



TRADING UPDATE

FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2023



Introduction

I am pleased to present an update on the performance of CBZ Holdings Limited and its subsidiaries for the period ended 30 September 2023.

Operating Environment

Global macroeconomic, financial and geo-political developments continued to influence the local operating environment. Most Central Banks maintained tight monetary policy stances during the third quarter of 2023. The United States Federal Reserve increased the Fed Rate by 25 basis points to the 5.25-5.50% range, whilst the European Central Bank "ECB" raised its deposits rate from 3.75% to 4.0% - the highest level since 1999. In South Africa, the central bank, however, maintained the Repo rate at a multi-year high of 8.25%. These elevated global interest rates naturally exerted further upward pressure on the cost of global capital, making external credit lines relatively expensive.

Meanwhile, in Zimbabwe, the Central Bank maintained the bank rates unchanged at 75.0% for the productive sector and 150.0% for non-productive sector, evidently influenced by the need to balance between stimulating economic growth and maintaining macroeconomic stability. The sustained tight monetary policy stance resulted in the country achieving some environment stability on both the currency and goods markets. The Group's strategic and financial performance were largely shaped by the foregoing during the period under review.

Group Financial Highlights

The table below summarises the Group's financial performance for the period ended 30 September 2023.

	Unaudited 30 Sep 23 Inflation adjusted ZWL \$m	Restated 30 Sep 22 Inflation adjusted ZWL \$m	Unaudited 30 Sep 23 Historical Cost ZWL \$m	Restated 30 Sep 22 Historical Cost ZWL \$m
Key Financial Highlights				
Total Revenue	1 532 695	647 616	1 432 223	173 330
Profit after taxation	636 643	79 973	793 850	64 212
Total assets	6 666 424	3 128 424	6 526 830	858 856
Total equity	1 363 642	503 336	1 179 893	114 139
Total deposits	4 812 523	2 254 649	4 812 523	640 945
Total advances	1 702 056	1 083 606	1 702 056	308 044
Other statistics				
Basic earnings per share (cents)	162 617.9	20 631.9	202 768.3	16 404.0
Cost to income ratio (%)	26.6	32.0	19.0	22.7
Return on assets (%)	21.2	7.9	35.3	20.6
Return on equity (%)	79.8	22.4	133.3	98.9
Growth in deposits (YTD %)	116.3	52.6	607.3	387.9
Growth in advances (YTD %)	195.3	72.4	865.9	451.1
Growth in PAT (YOY %)	696.1	86.8	1 136.3	1 337.8

The Group performed well during the period under review, with all its regulated subsidiaries being adequately capitalized. The Group's business underwriting strength aligns with the thrust to grow market shares within all the sub-sectors it operates in.

Going concern

The Directors have made themselves available to regularly assess and evaluate the Group's capacity to operate as a going concern. The Directors are optimistic about the entity's capacity to continue as a going concern supported by a stable financial position, a significant market share, and a strong digital footprint.

Outlook

Going forward, geopolitical tensions in Eastern Europe, the Middle East and some parts of Africa will continue to pose significant downside risks to the global and continental macroeconomic outlook, especially in the areas of supply chains and crude oil markets. The likelihood of further interest rate hikes also remains relatively high, thereby perpetuating high interest rate risks on externally mobilised debt. In Zimbabwe, the major downside risk remains the projected normal to below normal rainfall forecasts, which may adversely affect output in the agricultural sector, particularly for farmers that depend on rainwater as well as activity in the sectors that depend on the agricultural sector for raw materials. However, these developments may also bring about new opportunities, among them, new markets, improved crop quality for those crops that do not require excess water, enhanced activity in other sectors such as mining that are usually affected by excessive rains and grain imports to ensure food security, among others.

Issued by the Board.

Rumbidzayi Angeline Jakanani
Group Chief Governance Officer

08 November 2023

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