



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

Sector Report
 Equity Research
 Senior Analyst: Chabala Sunkutu
 Email: chabala@pangaea.co.zm
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ZAMBIA NATIONAL COMMERCIAL BANK PLC HALF YEAR 2024 COMPANY PERFORMANCE

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 62 branches, 188 Automated Teller Machines (“ATM”), 4,890 Point of Sale machines and 27,000 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”.

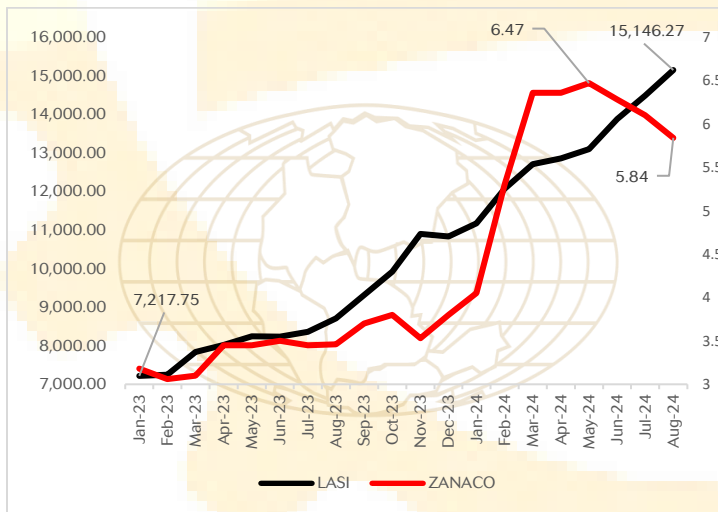
APPROXIMATE SHAREHOLDING

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 [31 August 2024]	3.80
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]	8,633,795,983.78
Market Cap in USD [Fully Diluted]	323,363,145.46
52-Week High, in ZMW	6.36
52-Week Low In, in ZMW	3.06
Forex USD to ZMW [31 August 2024]	26.07

ZANACO AND LuSE ALL SHARE INDEX (“LASI”) AVERAGE PERFORMANCE JANUARY 2023 – AUGUST 2024



Since January 2024 to August 2024, the Bank’s share price grew by 44% from ZMW4.05 to ZMW5.84. This outperformed the LASI which grew by 36%. ZANACO was ranked the ninth most traded stock based on volumes in 2024 with 1,095,697 shares traded. This translated into it being the ninth company on the LuSE turnover rankings in the same year, with a turnover of ZMW6,508,064. This was possibly sustained by

the Bank’s solar ATMs innovations, assuring sustainability and cost efficiency and a dividend payout of ZMW0.429 retaining value to shareholders.

2024 ABRIDGED FINANCIAL AND PERFORMANCE RESULTS

Financials (ZMW’ 000)	30 Jun 24	30 Jun 23	Change (%)
Profit Before Income Tax	1,056,670	1,085,133	-3%
Profit For The Year	705,937	722,613	-2%
Total Assets	46,262,856	37,175,745	24%
Total Liabilities	41,919,302	34,026,679	23%
Total Equity	4,343,554	3,149,066	38%

	30 Jun 24	30 Jun 23
Earnings Per Share (EPS)	0.49	0.50
PE (31 st March, 2023)	0.08	0.14
Price to Book Ratio	2.15	1.60
Return on Assets	0.02	0.02
Return on Equity (est.)	0.16	0.23

FINANCIAL AND OPERATIONAL PERFORMANCE

The Bank’s operating income closed the period at ZMW2.77b representing a marginal growth of 1%. This was supported by a 4% (ZMW64.8m) growth in Net Interest Income and 18% (ZMW82.2m) increase in fee and commission income.

The Bank recorded a profit after tax of ZMW706m for the period, a 2% reduction compared to the 2023 performance. The performance in the period was adversely impacted by the increase in interest expense cost due to increased borrowings to cushion the effects of the increase in statutory reserve ratio from 11.5% to 26% which materially reduced available cashflows to support operations.

The performance in the period was anchored on a resilient balance sheet with a growth in total asset base of 24% (ZMW9.1b). This was supported by 29% (ZMW3.5b) growth in the loan book, 10% (ZMW1.1b) growth in Investment securities. Cash and balances with Central bank grew by 25% (ZMW1.8 billion) to ensure compliance with the increase in the statutory reserve ratio. Total liabilities grew by 23% (ZMW7.9 billion) driven by a 7% (ZMW1.98 billion) increase in customer deposits and 435% (ZMW5.4b) growth in borrowings from other Banks to support and maintain funding and liquidity requirements at all times.

The Bank remains adequately capitalized and continues to prudently utilize its capital to ensure maximum return on investments. As at 30 June 2024, the Bank retained a strong capital ratio of 18.18%, after a dividend payout of ZMW621 million.

FUTURE OUTLOOK

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 prioritized.

The Bank will continue to be customer centric, manage risk, innovative and remains committed to operate in a sustainable manner by protecting the environment in which it operates. This is in efforts to remain Zambia’s leading universal transactional financial institution, providing the best in value solutions to clients while supporting financial inclusion.