cbz

TRADING UPDATE

FOR THE QUARTER ENDED 31 MARCH 2022

Introduction

I am pleased to present an update on the performance of CBZ Holdings Limited and its subsidiaries for the first quarter ended 31 March 2022.

Operating Environment

Globally, the first quarter saw the relaxation of Covid-19 induced restrictions and inhibitions as countries transitioned to co-existing with the virus. This allowed business to resume, as well as scale up operations. However, the period was also characterised with a surge in global inflationary pressures, which somewhat constrained demand and consumption, as central banks tightened monetary policies while economic agents reprioritised expenditures and shifted investment behaviours. In Zimbabwe, inflationary pressures were fuelled by rising global oil prices as well as currency weaknesses.

Activity on the capital markets remained high, with the introduction of Exchange Traded Funds "ETFs", widening the investment options and opportunities on the Zimbabwe Stock Exchange. The property sector also remained active, buoyed by Government driven infrastructure projects and private sector investments in residential construction.

Group Financial Highlights

The table below summarises the Group's financial performance for the first quarter of the year.

	UNAUDITED			
	INFLATION ADJUSTED		HISTORICAL	
	MAR 2022 ZWL $m	RESTATED MAR 2021 ZWL $m	MAR 2022 ZWL $m	MAR 2021 ZWL $m
Key Financial Highlights				
Total revenue	13 090.0	8 522.5	14 323.0	5 273.3
Profit after taxation	929.2	2 860.4	4 736.7	2 493.8
Total assets	241 626.5	199 980.7	224 893.4	108 081.2
Total equity	51 887.2	36 390.0	37 896.1	13 700.9
Total deposits	150 923.4	133 193.9	150 923.4	77 126.6
Total advances	75 591.9	69 824.5	75 591.9	40 432.2
Other statistics				
Basic earnings per share (cents)	712.01	2 191.82	3 629.54	1 921.86
Cost to income ratio (%)	39.3	31.9	26.4	29.6
Return on assets (%)	7.2	10.4	18.4	14.0
Return on equity (%)	7.0	32.5	60.0	80.6
Growth in deposits (YTD %)	(4.1)	6.1	14.9	18.3
Growth in advances (YTD %)	12.8	23.1	35.2	37.3
Growth in PAT (YOY %)	(67.5)	55.6	89.9	267.8

The Group performed well during the first quarter and will continue to strengthen its revenue generating capacity as well as focus on capital preservation amid the rising inflation.

Subsidiaries Capitalisation

The Group is adequately capitalised, and all its regulated subsidiaries are in full compliance with the gazetted minimum capital requirements. The Group continues to align its investments strategically in order to preserve capital.

COVID-19 & Business Impact

The resumption of economic and business activity on a large scale enabled the Group to increase its transactional volumes and strengthen its balance sheet. The Group continues to leverage on its investment in technology, human capital to deliver tailor made service and solutions to uphold its promise to offer convenience and satisfaction to its wide range of customers even in Covid-19 restricted business spheres.

Going Concern and Solvency

The Directors have availed themselves to continuously monitor and assess the Group's ability to continue operating as a going concern. After assessing the operational adaptability of the Group to the changing economic environment, the Directors are confident of the entity's ability to continue as a going concern, on the back of a stable financial position, significant market share and a strong digital presence.

Outlook

Rising global geopolitical tensions are expected to continue exerting both upside and downside risks to the economy. In particular, mining and other export-oriented sectors are likely to benefit from firming commodity and food prices on the global markets. However, rising prices for oil, fertilisers, and other critical imported raw materials, will translate into higher domestic production costs, thereby adversely impacting on competitiveness and viability. Measures that limit the adverse impact of the external shocks, should therefore be prioritised. The Group will continue to monitor the above mentioned macroeconomic developments with a view to better manage emerging risks and opportunities.

Issued by the Board.

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13 June 2022

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