FBC Holdings Limited

Trading Update

FOR THE PERIOD ENDING 31 MARCH 2025

It is my pleasure to present the First Quarter Trading Update for FBC Holdings Limited

Operating Environment

The global economy was characterised by stability, but with underlying uncertainty during the period under review. While global GDP growth is expected to remain stable at 3.2%, policy adjustments, particularly in advanced economies, overshadow the outlook. Inflation is expected to further decline, but relentless service sector price pressures and supply chain disruptions remain an issue. Policy changes across the globe and protectionist measures pose significant risks to the global economy. Trade tensions, cuts in foreign aid and potential shifts in monetary policy could further hinder growth.

Locally, Zimbabwe's economy experienced relative stability concerning inflation and exchange rates, despite the global macroeconomic pressures. This is because of a tight monetary policy stance that aims to foster market stability, enhance market confidence and provide a basis for sustainable growth. The tight monetary policy stance has however, adversely impacted the volume of transactions and lending activities. The local currency (ZWG) depreciated marginally by 3.75% year to date, against the United States Dollar. Month-on-month inflation declined to below 1% for ZWG and USD, by 31 March 2025. Key measures instituted by the Reserve Bank of Zimbabwe during the first quarter of 2025 include an upward review of surrender requirements on export proceeds from 25% to 30%; alignment of foreign currency trading margins with international best practices; an upward review of interest rates on deposits; and the introduction of a targeted finance facility (TFF) aimed at the productive sectors of the economy.

On the other hand, tight liquidity conditions also adversely affected trading on the Zimbabwe Stock Exchange (ZSE), resulting in the All-Share index dropping by 5.7%. The Victoria Falls Stock Exchange (VFEX) however, gained 6% as trading marginally improved during the period under review. The capital markets are expected to continue trading mixed, as tight fiscal and monetary policy positions will likely continue in the short to medium term.

Inflation Adjusted Performance Overview

Total Income	Profit-Before-Tax	Total Assets	Loans and Advances
ZWG 578 million	ZWG 94.5 million	ZWG 19.9 billion	ZWG 9.56 billion

The Group reported a profit before tax of ZWG 94.5 million. Total income stood at ZWG 578 million, with net fee and commission income contributing ZWG 337 million. This highlights the Group's strategic pivot towards fee-based revenue, to reduce exposure to currency and interest rate volatility. Net interest income remained robust at ZWG 321 million, demonstrating the continued strength of core trading activities.

Total assets amounted to ZWG 19.9 billion, underpinned by a strong loan portfolio of ZWG 9.56 billion. Shareholders' equity closed at ZWG 5. 7 billion, reflecting the Group's ongoing focus on safe-guarding and growing long-term shareholder value.

To drive performance, the group will focus on market share growth in all its business segments, riding on its diversified business model, resource mobilisation, new market segments and enhanced customer experience, driven by innovation and digital transformation.

Capital Adequacy

The Group and its subsidiaries are adequately capitalised on an economic and regulatory basis. This will ensure that the business is able to support its trading activities and have the capacity to tap into growth opportunities. The Group has a capital allocation framework that guides the deployment of resources to meet business requirements and improve shareholder returns.

Outlook

The economic outlook remains fragile. Trade disputes and policy adjustments will dominate the global macroeconomic environment in 2025. Locally, the current tight fiscal and monetary policy positions will likely remain, until the macroeconomic targets are within range. The Group will prioritise efficient capital deployment, pursue growth opportunities in key economic sectors and improve operational efficiency, driven by innovation and technology investments. Product and service diversification will also remain central to mitigate some business risks associated with the operating environment.

For and on behalf of FBC Holdings Limited

Tichaona Mabeza
Group Company Secretary
Date of Issue: 15 May 2025