

ANALYSTS BRIEFING PRESENTATION

2016 FULL YEAR FINANCIAL RESULTS

23.02.2017

OUTLINE

Operating Environment Overview

Presenter – Never Nyemudzo, GCEO



Strategic & Operational Review

Presenter – Never Nyemudzo, GCEO



Financial Review

Presenter – Colin Chimutsa, GCFO



Guidance & Outlook

Presenter – Never Nyemudzo, GCEO

OPERATING ENVIRONMENT OVERVIEW

Never Nyemudzo
Group CEO

MACROECONOMIC FUNDAMENTALS

ECONOMIC INDICATOR	2014	2015	2016
Global GDP Growth (%)	3.4	3.2	3.1
Domestic Real GDP Growth (%)	3.8	1.1	0.6
Annual Inflation % (Average)	-0.2	-2.4	-1.6
Money Supply Growth % (Average)	12.0	8.2	15.2*
Deposits - US\$b	5.1	5.6	6.5
Gross Written Premium - US\$m	524.8	555.5	526.4**
Funds Under Management - US\$b	2.24	2.28	2.53
Rental Yields per sq.m (Average - %)	7.2	6.7	6.6***
Trade Balance – US\$b	-2.96	-3.30	-2.41
Government Revenue - US\$b	3.6	3.5	3.3
ZSE Market Capitalisation - US\$b	4.3	3.1	4.0
USD Index	90.3	98.7	102.2

HIGHLIGHTS

- Slowdown in global, regional and domestic growth.
- Appreciation of the US dollar to near 14 year high levels, thereby eroding local competitiveness.
- Lower than expected Government revenue collections.
- Marginal improvement in trade balance.
- Short term policy interventions by the Government.
- IMF arrears clearance by the Government; restoration of the country's rights.
- Rebound of the Zimbabwe Stock Exchange.

* As at Nov 2016, ** As at Sept 2016, *** As at June 2016

Sources: IMF, Zim-Treasury, ZIMSTATS, RBZ, ZSE, ZIMRA

POLICY & REGULATORY DEVELOPMENTS

POLICY CHANGES

- Downward review of lending rates and bank charges.
- Upward review of minimum capital for insurers w.e.f December 2016.

IMPLICATIONS

- Affordable financial services increases the pool of potential business.
- Stronger, well capitalized insurers with ability to underwrite more business.

NAVIGATING THE OPERATING ENVIRONMENT

SPECIFIC CONSTRAINTS



Cash and foreign currency shortages.
Constrained credit expansion.
Balance sheet recession.
Informalisation of the economy.
Constrained ability to plan for the long term.

OUR RESPONSE

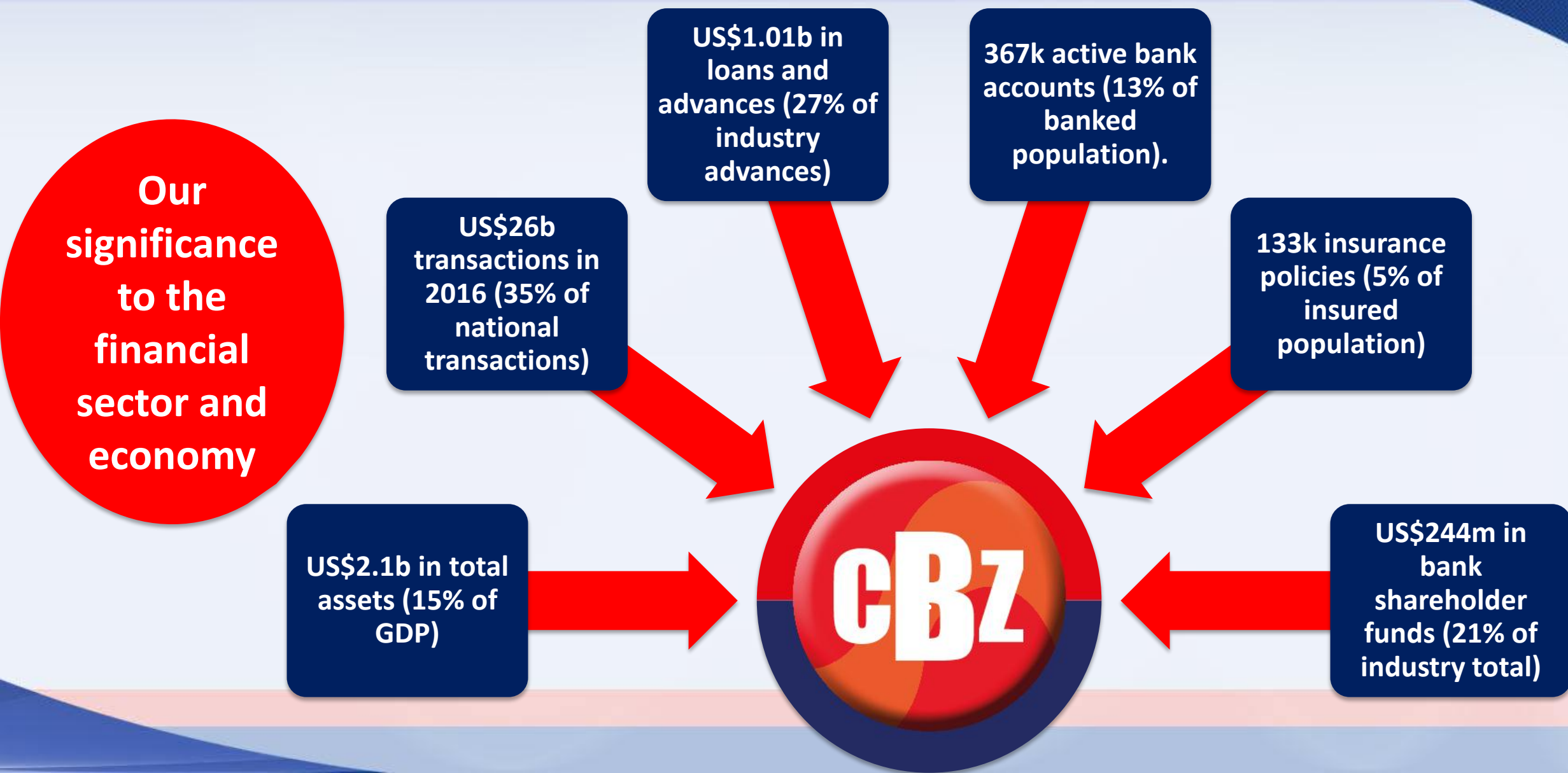
Strengthening market presence and synergistic benefits.
Rehabilitation of clients with future potential, strict credit granting and closer monitoring of borrower performance.
Innovation to support business development.
Process reengineering to reduce, reorient & optimize costs.
Portfolio and income diversification.
Regional expansion.



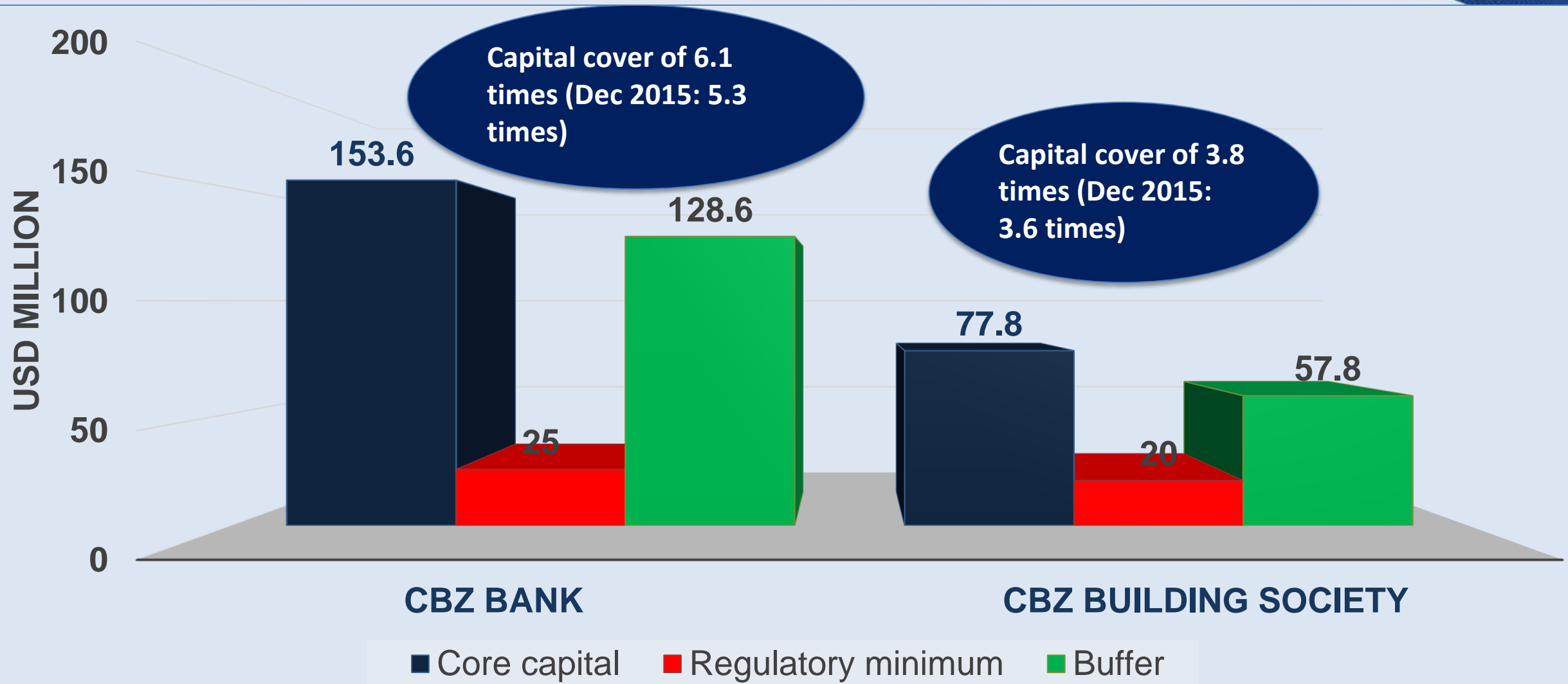
STRATEGIC & OPERATIONAL REVIEW

Never Nyemudzo
Group CEO

OVERVIEW OF THE GROUP

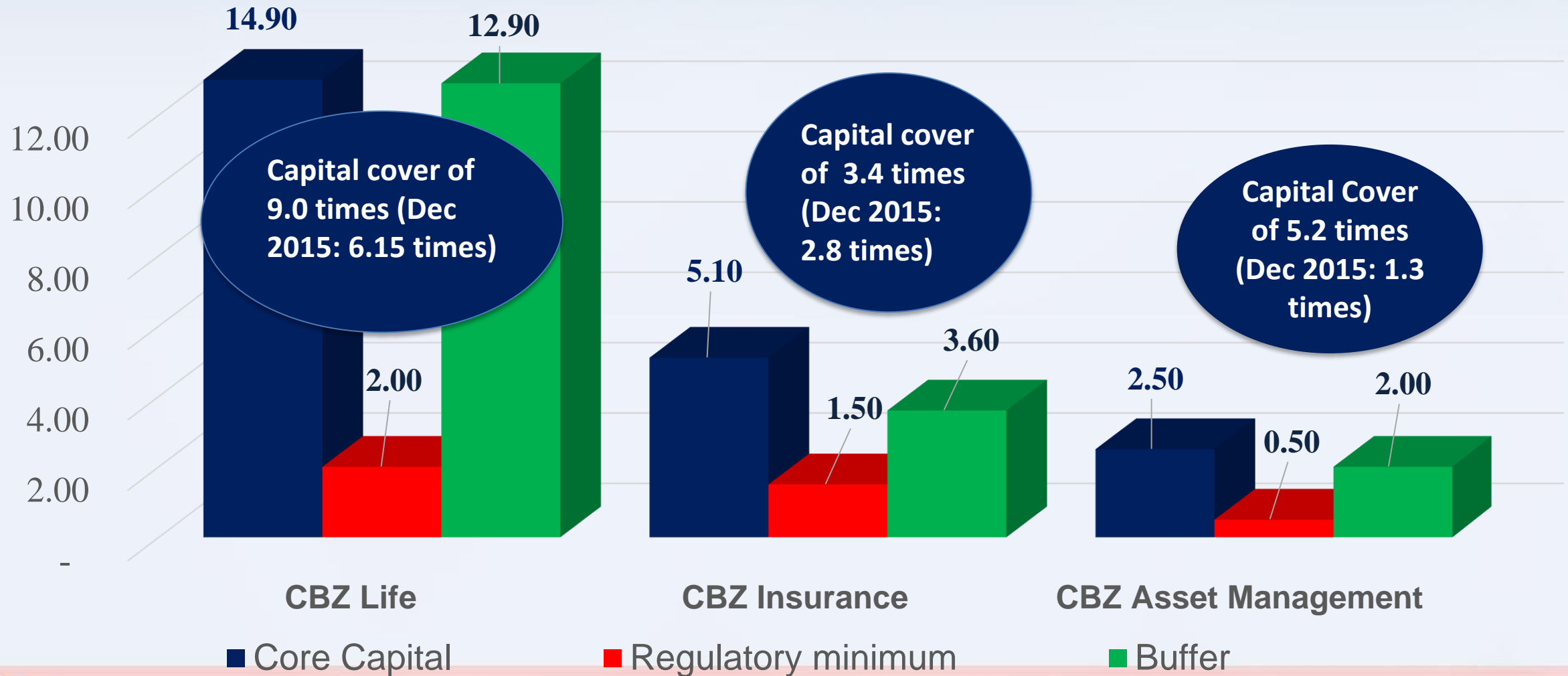


CAPITALISATION OF SUBSIDIARIES



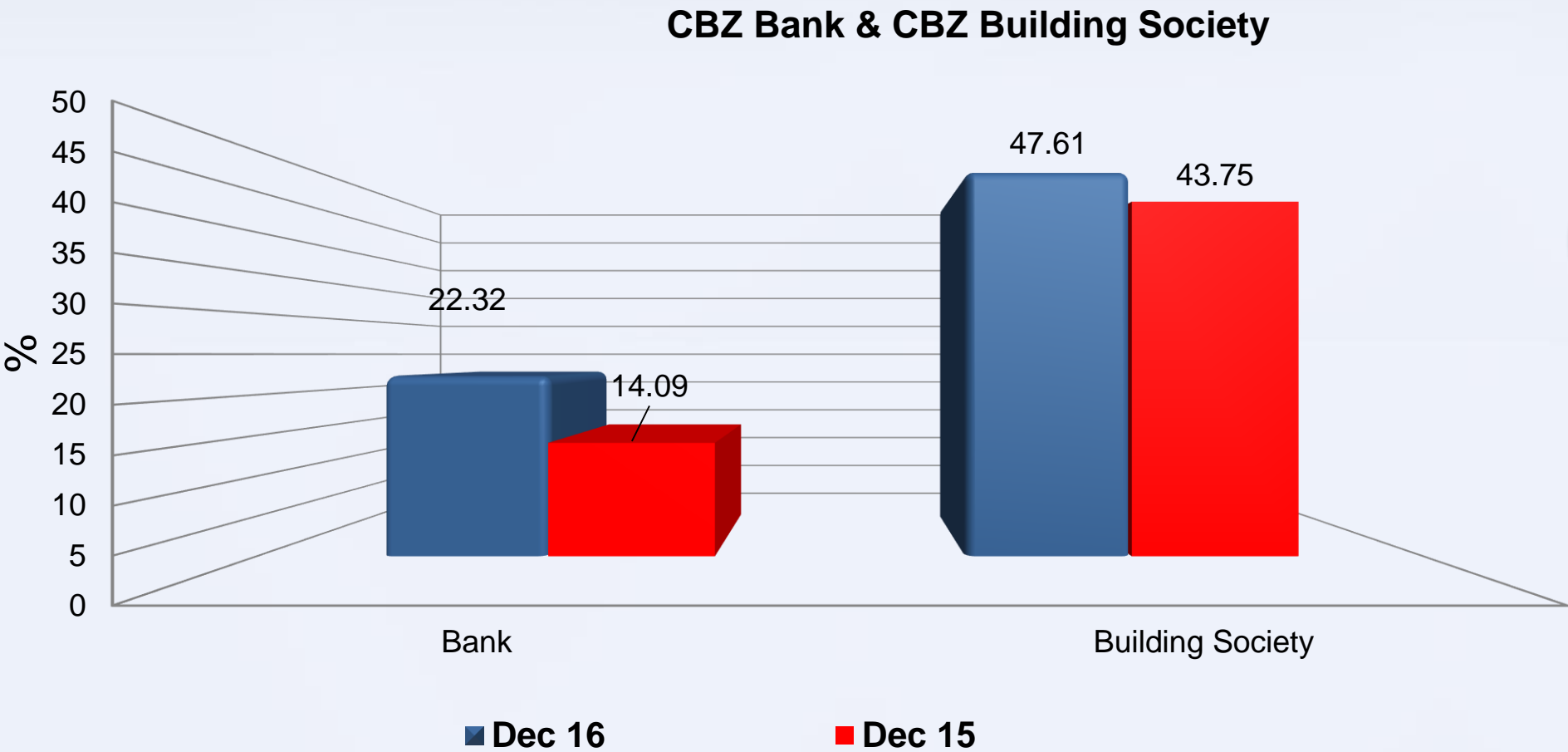
CAPITALISATION OF SUBSIDIARIES

NON BANKING SUBSIDIARIES' CAPITALISATION LEVELS - USD MILLION



GROUP FINANCIAL PERFORMANCE REVIEW

Capital Adequacy



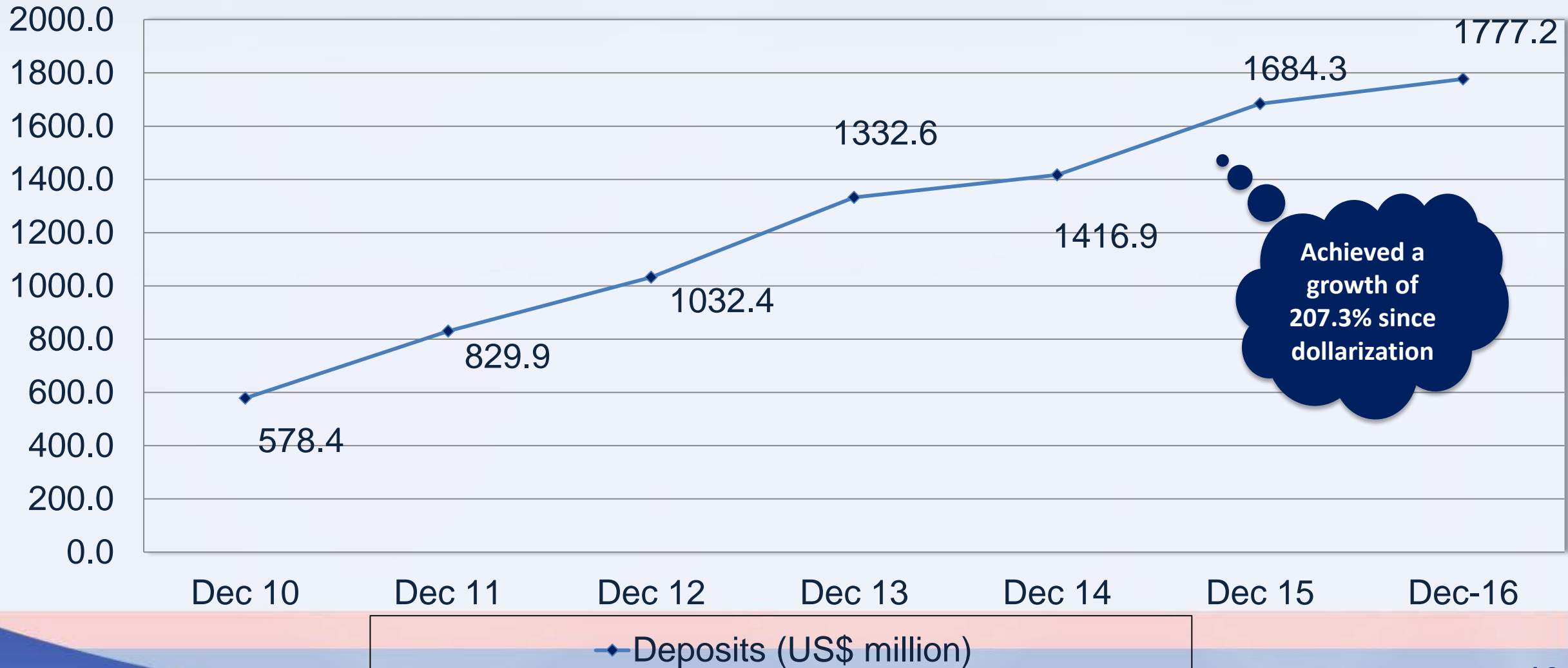
- Minimum regulated 12.0%
- Adequate buffer

MARKET SHARES & RANKINGS – DEC 2016

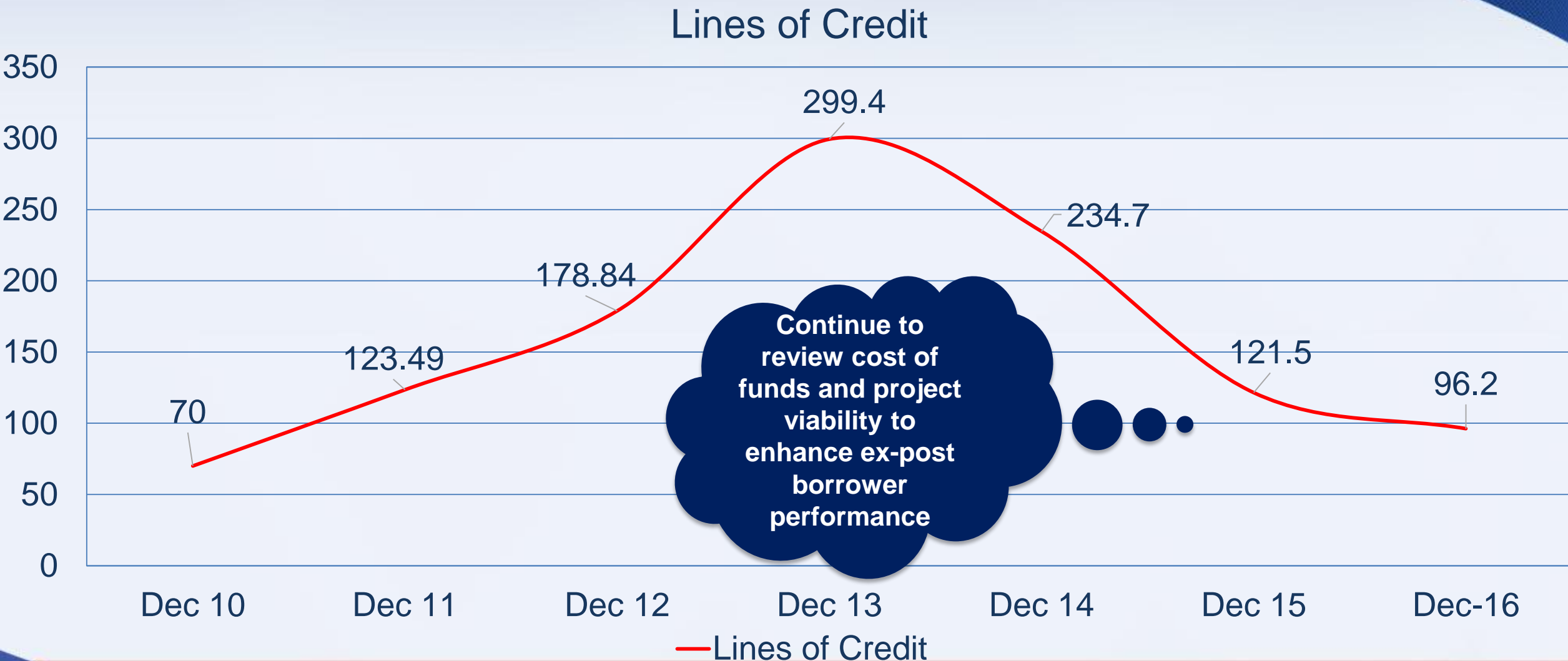
Unit	Position	Market share (%)	Target market share (%)
CBZ Bank (Deposits)	1	29.0	20-30
CBZ Asset Management (Funds Under Management)	3	6.4	5-8
CBZ Life (Gross Written Premium)	7	2.7	15.0
CBZ Insurance (Gross Written Premium)	7	5.6	10.0

DEPOSITS TREND

Deposits Trend

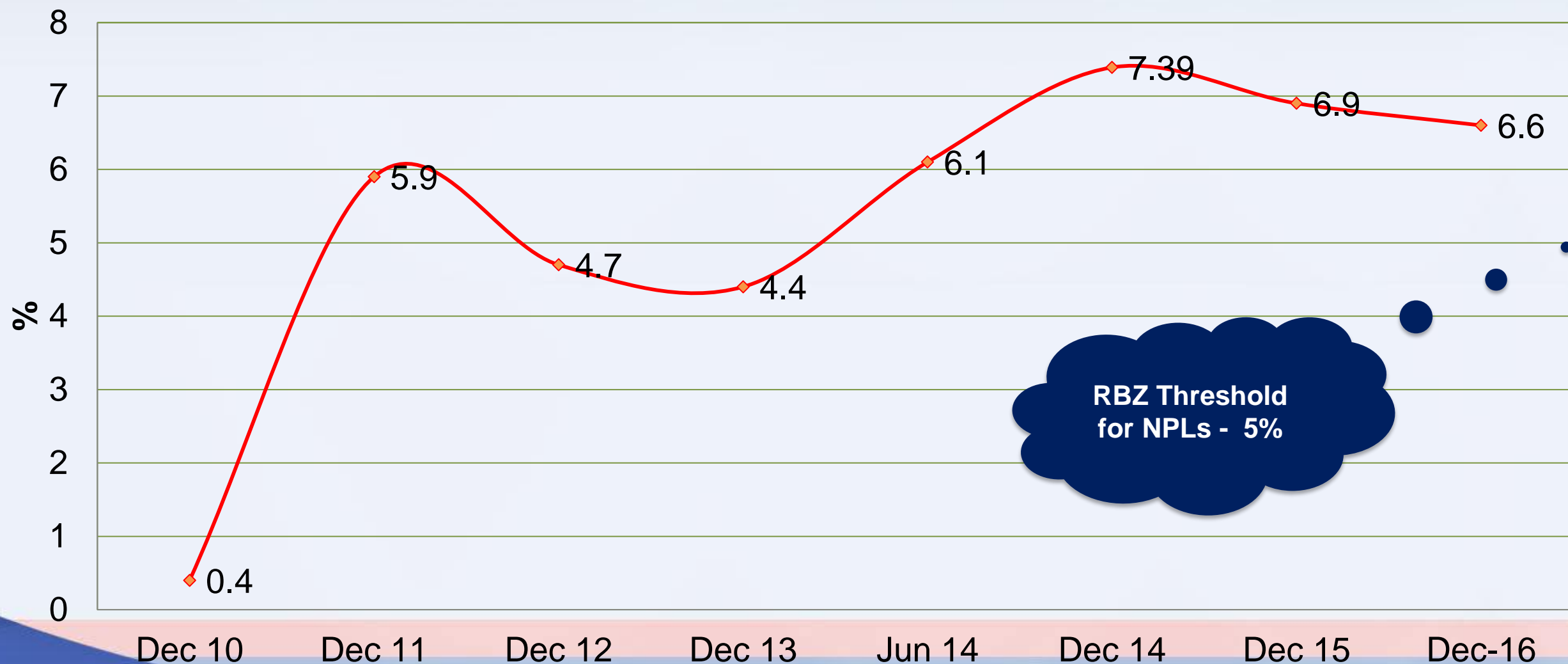


Lines of Credit



Quality of Earnings

NPLs Ratio – Managing Credit Quality



Quality of Advances

	Dec 2016	Dec 2015
Total net advances (US\$m)	1 007.2	1 021.0
Security value (US\$m)	1 706.5	1 848.4
Security cover (times)	1.7	1.8
Provisions (US\$m)	60.8	74.9
Non performing loans (US\$m)	70.6	76.1
Coverage ratio (times)	0.86	0.98

**Adequate despite
decline of % 7.7
Security value**

**Target 100%
coverage ratio
on NPL**

Quality of Advances - Security

	Dec 2016	Dec 2015
Total security value (US\$ m)	1 706.5	1 848.4
Comprised of:		
Cash cover (US\$ m)	14.1	203.6
Collateral (mortgage security) (US\$ m)	932.0	856.6
Other forms of security including Notarial General Covering Bonds (NGCBs), cessions, etc. (US\$ m)	760.4	788.3

SEGMENT REPORTING

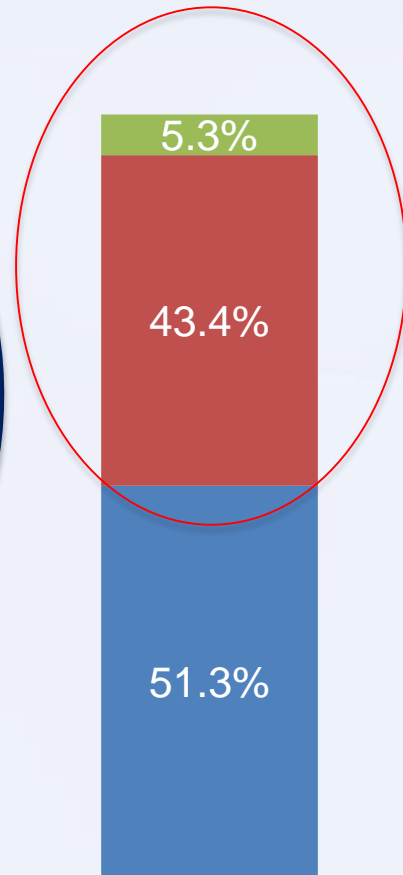
	Commercial Banking	Mortgage Finance	Insurance Operations	Asset Management	Property Management	Consolidated
Total Income (US\$ m)	118.3	31.4	9.7	2.1	0.1	159.0
Profit before tax (US\$ m)	20.0	6.7	3.7	0.1	0.1	28.5
Total assets (US\$ m)	1 912.6	192.4	32.3	3.1	10.4	2 086.6

CREDIT RATINGS

	2016	2015	2014	2013	2010
CBZ Bank	A	A	A+	A+	A+
CBZ Life	BBB+	BBB+	-	-	-
CBZ Insurance	BBB+	BBB	-	-	-
CBZ Asset Management	A	A	-	-	-

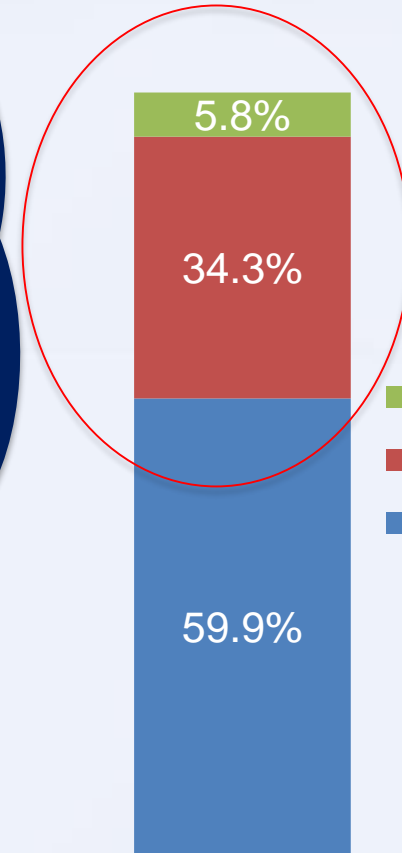
INCOME DIVERSIFICATION

Non funded income growth minimising the impact of reduction in interest rates.



DEC-16

The short to medium term thrust is on revenue growth through non-funded income, whilst the long term thrust is to sustain an optimal mix.

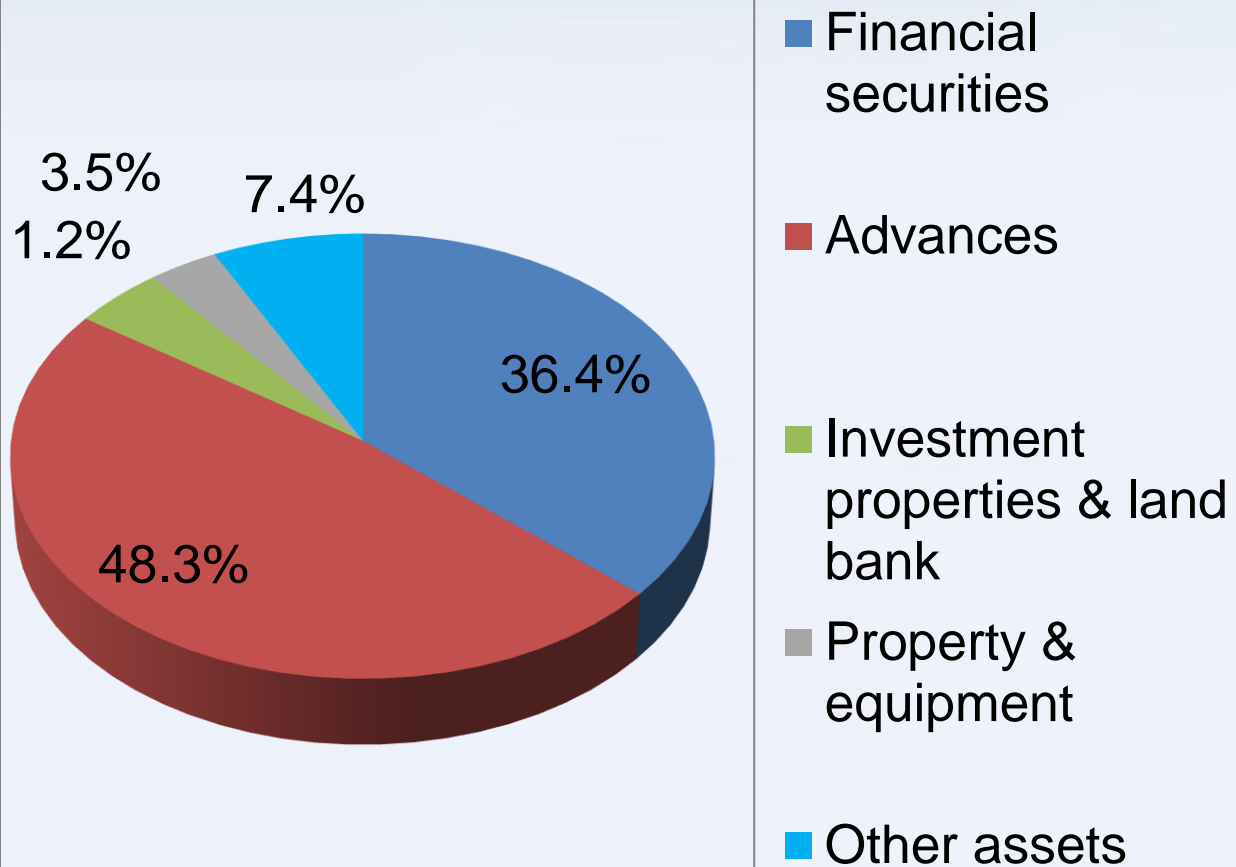


DEC-15

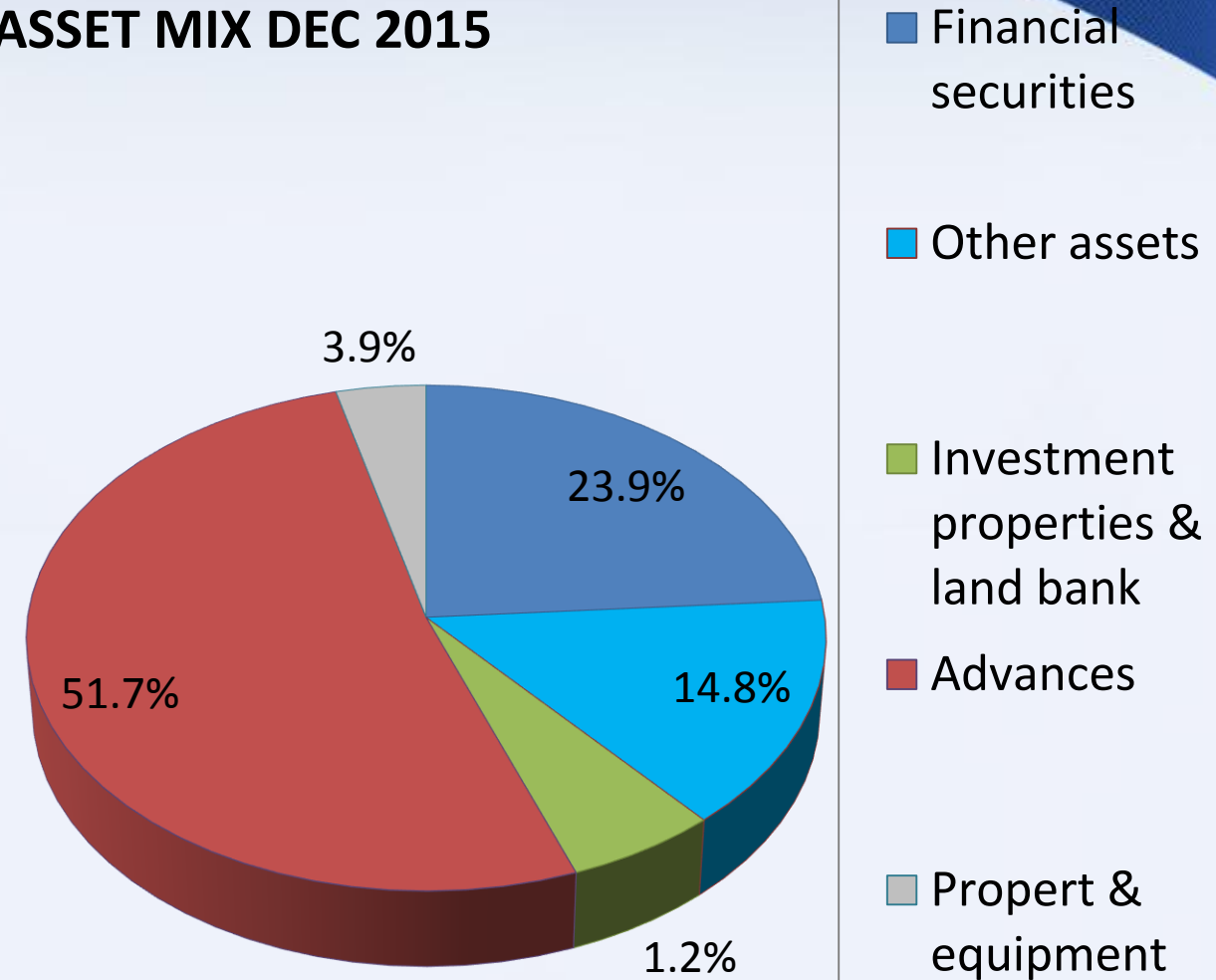
■ Underwriting income
 ■ Non interest income
 ■ Net interest income

GROUP FINANCIAL PERFORMANCE REVIEW

ASSET MIX DEC 2016



ASSET MIX DEC 2015



MILESTONES ON STRATEGIC ROADMAP

Never Nyemudzo
Group CEO

UPDATE ON STRATEGIC INITIATIVES



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- ➡ Fully owned and adequately capitalized by CBZH.
- ➡ Offers.
 - ➡ Employee Benefits.
 - ➡ Individual Life Planning.
 - ➡ Short term broking.

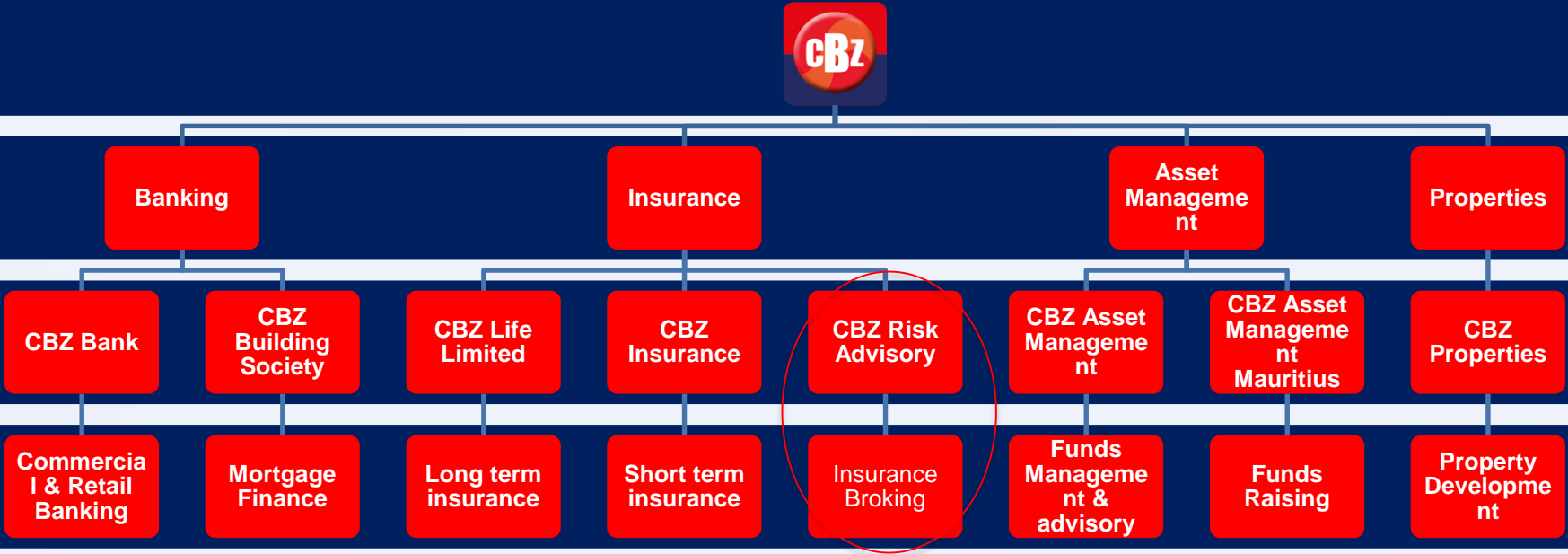
OUR BUSINESS PORTFOLIO

GROUP STRUCTURE

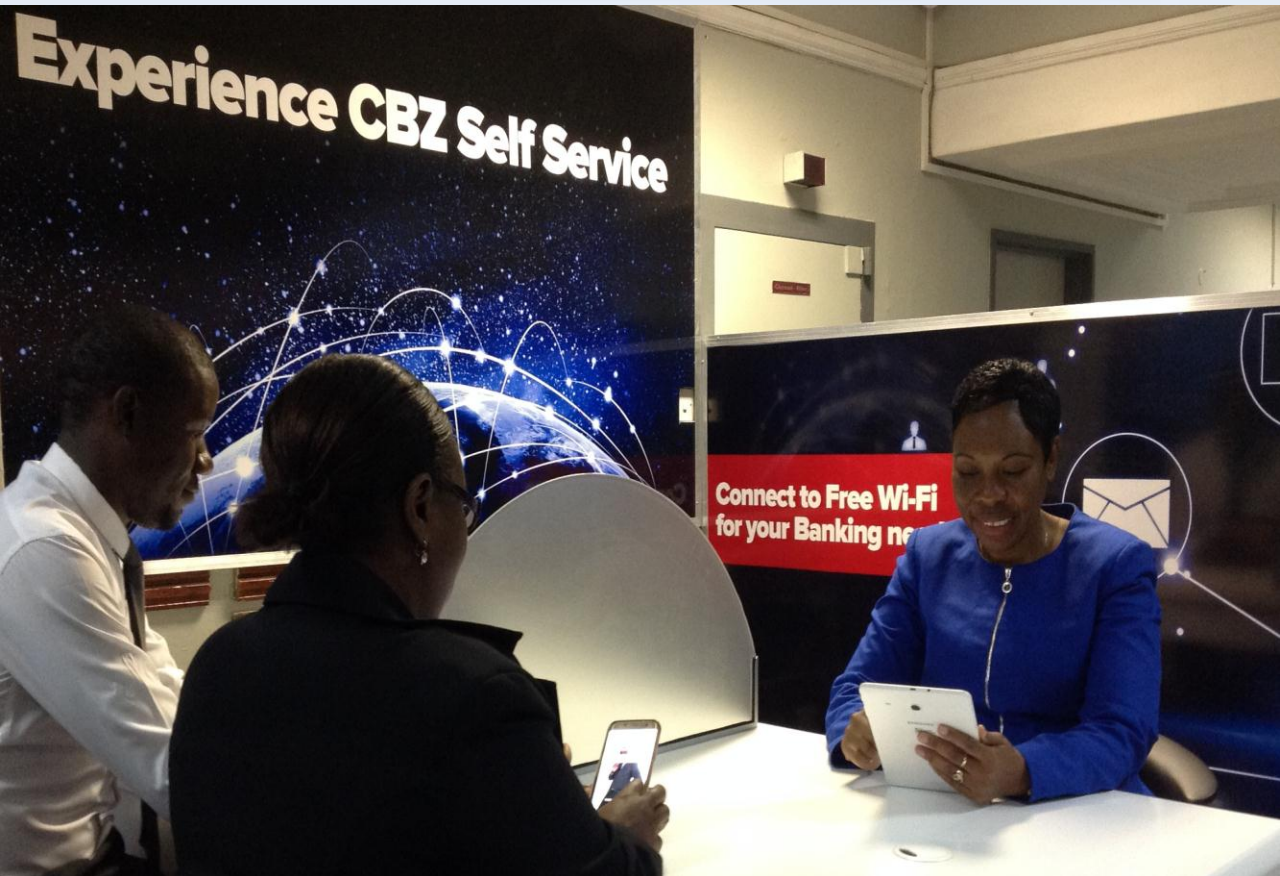
PORTFOLIO

COMPANY

CORE BUSINESS



UPDATE ON STRATEGIC INITIATIVES



TECH DRIVEN SOLUTIONS

- ➡ Putting more options into the hands of our customers.
- ➡ Introduced self service centers, with supporting Wi Fi hot spots.
- ➡ Customers can perform both financial and non-financial transactions.
- ➡ Driving towards same customer experience across all channels.

UPDATE ON STRATEGIC INITIATIVES

➡ INFRASTRUCTURE MARKET PRESENCE

- ➡ Vic Falls launched and sold-out in 2016.
- ➡ Completed hospital development in Baines Avenue.
- ➡ Highlands clusters & Westgate residential ready in Q2.
- ➡ Now moving to Marondera (2800 high density stands) & Bulawayo (670 medium density stands).



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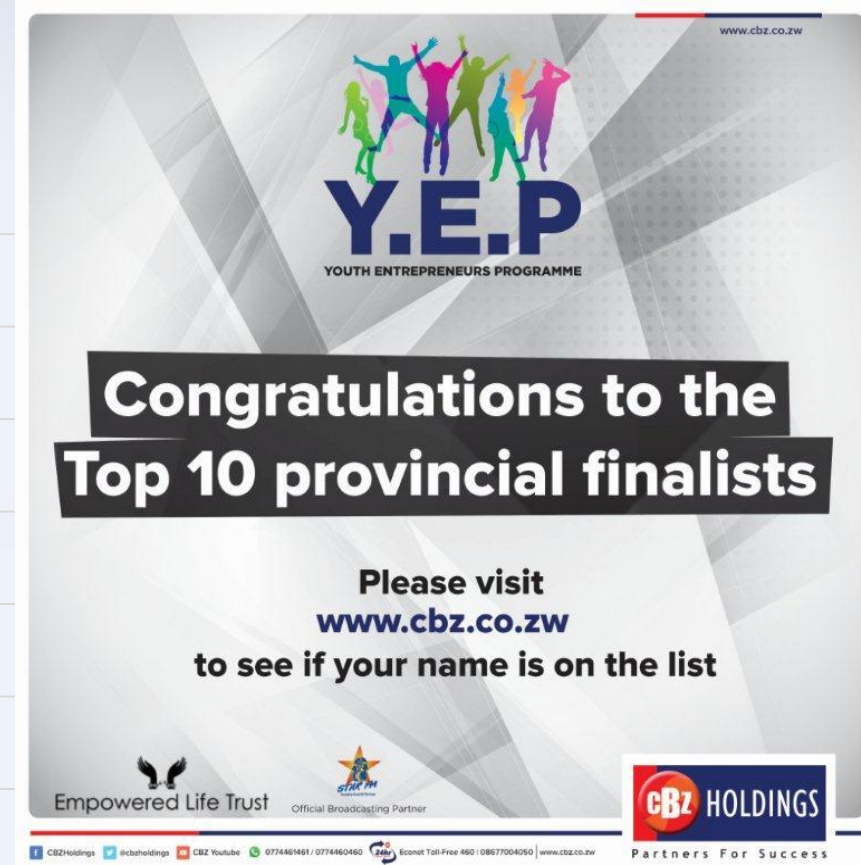
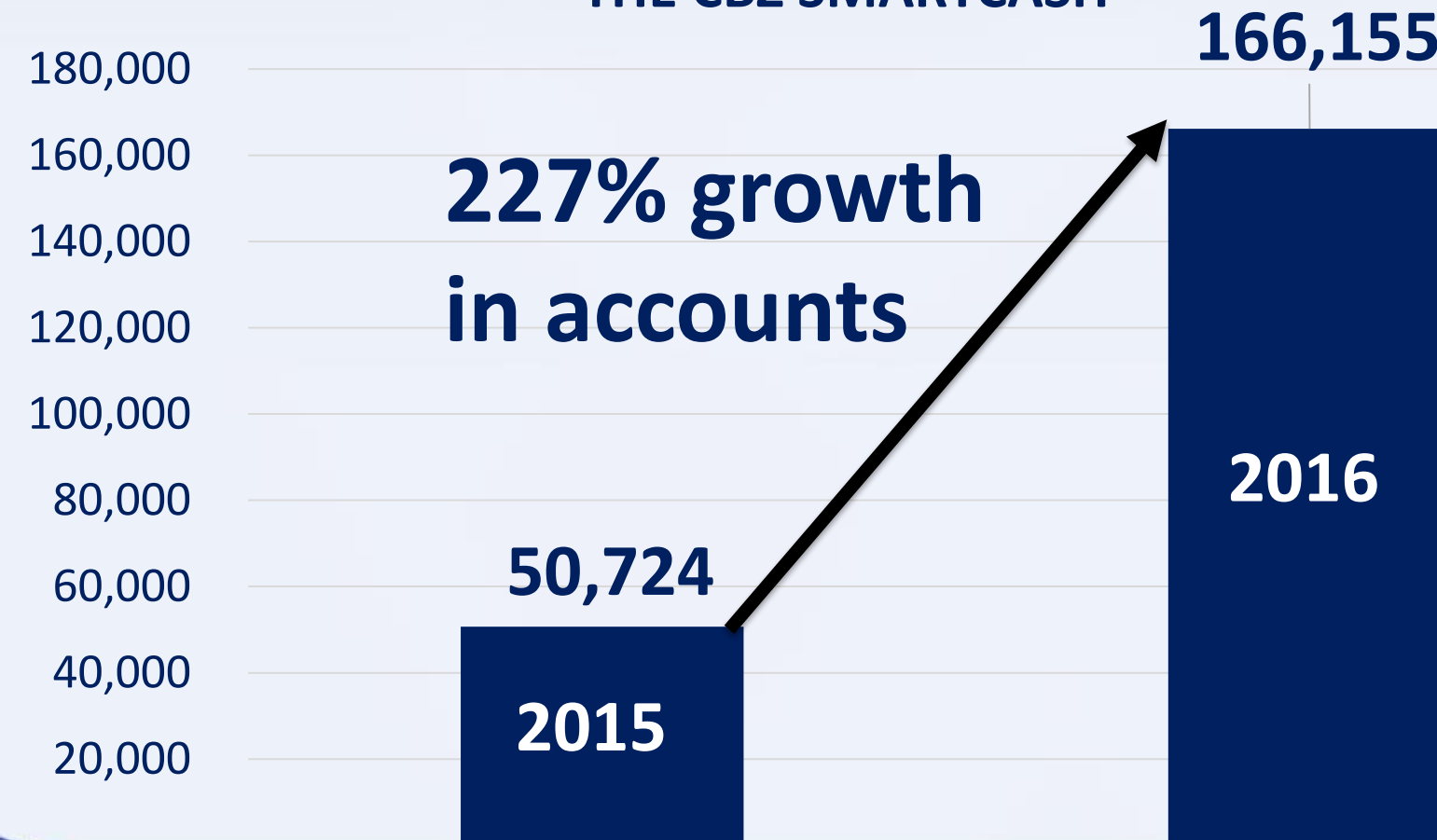
UPDATE ON STRATEGIC INITIATIVES

➡ **COST MANAGEMENT**

- ➡ Cost containment initiatives began to bear fruit in 2016, with total expenditure declining by 6.0%.
- ➡ Achieved through:
 - ➡ Improved process efficiencies.
 - ➡ Review of supplier contracts.
- ➡ Efforts to continue through our ongoing strategy to Reduce, Reorient & Optimize costs, with target CIR of 55-60%.

MILESTONES ON STRATEGIC INITIATIVES

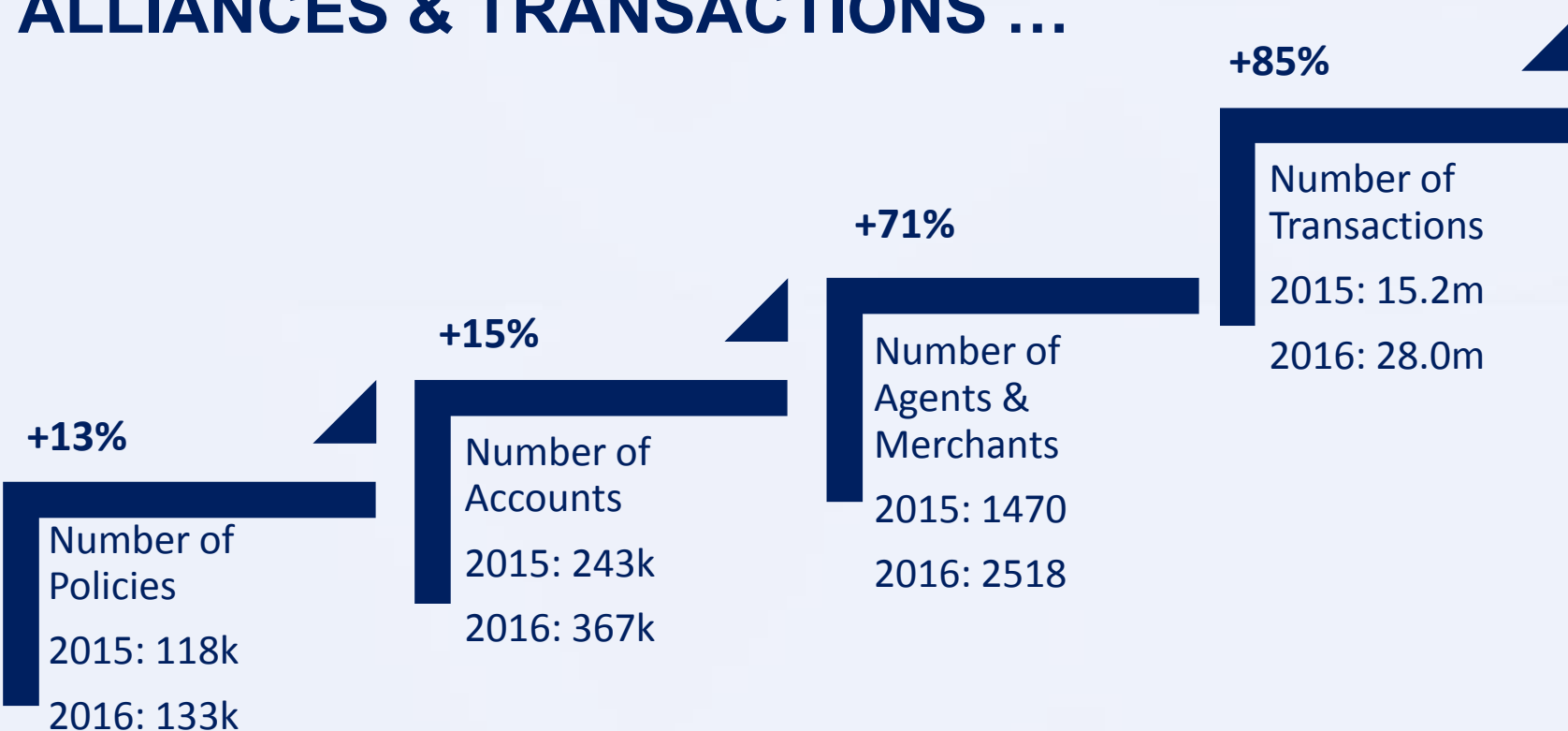
SUCCESSFUL FINANCIAL INCLUSION DRIVE THROUGH THE CBZ SMARTCASH



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MILESTONES ON STRATEGIC INITIATIVES

GROWING THE BUSINESS THROUGH CUSTOMER NUMBERS, ALLIANCES & TRANSACTIONS ...





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FINANCIAL REVIEW

Colin Chimutsa
Group CFO

FINANCIAL MILESTONES

- Statement of Financial Position
- Quality of Earnings
- Prudential Liquidity Management
- Profitability

GROUP FINANCIAL PERFORMANCE REVIEW

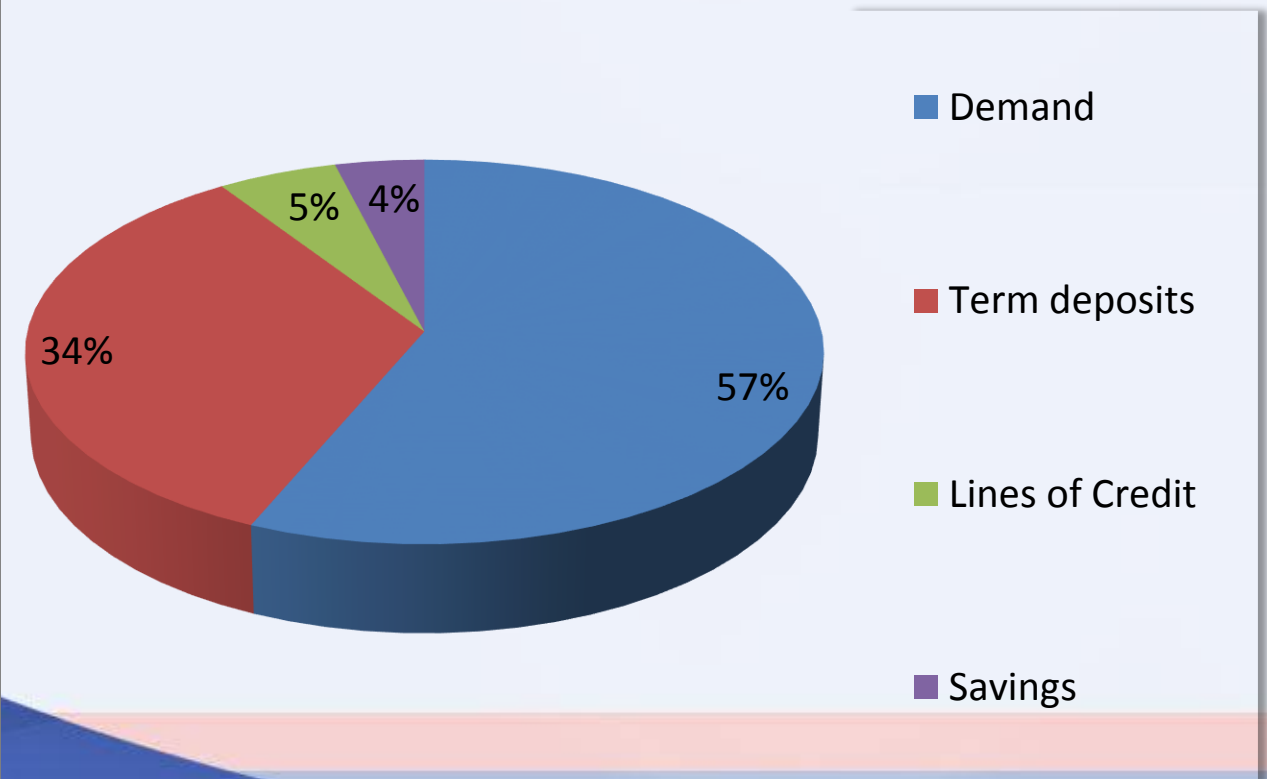
Consolidated Statement of Financial Position

	31 Dec 2016 (\$m)	31 Dec 2015 (\$m)	Growth (%)	
Total assets	2 086.6	1 974.4	5.7	↑
Total deposits	1 777.2	1 684.3	5.5	↑
Total advances	1 007.2	1 021.0	1.4	↓
Funds Under Management	147.6	131.3	12.4	↑
Total shareholders' Funds	283.1	261.9	8.1	↑

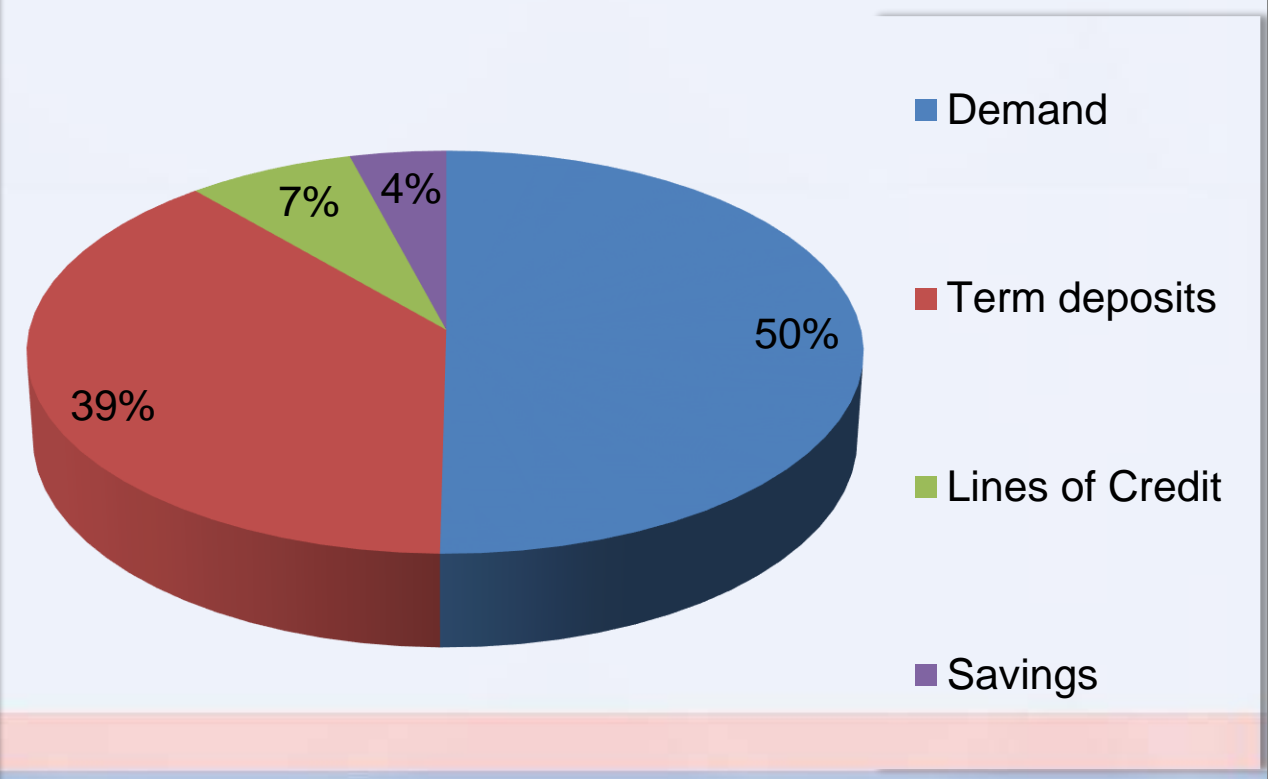
GROUP FINANCIAL PERFORMANCE REVIEW

Deposits Mix

December 2016

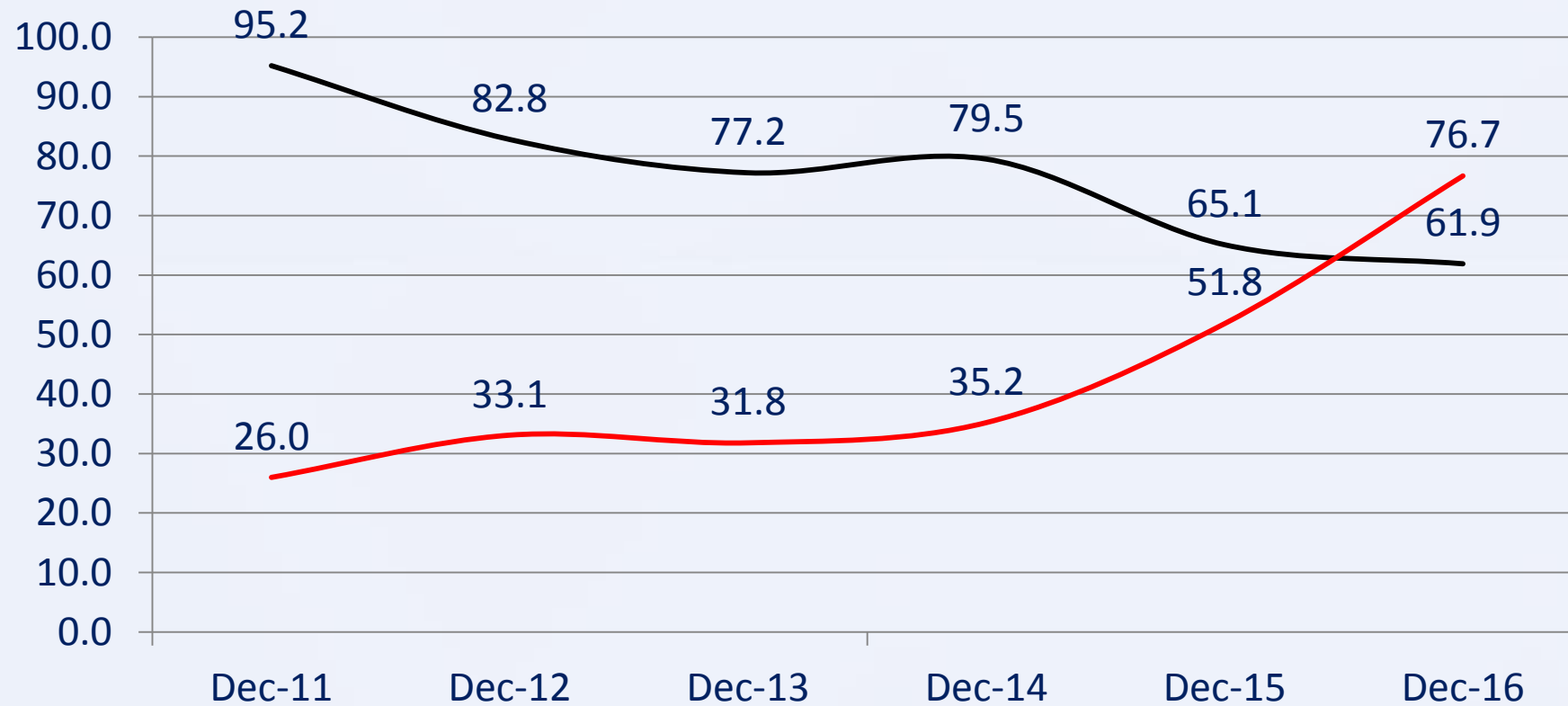


December 2015



GROUP FINANCIAL PERFORMANCE REVIEW

Prudential Liquidity Management



Benchmark averages

Liquidity ratio







•minimum 30%

— Loans to deposits ratio

— Liquidity ratio

GROUP FINANCIAL PERFORMANCE REVIEW

Consolidated Statement of Profit or Loss and other Comprehensive Income

	31 Dec 2016 \$m	31 Dec 2015 \$m	Growth (%)	
Net interest income	81.6	109.1	(25.2)	
Non interest income	77.4	73.2	5.7	
Total income	159.0	182.3	(12.8)	
Total Expenditure	110.6	117.9	6.2	
Profit After Tax	23.8	35.2	(32.5)	
EPS (cents)	4.5	6.5	(30.8)	

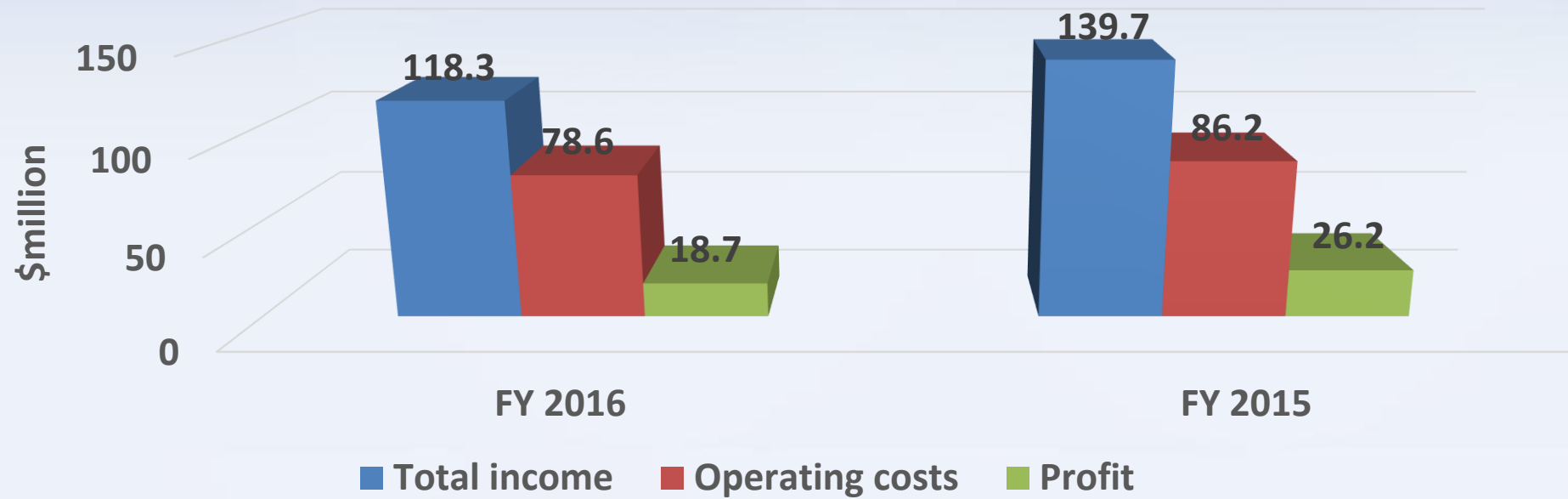
FINANCIAL PERFORMANCE REVIEW

Interest Income Analysis

	Dec 2016	Dec 2015	Dec 2014
Net interest margin (%)	3.7	5.0	5.5
Write offs and impairments (US\$m)	52.3	47.6	22.4
Provisions (including interest in suspense)(US\$m)	60.8	74.9	65.9
Non performing loans (US\$m)	70.6	76.1	87.1
Non preforming loans (%)	6.6	6.9	7.3

SUBSIDIARIES FINANCIAL PERFORMANCE REVIEW

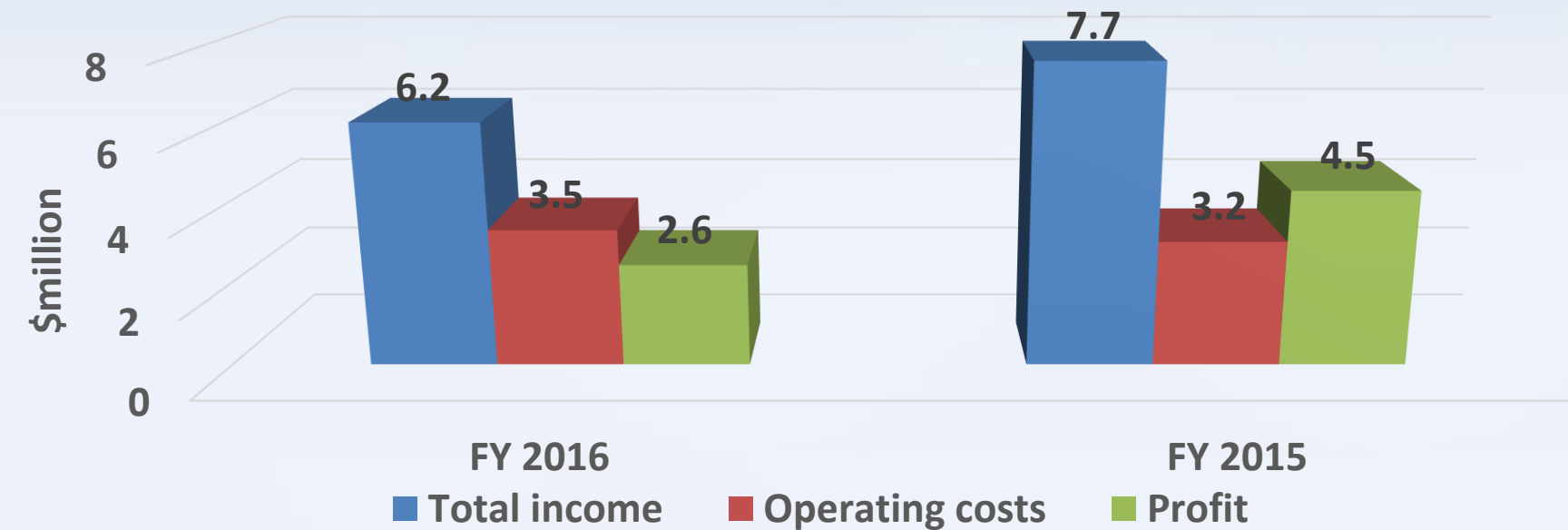
CBZ Bank Summarised results



	31 Dec 2016 US \$m	31 Dec 2015 US \$m	YOY% change
Total assets	1 912.6	1 814.1	5.4
Shareholders' funds	166.6	147.8	12.7
Total advances	874.0	883.5	(1.1)
Total deposits	1 735.4	1 652.6	5.0
PAT	18.7	26.2	(28.6)

SUBSIDIARIES FINANCIAL PERFORMANCE REVIEW

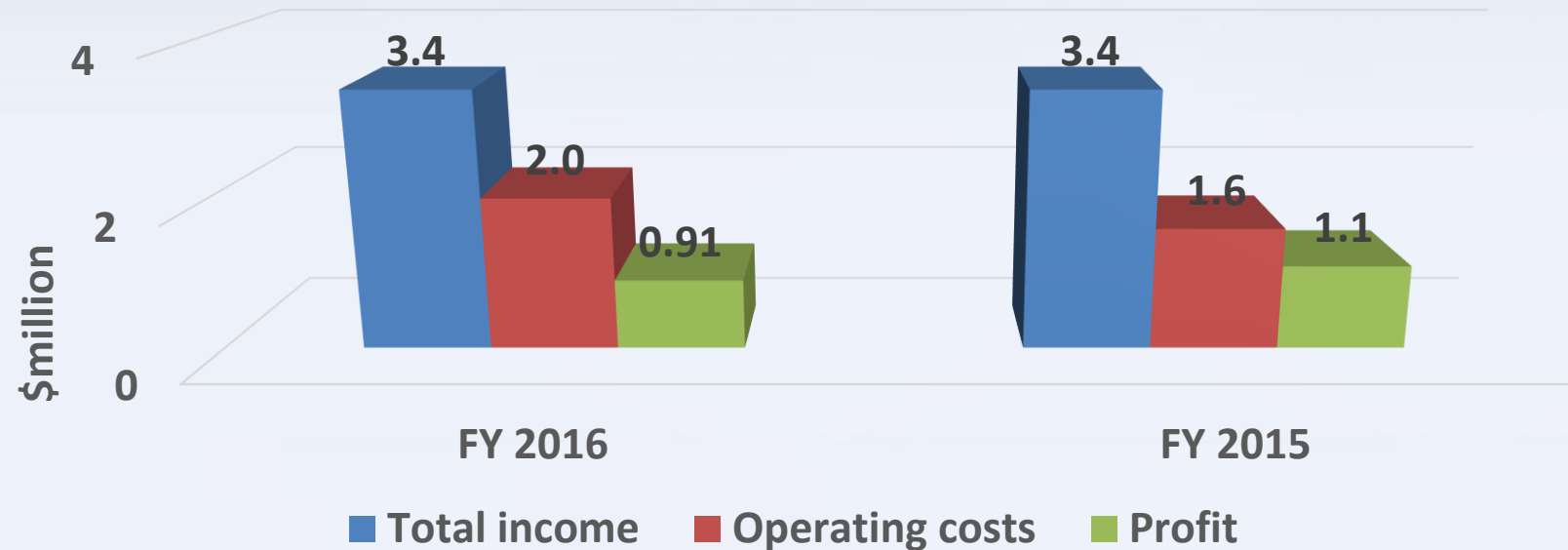
CBZ Life Summarized Results



	31 Dec 2016 US \$m	31 Dec 2015 US \$m	Annual % Growth
Total assets	19.3	17.2	12.2
Shareholders' funds	14.9	12.3	21.1
Money market asset	14.4	14.3	0.7
Life Fund	1.5	1.3	47.1
PAT	2.6	4.5	(42.2)

SUBSIDIARIES FINANCIAL PERFORMANCE REVIEW

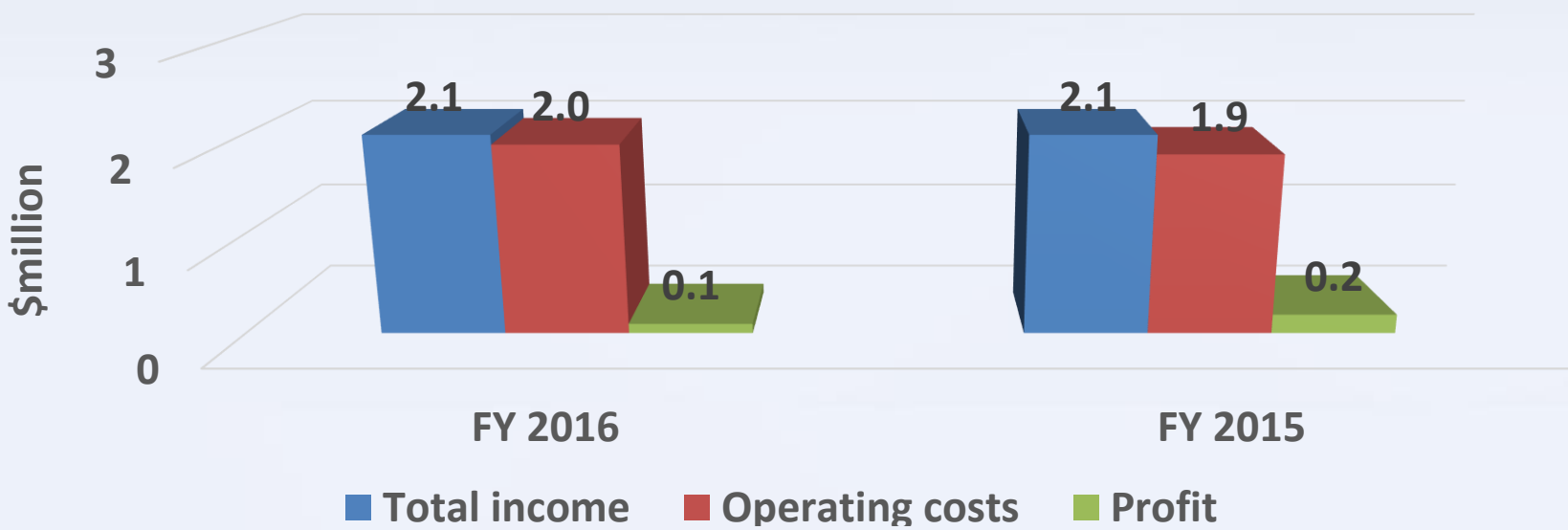
CBZ Insurance Summarized Results



	31 Dec 2016 US \$m	31 Dec 2015 US \$m	% change
Total assets	12.0	9.9	26.2
Shareholders' funds	5.1	4.2	21.4
Insurance assets	4.5	4.1	9.8
Money market assets	6.4	4.1	56.1
PAT	0.9	1.1	(18.2)

SUBSIDIARIES FINANCIAL PERFORMANCE REVIEW

CBZ Asset Management Summarized Results



	31 Dec 2016 US \$m	31 Dec 2015 US \$m	% change
Total assets	3.0	3.0	-
Shareholders' funds	2.7	2.6	3.8
Funds under management	147.6	131.3	12.4
PAT	0.1	0.2	(50.0)

DIVIDEND POLICY



- ☐ **Growth in dividend** : 10%
- ☐ **Dividend per share** : USc0.46
- ☐ **Dividend cover** : 7.4 times

GUIDANCE AND OUTLOOK

	Actual Growth Dec 2016 (%)	Forecast Growth Dec 2017 (%)
Total Assets	5.7	3.3
Advances	(1.4)	12.2
Deposits	5.5	4.5
Funds under management	12.4	7.2
Total Income	(12.8)	11.5

STRATEGIC ROADMAP

- 
-  Global reach
 -  Strategic alliances, partnerships and integration.
 -  Technology driven solutions.
 -  Innovation.
 -  Portfolio & earnings diversification.
 -  Liquidity management.
 -  Cost management.

AWARDS & NOMINATIONS

CBZ HOLDINGS SCOOPS 9 AWARDS!

AT INSTITUTE OF CHARTERED SECRETARIES & ADMINISTRATION IN ZIMBABWE (ICS AZ)



- **ICS AZ Awards**
 - 1st Place for Best Banking Internal Audit Disclosures, Best Shareholder Treatment, Best Banking Risk Management, Best Banking Governance Practices and Best Banking Corporate Governance Practices.
 - 2nd Place for Best Board Practices (ZSE listed companies) and Overall Best Governed Company (ZSE listed companies).
 - 3rd Place for Best Stakeholder Practices & Sustainability Reporting.
- **MAZ Awards** - 1st Place (5th time running) - Super Brand, Banking & Finance

IN THE COMMUNITY

Donation of generator to Tose Respite Care Home

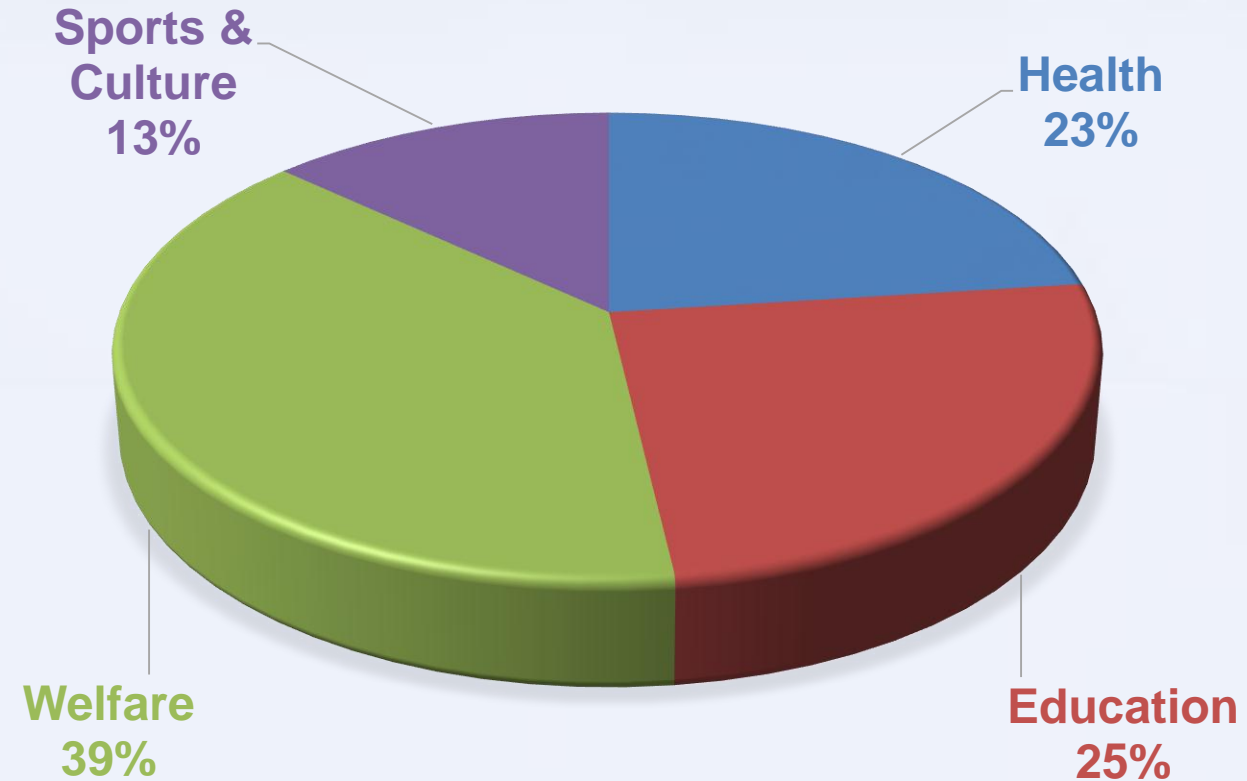


Construction of a Classroom Block at Justin Chauke Secondary School



CBZ Staff helping out in their communities

CSR INITIATIVES BY SECTOR



FOLLOW UP MEETINGS ON 28 FEB 2017 @ 15:00HRS



QUESTION & ANSWER SESSION

The graphic features a central illustration of seven hands of different skin tones holding various smartphones. Each phone displays a different financial icon: a shopping cart, a lightbulb, a globe, a dollar sign, a speech bubble, a mail envelope, and a line graph. The background is dark blue with a subtle grid pattern. In the top right corner is the 'CBZ TOUCH' logo. Below the illustration, the text 'YOUR ALL-IN-ONE FINANCIAL SOLUTIONS APP' is written in white. A paragraph of text describes the app as a financial companion. Below this is the hashtag '#SwitchToTheBEST'. At the bottom, there are three buttons for downloading the app from Google Play, Microsoft, and the App Store. The footer includes social media icons, contact numbers, and the 'CBZ HOLDINGS Partners For Success' logo.

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