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Trading Update
For the quarter ended 31 March 2025

Financial Holdings

Rise To Excellence

Income Statement (ZWG)

REVENUE	OPERATING EXPENSES	PROFIT AFTER TAXATION
119%	64%	224%
31 Mar 2025 **839,928m**	31 Mar 2025 **464,285m**	31 Mar 2025 **261,940m**
31 Mar 2024 **384,329m**	31 Mar 2024 **282,921m**	31 Mar 2024 **80,819m**

Statement Of Financial Position Highlights (ZWG)

TOTAL ASSETS	EQUITY
6%	20%
31 Mar 2025 **13,547bn**	31 Mar 2025 **7,985bn**
31 Mar 2024 **14,383bn**	31 Mar 2024 **6,641bn**

Operating Environment

During the first quarter of 2025, the local currency exhibited moderate depreciation pressure, weakening by 4% from US$1: ZWG25.7985 on 1 January 2025 to US$1: ZWG26.7654 on 31 March 2025. This depreciation was markedly slower than the 256% decline recorded in the corresponding period of the previous year, reflecting improved exchange rate stability. Consequently, inflation expectations eased, with the annual weighted inflation rate declining from 42.7% in January 2025 to 29.5% by the end of Q1 (March 2025).

To anchor macroeconomic stability, the central bank maintained a restrictive monetary policy stance, characterized by a policy rate held at 35% to curb speculative borrowing and standardized statutory reserve requirements at 30% for both local and foreign currency deposits to enhance liquidity control. The Group has fully adhered to the 2025 Monetary Policy Statement directives, and moving forward, strategic priorities including enhancing operational resilience and optimizing business models to navigate the prevailing economic conditions effectively.

Q1 FY2025 Performance Outturn

The Group produced a profit after tax of ZWG261.940m during the first quarter of 2025, driven by the impact of the cost containment measures and a resilient balance sheet structure. Total income (year to date) was ZWG839.928m marking a 119% increase from 31 March 2024. The increase in income is attributable to the improved net interest margins of ZWG281.997m and enhanced capabilities of the new core banking system, which enables more effective identification and collection of all potential income streams. The Group earned commission & fees of ZWG428.300m supported by increase in electronic banking earnings, gross insurance premium of ZWG36.817m driven by increased sales of funeral cover products, net property income of ZWG37.989m as rental income remained stable and other income of ZWG15.066m.

Operating costs amounted to ZWG464.285m with a cost-to-income ratio of 55% (2024: 74%). The Group maintained cost discipline as it continues to implement its cost containment initiatives.

The deposits decreased by 40% to ZWG3.287bn while Insurance Contract liabilities increased by 66% to ZWG446.333m. This was primarily driven by strong customer retention through proffering customer centric products and solutions. On the other hand, total assets decreased by 6% to ZWG13.547bn because of the decline in the cash and short term funds and the deterioration of the value of the listed investments portfolio.

The group reported a strong capital position in the first three months of the year with a total equity balance of ZWG7.985bn driven by the period's performance.

FUTURE CAPITAL REQUIREMENTS

The Group's capital and liquidity levels remained strong with all business units being compliant with the minimum regulatory capital requirements apart from ZB Building Society. The Group expects to consolidate its banking operations into one banking license in the near future.

DIVIDEND

No dividend has been declared for Q1 2025.

Outlook

The Government of Zimbabwe projects annualised GDP growth to accelerate from 2.0% in 2024 to 6.0% in 2025. This anticipated rebound is driven by a strong post-drought recovery, supported by favourable La Niña weather conditions during the 2024/2025 summer cropping season. A bumper harvest is expected across major crops, providing renewed momentum to the agricultural sector. Additionally, the mining sector is poised for growth, buoyed by a positive outlook for global commodity prices in 2025, particularly gold. These developments are expected to stimulate broader economic activity and create new opportunities for the Group.

However, external macroeconomic risks remain elevated. Persistent global headwinds, including tariffs, trade conflicts and geopolitical tension may continue to exert pressure on the local exchange rate and inflation dynamics, presenting ongoing challenges for both the broader economy and the Group. While these risks may temper the overall outlook, domestic resilience and sectoral recovery provide a solid foundation for cautious optimism.

Against this backdrop, the Group remains committed to delivering value-added financial solutions that support national development. The Group continues to focus on sustainable revenue generation, diversification of investment portfolio and disciplined cost management to drive shareholder value in a dynamic operating environment.

By order of the Board

T.F.A.MASIIWA
General Counsel
15 May 2025

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