

TRADING UPDATE

FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2024

KEY FINANCIAL HIGHLIGHTS (ZWG)



Total income

2,680,952,842



Profit after taxation

1,008,277,932



Total advances

8,895,656,324



Total assets

30,046,505,805



Total deposits

18,505,883,184



Total equity

8,295,874,009

Introduction

Dear Stakeholder, I am pleased to present an update on the performance of CBZ Holdings Limited and its subsidiaries for the period ended 30 September 2024.

Operating Environment

Most advanced countries' Central Banks began reducing their policy rates, led by the European Central Bank "ECB", the Bank of England, and the US Federal Reserve "Fed". Despite the gradual approach to monetary easing, the reduction in global interest rates is expected to somewhat filter to developing countries through a partial reduction in the cost of funds.

In Zimbabwe, the Monetary Policy Committee "MPC" of the Reserve Bank of Zimbabwe announced new monetary measures in September 2024, aimed at anchoring inflation expectations and dissipating inflationary pressures. The key policy measures included the devaluation of the local currency by 44%, an upward review of the RBZ benchmark policy rate from 20% to 35%, an increase and standardisation of Statutory Reserve Requirements (SRR) for both local and foreign currency demand deposits from 15% and 20%, respectively to 30%, an increase in the SSR for both local and foreign currency savings and time deposits from 5% to 15%. In addition, the MPC lowered the limit on cash that individuals are allowed to take outside the country from US\$10,000 to US\$2,000.

On the capital markets, the Zimbabwe Stock Exchange "ZSE" remained bullish, as the benchmark All Share Index rose by 189.2% to close at 243.41. Resultantly, the market capitalisation closed the quarter at ZWG74.8 billion, up 193.4% from ZWG38.7 billion recorded at the end of the second quarter. Meanwhile, CBZ Holdings' share price rose by 90.8% to close the quarter at ZWG14.0. The company thus ended the quarter with a market capitalisation of ZWG7.3 billion, being the 4th highest-ranked counter by market capitalisation on the ZSE. On the US dollar-denominated Victoria Falls Stock Exchange "VFEX", the All-Share Index marginally increased by 1.8% to close the period at 105.63 points. The market capitalisation rose by 3.5% to US\$1.296 billion, over the same period.

Environmental, Social & Governance "ESG"

During the period under review, the Group reached the minimum certification level under the Sustainability Standards Certification Initiative "SSCI", and subsequently submitted its project for review by the certifying body. In addition, to further embed sustainability into its operations, the Group formulated a long-term sustainability strategy, which will be implemented across the organization to enhance compliance.

Financial Performance

The Group delivered a robust financial performance for the period under review, underpinned by a solid asset base of ZWG30.05 billion, a comprehensive product range, and a strategy that continues to position the business favourably within a competitive landscape. With a profit after tax of ZWG1.01 billion and a total income of ZWG2.68 billion, the Group has effectively leveraged its core strengths to achieve consistent growth. Net interest income reached ZWG880.02 million, supported by a loan portfolio of ZWG8.90 billion, highlighting the Group's prudent approach to lending and commitment to maintaining high-quality assets. Furthermore, non-interest income of ZWG1.80 billion underscored the Group's strategy to diversify revenue streams and enhance income stability through diversified financial services and product offerings.

The Group's strong market presence, supported by a deposit base of ZWG18.51 billion, continues to provide a key funding source, enabling it to support lending activities to the key sectors of the economy while effectively managing liquidity. The Group's strategy which focuses on customer-centric solutions and targeted market expansion, has enabled the Group to remain agile in navigating economic challenges while capturing new growth opportunities. Going forward, the commitment to build a solid financial foundation, combined with a comprehensive product range, positions the business well to continue delivering value to its stakeholders.

Subsidiaries Capitalisation

The Group's subsidiaries are all adequately capitalized, in compliance with regulatory requirements.

Going Concern

The Board of Directors remains confident in the Group's capability to operate as a going concern, underpinned by strong financial performance and an agile business strategy. The Board remains committed to continuously assessing and ensuring the Group's ability to sustain its operations well into the future, maintaining diligent oversight to support the Group's long-term stability and resilience.

Outlook

Going forward, global interest rates are expected to gradually soften, as Central Banks forge ahead with managed monetary easing. This will present relief to borrowers thereby stimulating credit expansion and economic activity. However, the downside risks to the global outlook remain the uncertainties surrounding the US elections, escalating tensions in the Middle East, climate change and resurgent pandemics.

In Zimbabwe, the fiscal authorities are expected to present the 2025 National Budget during the fourth quarter of the year, with prospects of normal to above-normal rainfall, firming gold prices and continued infrastructure projects anchoring economic activity and growth. The Group will continue to deploy its capital towards unlocking long-term value for its stakeholders.

By order of the Board.

Rumbidzayi Angeline Jakanani
Group Chief Governance Officer

04 November 2024

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