

Trading Update

FOR THE PERIOD ENDING 30 SEPTEMBER 2023

FBC Holdings Limited hereby issues a trading update for the third quarter ending 30 September 2023. The trading update is in inflation-adjusted terms as prescribed under International Accounting Standard 29.

Economic Environment

Global economic recovery remains slow and uneven on account of increasing geo-economic fragmentation, the effects of monetary policy tightening, withdrawal of fiscal support amid high debt and extreme weather events. Global economic pressures are expected to decline in 2024 due to a reduction in supply chain disruptions and fiscal and monetary stimulus support in major economies. Meanwhile, Sub-Saharan Africa's economic growth has been driven mainly by higher private-sector consumption and investment. Tight financing conditions remain a challenge in the region, exacerbated by rising borrowing costs, and declining aid flows.

On the domestic front, the country is now projected to register a growth of 5.3% in 2023 from an initial forecast of 3.8% piggybacking on Agriculture, Mining, Construction and Energy sectors. Downside macroeconomic risks do remain however, and this may impact prospects in 2024.

The Government, through Statutory Instrument (SI)218 of 2023, recently extended the Multicurrency regime to 31 December 2030. This is a positive development as it provides business and other stakeholders an opportunity to review investment horizons and take medium to long term investment decisions which will impact growth prospects for the country. This extension creates an opportunity for the Group to mobilize resources and realign investment tenors in pursuit of business growth. The Government also enacted SI 81 of 2023 which has the effect of restricting and curtailing credit insurance as a way of protecting the insurance sector.

The Central Bank on the other hand continues to align and revise monetary policy, in order to complement government efforts in stabilizing the economy. These include, inter alia, the standardization of foreign currency retentions and the recent reduction in bank policy rates from 150% to 130% per annum. Overall, the Central Bank is expected to maintain a tight monetary policy stance to anchor inflation and exchange rate expectations.

Performance Update

Total Income
ZWL 950.8 billion

Profit-Before-Tax
ZWL 420.7 billion

Profit-After-Tax
ZWL 318 billion

Earnings Per Share
ZWL(c) 52136.47

The Group achieved total income of ZWL 951 billion and a profit before tax of ZWL 420.7 billion for the period ending 30 September 2023. Group operating expenses were ZWL 421.2 billion representing a cost-to-income ratio of 44%. The Group remains focused on operational efficiency, whilst exploiting opportunities to enhance shareholder value.

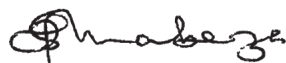
FBC Holding's total assets were recorded at ZWL2.6 trillion whilst shareholder funds amounted to ZWL560 billion.

Outlook

The global economy remains fragile and is expected to record moderate recovery in 2024. Major concerns to note are increasing climate change related risks, weak aggregate demand as well as political tensions which may escalate supply chain risks and inflation. Despite these downside risks, the Group has taken note of the government and central bank policy adjustments which are expected to enhance economic resilience despite these strong external macroeconomic forces. Policy thrusts meant to stabilize exchange rates and lower inflation locally are expected to continue, creating a conducive environment for investments and growth. The Group will align strategies to ensure value preservation, revenues growth through diversification and alignment of processes to improve efficiency and ultimately achieve sustainable growth.

During the period under review, FBC Holdings Limited's shareholders approved the acquisition of Standard Chartered Bank operations in Zimbabwe. The Group continues to engage with the relevant stakeholders to complete all due processes by end of next year. The acquisition of Standard Chartered Bank Zimbabwe operations is expected to increase the Group's revenue base, profitability and shareholder value going forward.

For and on behalf of FBC Holdings Limited



Tichaona Mabeza
Group Company Secretary
Date of Issue: 15 November 2023

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, Aeneas Chuma, Gary S Collins, Franklin H Kennedy, Trynos Kufazvinei (Group Finance Director)*, David Makwara, Canada Malunga, Rute Moyo, Charles Msipa, Sifiso Ndhlovu, Vimbai Nyemba, Webster Rusere* (*Executive)