

# Trading Update

For the first quarter ended 31 March 2024



I am pleased to present the first quarter Trading Update for FBC Holdings Limited.

## Economic Environment

The operating environment in the first quarter of 2024 was characterized by local currency volatility, inflationary pressures and economic uncertainty ahead of the 2024 Monetary Policy Statement pronouncement.

Despite the recent volatility in the exchange rate, domestic economic prospects remain favourable, albeit at a slower pace, with economic growth projected at 3.5% in 2024 from 5.3% in 2023. The lower estimate is due to the El-Nino-induced drought threat and adverse spillover effects of risks and vulnerabilities on the global economy. In addition, the International Monetary Fund (IMF) revised the country's 2024 real Gross Domestic Product (GDP) growth projections downwards from 3.5% to 3.25%, reflecting the combined effects of drought and lower commodity prices.

Year-on-year blended inflation was 26.5% as of 31 December 2023. The inflation rate however, peaked at 55.3% at the end of the first quarter of 2024, due to the pass-through effects of exchange rate volatility. Despite these monetary challenges, other key economic sectors are expected to register growth for the year.

The recently published 2024 Monetary Policy Statement introduced measures that could foster a desired Gross Domestic Product growth if executed conscientiously. The new structured currency, the Zimbabwe Gold (ZiG), backed by a basket of foreign currencies and precious metals, is expected to restore confidence in the local currency and safeguard the multi-currency system, which to date, has served the country well. We commend the Central Bank's continued efforts to contain inflationary pressures and exchange rate volatility, to foster confidence in the local currency.

## Performance Update

### Inflation Adjusted

**Total Income**  
ZWL 2.7 trillion

**Profit-Before-Tax**  
ZWL 1.3 trillion

**Profit-After-Tax**  
ZWL 1.1 trillion

**Earnings Per Share**  
ZWL 1 822

### Historical Cost

**Total Income**  
ZWL 2.8 trillion

**Profit-Before-Tax**  
ZWL 2.0 trillion

**Profit-After-Tax**  
ZWL 1.9 trillion

**Earnings Per Share**  
ZWL 3 080

For the quarter ending 31 March 2024, FBC Holdings Limited achieved an inflation-adjusted total income of ZWL2.7 trillion and a profit before tax of ZWL1.3 trillion, driven mainly by exchange profit.

FBC Holdings' inflation-adjusted total assets were ZWL14.6 trillion as of 31 March 2024.

## Outlook

Zimbabwe presents a compelling case for robust economic expansion and improved living standards, driven by a dynamic private sector. The nation's competitiveness in agricultural value chains remains strong, despite the El Niño-induced drought. Furthermore, the potential for tourism and the significant reserves of energy transition minerals, particularly lithium, are poised to impact economic activity positively. Recognizing this potential, FBC Holdings is strategically positioned to identify and capitalize on opportunities that promote sustainable growth.

## Standard Chartered Bank Zimbabwe Acquisition Update

The transaction for acquiring Standard Chartered Bank Zimbabwe operations is nearing completion. It is targeted for finalization on 20 May 2024, and a smooth integration process is anticipated. This strategic acquisition is expected to enhance Group earnings and deliver sustainable shareholder value.

For and on behalf of FBC Holdings Limited

**Tichaona Mabeza**  
Group Company Secretary  
Date of Issue: 16 May 2024