

Trading Update

For the First Quarter Ended 31 March 2021

Operating Environment

The operating environment in the first quarter was largely dominated by COVID-19 lockdown which gradually eased off in March after the COVID-19 statistics significantly improved. Month on month inflation, currently at 2.3%, continued to decline as at end of March due to a stable interbank exchange rate. At the beginning of the year there was surplus RTGS liquidity in the market, however, with tightening monetary policy the market RTGS liquidity tightened towards end of the quarter.

With the COVID-19 lockdown, transactional volumes were down by more than 50% in the first month of the quarter, but gradually increased to normalised levels in March as the lockdown eased. Interest rates declined at the beginning of the first quarter due to surplus RTGS liquidity.

Financial Performance Review

The Bank's total income in the first quarter was ZWL931m in inflation adjusted terms, whilst the operating expenses were ZWL663m. The operating profit before monetary loss and property fair value adjustment was ZWL183m. However, after including property fair value adjustments, monetary loss, and tax the Bank had a loss after tax of ZWL52m. This was largely due to lower transactional activity in the quarter as referred to above.

Balance sheet growth has been driven by ZWL loans which grew by 42% to ZWL3.2bn. FCY loans grew by 660% to USD6.7m whilst deposits increased by 14% to USD56.7m.

The Bank expects that the USD30m capital requirement will be achieved by 30 June, if the current level of performance together with exchange rate stability is sustained.

By Order of the Board



Violet Mutandwa
Company Secretary

14 May 2021