

ANALYST BRIEFING

06 August 2015



PRESENTATION OUTLINE

OPERATING ENVIRONMENT



STRATEGIC REVIEW



FINANCIAL REVIEW



PERFORMANCE AWARDS



GUIDANCE AND OUTLOOK

OPERATING ENVIRONMENT OVERVIEW



Operating Environment

Environmental Constraint

- Tight liquidity in the market
- High cost of funding
- Low industry capacity utilisation
- High credit risk

Our Response

- Unlocking long term offshore funding
- New product development
- Strengthening relations with stakeholders
- Enhanced market presence
- Increased credit collection on defaulting clients.

Operating Environment

How We are Doing It

- Launching products that encourage savings e.g. cash-plus, agency banking, whole-life product family.
- Increasing contribution from non-banking units
- Increased transaction based products
- Streamlining non value adding processes
- Low cost housing

STRATEGIC & OPERATIONAL REVIEW



Capitalisation of Subsidiaries

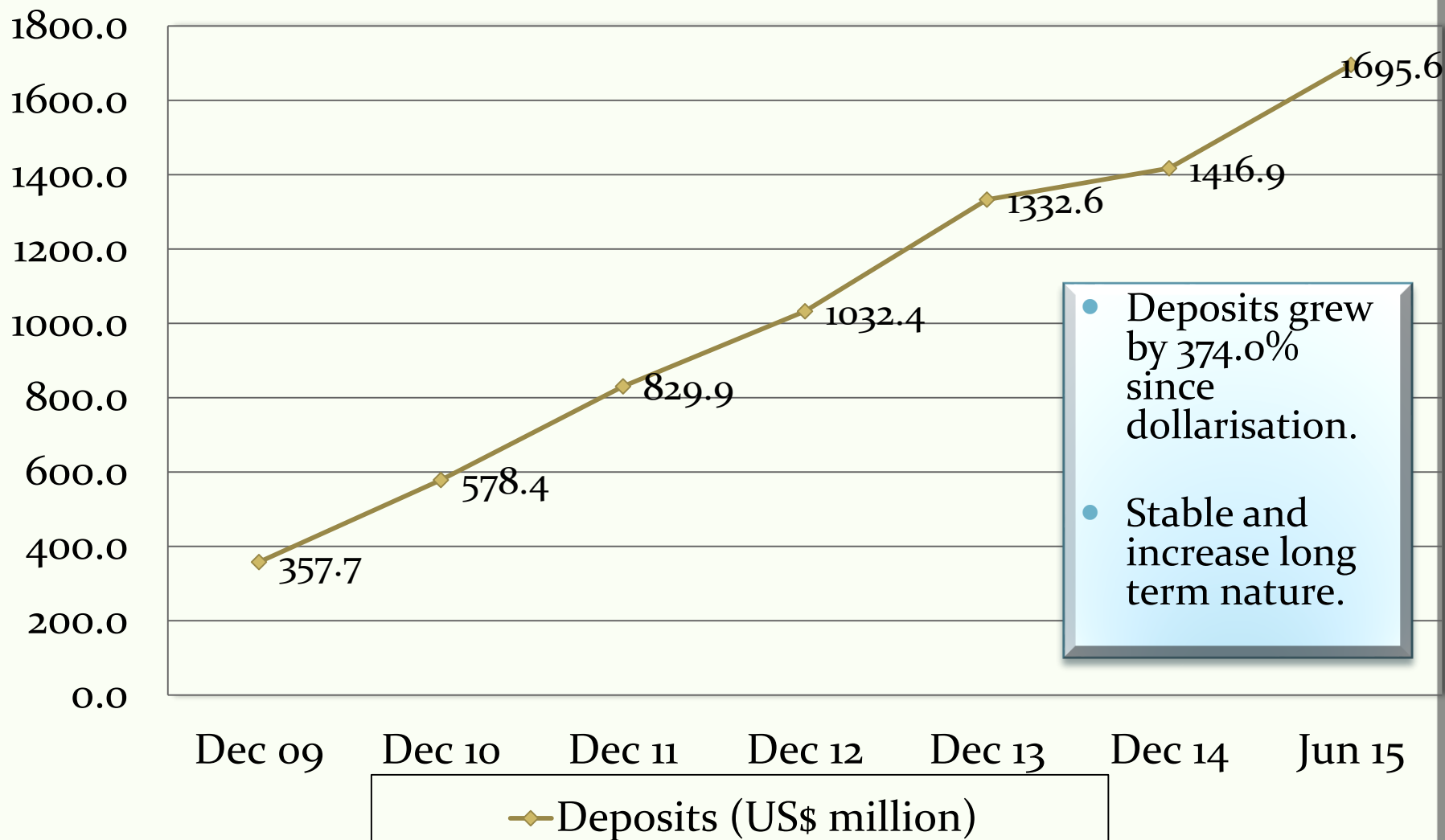
	Core Capital 30 June 2015	Required By RBZ/ Commissioner	Buffer	Total Capital 30 June 2015
	US\$m	US\$m	US\$m	US\$m
CBZ Bank(Universal)	188.7	45.0	143.7	216.2
CBZ Asset Management	2.4	0.5	1.9	2.4
CBZ Life	11.2	2.0	9.2	11.2
CBZ Insurance	3.6	1.5	2.1	3.6

Market Share

Unit	Position	Market share (%)	Targeted Market share (%)
CBZ Bank (Deposits)	1	26	20-30
CBZ Asset Management (Funds Under Management)	5	9	10
CBZ Life(Gross Written Premium)	6	3	5
CBZ Insurance(Gross Written Premium)	8	4	5

Source: IPEC Report & Monetary policy Statement

Deposits Trend



Delivery Channel Initiative

➤ **CBZ Agency Banking Model**

- Now operational in selected outlet nationwide.
- Aims at bringing convenience and accessibility of financial services.
- Agents to distribute both banking and insurance products and services to the unbanked and existing customers.

30 Agent outlets have been signed on with a target of 200 Agent outlets by end of 2015

➤ **CBZ Life – Strategic alliances of**

- Strategic alliances entered with Edgars Stores, Truworths and Topics Stores amongst others.

Whole Life Product

Whole Life Packages

1. CBZ Wealth Protection Plan
2. CBZ Keyman Protection Plan
3. Income Protection Plan

Key Attributes

- Pays out lump sum cash from US\$10 000 to US\$200 000 upon death.
- Pays out a Life Celebration Bonus after every 5 years – up to 50% refund of contributions.
- FREE funeral cover of US\$500 for immediate family members (Member, Spouse and up to 4 biological children under the age of 21 years)
- Younger people pay lower premiums.
- You pay premiums up to age 65 and remain covered for the rest of your life.
- Can be used as collateral for company loans

Product Development

CBZ
SmartCash

CBZ Smart
money

CBZ
Custodial
services

CBZ School
fees plan

Whole Life
Product
(Life assurance)

Telecash
agency
services

Chikanga
Housing
Scheme

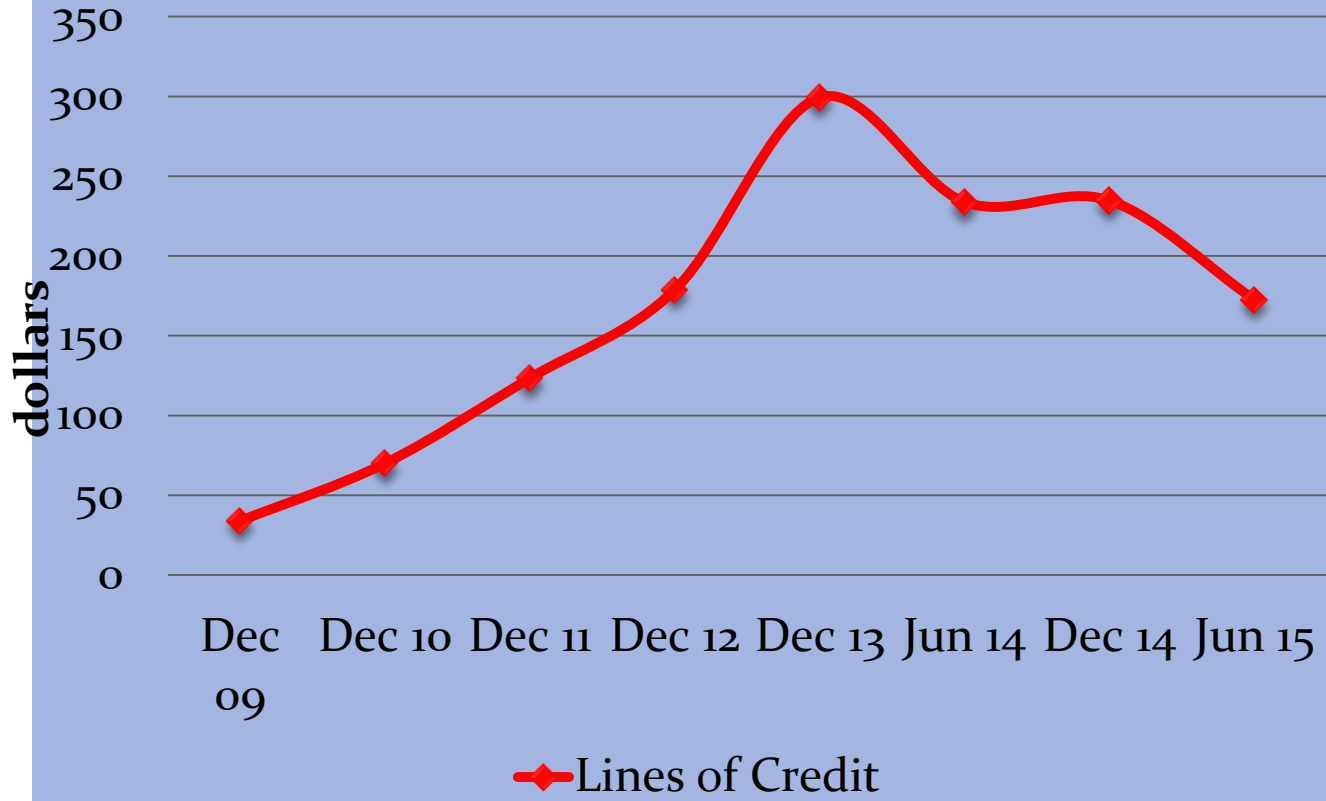
Nehosho
Housing
Scheme

MasterCard
(Recently licensed)

Agency
Banking

Credit Lines

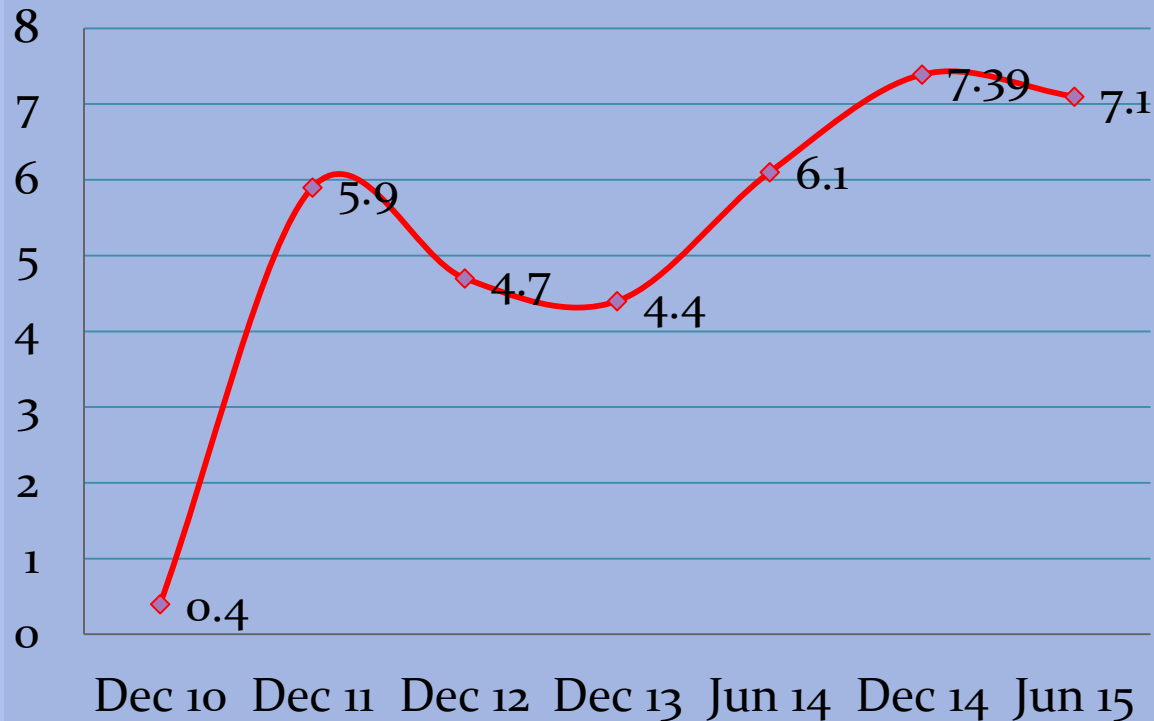
Lines of Credit



- Focus on reducing pricing risk
- Continuous review of the project pipeline to ensure quality of borrowers
- Unlocking value from the land bank to fund long term projects

Quality of Earnings

NPL RATIO – MANAGING CREDIT QUALITY



Continuous review of asset and earnings quality.

Prudential provisioning system maintained.

We anticipate our NPL ratio to come down on finalisation of ZAMCO.

- Restructuring is allowed on good projects which are being affected by short term credit.

Quality of Advances

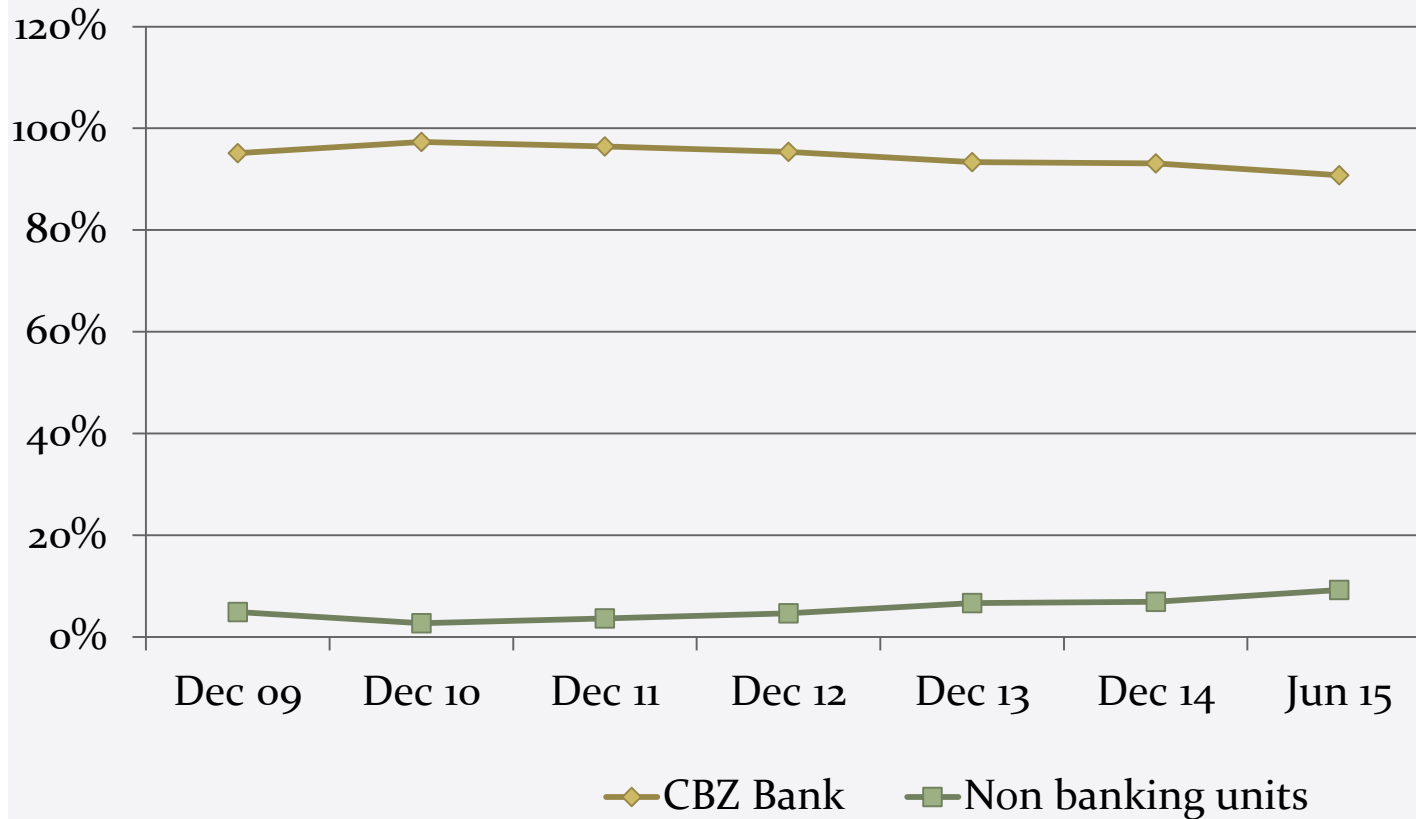
	Jun 2015	Dec 2014
Total net advances (US\$m)	1 113.0	1 125.9
Security value (US\$m)	1 887.6	1 763.5
Security cover (times)	1.7	1.6
Provisions (US\$m)	71.5	65.8
Non performing loans (US\$m)	84.7	87.1
Coverage ratio (times)	0.84	0.76

- Target 100% coverage ratio on our NPLs over and above security.
- 7.0% increase in security value.
- NPLs fairly spread.

Security

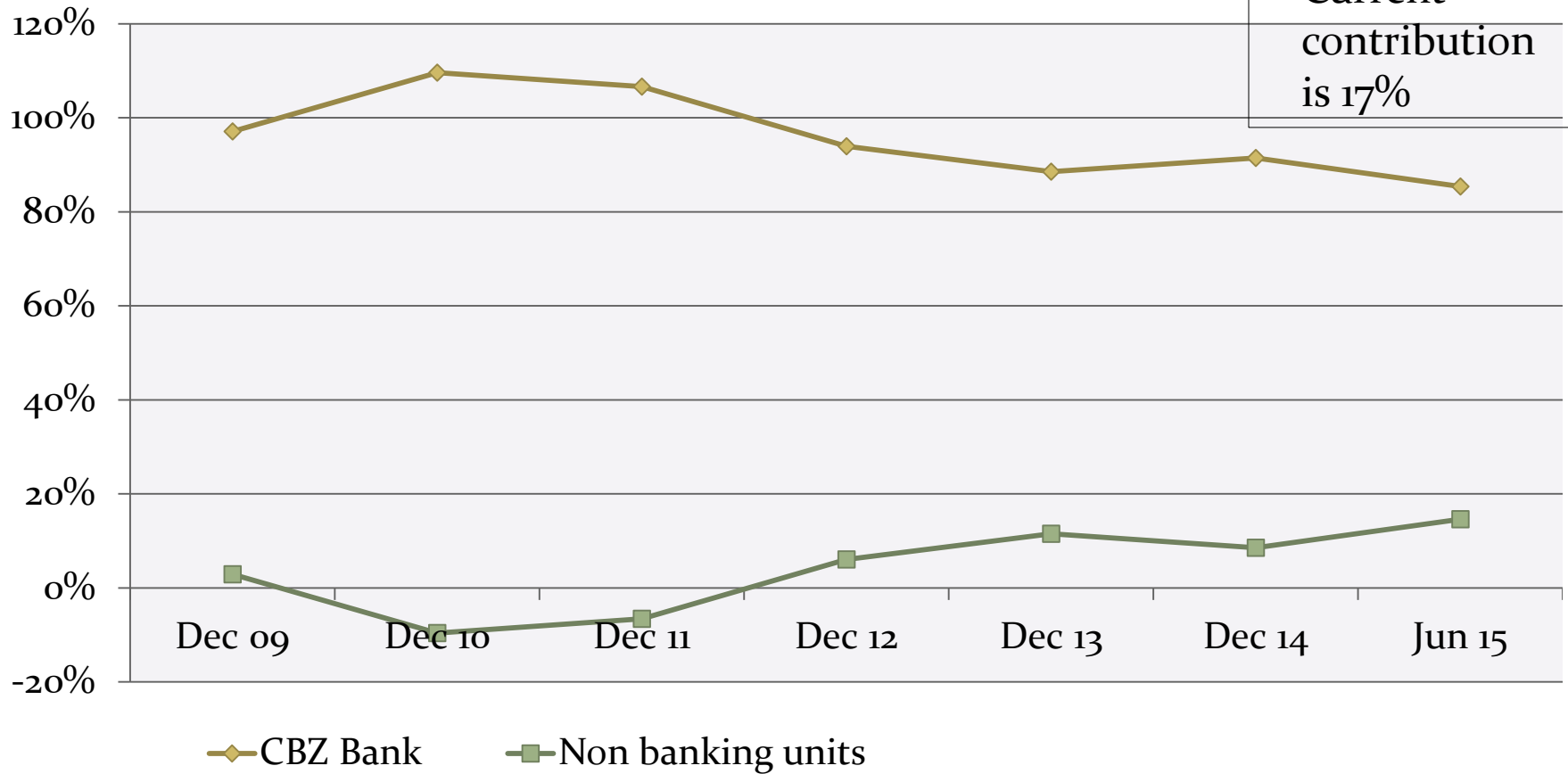
	June 2015	Dec 2014
Total security value (US\$m)	1 887.6	1 763.5
Comprised of:		
Cash cover (US\$m)	208.5	152.0
Collateral (mortgage security) (US\$m)	831.5	857.5
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc. (US\$m)	847.6	754.1

DIVERSIFICATION (Income)



Continue to enhance synergies with positive multiple effect on the Group

DIVERSIFICATION (Profit)



FINANCIAL REVIEW



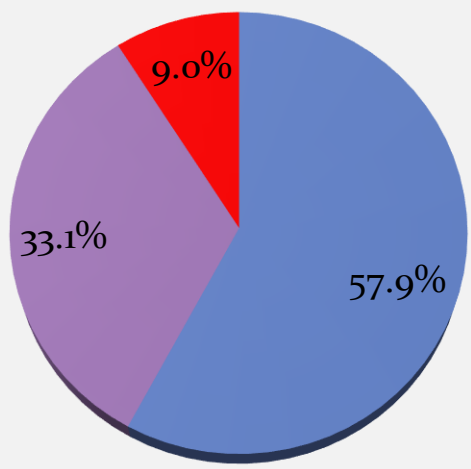
2015 Financial Objectives

- Diversification of Income
- Quality of Earnings
- Liquidity Management
- Risk Management
- Cost Containment
- Profitability

Diversification of Income

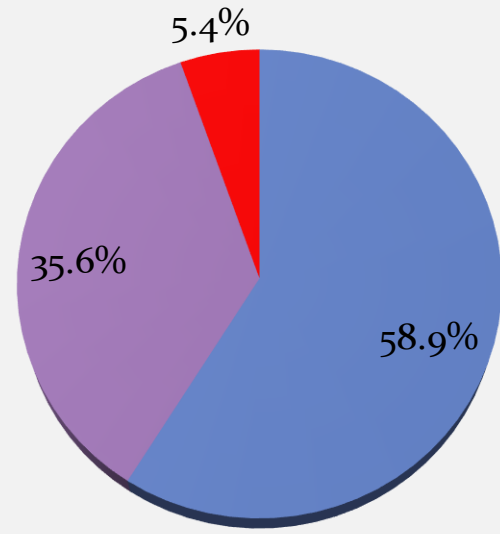
Income Mix

June 2015



- Net interest income
- Non interest income
- Underwriting income

June 2014

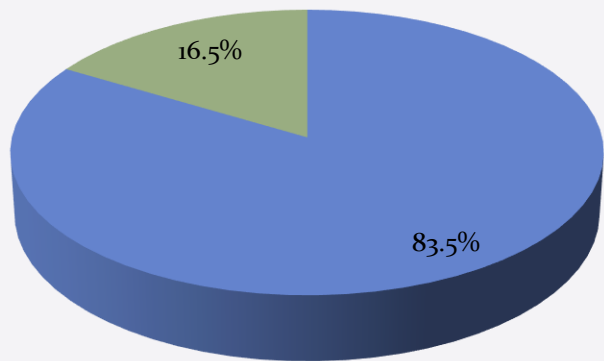


- Net interest income
- Non interest income
- Underwriting income

Diversification of Income

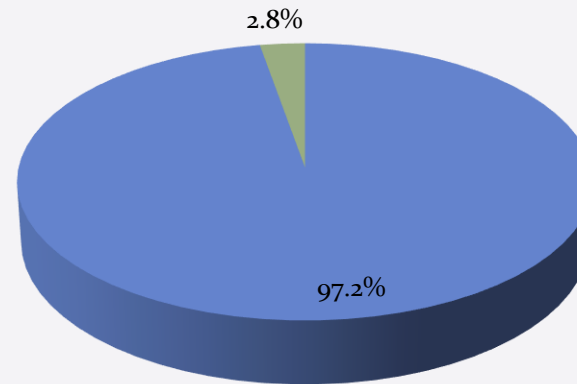
Subsidiaries contribution to profit after tax

June 2015



■ BANKING
■ NON-BANKING

June 2014



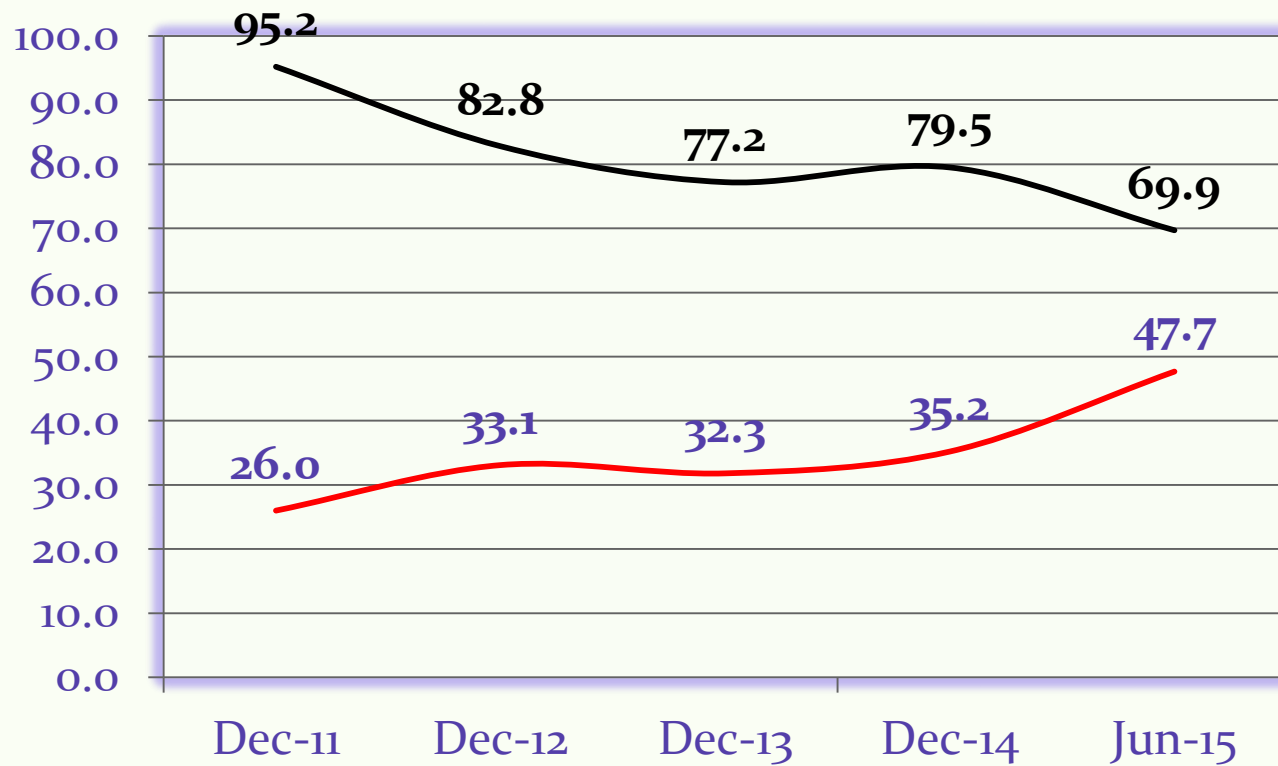
■ BANKING
■ NON-BANKING

Contribution of non-banking business is targeted to be at least 20% of total profit in the long term.

Quality of Earnings

	Jun 2015	Jun 2014	Jun 2013	June 2012
Net interest margin (%)	6.38	4.30	5.59	7.38
Interest in suspense (US\$m)	27.8	20.6	13.0	5.1
Impairments(P&L) (US\$m)	14.1	7.47	6.6	3.1
Write offs	14.2	1.0	-	-
Provisions (excl interest in suspense)(US\$m)	43.7	24	27.6	22.6
Non performing loans (US\$m)	84.7	66.8	40.7	44.8
Non performing loans (%)	7.1	6.1	4.2	5.5

Liquidity Management



Benchmark averages

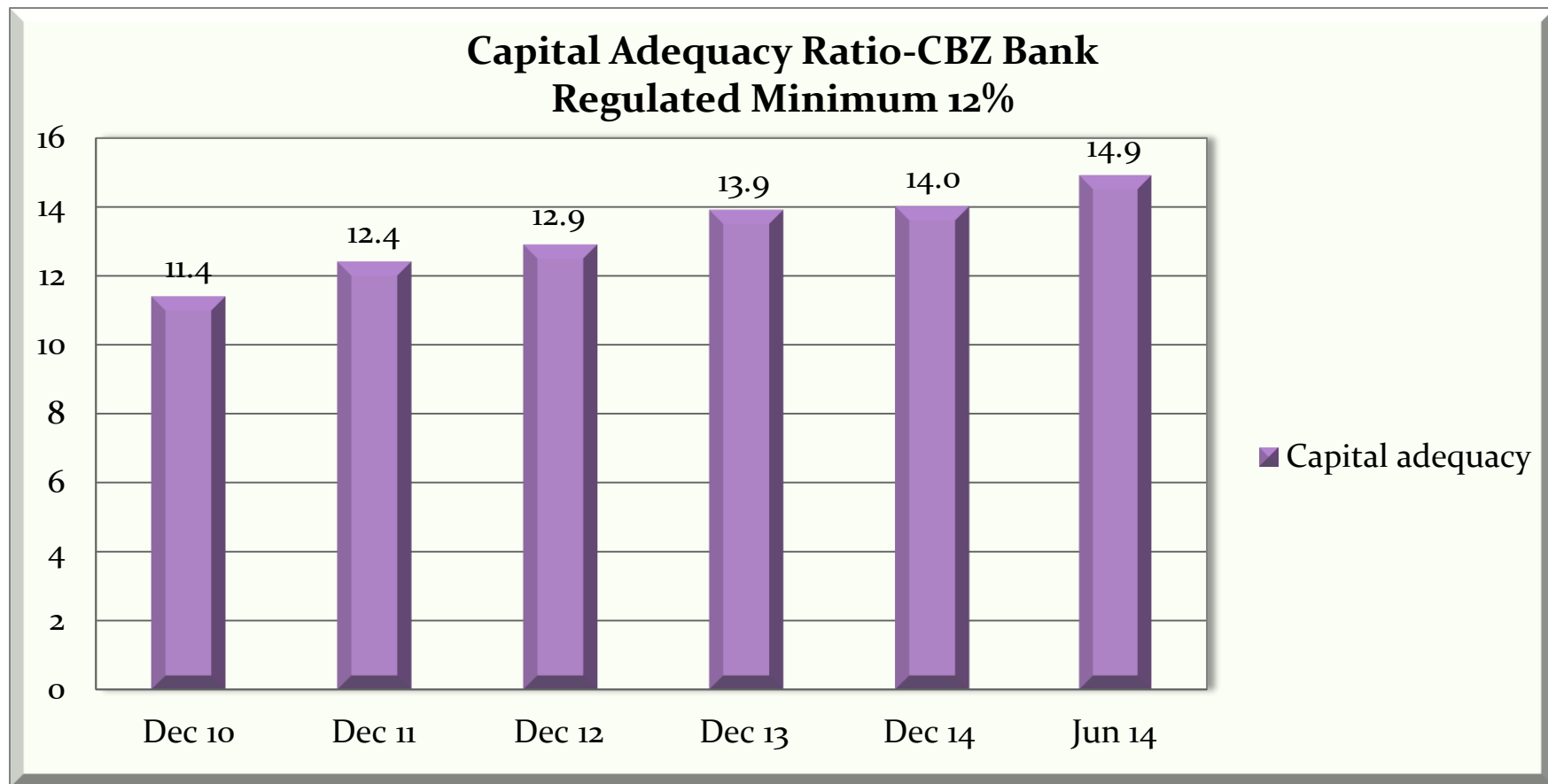
Liquidity ratio
 • minimum 30%

— Loans to deposits ratio






— Liquidity ratio

COMPLIANCE







CAPITAL ADEQUACY



Consolidated Statement of Financial Position

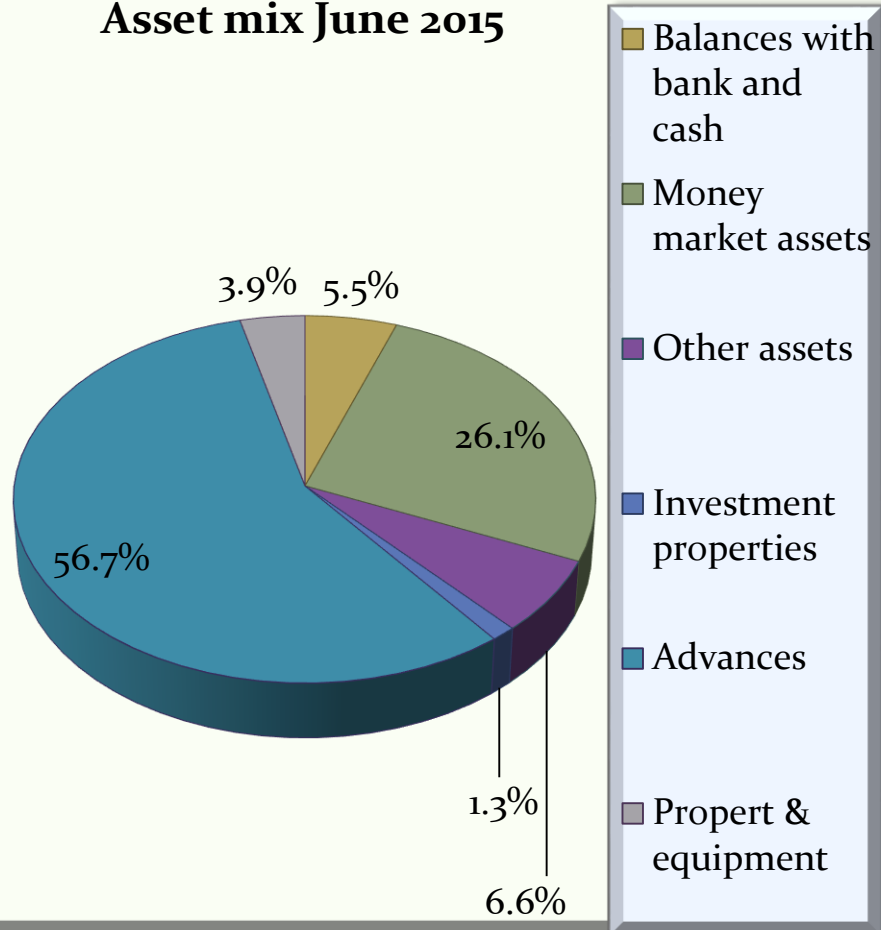
	30 Jun 2015 (m)	31 Dec 2014 (m)	Annual Growth (%)
Total assets	\$1 964.3	\$1 670.4	17.6 
Total advances	\$1 113.0	\$1 125.9	1.1 
Total deposits	\$1 695.6	\$1 416.9	19.7 
Funds Under Management	\$134.0	\$136.4	1.8 
Insurance assets	\$6.6	\$4.2	57.1 

Consolidated Statement of Comprehensive Income

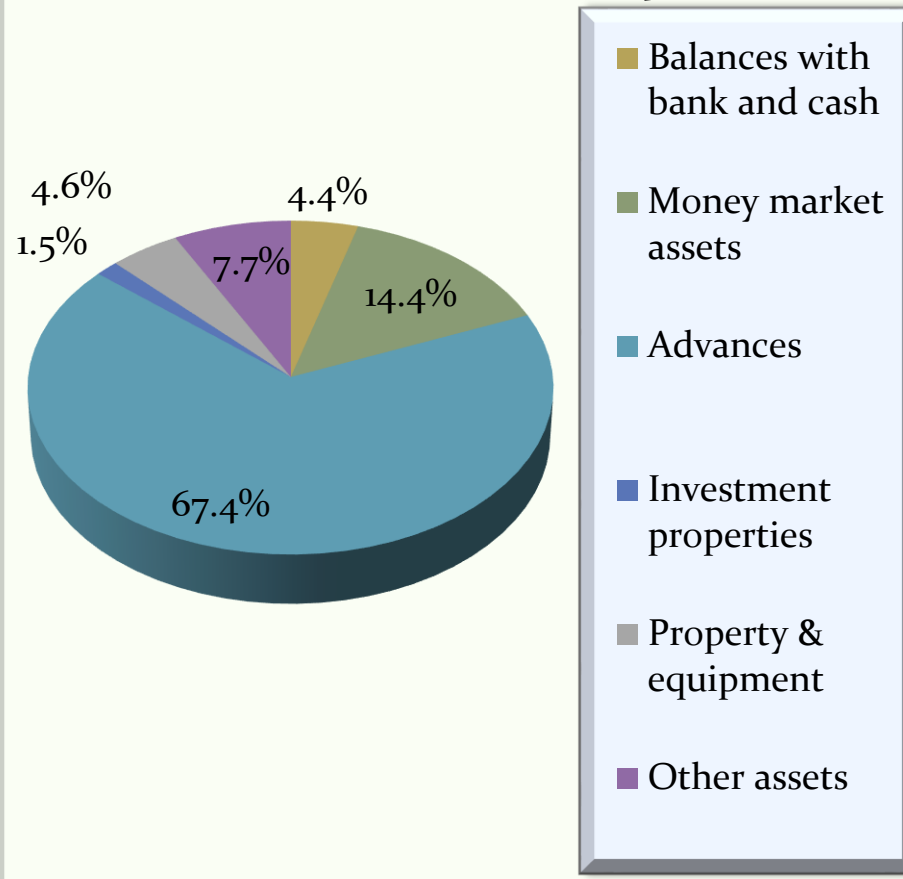
	30 Jun 2015 \$m	30 Jun 2014 \$m	Annual Growth (%)
Total Income	82.3	69.6	18.2 
Underwriting income	7.3	3.8	92.1 
Total Expenditure	51.9	46.4	11.9 
Charge for impairment	14.4	7.6	89.5 
Profit After Tax	13.7	12.8	7.0 
EPS (cents)	5.0	4.1	22.0 

Asset Composition Analysis

Asset mix June 2015



Asset mix Dec 2014



Advances Sectoral Analysis

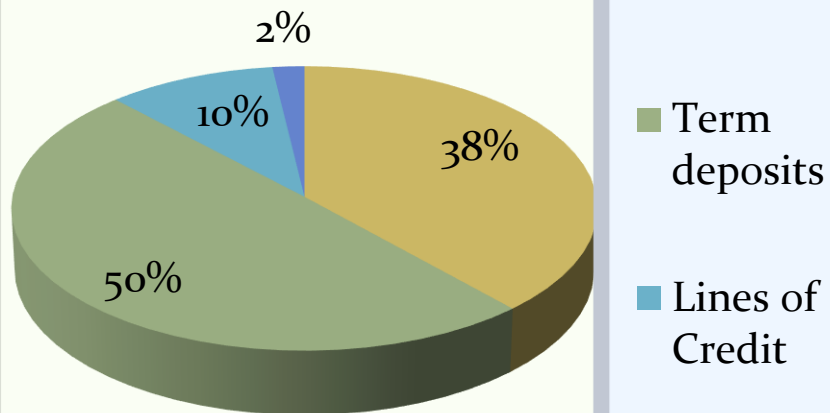
Sector	Jun 2015 %	Dec 2014 %
Private	14	10
Agriculture	29	28
Mining	1	2
Manufacturing	6	8
Distribution	23	25
Construction	-	-
Transport	1	2
Communication	1	-
Services	23	23
Financial Organisations	2	2
Total	100	100

Deposits Sectoral Analysis

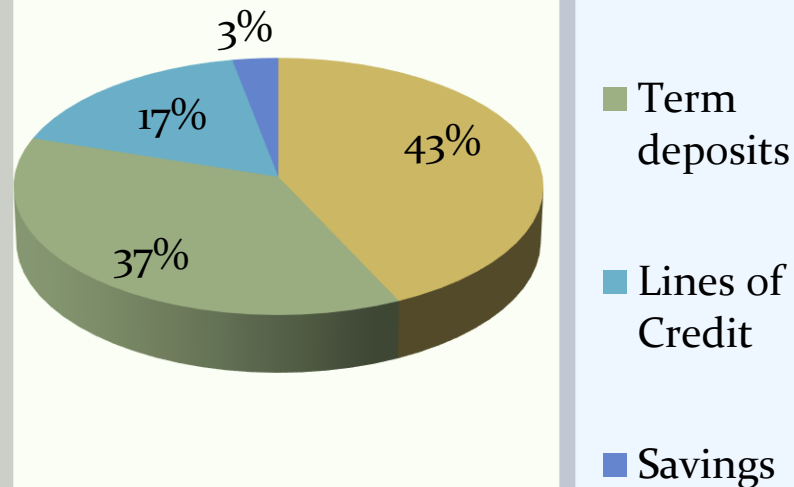
Sector	Jun 2015%	Dec 2014 %
Private	5	6
Agriculture	3	2
Mining	1	1
Manufacturing	11	6
Distribution	19	10
Construction	2	2
Transport	2	1
Communication	2	2
Services	26	31
Financial Organisations	27	37
Financial and investments	2	2
Total	100	100
Government	0.7	0.5

Deposits & Funding – Deposit Composition










June 2015










December 2014










CBZ BANK SUMMARISED RESULTS

	Jun 2015 US \$m	Jun 2014 US \$m	YOY% change
Total income	58.2	52.6	10.6 
Operating expenditure	36.3	36.8	1.4 
Profit before tax	9.4	8.6	9.3 
Charge for impairment	12.5	7.2	73.6 
Profit after tax	8.6	6.5	31.2 
	June 2015 US\$m	Dec 2014 US\$m	YTD % Change
Total assets	1 806.3	1 518.4	19.0 
Shareholders' funds	134.5	125.9	6.8 
Total advances	973.1	960.9	1.2 
Total deposits	1,661.4	1 383.0	20.1 







CBZ LIFE SUMMARISED RESULTS

	Jun 2015 US \$m	Jun 2014 US \$m	Annual % Growth
Underwriting income	5.0	2.9	72.4 
Operating expenditure	1.6	1.2	33.3 
Profit after tax	2.7	1.0	170.0 
	June 2015 US\$m	Dec 2014 US\$m	YTD % Change
Total assets	16.0	11.4	40.4 
Shareholders' funds	11.2	8.5	31.8 
Money market asset	11.8	10.1	16.8 
Life Fund	3.7	2.3	60.9 ³³ 

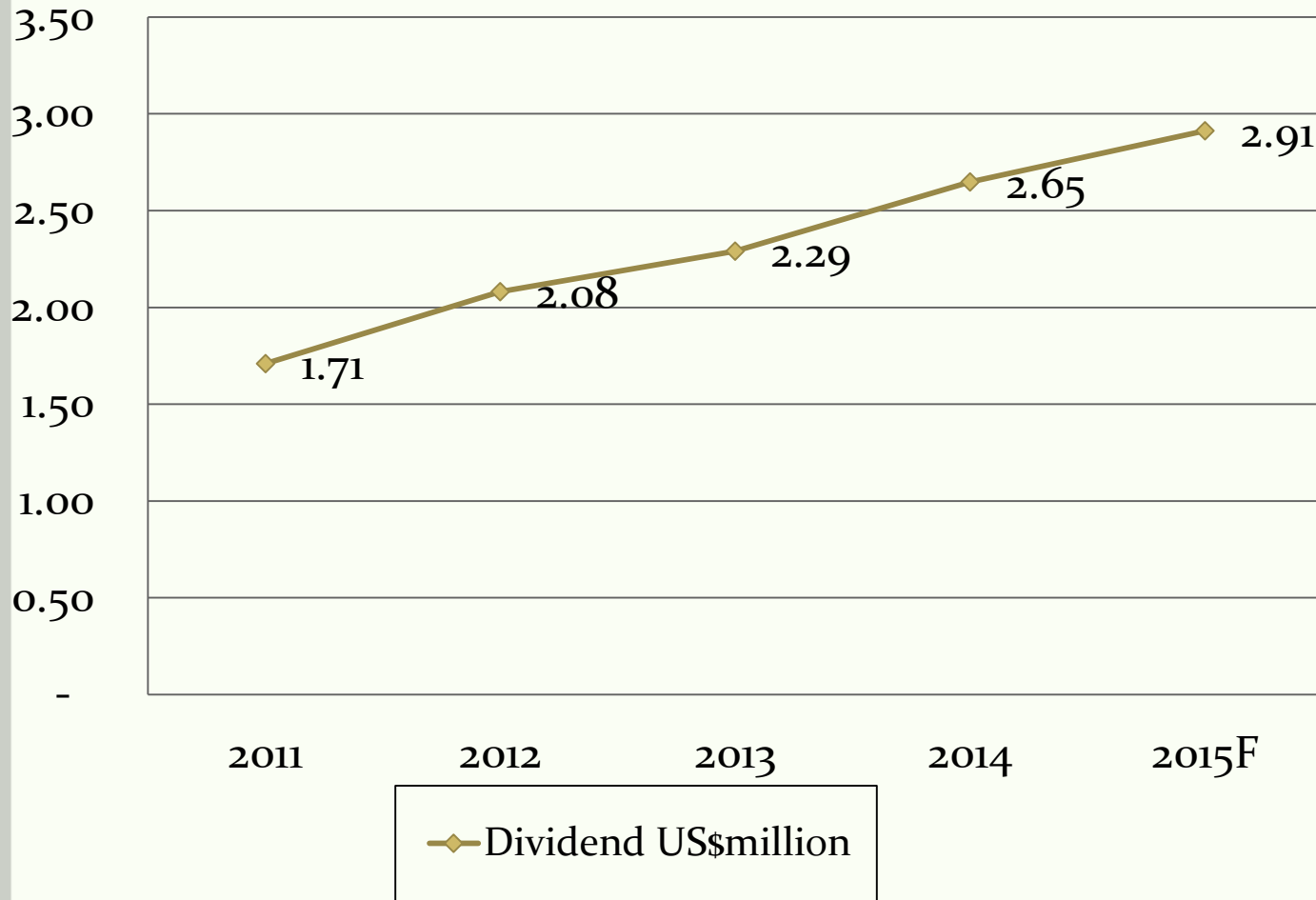
CBZ INSURANCE SUMMARISED RESULTS

	Jun 2015 US \$m	Jun 2014 US \$m	YOY % change
Underwriting income	1.7	0.8	112.5 
Operating expenditure	0.7	0.7	- 
Profit after tax	0.6	0.06	1000 
	June 2015 US\$m	Dec 2014 US\$m	YTD % Change
Total assets	11.1	7.8	42.3 
Shareholders' funds	3.6	2.1	71.4 
Insurance assets	5.9	3.9	51.3 
Money market assets	4.3	2.7	59.3 

CBZ ASSET MANAGEMENT SUMMARISED RESULTS

	Jun 2015 US \$m	Jun 2014 US \$m	YOY % change
Total income	1.05	1.00	5.0 
Operating expenditure	1.00	0.89	12.4 
Profit after tax	0.03	0.08	62.5 
	June 2015 US\$m	Dec 2014 US\$m	YTD % Change
Total assets	2.92	2.84	2.8 
Shareholders' funds	2.44	2.41	1.2 
Funds under management	134.0	136.4	1.8 

Dividend Trend



- Dividend growth of 70.2% since 2011.

In line with the Group's dividend growth policy, and considering the need for prudent capitalisation, the Board has proposed an interim dividend of \$1 456 505.

Dividend per share = 0.212 US cents

Dividend cover = 9.43 times (June 2014: 10.2 times)

GUIDANCE AND OUTLOOK



Key Forecasts

	June 2015 Growth (%)	Forecast Growth Dec 2015 (%)
Total Assets	17.5	18
Advances	(1.1)	1
Deposits	19.7	20
Funds under management	(1.8)	(2)
Total Income (annualised)	6.5	7.5

Strategic Roadmap



- Best Bank - Corporate Social Responsibility, Best Bank Supporting SMEs, and 1st Runner up Best Bank Supporting Farmers all at the ZNCC Manicaland Chamber Awards
- Top Bank Supporting Private Sector Initiatives at ZNCC Business Awards.

Follow up meetings

- 18th of August 2015 at 1500 hours at Pomona.