

Trading Update

For The Third Quarter Ended 30 September 2021

Operating Environment

The third quarter of the year had some headwinds due to COVID-19 which impacted business operating hours hence transactional levels were lower. Inflation rate had been trending downwards with September monthly inflation below 5%. However, recent upward inflationary pressure could alter this trajectory. The interbank exchange rate has recently seen some depreciation of the local currency after a period of relative stability. In addition, there has been notable depreciation of the local currency on the informal market which may result in increased costs in the short - medium term. The business witnessed increased demand for both local and foreign currency loans due to increased economic activity after the lockdown measures had been eased. While interest rates have remained stable compared to the 2nd quarter, these may trend up as the Regulators seek positive real interest rates.

Financial Performance Review

The Bank's year to date inflation adjusted operating income increased by ZWL1.4bn from the 2nd Quarter to ZWL3.7bn in the 3rd quarter whilst in historical terms, the increase was ZWL1.4bn to ZWL3.6bn. The growth was driven by both the increase in loans and transactional income. Inflation adjusted year to date operating expenses increased by ZWL1bn to ZWL2.6bn whilst in historic cost terms, the increase was ZWL692m to ZWL1.9bn.

Year to date operating profit excluding investment property gains and tax increased by ZWL814m to ZWL1.5bn in inflation adjusted terms whilst in historic cost it increased by ZWL674m to ZWL1.6bn. Inflation adjusted profit after tax was ZWL393m and ZWL1.3bn in historical terms.

Customer deposits grew by ZWL2.8bn to ZWL12.6bn driven by growth from both local and foreign currency depositors with foreign currency deposits constituting 46% of the total deposits. Loans grew by ZWL1.3bn to ZWL6.1bn. The loan book continues to perform well with non-performing loans at 0.19% of the loan book.

By Order of the Board



Sarudzai Binha

Acting Company Secretary

05 November 2021