

# Trading Update

For the third quarter ended 30 September 2022

It is my pleasure to present to you the FBC Holdings Limited trading update for the period ending 30 September 2022.

## Operating Environment

Global activity has remained entangled in the Russia-Ukraine war, culminating into a broad-based and sharper than expected economic slowdown. Spearheading global economic weakness has been high inflation, emergent cost of living crisis, aggressive monetary tightening, and lingering COVID-19. In response, developed countries have implemented various austerity and structural reforms to wade downside implications arising from the global economy, consequently, raising borrowing costs and risks of sovereign defaults among developing countries.

Zimbabwe's economy in 2022 has shown resilience in the face of significant geopolitical shocks, poor rainfall and price pressures adversely affecting economic and social conditions. In line with global trends, GDP growth is anticipated to decline to about 3.4% in 2022 reflecting a slowdown in agricultural and energy outputs owing to erratic rains. Mining, trade, and tourism are expected to drive the country's export and foreign currency receipts benefitting from high global commodity prices and the relaxation of COVID-19 restrictions.

Meanwhile, the Central Bank tightened monetary policy, raised the interest rates (from 80% to 200%), further liberalized the forex market, and issued gold coins as a store of value. Concomitantly, these measures have stabilized informal market speculation and have narrowed the informal market premium to below 35% as of September 2022.

In the midst of a health, climate, food security and geopolitical crises, we acknowledge that there is need for strengthened and effective multilateral corporation to support sustainable economic development. As such, FBC Holdings has adopted a Climate Positive Agenda in an effort to align the organization's business operations to Zimbabwe's Sustainability targets and to build a climate resilient financial institution.

Overall, we are confident of the Central Bank's initiatives to enhance transparency in the conduct of monetary and exchange rate policy as a means to improve the business climate, reduce governance vulnerabilities and promote a sustained and inclusive growth in the near to medium term period

## Key Financial Highlights

	Group Total Income	Group Profit Before Tax	Group Profit After Tax	Basic Earnings Per Share
Inflation Adjusted	ZWL88.2 bln	ZWL14.8 bln	ZWL9.6 bln	ZWL(c) 1 511.72
Historical	ZWL78.4 bln	ZWL38.4 bln	ZWL31.6 bln	ZWL(c) 4 987.89

## Financial Performance Review- Inflation Adjusted

For the period ending 30 September 2022, the Group recorded a commendable total income of ZWL88.2 billion being 155% ahead of prior year's reviewed figure of ZWL34.6 billion.

Net interest and related income accounted for 23% of the Group's total income at ZWL20 billion after registering a growth of 94% on prior year. Net fees and commissions improved by 42% to ZWL11 billion as earned insurance premiums improved by 25% for the comparative period. Other Income comprising of net trading and dealing income and fair value gains from financial assets accounted for 59% of total income. The Group has maintained a conservative approach to property sales in light of the medium term inflation outlook.

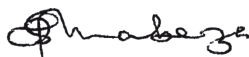
The Group achieved a profit before tax of ZWL14.8 billion representing a growth of 30% on prior year. The Group's after tax profit was recorded at ZWL9.6 billion representing a 23% improvement on prior year.

As at the 30 September 2022, the Group's total assets were ZWL282 billion representing a growth of 39% from prior year's reviewed figure of ZWL202 billion. Total equity attributable to shareholders of the parent company was ZWL51.2 billion gaining, 12% on the comparative period last year.

## Business Outlook

Downside risks to the outlook are high, reflecting the global slowdown of growth, volatile commodity prices, climate change, and the ability of the government to control inflation and forex market distortions in the pre- election period. The Group remains close to both the local and global economic developments as key determinants to the formulation of strategy, business continuity and risk management framework. FBC Holdings digitalisation thrust remains one of the key focus areas as a near term growth driver alongside the Group's adoption of a Climate Positive Agenda.

For and on behalf of FBC Holdings Limited



Tichaona Mabeza

Group Company Secretary

Date of Issue: 15 November 2022

## Directors

H. Nkala (Chairman), C. Mtasa (Deputy Chairperson), J. Mushayavanhu (Group Chief Executive), K. Chiketsani (Executive), A. C. Chuma, G.S. Collins, F. Kennedy, T. Kufazvinei (Executive), D. Makwara, C. Malunga, R. Moyo, C. Msipa, S. Ndllovu, V. Nyemba, W. Rusere (Executive)

