

Trading Update

FOR THE FIRST QUARTER ENDED 31 MARCH 2023

Introduction

I am pleased to present this trading update for FBC Holdings Limited for the first quarter ended 31 March 2023. The trading update is regrettably in historical terms due to the unavailability of relevant consumer price indices (CPI) which facilitate reporting in inflation-adjusted terms.

Economic Environment

The global economy is on a modest recovery path post the Covid-19 pandemic and the persisting Russia-Ukraine conflict. Economies are gradually opening up, resulting in the improved supply of products and services across the globe. Global inflationary pressures are starting to ease and are trending towards set targets in response to tight monetary policies instituted by central banks in 2022. Recent bank failures in the Western economic regions in 2023, have however, given rise to fears of a slowdown in economic growth.

Locally, currency instability coupled with other macroeconomic risks, is posing a major threat to business viability and prospects. The country has adopted a blended Consumer Price Index in line with the general transaction patterns and currency of trade statistics. United States Dollar (USD) based transactions reportedly now account for more than 70% of transactions across the country. The use of the local currency is reportedly on the decline. Year-on-year blended inflation declined from 101.5% in January 2023 to 75.2% in April 2023.

The Reserve Bank during the first quarter, reduced the bank policy rate from 150% to 140% per annum and reviewed the Medium-term Bank Accommodation (MBA) facility for productive sectors from 75% to 70% per annum. It is anticipated that the reduction of interest rates will stimulate demand for credit and promote production. In addition, the central bank also recently introduced the gold-backed digital currency that will be used as legal tender and a store of value, alongside the Zimbabwean dollar and bond notes, as part of the measures introduced to promote currency stability.

Overall, we expect the monetary and fiscal authorities to continue putting in place measures to promote economic growth, currency stability and to boost market confidence for the well-being of the economy.

Performance Update

Total Income
ZWL 49 Billion

Profit Before Tax
ZWL 28.79 Billion

Profit After Tax
ZWL 25.4 Billion

ROE
28%

FBC Holdings Limited's total income was ZWL49 billion for the quarter ended 31 March 2023. The Group maintained a prudent approach to expense management, achieving a cost-to-income ratio of 41% for the period under review. Subsequently, the Group recorded a profit before tax of ZWL28.79 billion and an after-tax profit of ZWL25.4 billion.

The Group's total assets were recorded at ZWL495.4 billion with underlying shareholder funds of ZWL90.5 billion and a return on equity of 28%.

Business Outlook

Macroeconomic risks remain and business prospects are under threat due to ongoing global political conflicts and the possibility of an economic recession. Expectations are that the responsible authorities will continue reviewing measures to mitigate these risks and stimulate economic activities. Recent measures announced by the Ministry of Finance are expected to stabilize the exchange rate and the economy. The Group will continue to track both local and global economic developments in its strategy formulation and risk management frameworks. Focus will remain on improving revenue generation and diversification, whilst at the same time implementing capital preservation measures due to inflationary trends.

For and on behalf of FBC Holdings Limited



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

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, Aenesa 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)