| | 2018 K'000 | 2017 K'000 Restated |
|---|------------------|---------------------------|
| Assets | | |
| Cash and cash equivalents | 2,948,623 | 2,750,471 |
| Cash on hand and balances at Bank of Zambia | 964,497 | 1,038,238 |
| Pledged assets | 95,000 | 98,000 |
| Derivative financial instruments | 62,512 | 14,237 |
| Loans and advances to customers | 2,886,321 | 2,612,689 |
| Investment securities | 2,356,108 | 1,957,795 |
| Property and equipment | 64,974 | 61,674 |
| Intangible assets | 13,476 | 14,607 |
| Deferred tax assets | 39,515 | - |
| Operating lease prepayments | 445 | 460 |
| Prepayments and other receivables | 314,864 | 251,208 |
| Total assets | 9,746,335 | 8,799,379 |
| Liabilities | | |
| Amounts payable to group banks | 155,836 | 171,768 |
| Amounts payable to non-group banks | 78,795 | 1,949 |
| Derivative financial instruments | 45,848 | 9,326 |
| Deposits from customers | 8,204,152 | 7,304,664 |
| Dividends payable | 4,572 | 1,225 |
| Subordinated liabilities | 47,700 | 40,000 |
| Provisions | 40,673 | 36,431 |
| Current tax liabilities | 31,442 | 23,202 |
| Deferred tax liabilities | - | 55 |
| Accruals and other payables | 523,766 | 412,677 |
| Total liabilities | 9,132,784 | 8,001,297 |
| Total equity | 613,551 | 798,082 |
| Total liabilities and equity | 9,746,335 | 8,799,379 |

STATEMENT OF PROFIT AND LOSS

for the year ended 31 December 2018

| | 2018 K'000 | 2017 K'000 Restated |
|---|-----------------------|---------------------------|
| Revenue | 1,107,715 | 1,083,524 |
| Total expenses | <u>(693,328)</u> | <u>(626,520)</u> |
| Profit before income tax | 414,387 | 457,004 |
| Income tax expense | <u>(184,336)</u> | <u>(247,455)</u> |
| Profit for the year | <u>230,051</u> | <u>209,549</u> |
| Earnings per share | | |
| Basic and diluted earnings per share (Kwacha) | 0.138 | 0.126 |

STATEMENT OF SHAREHOLDERS' EQUITY

for the year ended 31 December 2018

| | 2018 K'000 | 2017 K'000 Restated |
|---|-----------------------|---------------------------|
| Balance at 1 January | 798,082 | 757,473 |
| Adjustment on initial application of IFRS 9, net of tax | (19,376) | |
| Profit for the year | 230,051 | 209,549 |
| Other comprehensive income net of income tax | (28,470) | 47,758 |
| Dividend paid | <u>(366,736)</u> | <u>(216,698)</u> |
| Balance at 31 December | <u>613,551</u> | <u>798,082</u> |

STATEMENT OF CASHFLOWS

for the year ended 31 December 2018

| | 2018 K'000 | 2017 K'000 Restated |
|--|-------------------------|---------------------------|
| Cashflow from operating activities | 1,012,031 | 1,036,288 |
| Cash flows from investing activities | (616,800) | (926,542) |
| Cash flows from financing activities | <u>(366,736)</u> | <u>(216,734)</u> |
| Net increase/(decrease) in cash and cash | 28,495 | (106,988) |
| Cash and cash equivalents at beginning of year | 3,614,992 | 3,739,616 |
| Effect of exchange rate fluctuation on cash held | <u>35,002</u> | <u>(17,636)</u> |
| Cash and cash equivalents at end of year | <u>3,678,489</u> | <u>3,614,992</u> |

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia.

Standard Chartered Bank Zambia Plc remained resilient in 2018, closing the year as one of the top performing banks in the Zambian market. We remain a truly global bank firmly committed to the Zambian market. We will continue to leverage our formidable global network, uniquely diverse talent pool and world class solutions to consistently deliver value to our internal and external stakeholders.

Financial Highlights

The Bank continued to be a key player as demonstrated by the profitability in the year and continued Balance sheet growth which reported an 11% year on year increase of 11% on assets. Total liabilities increased by 14% which was mainly driven by an increase in customer deposits of ZMW900m.

Income grew marginally year on year on account of higher trading income negated by lower interest margins and reduction in fees and commission as a result of the discontinuance of unwarranted charges.

Costs increased by 9% owing to the redundancy provisions booked in 2018, as a result of the Delivery Channel Optimisation Plan announced in November 2017.

Impairments increased by 36% mainly due to the adoption of IFRS 9 in 2018. Asset quality improved due to a continued focus on higher quality origination within a more granular risk appetite. Profit before tax reduced by 9% on account of increased costs and increase in impairment as stated above.

Returns on shareholders' investments closed off at 38 % in 2018, 500 basis points higher than prior year. This was attributable to growth in Revenue.

The capital ratio closed at 13%; above the statutory minimum limit of 10% or ZMW520m whichever is higher. Stronger balance sheet positions the Bank for sustainable long-term growth while increasing resilience to shocks

2017 Restatement

During 2018, the Bank noted that the current tax position in the financial statements of 2017 had been misstated. The errors have since been corrected by restating retained earnings, current tax asset / liabilities and income tax expense in the 2017 financial statements.

Whereas, the actual payments made to the Zambia Revenue Authority were correct the misstatement in the financial statements arose from a timing difference that was not accounted for in 2017. The restatement of the 2017 financial statements will not impact the dividend payout issued for the year ended December 2017.

Corporate Governance

Standard Chartered endeavors to fully apply the provisions of the Bank of Zambia Corporate Governance Directives 2016 and 2017. Further, the Bank remains committed to achieving exemplary corporate governance by striving for substantive compliance with all applicable regulations, including the Lusaka Securities Exchange (LuSE) Corporate Governance Code and Listing Rules, as well as Standard Chartered Group minimum governance standards for subsidiaries.

Future outlook

We will continue to partner with key stakeholders to deliver state-of-the-art digital solutions tailored with expert advice to cater the unmet requirements of our clients.

We are confident that the initiatives we have undertaken in 2018 to enhance our relevance in the Zambian market will provide a solid spring board to achieve our strategic objectives in 2019. We will continue investing in initiatives aimed at improving our clients' banking experience with us, while delivering value to our shareholders.

BY ORDER OF THE BOARD

Rose Kavimba
COMPANY SECRETARY

Issued in Lusaka, Zambia on Thursday, 7th March 2019

Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456

E | advisory@sbz.com.zm

W | www.sbz.com.zm

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 7 March 2019