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2 Operating Environment Overview
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1. CBZH’s Group Overview
Group Overview – CBZH Operating Units

- **Commercial Banking**
  - Retail banking
  - Corporate banking
  - Portfolios investment
  - Commercial mortgage financing

- **Mortgage financing**
  - Private home loans

- **Asset Management**
  - Funds management
  - Portfolio investment

- **Insurance Operations**
  - Short term insurance
  - Long term insurance
  - Risk Advisory Services

- **Property Management**
  - Property investment
  - Property development
  - Property valuations

- **Other operations**
  - Microfinancing Redsphere Finances
  - Equity investments Holdings Company
2. Operating Environment Overview
## Navigating the Operating Environment

<table>
<thead>
<tr>
<th>Operating Environment Dynamics</th>
<th>Our Strategic Choices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Specific Constraints</td>
<td></td>
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<tr>
<td>- Foreign currency shortages</td>
<td>- Migrating customers to digital platforms.</td>
</tr>
<tr>
<td>- Constrained business growth</td>
<td>- Pursuing structured trade finance solutions</td>
</tr>
<tr>
<td>- Inflationary pressure</td>
<td>- Creating &amp; entering new markets</td>
</tr>
<tr>
<td>2. Our Response</td>
<td>- Innovation, e.g. to support business development in the informal and SMEs sectors.</td>
</tr>
<tr>
<td>3. Intended Outcome</td>
<td></td>
</tr>
<tr>
<td>- Increase in our specialised advisory services</td>
<td>- Preservation of Shareholder Value</td>
</tr>
<tr>
<td>- Trading income arising from balance sheet management activities</td>
<td>- CBZH aims to be in the top 5 market capitalisation on the ZSE</td>
</tr>
<tr>
<td>- Product structuring and distribution</td>
<td>- Each subsidiary aims to be profitable</td>
</tr>
<tr>
<td>- Transactional banking services</td>
<td>- Each subsidiary aims to be in top 5 of its industry</td>
</tr>
</tbody>
</table>
3. Strategy & Operation Review
Milestones - Business in Numbers

1. World's Best Bank Awards 2018: Africa
   - Global Finance’s choice for Best Bank in Zimbabwe

2. Excellence in Corporate Governance Awards 2018- ICSAZ Awards
   - 1st Prize for Overall Best Banking Corporate Governance Disclosures
   - Merit Award for Best Risk Management Disclosures
   - 1st Prize for Best Banking Board Governance Disclosures

   - Professional Women Executives and Business Women’s Forum (PROWEB)

4. 3rd Prize for Excellence in Corporate Governance Awards 2018
   - Institute of Certified Secretarial and Administrators in Zimbabwe (ICSAZ) Awards.
**Milestones - Business in Numbers**

- **Number of KYC Lite Accounts**
  - April 2019: 260k
  - April 2018: 206k

- **Number of Bank Accounts**
  - April 2019: 238k
  - April 2018: 215k

- **No. of Policies**
  - April 2019: 118k
  - April 2018: 117k

- **Number of Transactions**
  - April 2019: 22.5m
  - April 2018: 29.0m

- **Value of Transactions**
  - April 2019: 16.6b
  - April 2018: 11.0b

- **CBZ Touch Subscribers**
  - April 2019: 351k
  - April 2018: 268k

  +52.1%

  -22.5%

  +31.0%

  +11.0%

  +0.9%

  +26.2%

  +26.2%
### Milestones – Subsidiary Market Shares

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Market Share (%)</th>
<th>Rank</th>
<th>Number of Players</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBZ Bank – (Deposits – April 2019)</td>
<td>16.6%</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Datvest – (FUM – Dec. 2018)</td>
<td>6.0%</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>CBZ Insurance – (GPW – Sep. 2018)</td>
<td>5.3%</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>CBZ Life – (GPW – Sep. 2018)</td>
<td>2.8%</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>CBZ Risk Advisory – (Premium Written – Sep. 2018)</td>
<td>5.5%</td>
<td>7</td>
<td>32</td>
</tr>
</tbody>
</table>
Consolidated Statement of Financial Position

Period – as at April 2019

**Comments**

- Total asset growth driven by *growth in total deposits and profitability*.
- A well diversified “FUM” portfolio yielded *positive returns* despite subdued performance on the stock market during the quarter.
- Insurance assets increased due to *growth in underwritten business, as a result of continuous product review and expansion of distribution channels.*
Consolidated Statement of Comprehensive Income

Period – 4 Months to April 2019

Comments

• Strong income generation and diversification supported by investment in new products and technologically driven channels.
• Increase in expenditure contained to below prevailing inflation levels.
• Increased market presence in the insurance sector has resulted in an increase in Underwriting income.
Consolidated Performance Ratios
Period – 4 Months to April 2019

Cost to Income Ratio
- 45.5% Apr. 2019
- 59.7% Dec. 2018
- 14.2%

Liquidity Ratio
- 76.1% Apr. 2019
- 64.3% Dec. 2018
- 11.8%

Loans to deposits ratio
- 30.9% Apr. 2019
- 29.5% Dec. 2018
- 1.4%

Capital Adequacy Ratio
- 29.4% Apr. 2019
- 28.7% Dec. 2018
- 0.7%

NPL Ratio
- 15.3% Apr. 2019
- 16.4% Dec. 2018
- 1.1%

Comments
- Cost-to-Income ratio improved owing to 43.6% revenue growth.
- The liquidity position of the Group remained sound with a ratio above the regulatory ratio of 30%.
- Capital adequacy levels for all the Group’s subsidiaries are above the regulated levels.
- NPL continue to be the focal point for the Group. The ultimate objective is to achieve single digit NPL figures.
4. Corporate Social Responsibility
### Corporate Social Responsibility

<table>
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<tr>
<th>Pillar</th>
<th>Initiative</th>
<th>Impact</th>
</tr>
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</table>
| **Education** | **YEP - Young Entrepreneurship Programme** | – The YEP program provides youths with skills on how they can come up with businesses that will enable them to earn a living not only for themselves but for the communities as their businesses will provide employment for fellow youths in their communities including rural areas.  
– The program has produced more than 2,000 entrepreneurs in the country to date, with 40% of the entrepreneurs running registered enterprises. |
| | **Tariro Trust** | – CBZ partnered Tariro Trust an organization that helps orphaned and vulnerable children, (with emphasis on the marginalized girl child) to have access to quality education.  
– CBZ made a donation towards the payment of school fees for 30 children (22 Secondary School students; 7 disadvantaged girls at universities and polytechnics and 1 physically challenged student at Danhiko). |
| | **Manyiri Primary School** | – The school has an enrolment of 609 from ECD to Grade 7 and the ECD children are learning from an old disused staff house with no desks and no proper ventilation.  
– **Building of a 3 classroom Block and fully furnishing the classrooms with desks and chairs.** |
| | **Primary Schools Debate Championship** | – The initiative helps encourage a culture of reading and research in students.  
– The experience also helps pupils to gain exposure and gain confidence to participate in front of an audience which can be viewed as a key area in the creation of future leaders.  
– The initiative also helps nurture the talent of up and coming debaters at an early stage of their development. |
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| Philanthropy    | International SMEs Indaba                                 | ▶ CBZ facilitated Business to Business (B2B) meetings to all the SMEs that attended the Indaba linking them with local and International delegates.  
▶ The CBZ SMEs Indaba managed to empower the delegates that attended by reducing the knowledge gap through learning and interacting. |
|                 | Water Tanks - Harare cholera outbreak                     | ▶ 10 x 5,000ltrs Tanks were installed for use at the most Cholera affected areas in Glenview, Budiriro and Mufakose areas in Harare.                                                                  |
|                 | Boreholes                                                 | ▶ CBZ donated Bush Pump operated boreholes to Ruvimbo and Chemagamba Primary in Chinhoyi. The borehole water would help the children, teachers and the close by communities. |
|                 | Insiza Bridge Project                                     | ▶ A link was created between the people of Ntabazinduna, Mberengwa, Filabusi, Shangani, Bulawayo and Mbalabala.  
▶ School children also benefited as the bridge creates an easy passage for them when going to school. |
| The Arts        | Participation in the ‘India in the Sunshine City’ Festival | ▶ CBZ partnered in the, ‘India in the Sunshine Festival’, an initiative aimed at strengthening cultured ties between Zimbabwe and India.  
▶ The Festival gives that an opportunity to cross sell their product and create international linkages. |
| Wellness        | CBZH Marathon                                             | ▶ Organised the CBZ Harare Marathon that gave the Group a huge opportunity to profile the CBZ brand as a responsible and responsive corporate citizen. |
5. CBZH’s Strategic Choices-2019-2025
CBZH Strategic Choices – 2019-2025

Global reach

Strategic alliances, partnerships and integration.

Technology driven solutions.

Innovation

Portfolio & earnings diversification

Liquidity management

Cost management