



Company: Zambia National Commercial Bank  
 Business: Banking (Financial Services)  
 Founded: 1969  
 Listed: 2008  
 Country: Zambia

Sector Report  
 Equity Research  
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## ZAMBIA NATIONAL COMMERCIAL BANK PLC

Zambia National Commercial Bank (“ZANACO” or the “Bank”) is a home-grown bank, established in 1969 by the Government of the Republic of Zambia to service the financial needs of the Zambian economy.

The Bank has 61 branches, 191 Automated Teller Machines, 3,500 Point of Sale machines and 16,758 ZANACO Express Agents This stems from the Banks’ commitment to delivering banking services in the most convenient way in its aim to continue being known as the “People’s bank”.

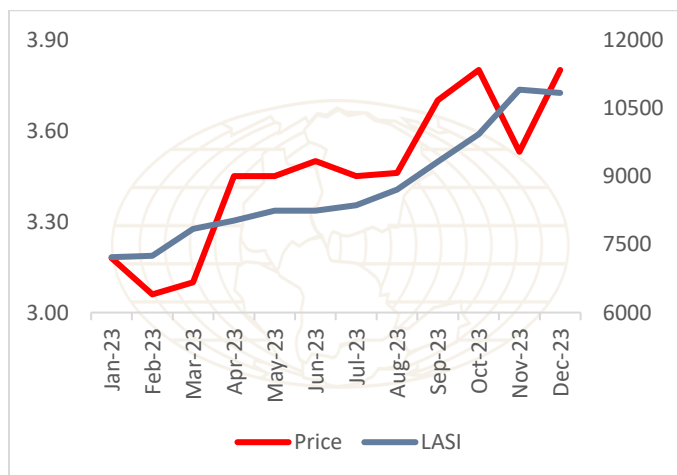
### APPROXIMATE SHAREHOLDING

Shareholder Name	Percentage Owned
Arise B.V.	45.59%
Industrial Development Corporation	25.00%
Others	19.41%
National Pension Scheme Authority	10.00%

### MARKET INFORMATION AND PERFORMANCE

LuSE Ticker	ZNCO
LuSE Price, in ZMW [28 March 2023]	3.10
LuSE Price in USD	0.15
Issued Shares	1,443,750,531
Authorised Share Capital	1,666,666,667
LuSE Market Cap, in ZMW [Fully Diluted]	4,475,626,646.1
Market Cap in USD [Fully Diluted]	211,513,546.60
52-Week High, in ZMW	3.20
52-Week Low In, in ZMW	1.90
Forex USD to ZMW [28 March 2023]	21.16

### ZANACO AND LuSE ALL SHARE INDEX (“LASI”) AVERAGE PERFORMANCE 2022



In the year 2023, the Bank’s share price grew by 19% from ZMW3.18 to ZMW3.8. During this period the LASI grew by 50%. ZANACO was ranked the second most traded stock based on Trades in 2023 with 11,182,966 shares traded. This translated into it being the fourth company on the LuSE turnover rankings in the same year, with a turnover of ZMW38,404,744.61.

Confidence in the Company’s stock can be attributed to consistent dividend declarations and strong and leading financial performance.

## 2022 ABRIDGED FINANCIAL AND PERFORMANCE RESULTS

Financials (ZMW’ 000)	31-Dec-22	31 Dec 23	Change (%)
Net Interest Income	2,964,287	3,487,500	18%
Total Operating Income	3,935,821	5,282,361	34%
Profit Before Income Tax	1,732,375	2,705,713	56%
Other Operating Income	597,113	1,376,453	131%
Non-Interest Expense	(1,983,678)	(2,535,928)	28%
Profit For The Year	1,203,545	1,769,088	47%
Total Assets	35,967,973	44,883,422	25%
Total Liabilities	32,987,616	40,459,647	23%
Total Equity	2,980,357	4,423,775	48%

	31-Dec-22	31 Dec 23
Earnings Per Share	0.83	1.23
PE (31 <sup>st</sup> March, 2023)	1.62	0.615
Price to Book Ratio	1.62	2.24
Return on Assets	0.40	0.40
Return on Equity (est.)	0.41	0.48

### FINANCIAL AND OPERATIONAL PERFORMANCE

ZANACO’s Net Interest Income increased by 18% to ZMW3.5 billion. This was primarily due to increased investment income realized from an increase in yields from Government Securities, Loans and Advances and Fees charges.

Total Operating Income grew by 34% to ZMW5.3 billion mainly because of increased Net Fees and Commission Income. This attributable to treasury trading and sales deals closed during the year stemming from increased product uptake.

The Bank’s Total Assets grew by 25% during the year. This was due to increases in cash balances and loans and advances to customers. Cash balances increased on account of the increase in the statutory reserve ratio while loans and advances grew due to disbursements to the mining, energy, financial and agriculture sectors.

Total Liabilities grew but at a lower rate than Total Assets. The growth was attributed to an increase in customer deposits and Borrowings due to funding received from the European Investment Bank and British International Investment.

### FUTURE OUTLOOK

The stock of the Company continues to be traded frequently and this is reflected by a Year-to-Date increase in share price of 70% and total trade volume of 786,518 representing a turnover of ZMW4,529,574, a show of high investor confidence.

The Bank commits to continue to grow its digital footprint and self-service capabilities, embed sustainability concepts in its strategy, enhance service delivery and quality. To enhance retail banking, the Bank commits to providing more financial services that require direct engagement with private bankers. Efficient liquidity management through centralized cash management, funding and capital management will also be prioritised.

Through this assessment, Stakeholders can, thus, remain confident in the Bank’s stock and Company performance going forward.