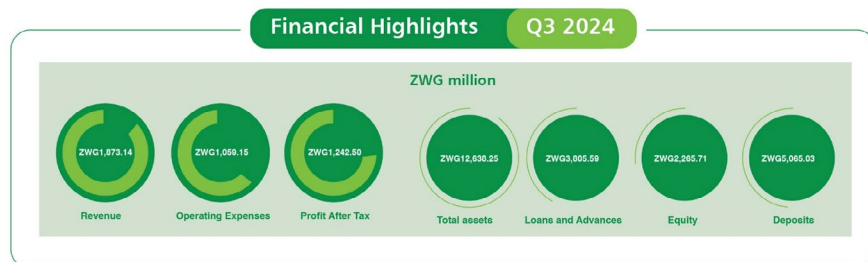


# Trading Update: Q3 2024

## TRADING UPDATE FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024.

### Performance highlights:



### Operating Environment

During Q3 2024, the operating environment remained challenging due to local currency devaluation (the exchange rate against the United States Dollar (USD) depreciated by 45% from USD1:13.7026 on 1 July 2024 to US\$1:24.8831 on 30 September 2024), tightening money supply, El Nino weather conditions impacting agriculture and foreign currency pressures. During the same period, the monetary authorities implemented corrective measures, including raising statutory reserve requirements and increasing the bank policy rate. This impacted income generation capacity of the Group as planning targets and strategies were challenged. As a result, the Group had to make frequent adjustments to its plans and strategies in order to remain afloat in this difficult operating environment.

The El Nino weather phenomenon has also resulted in the country relying on imported maize, thus putting more pressure on foreign currency. Furthermore, El Nino caused power shortages which forced businesses to use alternative power supply options which came as additional operating costs. The Group continues to improve its operations' capacity, adopting Environmental, Social, and Governance (ESG) and Sustainability principles in line with the dynamic operating environment.

### Q3 FY2024 Performance Outturn

The Group produced a profit after tax of ZWG1.224bn for the first nine months of 2024, driven by cost discipline and a resilient balance sheet structure.

Total income was ZWG1.83bn on year to date. However, Q3 has seen a limited growth in income growth versus the prior quarter as a result of reduced growth in fair value credits & foreign exchange gains as well as harsh business conditions. The total income was supported by net interest income of ZWG282.540m, driven by improved net interest margins, commission & fees of ZWG576.502m supported by increase in electronic banking earnings, gross insurance

premium of ZWG411.619m driven by increased sales of funeral cover products, net property income of ZWG66.434m as rental income remained stable and other income of ZWG1.686bn.

Operating costs amounted to ZWG1.059bn with a cost-to-income ratio of 57%. The Group maintained cost discipline despite inflationary pressures.

Our customer base continues to grow across the balance sheet with a deposits balance of ZWG5.073bn, up by 73% in Q3 from Dec 2023 and an insurance liabilities balance of ZWG497m, a growth of 15% from Dec 2023. This was primarily driven by strong customer retention through proffering customer centric products. On the other hand, total assets grew by 44% to ZWG12.638bn anchored by growth in earning assets to ZWG10.401bn from ZWG6.970bn in Dec 2023. The Group also saw continued growth in property portfolio through acquisitions and new developments.

The group reported a strong capital position in the first nine months of the year with total equity of ZWG2.266bn driven by the period's performance.

### FUTURE CAPITAL REQUIREMENTS

The Group's capital and liquidity levels remained strong with all business units being compliant with minimum regulatory capital requirements apart from ZB Building Society. The Group expects to consolidate its banking operations into one banking license in the near future.

### DIVIDEND

No dividend has been declared for Q3 2024.

### Outlook

The Zimbabwean economy is now projected to grow 2% in 2024, and the operating environment is expected to remain tight with authorities likely to further tighten money supply in a bid to control exchange rates and inflation.

The Group remains committed to its digitalisation & transformation sprints, providing value-added financial solutions, capital preservation and effective cost management.

By order of the Board



**T.F.A. MASIIWA**  
Company Secretary  
13 November 2024