



TRADING UPDATE

FOR THE QUARTER ENDED
31 MARCH 2024

Introduction

Dear Stakeholder, I am pleased to present an update on the performance of CBZ Holdings Limited and its subsidiaries for the period ended 31 March 2024.

Operating Environment

The Global and regional markets during the period under review were dominated by interest rate decisions, emerging markets debt distress and restructurings, elections, the El Nino effect and geopolitical tensions. On the interest rates front, most central banks maintained their benchmark interest rates at multi-year high levels, citing lingering inflationary pressures and persistent uncertainties due to rising geopolitical tensions. The biggest beneficiary of the elevated global interest rates was the US dollar, which remained largely firm against major currencies.

Regionally, as a result of the El Nino effect, most Southern African countries declared the 2022/23 agricultural season a national disaster following substantial reduction in farm output due to poor weather.

In Zimbabwe, the Reserve Bank presented the 2024 Monetary Policy Statement on 5 April 2024, which introduced measures aimed at bringing macroeconomic stability, fostering policy predictability and ultimately rebuilding consumer confidence. Key policy measures included the continuation of the multicurrency system to 2030 in line with Statutory Instrument 218 of 2023, the introduction of the ZiG as a new currency to replace the ZW\$, increase in Statutory Reserve Requirements on foreign currency deposits from 15% to 20% and the reduction in the bank policy rate from 130% to 20%.

These measures, which noticeably brought some stability on the foreign currency market, are expected to be crystallised and buttressed with more fiscal reforms going into the second quarter of 2024. In response to these measures, the Group, amongst other interventions, adjusted its lending interest rates downwards in order to pass the benefit of lower bank rates to its customers. The Group also successfully migrated to the new currency framework.

On the capital markets, the Zimbabwe Stock Exchange "ZSE" was generally active, and firm. The benchmark, All Share Index rose by 308.47% from 213,790 on 2 January 2024 to close the period at 873,263. Resultantly, the market capitalisation closed the quarter at ZW\$70.3 trillion, 318.5% up from the 2023 year-end level of ZW\$16.8 trillion. The Group's share price rose by 367.75% from ZW\$2 137.90 on 2 January 2024 to ZW\$10 000.00 on 31 March 2024. The Company closed the first quarter 2024 with a market capitalisation of ZW\$5.3 trillion, being the third largest counter on the ZSE. On the US dollar denominated Victoria Falls Stock Exchange "VFEX", the All Share Index marginally decreased from 101.49 on 2 January 2024 to close the first quarter at 101.07. The market capitalisation, however, rose by 0.83% from US\$1.21 billion to US\$1.22 billion, over the same period.

Environmental, Social & Governance "ESG"

The Group continued with its journey to incorporate material environmental, social and governance "ESG" factors into its strategic and operational processes and enhanced its Environmental Management Policy into a broad based ESG policy and Governance structures. The Group also continued to pursue the certification with the European Organisation for Sustainable Development "EOSD".

Financial Performance

The Group posted commendable financial performance during the period, reporting a consolidated inflation adjusted operating income of ZW\$1.42 trillion from a total revenue of ZW\$2.38 trillion. This strong performance was bolstered by a sustained growth in customer numbers, deposits, transactional activity and uptake of the group's comprehensive product range.

The Group financial position remains strong, as loans and advances to customers closed the period at ZW\$7.12 trillion, anchored on a ZW\$16.99 trillion customer deposit base. Insurance operations closed with a ZW\$108.64 billion insurance liabilities book, supported by ZW\$50.09 billion in insurance and reinsurance assets. The Group closed the period with a strong capital and asset base, coupled with a robust presence in digital channels anchoring the Group's transactional volumes and values.

The Group continues to capitalize on its strong market presence, innovation drive, and a customer-centric strategy to sustain its competitive edge.

Subsidiaries capitalisation

As of the period under review, all subsidiaries were adequately capitalized and all subsidiaries with regulated capital requirements were in compliance.

Going concern

The Board of Directors is confident of the Group's ability to remain a going concern owing to its strong financial performance, financial position and resilient business strategy. The Board has maintained a commitment to evaluate and monitor the Group's ability to remain a going concern.

Outlook

Going forward, global interest rates are expected to remain elevated, thereby perpetuating the high cost of international capital as well as the strengthening of the US dollar against other currencies. The monetary policy measures that were recently introduced by the Reserve Bank of Zimbabwe are expected to foster stability on the foreign exchange markets, whilst perpetuating tight liquidity conditions on the money market.

Climate change will continue to adversely impact the country's agricultural and related sectors, hence the need for both the private sector and the Government to step up efforts towards climate change mitigation, adaptation and relief programs. The Group will continue to reconfigure and position its business model towards unlocking long term value for its stakeholders.

Issued by the Board.

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20 May 2024

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