Presentation To AFSIC

DIGITALIZE THE CUSTOMER; ZANACO 3.0 2
Zambia's Digital Bank

May 2018

Henk Mulder, - ZANACO Managing Director & CEO

zanaco

Content

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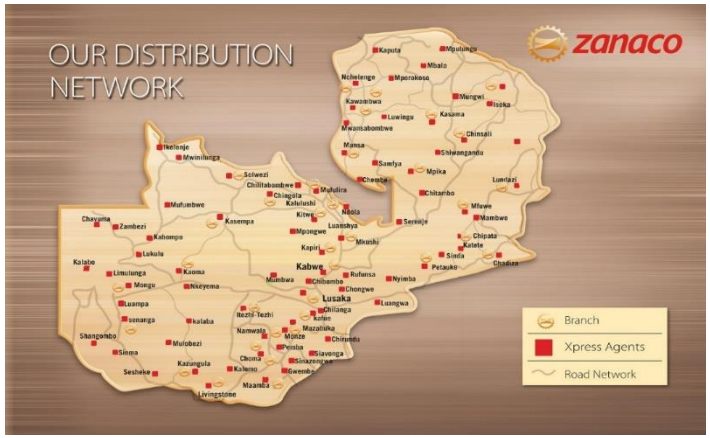


- **Over 1.1 Million customers**

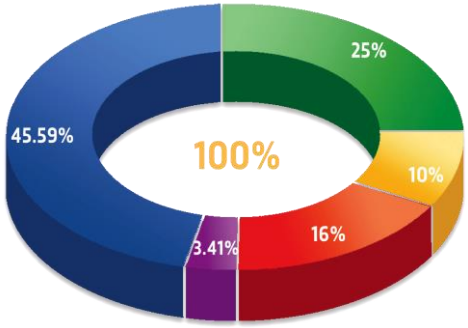
- **184 ATMs nationwide**
- **1,500 POS Merchants**

- **68 branches nationwide**
- **850+ Zanaco Xpress Agents**

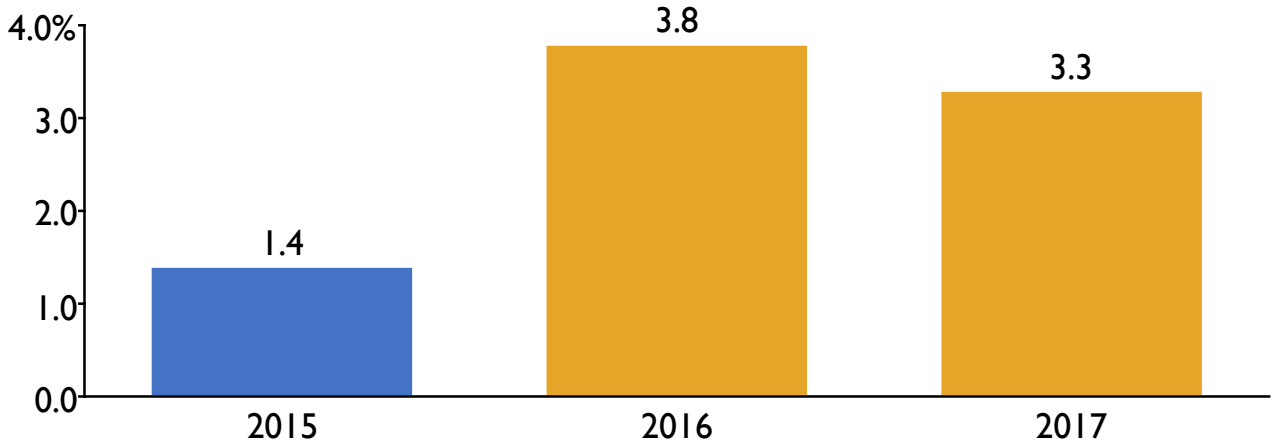
History

- **E**stablished in 1969 to service the financial needs of the Zambian economy
- In 2007, the Government of the Republic of Zambia (GRZ) sold a 49% stake in the Bank to Rabo Development B.V. a subsidiary of the Cooperative Centrale Raiffeisen-Boerenleen Bank (Rabobank) of the Netherlands.
- Subsequently, Rabo Development sold a 3.41% stake to Lizara Investments Limited, a nominee of the Zambia National Farmers Union (ZNFU), following the Bank's Initial Public Offering in 2008.
- In 2016 the Government of the Republic of Zambia (GRZ) transfered its 25% shareholding to Industrial Development Corporation (IDC).
- On 30th June 2017, Rabo Development B.V. transferred its 45.59% shareholding to Arise B.V. Arise B.V. is a leading African Investment company backed by three reputable cornerstone investors namely Norfund, Rabobank and the Dutch Development Bank (FMO).
- The Bank remains majority-owned by Zambians and is thus considered "citizen owned". The relationship with Arise B.V. enables Zanaco to benefit from technical assistance and best practices in various areas of banking.

- Arise B.V. 45.59%
- Industrial Development Corporation (IDC) 25%
- LuSE Free Float 16% NAPSA 10% LIZARA
- Investments Limited 3.41%
- (As Nominees of Zambia National Farmers Union (ZNFU)



National Productivity. Positive outlook.

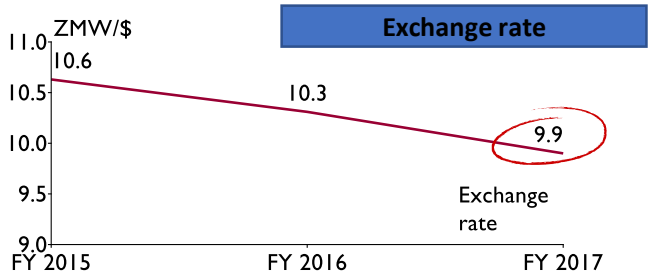


GDP Growth driven by:

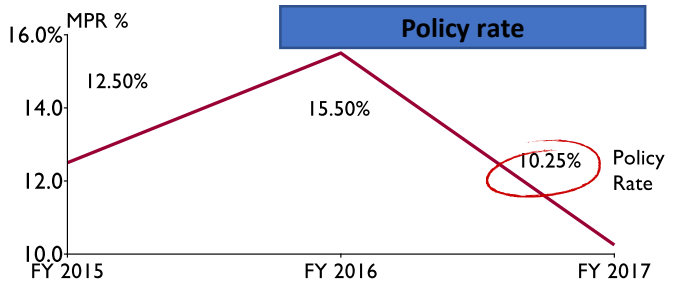
- **FY 2015:** Poor electricity production; adverse impact on mining and manufacturing; agriculture forestry and fishing affected by poor rain patterns
- FY 2016: Recovery of key areas affected in 2015
- FY 2017: Slow down in some areas, i.e. ICT, arts and entertainment, water and sewerage

Source: **BOZ**

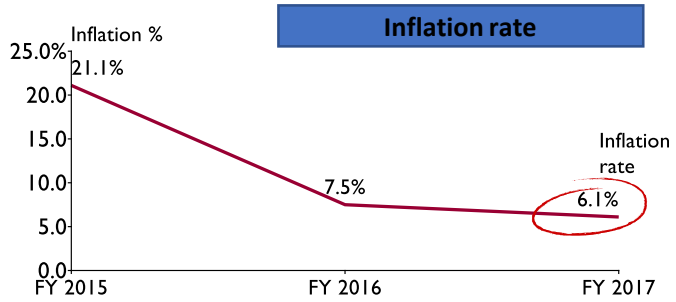
Monetary policy highlights



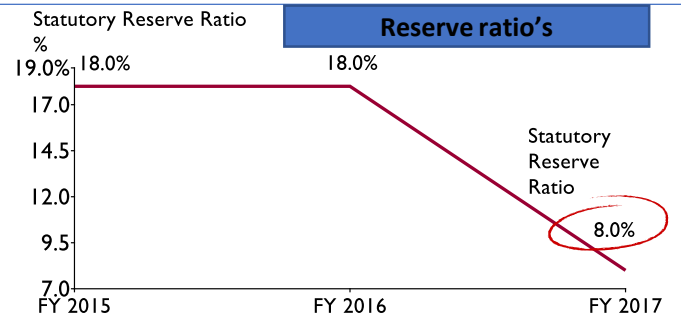
Appreciation of the Kwacha to K/$ 9.5 in 2017 driven by better copper prices on the world stage and positive sentiment



Central Bank reduced policy rate in 2017 in order to stimulate economy through cheaper borrowing and reduce NPL's



Inflation has been steadily declining from the high levels experienced in 2015

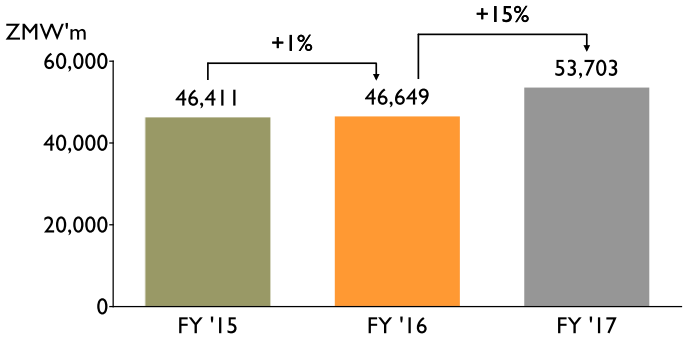


Central Bank reduced SRR in order to increase money supply and encourage domestic investments

Source: **BOZ**

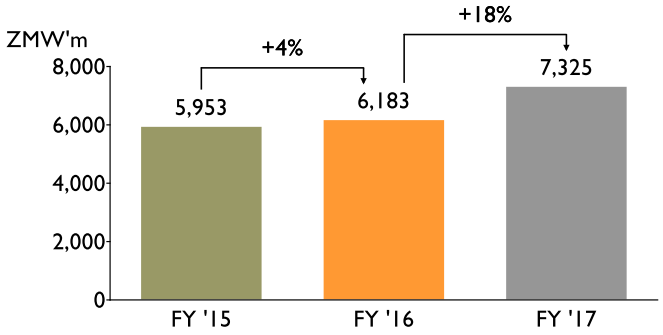
Industry overview

Industry Deposits

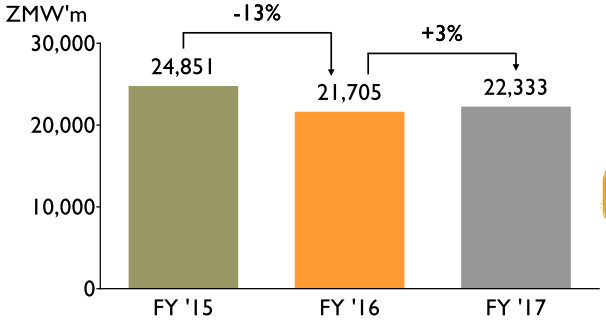


Zanaco deposits grew 3% faster than the Industry at 18%

Zanaco Deposits

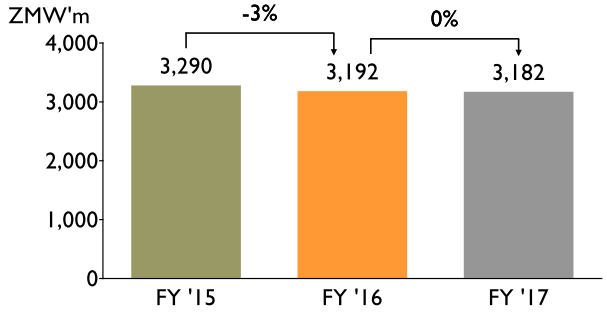


Industry Loans



Zanaco loans remained flat in line with management strategy

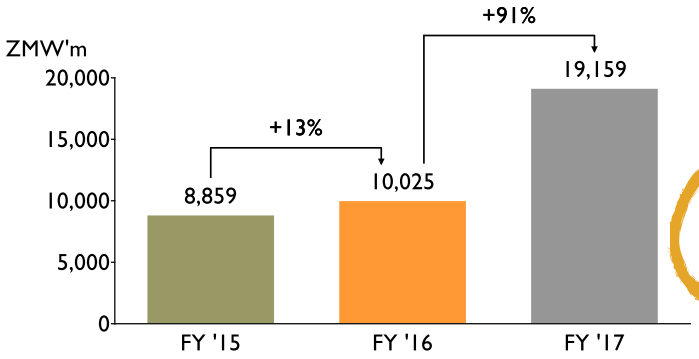
Zanaco Loans



Source: **BOZ. Published financials**

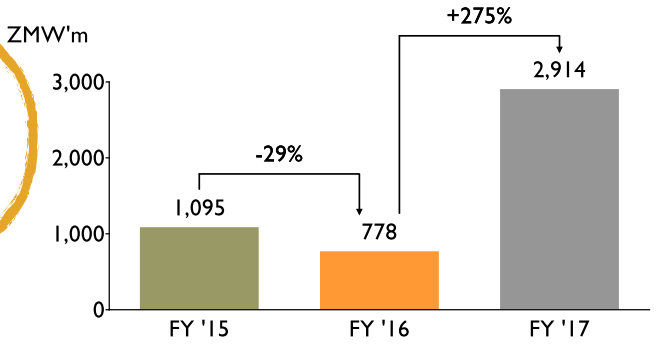
Industry overview

Industry Investments

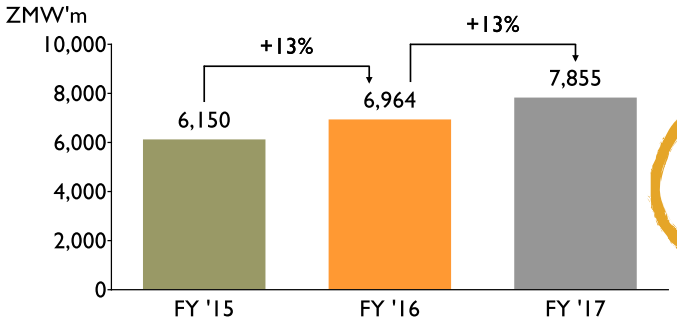


Zanaco Investments grew in line with strategy to build liquidity buffer

Zanaco Investments

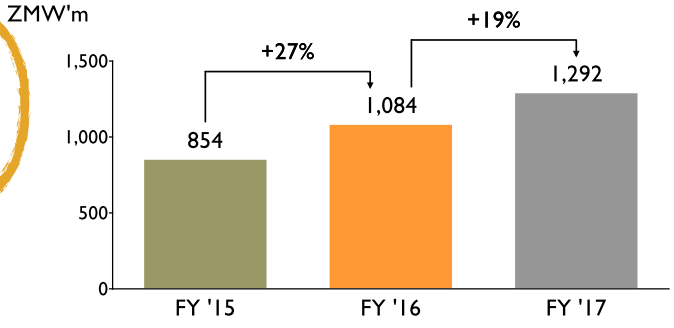


Industry Revenue



Zanaco revenue growth based on strategic market repositioning

Zanaco Revenue

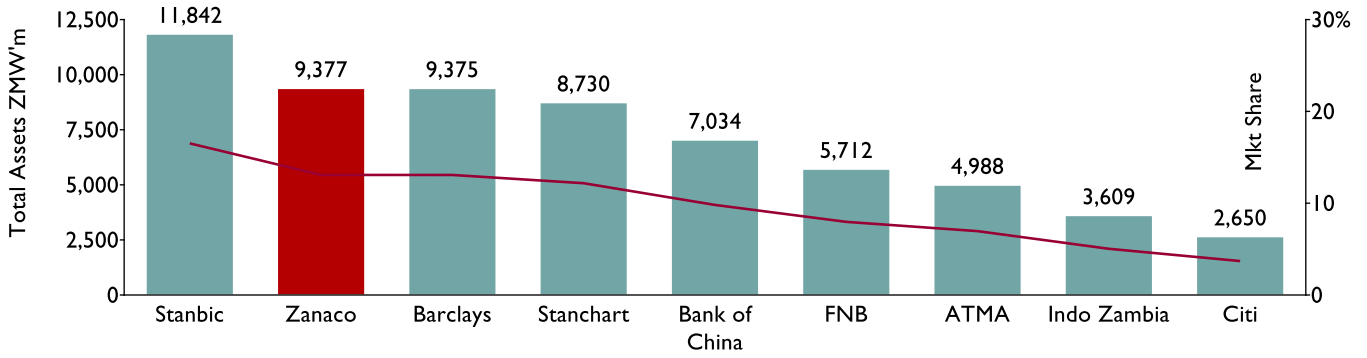


Source: **BOZ. Published financials**

2017 Competitive Landscape: Total Assets & Deposits

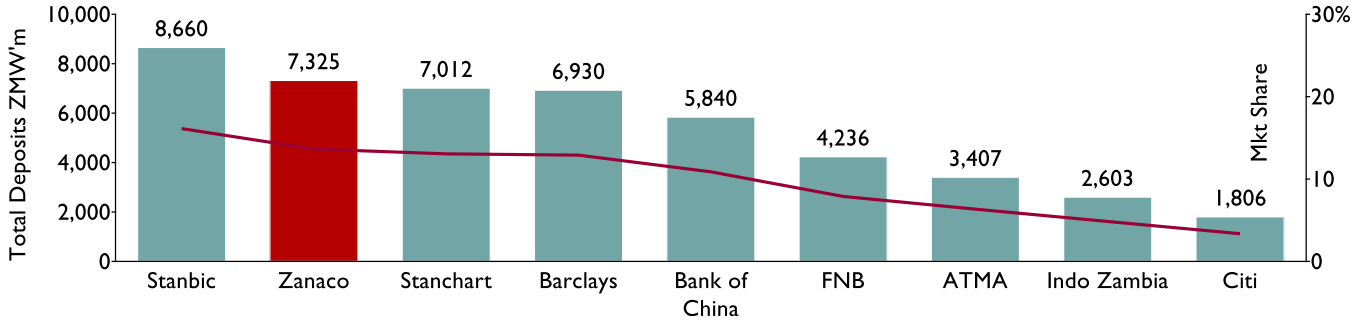
Total Assets

13% Market Share



Deposits

14% Market Share



Source: **BOZ Prudential numbers**

FY 2017: Comparison to Peer Banks. Zanaco leads on Revenue

Revenue		Profit Before Tax		Deposits
zanaco	K1,292m	BARCLAYS	K448m	Stanbic Bank
Stanbic Bank	K1,229m	Standard Chartered	K444m	zanaco
Standard Chartered	K1,094m	Stanbic Bank	K379m	Standard Chartered
BARCLAYS	K1,056m	zanaco	K136m	BARCLAYS
FNB First National Bank	K710m	FNB First National Bank	K55m	FNB First National Bank
atlasmara	K570m	atlasmara	(K25m)	atlasmara

Source: **Published financials**

Our Strategy and 2020 Vision

- Streamlining Customer Segmentation & Value Proposition (CVP)
- Build a Digital Bank & Eco-system
- Enhance Sales Force (Increase sales to non-sales ratio)
- End to End Risk Management Redesign for Effective Risk management
- Reposition the Zanaco Brand

Top of Mind Transaction Bank by 2020

How we will be known
- **Innovative** products & services
- **Responsive** to our clients
- **Available** anytime, anywhere

Who we will become
- #1 client market share
- #1 transactions volume market share
- #1 revenues market share

What are our ambitions
- Top of mind transactional bank
- 2.5 Million customers
- Repositioned Brand

Our Brand Purpose

GROWING ZAMBIA

A PROUDLY BORN AND BRED ZAMBIAN PEOPLES BANK COMMITTED TO GROWING ZAMBIA AND ITS PEOPLE

Growing people
Growing business
Growing communities
Growing the country

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Zanaco Performance: Profit & Loss

IFRS Financials

K'm	FY 2015	FY 2016	FY 2017	YoY
Revenue	1,067	1,211	1,438	227
Operating expenses	(784)	(1,062)	(1,010)	52
Operating profit	**283**	**149**	**428**	**279**
Impairment	(98)	(209)	(248)	(40)
Profit Before Tax	**185**	**(60)**	**180**	**239**
Taxation	(67)	(2)	(65)	(63)
Profit After Tax	**118**	**(62)**	**114**	**176**

FY 2016 Restated

Source: 2017 & 2016 Annual Reports

Zanaco Performance: Balance sheet

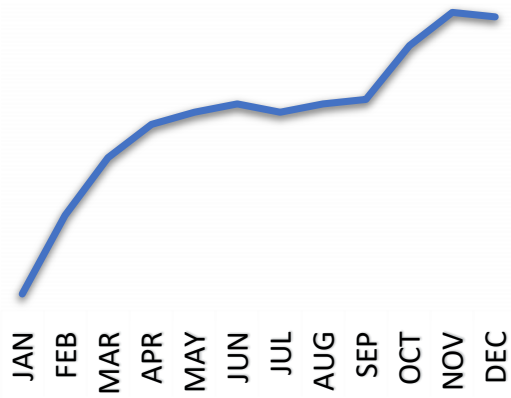
IFRS Financials

K'm	FY 2015	FY 2016	FY 2017	YoY
Cash and equivalents	2,794	3,380	2,403	(977)
Investments	1,134	770	3,100	2,330
Loans	3,447	3,188	3,223	36
Other assets	571	664	817	153
Total Assets	**7,946**	**8,002**	**9,543**	**1,541**
Deposits	6,033	6,256	7,455	1,198
Other liabilities	872	875	1,064	190
Equity	1,040	871	1,024	153
Total liabilities and equity	**7,946**	**8,002**	**9,543**	**1,541**

Source: 2017 & 2016 Annual Reports

Zanaco Performance: Share Price

2017 SHARE PRICE DEVELOPMENT



Monthly Average Share Price Development - January to December 2017

Share prices closed 2017 at ZMW 0.96.

Increment can be attributed to increased brand and investor confidence a

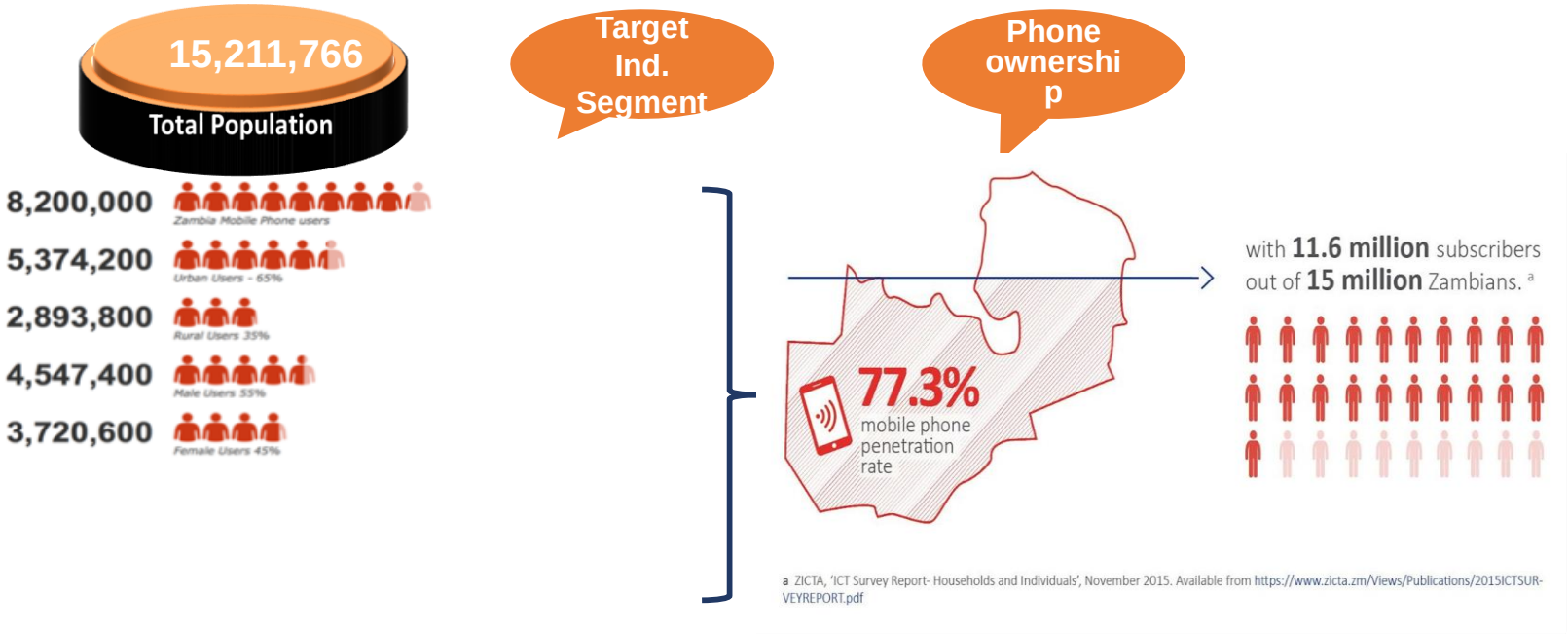
Our Future and Brand Purpose

GROWING ZAMBIA

A Proudly Born And Bred Zambian People`s Bank Committed To Growing Zambia And It`s People

Growing People
Growing Business
Growing Communities
Growing the Country

Size of the Individual Segment to be Digitalized

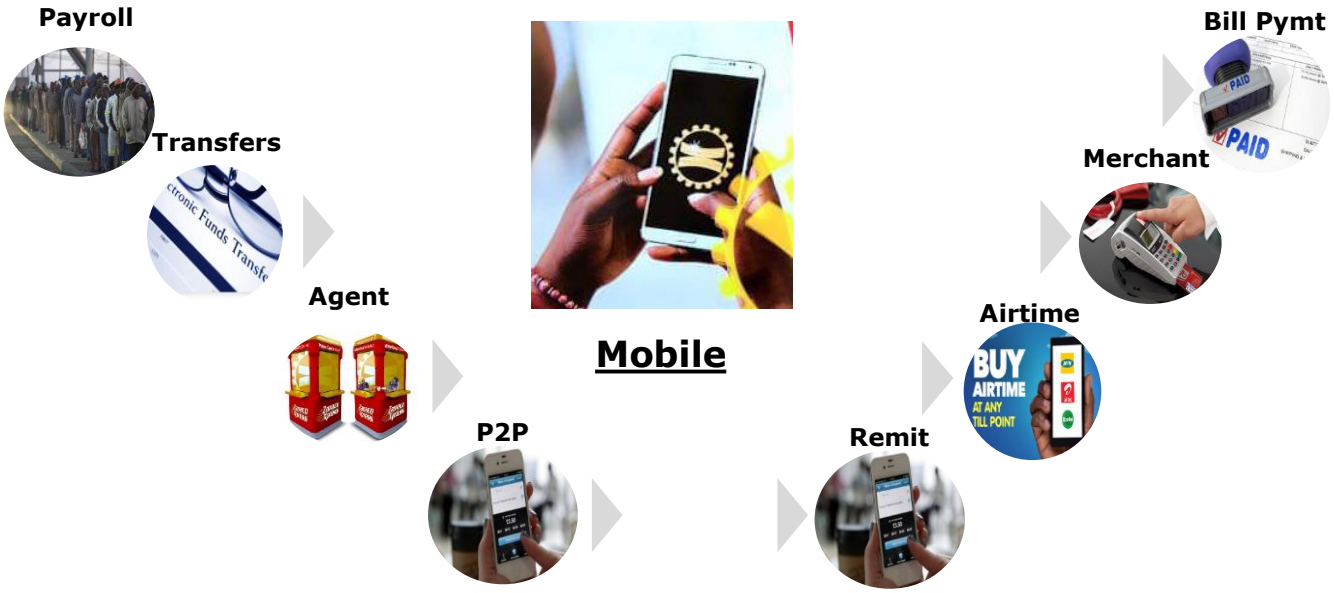


50% of population owns phones

Source : ZICTA Survey Report

ZANACO 3.O - Digitalize the customer

Cash In and Transact = Cashless society + Financial inclusion + Decongest branches

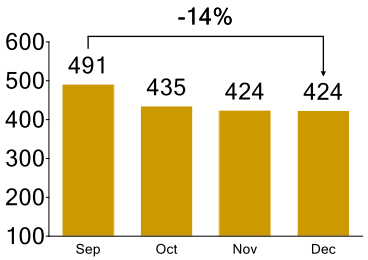


Build an ecosystem of customers, agents and merchants with mobile at the center

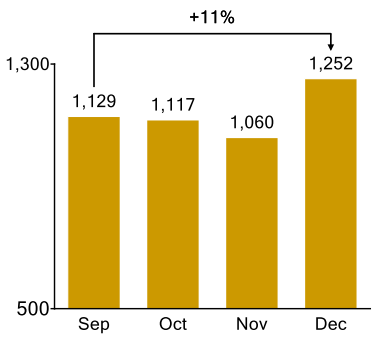
Touch Points to aid digitalization

Zanaco Performance: Channel Performance

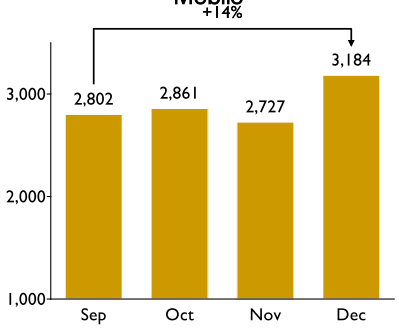
OTC



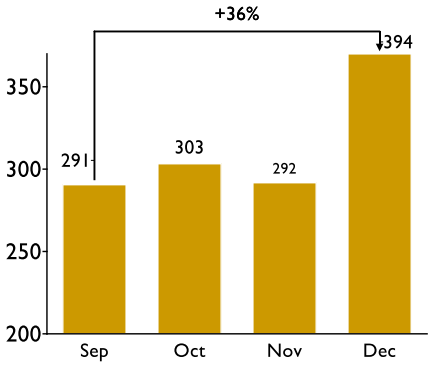
ATM's



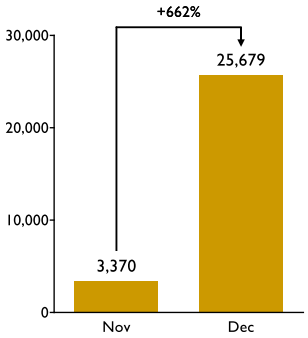
Mobile



Xpress Agents

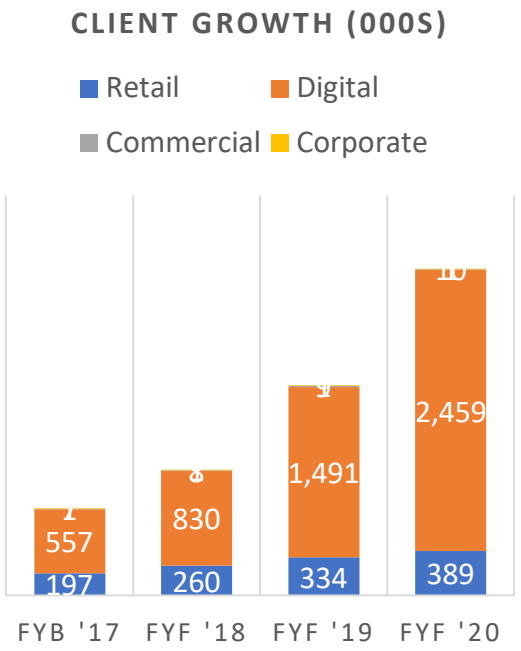


Mobile app downloads

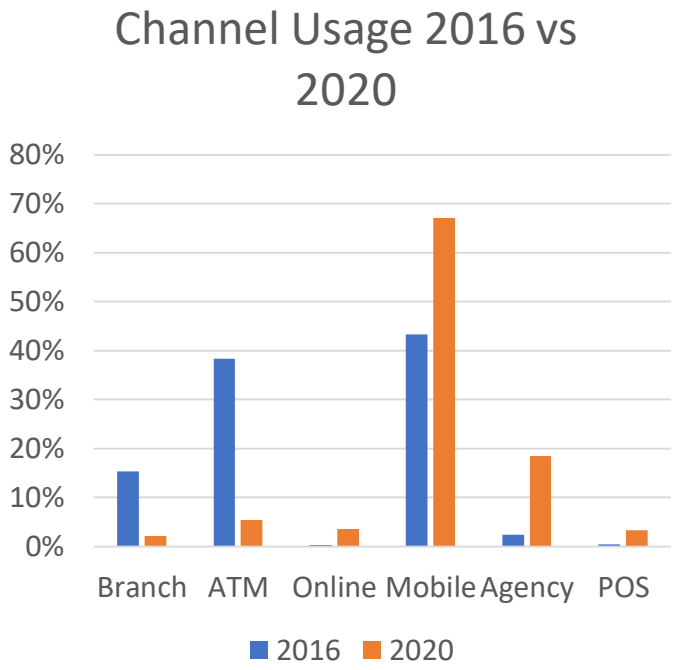


Xpress Agency and customer digitization are key drivers to branch decongestion

Our Ambitions - 2020



Digital client growth at 64% CAGR from 556K to 2.5Mn



Behavioral change achieved through channel availability, tactical pricing and digital innovations

Our Innovations In The Pipeline

Lead the cashless agenda in Zambia

Roll out Mobile Banking Based School Bank

To shift our core values to customer acquisitions from a tender age when we recruit our future customers from Necessary , Primary, Basic , High school and college

Enhance the “growing with Us” concept.

Digital Identification

SIM Card as a form of KYC

Enable seamless customer identification and help governing bodies deal with regulatory requirements

Data sharing & “RegTech”:- Leveraging on technology to meet regulatory compliance

Technology Focused Startups

Deeper collaboration

100% Digital Bank

Victoria Falls in Zambia

THANK YOU