



GROUP CHAIRMAN’S STATEMENT

Group total income	Group profit before income tax	Group profit after income tax	Cost income ratio	Basic earnings per share	Net asset value per share	Asset base	Return on equity	Dividend declared
Inflation Adjusted up 14% to ZWL8.1 billion	Inflation Adjusted up 111% to ZWL1.6 billion	Inflation Adjusted ZWL1.5 billion from a loss of ZWL1.6 billion last year	Inflation Adjusted static at 64%	Inflation Adjusted 243.85 ZWL cents from a negative of 263.21	Inflation Adjusted up 25% to 810 ZWL cents	Inflation Adjusted up 19% to ZWL32.4 billion	Inflation Adjusted improved to 30% from a negative of 41%	Inflation Adjusted ZWL500 million including ZWL200 million interim dividend
Historical up 580% to ZWL7.2 billion	Historical up 583% to ZWL3.6 billion	Historical increased by 986% to ZWL3.2 billion	Historical static at 50%	Historical up 980% to 517.10 ZWL cents	Historical up 491% to 782 ZWL cents	Historical up 440% to ZWL31.9 billion	Historical improved to 65% from 37%	Historical ZWL500 million including ZWL200 million interim dividend

Financial Performance Review – Inflation Adjusted

While 2020 was an unprecedented, challenging year, the Group managed to post a commendable set of financial results. The Group achieved a profit before tax (PBT) of ZWL1.6 billion and a profit after tax (PAT) of ZWL1.5 billion. This performance in historical terms, translated to a profit before tax of ZWL3.6 billion and an after tax profit of ZWL3.2 billion. Total income was ZWL8.1 billion, which is 14% ahead of the previous year's comparative amount of ZWL7.2 billion.

Whilst foreign currency revaluation gains contributed significantly to the Group's reported total income, our lending operations managed to record modest growth, as a result of a combination of loan growth and re-pricing, despite the prevailing macro- economic challenges. Consequently, net interest income was 20% higher with ZWL1.7 billion being achieved during the period under review, against ZWL1.4 billion recorded in the prior year. A 5% decline in interest expense was also registered as a result of an improvement in the funding mix. Net fees and commission income receded 12% to ZWL1.2 billion from ZWL1.4 billion recorded last year, mainly as a result of a marked slowdown in the volume of transactions, in line with the reduced economic activity induced by the Covid-19 pandemic lockdown measures. The repricing of this revenue stream, implemented during the year, was inadequate to counterbalance the decrease in the volume of transactions.

The insurance business recorded a decrease of 5% in net earned insurance premium to ZWL845 million from ZWL886 million achieved last year. The significant decrease in insurance premium revenues of 21% was offset by an improvement in premium ceded to reinsures and retrocessionaires of 44%. The Covid-19 pandemic lockdown effects and the hyperinflationary environment had an initial negative effect on the insurance industry at large. This however, took a positive turn when the regulatory authorities subsequently permitted the underwriting of insurance policies in foreign currency.

The Group's administration expenses increased by 16% to ZWL4.5 billion from ZWL3.9 billion reported in 2019, mainly as a result of the repricing of expenses to match the inflationary environment. The cost to income ratio excluding the monetary loss, remained static at 64%. The monetary loss improved to ZWL1.4 billion from ZWL1.8 billion recorded last year, following the slowing down of inflation and an improvement in the hedging of monetary assets. The net monetary loss represents the effect of inflation on the net monetary assets of the Group and this is explained in detail in the notes to the financial statements.

As at 31 December 2020, the Group's total assets increased by 19% to ZWL32.4 billion against ZWL27.1 billion as at 31 December 2019. The growth was mainly driven by increase in deposits and the translation of foreign denominated assets. The Group's total equity was up 29% from the prior year, closing the current year at ZWL5.1 billion against ZWL3.9 billion reported in 2019.

Operating Environment

The operating environment remained difficult in 2020 and was exacerbated by the Covid-19 pandemic. The government instituted a number of measures to reduce the risk of infection among citizens. These measures included restrictive lockdown measures which had negative consequences on the economy and business in general. Some economic sectors such as tourism, recorded a sharp decrease in business volumes. Demand for products and services fell, resulting in weak earnings across a number of entities.

To help ease the Covid-19 induced pressures, the Government of Zimbabwe announced a ZWL18 billion stimulus package for industry on 1 May 2020. Similarly, an additional ZWL3 billion was availed by the Reserve Bank through a Medium Term bank accommodation facility for banks. The Reserve Bank of Zimbabwe furthermore reduced the Medium Term bank accommodation rate to 10% in order to boost productive sector lending. The Government of Zimbabwe awarded subsistence allowances to civil servants while various companies made similar arrangements for their employees.

Sadly however, due to supply chain disruptions and lower demand caused by movement restrictions, the economy is estimated to have contracted by 4.1%, against an initial expectation of a 3.0% growth rate. We are however, anticipating a marked improvement in 2021, with authorities projecting a growth of 7.4% after two consecutive years of negative GDP growth.

Foreign Exchange

During the period under review, a Dutch foreign currency exchange auction system was introduced, replacing the previous pegged exchange rate regime. This welcome development has resulted in price and exchange rate stability, coupled by a significant reduction in the difference between the official exchange rate and that prevailing in alternative markets. Further, access to foreign currency has since improved, resulting in an increase in capacity utilization across the productive sectors of the economy.

The USD/ZWL exchange rate stabilised around US\$1:ZWL81 from June to December 2020. The introduction of the Dutch auction exchange rate system not only facilitated price discovery of the market exchange rate, but also greatly assisted in creating transparency in the management of foreign exchange. The RBZ has allocated more than US\$625 million to importers from June to December 2020.

Inflation

The year 2020 was characterised by high inflation levels and year-on-year inflation which topped 837% in July 2020. The inflation levels however, dropped to 348.59% and the blended inflation was 188.91% as at 31 December 2020. The decline was attributable to a stable exchange rate regime recorded during the second-half of the year, fiscal discipline and a tight monetary policy. The Group realigned its business structures and pricing models to these macroeconomic developments.

Financial Services Sector

The financial services sector continued to function satisfactorily with all financial soundness indicators depicting a reasonable performance. Adequate capitalisation, improved asset quality and sustained earnings, bolstered the resilience against a turbulent economic landscape and the disruptive effects of the Covid19 pandemic. Growth in banking sector assets was however, largely attributable to gains from the translation of foreign currency denominated assets. Due to a cautious lending approach adopted by most banking institutions, banking sector financial intermediation remained low throughout the year, as most players prioritised capital preservation. On a positive note, the sector experienced an increased rate of digital transformation as institutions remodelled business operations to support and offer services to customers through electronic platforms. Customers' options to access financial services increased as a result. This was in response to the limitations of accessing financial services through traditional channels due to the Covid-19 pandemic.

To remain competitive and customer centric, the Group maintained a digitally oriented approach to ensure the provision of safe, convenient and remote access options to the transacting public. The Group introduced digital on-boarding for most accounts, with the intention of minimising direct interface and maximising convenience. Similarly, FBC Insurance introduced yakO Version 2.0 and a FBC Health mobile application with biometric authentication features. Other digital platforms rolled out during the course of 2020 include ZIPIT Smart, Noku digital assistant and an upgrade of the digital banking application which now includes beneficiary maintenance and proof of payment.

The Insurance Sector

The insurance sector continued to battle extremely challenging operating conditions, characterised by currency volatility and high inflation. During the period under review, the sector suffered an additional setback brought on by Covid-19-related restrictions, which dampened demand for both short and long term insurance services. Private insurance consumption remained under significant pressure throughout the period, due to high rates of unemployment, low capacity utilisation and business closures. Prospects for the industry have however, been renewed given that insurers are now underwriting business in foreign currency.

Property Market

The property market was not spared by the current economic challenges and the Covid-19 pandemic. This sector continually suffered from rental arrears, low occupancy levels and rental adjustments in line with inflation trends. Residential property demand declined sharply due to foreign currency shortages and non-availability of forex denominated mortgages. Rentals in the residential and retail market sector remained highly volatile during the course of 2020.

Office occupation in the Central Business District has remained low and unchanged since 2019. This was further compounded by the Covid19 induced lockdowns which led to a surge in remote working and a dampened demand for office space. The industrial market remained heavily curtailed by low capacity utilisation, power cuts, and shortages of foreign currency as well as high interest rates. The Group has however, taken a strategic decision in appreciation of the housing deficit in the country and continued further investments in real estate.

Stock Market Performance

Zimbabwe Stock Exchange market capitalisation continued with an upward momentum in 2020 as it rallied a further 968% during the year to close at \$317.8 billion. The rally was predominantly spurred by investors seeking instruments with hedge characteristics in light of inflationary pressures and exchange rate dynamics. The All Share Index closed 2020 with a 1,046% nominal growth against 348.6% year-on-year inflation.

The stock market however suffered a temporary setback on 28 June 2020 when trading was suspended on the bourse to facilitate investigations of alleged trading malpractices. Trading resumed on 3 August 2020 with the suspension of certain counters which were earmarked for listing on the Victoria Falls Stock Exchange. Trading was launched on 23 October 2020.

Share Price Performance

The FBCH share outperformed the main benchmark index (All Share) after gaining 2,201% compared to 1,046% recorded by the All Share Index to close the period at ZWL15.01. A total of 27.9 million shares were traded at a weighted average price of ZWL7.13, a gain of 1,283% from 2019 full year's weighted price of ZWL0.5155.

Dividend

On behalf of the Board of Directors, I am pleased to advise shareholders that the company has proposed a final dividend of 44.65 ZWL cents per share. This is in addition to the interim dividend of 29.76 ZWL cents per share which was paid in September 2020. The total dividend declared for the year 2020 amount to ZWL500 million including the interim dividend of ZWL200 million that was paid in September 2020. The proposed dividend translates to approximately 6.25 times cover, which is 16% of the historical cost profit after tax.

FBCH Covid-19 Pandemic Response

The country and the rest of the world have been burdened by the Covid-19 pandemic. Resources have been rechanneled to fight the pandemic whilst economies have been decimated due to restrictive measures put in place to contain the rates of infection. The Group responded swiftly to this global threat by instituting work from home arrangements for staff, introduction of digital on-boarding for our customers, regular awareness and campaigns related to Covid-19 pandemic, procurement of all protective equipment and facilitating transport for staff to and from work. The Group also carried out risk-based testing for staff as part of detective and preventative measures. A regular review of the measures will continue to be done through the Covid-19 Taskforce that has been set up to focus on Covid-19 related issues.

FBC in the Community

FBCH is a purpose driven institution and responsible corporate citizen whose primary focus is to proffer sustainable and inclusive community enrichment solutions. Guided by the commitment to Shared Growth, the Group seeks to set a tone of excellence by giving back to the community while providing shareholder value. In light of this, we are involved in education, with particular attention being paid to ICT infrastructure rehabilitation of learning centres and tertiary education bursaries to underprivileged students. In the health sector, the Group has directed its intervention towards curbing the spread of Covid-19 through the provision of Personal Protective Equipment (PPEs) and Disinfectants to hospitals.

FBC Trendsetting

FBC Holdings' firm commitment towards adapting to the rapidly changing tech-driven market place, solid corporate governance, risk management and memorable customer experience was recognised locally and regionally. The Group scooped the following awards in 2020:

- FBC Holdings won the Contact Centre Association of Zimbabwe (CCAZ) Most Innovative Organisation Award.
- FBC Bank was crowned the Overall Winner in the Banks and Banking Survey.
- FBC Bank was awarded the Best Digital Bank by Digital Banker Africa (DBA).
- FBC Bank scooped the Digital Banker Africa (DBA) Best Mobile Banking Award.
- FBC Bank was awarded the Best Banking Board Governance Practice Award by the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ).
- FBC Bank won the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) Best Banking Risk Management Practices Award.
- FBC Bank scooped the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) Overall Best Corporate Governance Disclosures by a Banking Institution Award.
- MicroPlan won the Contact Centre Association of Zimbabwe (CCAZ) Service Excellence Award in the Microfinance Sector.

Digital Transformation and Innovation

The digital transformation journey has gathered momentum over the last three years in a quest to position FBC as a future-proofed and digitally-fit business equipped to deal with the rapidly changing global environment. The advent of the Covid-19 pandemic has necessitated the acceleration of the Group's digital transformation program, with a focus on developing capabilities that will help the Group to underwrite new business efficiently and conveniently.

The Group will also deliberately leverage the new digital capabilities to augment and diversify the revenue model. The adoption of cloud, scale, speed, and agility are enabling organizations to innovate and go to market faster than before. By initiating the transformation process three years ago, the Group is now well positioned to adapt and act fast, pivoting new initiatives into operations and processes, enabling it to navigate through the pandemic, whilst building resilience for the future. The digital transformation program will also accentuate the synergy value proposition through integrated and insights-based customer, product and service delivery. It is pertinent to note that the Group's digital transformation strategy fundamentally supports a number of sustainability development goals (SDGs); climate action through carbon emission reduction, industry innovation and infrastructure, decent work and economic growth, as well as poverty reduction through financial inclusion.

The Group has accelerated the use of technology to delight the customer, improve productivity and lower operational costs across all businesses. Through orchestrating an ecosystem approach, the Group is positioned for exponential digital impact internally as well as the market at large. FBC Group is well aware of the pivotal role that organisational culture plays in the digital transformation process. In that regard, we have embarked on a critical change management process that takes into account all our people, technology, business processes and attitude with a focus on the customer.

During the period under review, the Group also launched a new vision, mission and promise as part of its re-positioning strategy:

Vision

To nurture sustainable solutions that enable the financial well-being of the communities we serve.

Mission

To deliver a unique customer experience through value-adding relationships, simplified processes and relevant technologies.

Promise

You matter most

Compliance

The Group is committed to complying with all applicable laws, regulations, standards and international best practices. We understand that any breach of the applicable laws and regulations exposes the Group to legal, regulatory and reputational risks which may result in de-risking and financial abandonment that can impair FBCH's ability serve its clients. As such, the Group has adopted a policy of zero tolerance to non-compliance to ensure strict adherence to laid down policies.

Capitalisation

The Reserve Bank of Zimbabwe (RBZ) extended the minimum capital requirements compliance date for banking institutions by a further twelve months. FBC Bank Limited and FBC Building Society are now required to have capital levels of the equivalent of US\$30 million and US\$20 million respectively by 31 December 2021. These subsidiaries are expected to self-capitalise through normal trading and/ or merging the two institutions by the regulated deadline. The Insurance and Pension Commission (IPEC) also reviewed minimum capital thresholds with reinsurance companies expected to have a minimum capital of ZWL150 million and composite primary insurance companies ZWL112.5 million. The Group has a detailed capitalisation plan in place to ensure full compliance.

Environment, Social and Governance (ESG) Priorities (Sustainability)

With the advent of rapid developments in the environmental, social and governance (ESG) space, financial services providers on a global scale are making concerted efforts to adopt a proactive approach to sustainability as it moves from the side-lines to the corporate mainstream. Within the new era of sustainable banking, where capital market decisions are now based on a triple dimensional approach centred on risk, return and social impact, the Group is adopting a sustainable business model that values environmental integrity and social coherence, without sacrificing its economic objectives.

We are aware of the fourteen national priorities outlined in the National Development Strategy 1 of 2020-2025. To strike a balance between achieving profits and safeguarding the environment, the Group has embarked on an agenda to align its strategy to these national priorities. In the same vein, FBC Bank is currently undergoing sustainability certification which will go a long way in ensuring institutional ownership in the adoption of sustainability as an integral business practice.

Outlook

The country is looking forward to better economic prospects in 2021, riding on a good agricultural season, improved access to foreign currency and effective responses to the Covid-19 pandemic. This positive economic outlook will translate to increased business activities across a number of economic sectors. The Group plans to diversify its revenue streams through innovative roll-out of services and products, whilst increasing business underwriting in a number of traditional business lines.

Appreciation

My sincere gratitude goes out to our various stakeholders, strategic partners, clients and regulatory authorities for their unwavering support and commitment in our journey to elevate and consolidate the FBC Holdings brand.

I am also grateful to my fellow Non-Executive Directors of FBCH, Group Chief Executive, John Mushayavanhu and the entire FBC Team for placing the Group on a path of sustainable growth and being able to adjust to the sudden changes of the operating environment in order to stay afloat. I look forward to your unwavering support throughout the year ahead.

Herbert Nkala
Group Chairman

5 May 2021



GROUP CHIEF EXECUTIVE’S REPORT

It is my great pleasure and honour to present to you, the FBC Holdings Limited (FBCH's) audited financial statements for the year ended 31 December 2020.

Introduction

The Group's financial statements are being published at a time when the country and the world at large are faced with the devastating pandemic in the form of the novel coronavirus 2019 (Covid-19), which has impacted business activities and operations across the globe. Businesses have been forced to adapt operating models that cope with the effects of the Covid-19 pandemic. Collaborative efforts by governments, aid organisations and corporate firms have resulted in concerted efforts to preserve life and reduce the adverse effects of the pandemic. In the same vein, FBCH remains committed to supporting all national and private sector initiatives that uphold these initiatives to combat the Covid-19 virus.

Operating Environment

The focal point of discussion in the year 2020 is undoubtedly Covid-19 and the unexpected consequences on business prospects and activities in general. Compared to other countries across the globe, the pandemic's negative impact was significantly less in Zimbabwe. What was however severe for Zimbabwe, were the spill-over effects from a resultant weaker global demand, lower commodity prices, and a drop in tourism activities.

Financial services distribution and development was drastically affected as institutions shifted to a defence and survival mode as a result of the uncertainty that was ushered in by the Covid-19 pandemic. In an effort to support the needs of customers, the Group accelerated the roll out of its digitalisation strategy which saw the Group's strategic business units launching new products that bring convenience to the customers by enabling them to transact their banking and insurance business in the comfort of their private spaces. This has enabled our customers to continue transacting, while ensuring that their productive and personal assets remain adequately insured throughout the lockdown periods. Our ability to bring this convenience to our customers reinforces our strategic realignment towards a digitally driven organisation. The Group adopted a new vision, mission statement and pay-off line during the period under review, to better reflect the institution's digitalisation thrust and renewed philosophy to serve.

Vision: "To nurture sustainable solutions that enable the financial well-being of the communities we serve"

Mission statement: "To deliver a unique customer experience through value-adding relationships, simplified processes and relevant technologies"

Our promise: "You matter most"

As we continue to enable the markets we serve, we are encouraged by the Government of Zimbabwe's recently launched National Development Strategy 1 (NDS-1) as a predecessor to the Transitional Stabilisation Policy (TSP) which subsisted during the period 2018- 2020. We remain hopeful and in support of the government's initiatives towards macroeconomic stability as well as fostering inclusive growth. We are however conscious of the prevailing macroeconomic conditions and will continue to implement the relevant risk management responses, while also seeking out opportunities to optimise the Group's business model and product offering.

The introduction of the foreign exchange auction in June 2020 has managed to stabilise the exchange rate and contain inflation. Meanwhile the gazetting of Statutory Instrument 85 of 2020 facilitated the use of foreign currency by holders of free funds during the Covid-19 lockdown. While the statutory instrument provided flexibility to consumers in the use of free funds during this period, some business entities have proceeded to exclusively charge for their goods and services in foreign currency. General trade in United States dollars has also increased both in the formal and informal sectors of the economy, creating an opportunity for the Group to create a basket of foreign currency denominated products within the regulated horizon.

FBCH Group Performance

In accordance with the International Accounting Standard 29 (IAS 29), the inflation adjusted figures will form the basis of the Group's performance commentary.

During the period under review, the Group recorded a profit before tax of ZWL1.6 billion, which is 111% higher than ZWL0.76 billion reported in the prior year. Total income was ZWL8.1 billion, which is 14% ahead of the previous year's comparative amount of ZWL7.2 billion, while total expenses at ZWL5.2 billion were 13% higher than the previous year's comparative amount of ZWL4.6 billion. The Group's cost to income ratio for the period under review was 64%, in line with the previous year's figure of 64%. This is reflective of the aforementioned business disruptions which the Group contained relatively well under the prevailing circumstances.

The Group prioritised value preservation during the period under review, resulting in the Group's profit before tax being largely attributable to revaluation gains in foreign currency denominated assets. The Group is however, expected to drive growth in its core business of providing funding, investment as well as insurance solutions to the productive sectors of the economy, amidst indications of an improving economic environment.

Total assets were up 19%, from ZWL27.1 billion in FY2019 to close FY 2020 at ZWL32.4 billion as at 31 December 2020. Despite the aforementioned restrictions, total loans and advances were up 18% in FY 2020 compared to FY 2019, while total equity was up 29% to close FY 2020 at ZWL 5.08 billion.

The Group's commendable performance is attributable to the following performance of our subsidiaries;

FBC Bank Limited

FBC Bank achieved a profit before tax of ZWL1.39 billion and an after tax profit of ZWL1.46 billion, largely anchored by foreign exchange gains following the strategic decision to hedge and preserve value as a response to the conditions prevalent in FY 2020. Net interest income at ZWL1.67 billion was mainly driven by the review of lending interest rates, in an attempt to reduce the level of negative interest in a hyperinflationary environment. The associated reviews of fees and charges to compensate for the loss in purchasing power supported the non-funded revenue streams of the business. However, this was inadequate to compensate for the Covid-19 induced reduction in transaction volumes.

Given the positive economic outlook, FBC Bank will improve its participation in key lending business operations, with a number of initiatives lined up to support the agricultural sector on the back of a good rainfall season, which resulted in most dams in the country accumulating adequate water reserves for irrigation purposes. We further anticipate that the electricity supply situation will improve in the country, giving the bank opportunities to provide key productive sectors with exciting financing solutions to revitalise the economy.

Our transactional business was enabled by the Group's digitalisation program, which has successfully implemented ground-breaking products such as Digital on-boarding, Mobile Moola version 2.0, WhatsApp banking, Internet banking, QR Code capability and Send to Cell, which support our paperless banking initiative. In response to this successful transition to paperless banking, the bank rationalised its branch network, resulting in the closure of four branches, as the strategy shifts from brick and mortar branches to service provision through digital platforms.

FBC Building Society

The FY2020 strategic focus of FBC Building Society was to spearhead the real estate value preservation strategy by creating a sizable investment properties portfolio. Consequently, a sizeable number of residential properties were retained for value preservation and rental income generation. The Building Society implemented a strategy to hedge most of its assets for the long term preservation of value at the cost of profitability, with the unit recording a loss of ZWL14.66 million for the period under review.

As the economic environment stabilizes, we anticipate that the Building Society will be more aggressive, with the key focus being the recovery of market share and increasing property sales on a cash and mortgage basis. The Building Society will focus on cost control to make the housing units more affordable for the benefit of customers.

FBC Building Society's construction activities have been progressing well, with a number of residential units currently under development in Kuwadzana high density suburb of Harare, with also several housing units having been completed and available for sale. Additional high density construction opportunities will be pursued in Hwange and Zvishavane where FBC Building Society has secured land for residential property development.

MicroPlan Financial Services (Private) Limited

The Zimbabwean micro financing sector has been heavily affected by sub-optimal interest rates which have continued to trail inflation developments. The restriction of movement brought on by lockdowns and curfews have also had a negative impact on the target market of this sector. Subsequently, low business activity induced by the Covid-19 pandemic and the hyperinflationary environment, affected the viability of Microplan's operations which resulted in the business recording a loss of ZWL49.28 million. Furthermore, prospects of growing the loan book were significantly stifled by liquidity challenges prevalent in the market.

The stabilisation of exchange rates however, provides renewed impetus for the business to expand its product offering in favour of non-traditional markets. The business continues to seek out opportunities in the digitalisation of operations so as to manage costs and enhance its outreach to the target market.

FBC Insurance Company (Private) Limited

FBC Insurance recorded a profit before tax of ZWL42.37 million, largely influenced by the growth in investment income. The core business of insurance services continues to be affected by low disposable incomes and low industrial capacity utilisation culminating in reduced insurance uptake. Meanwhile, the sustained mismatch in premium collections to claims has continued to pose serious operational challenges to the sector, with industry players failing to satisfy both policyholder and fund member expectations.

FBC Insurance availed exciting digital insurance solutions that we anticipate will present exciting opportunities for the unit going forward. To complement digital business development initiatives, the company will continue to deploy cost containment strategies for the betterment of policyholders whilst monitoring developments in relation to foreign currency denominated policies.

FBC Reinsurance Limited

FBC Reinsurance achieved a profit before tax of ZWL203.55 million and an after tax profit of ZWL55.71 million attributable to the company's net earned premiums and trading income. The company is focusing on widening its revenue source markets by establishing operations outside the country; this initiative is at an advanced stage. The operating expenses of the unit continue to be a key focus area to improve the unit's profitability.

FBC Securities (Private) Limited

FBC Securities recorded a loss of ZWL2.69 million mainly due to the lost two months of business when trading on the ZSE was suspended. Macroeconomic challenges necessitated management to proactively refine the business model as a way to manage working capital levels as well as defend the unit's statement of financial position. The unit's business has however, remained resilient.

Capitalisation

The Group's banking entities that fall under the purview of the Reserve Bank of Zimbabwe were subject to adjustments to minimum capital requirements compliance deadline. FBC Bank Limited is expected to have a minimum reported ZWL equivalent capital level of US\$30 million while FBC Building Society is expected to have a ZWL equivalent minimum capital position of US\$20 million by 31 December 2021, instead of the original target date of 31 December 2020.

The insurance entities which are regulated by the Insurance and Pension Commission (IPEC) are also required to hold minimum capital thresholds. FBC Reinsurance has a new capital requirement of ZWL150 million whilst FBC Insurance is expected to have ZWL112.5 million in regulated capital.

The Group has a detailed capitalisation plan in place to ensure full compliance with the stipulated capital thresholds. To this end, all regulated subsidiaries are expected to be compliant when their capital requirements fall due.

Information Technology, Digital Transformation and Innovation

FBC Holdings continues to view Information Technology as a key enabler for the delivery of service to its valued customers. Despite being under lockdown for the greater part of 2020, the Group made significant strides in implementing its digitalisation program. In an effort to ensure that the digitalisation strategy maintains traction, the Group established a financial technology entity, which will, going forward, spearhead the Group's digitalisation thrust. Since its launch, the unit has developed some exciting digital products for consumption by Group company customers as well as other players in the financial services and insurance industries.

FBC Holdings embraced agile methodology, virtual teams and successfully launched the following products and services during the lockdown:

- Digital Insurance
- Digital Account On-boarding for consumer banking accounts
- Whatsapp Banking and Insurance
- ZIPIT Smart Mobile Merchant Payments
- Send-to-Cell money Transfer
- Third Party Digital On-boarding and Electronic Know-Your-Customer Service

Through the new digital on-boarding capabilities, consumer banking customers can now open all account types including a full KYC account on their mobile phones in less than five minutes. The account opening process is now completely dematerialised with no need for paper or a visit to the branch, except to collect their bank card. Similarly, the vehicle insurance and licensing process has been digitalised. However, complete dematerialisation is pending the alignment of all stakeholders and enabling statutes.

To support the digitally native client, the Group has established the FBC Virtual unit which provides second line support, managing operations, and relationship and compliance issues.

The "New Normal" has created a favourable environment for the acceleration of FBC's digitalisation strategy, which should see more exciting products and services being rolled out in 2021. The main focus is on providing exceptional service while employing the best technology standards. Risks associated with digital transacting also remain a key consideration for the organisation, with the aim of providing peace of mind to customers as they transact. FBC continues to invest in robust Information Security tools and standards.

In 2021 and beyond, we aim to reduce our physical and carbon footprint through technology, while increasing the availability of current and exciting new products and services through digital touch points.

Response to the Covid-19 Pandemic

The country witnessed an exponential rise in the number of local infections, which in part can be attributed to the general relaxation of the lockdown restrictions, especially in the fourth quarter of the year. The spike in infections as well as the emergence of new Covid-19 variants has culminated into what has now come to be known as the second Covid-19 wave.

This development increased the risk of infection within FBC Holdings, potentially disrupting business operations. In response, the Group instituted a number of health and safety measures to protect its employees, customers and the wider community. These measures are summarised as follows:

- Raising awareness and dissemination of Covid-19 related information as guided by the WHO and the Ministry of Health and Child Care.
- The adoption of risk based Group-wide testing across all business units.
- Adherence to Covid-19 hygiene protocols such as social distancing, sanitisation of persons, disinfection of offices, wearing of masks and other safety related practices.
- Introduction of work from home (WFH) arrangements where employee office presence is restricted to authorised numbers.
- Purchase of buses to ferry staff to and from work to avoid them being subjected to community infections through use of public transport.

The Group managed to provide medical solutions for staff members that tested positive with some requiring home based care while others required hospitalisation. Arrangements were made with competent medical practitioners to provide medical solutions in both circumstances. The Group unfortunately however lost 2 staff members to the novel Covid-19 virus while up-to 56 staff members tested positive but managed to recover. Our deepest condolences go to our dear colleagues' families.

Our approach to human development

FBC Holdings is an equal opportunity employer that is committed to diversity and inclusion in the workplace. We value the importance of the skills possessed by our human capital in achieving the strategic and operational objectives. As a result, the Group invests significantly in talent management and positive employee engagement.

The Group has observed that there is a positive correlation between high employee engagement and business performance. To this end, the Group has put in place a reward and incentive programmes to boost employee engagement, among other initiatives. Staff retention levels are high and this is in line with the company's strategic objectives.

The Group also prioritises employee learning and development. One of the key enablers to learning has been the installation and deployment of an e-learning management system which facilitates easier and cost effective access to learning materials for all our employees through an on-line platform. This system has come in handy, particularly at this point in time where covid-19 does not allow for physical or classroom type of training. The Group will continue to invest in systems that facilitate the enhancement of employee knowledge and the improvement of all our processes in the business and product value chains.

Our Risk Management approach

The Group Risk profile significantly changed during the period under review as the Group adapted its operations in line with regulatory prescriptions and lockdown measures. The Covid-19 pandemic significantly escalated operational and business risks due to its disruptive effects. The risk management framework was adjusted to incorporate the changes in business operations. Business Continuity Management (BCM) processes were reconfigured and consequently ensured the Group continued to deliver bespoke products and services. Efforts were biased towards enabling and creating new digital service channels. The majority of staff members were enabled to work from home and the Group continues to invest in this capacity. The internal control environment was also enhanced by the review of processes and policies to ensure that the Group's systems and all its information assets are protected from possible threats. The Group has embraced the new normal and will continue to take the necessary steps to ensure that customers will be served in a satisfactory manner.

With the advent of new strains of the virus and possible government reactions, the Group remains focused on ensuring that customer convenience is enhanced despite the operating environment, further investments are planned to help improve the business continuity processes.

Compliance and Regulatory Developments

A number of statutory instruments were promulgated during the year 2020, which impacted the Group's operations in a number of ways. Numerous Covid19 safety guidelines were rolled out in response to the unfolding circumstances. The regulatory and compliance environment continues to increase in complexity and thus increasing the Group's compliance burden.

As a result of the country's adverse designation under the Financial Action Task Force (FATF) and European Union (EU) regulations, banks and other entities are required to apply increased due diligence checks on financial operations involving customers and financial institutions from high-risk developing nations, to better identify any suspicious money flows. The period under review also saw the addition of Zimbabwean individuals and entities to the United States Office of Foreign Assets Control (OFAC) and Specially Designated Nationals (SDN) Listings. The United Kingdom also listed several Zimbabweans under its sanctions regime.

The Group is committed to adherence with all applicable laws, regulations, standards and international best practices. FBC Holdings cannot over emphasise the serious impact of non-compliance and as such will continue to commit resources on measures to mitigate the same.

Our Environment, Social and Governance (ESG) Priorities

The Covid-19 pandemic has brought about a wide range of environmental social governance factors into focus for corporate entities, including employee treatment and working conditions, access to healthcare, and socio- environmental impacts. Covid-19 has also made investment in the Social Development Goals (SDG's) and national priorities as defined in the National Development Strategy 1 (NDS1) more urgent than ever. As such FBC Holdings is redefining its corporate strategy making sure that it incorporates issues of environmental integrity, economic prosperity as well as social equity and cohesion. The Group is well positioned not only to provide financial support but also to share knowledge in order to help our clientele meet and create demand for products and services with a sustainability focus. FBC Holdings, through its diverse business model, is committed to playing a collaborative role to ensure that the communities we serve become inclusive and develop a greater social conscience.

Outlook

The outlook for 2021 is positive despite the uncertainty posed by the Covid-19 pandemic. Aid organisations, Governments and Corporate organizations continue to coordinate efforts and mobilise resources towards fighting the Covid-19 pandemic. The vaccination programme rollout across the globe is also expected to reduce the impact of the pandemic in 2021 allowing for more economic activity. The Group projects a positive outturn for 2021 on the back of a very strong recovery in the agricultural and energy sectors. Transaction volumes and values across the Group are expected to increase, resulting in much stronger performance in 2021. The Group will continue to seek opportunities to preserve its balance sheet and reconstitute its business model in line with regulatory requirements and the changes to the macroeconomic landscape.

Appreciation

My sincere and heartfelt appreciation goes out to all our stakeholders and in particular to our valued customers who have demonstrated an unwavering support for the FBCH Brand. To our customers, we would like to reaffirm our promise that "You matter most". We are dedicated to delivering innovative, market-led products for the present and future generations. To the FBC Holdings Board of Directors, management and staff members, I thank you for your guidance and support in the execution of our business strategy under unprecedented business conditions.

As we continue the fight against Covid-19, we will put all the necessary measures to create a safe and cordial transacting environment for our clients, employees, their families and the nation at large.

John Mushayavanhu
Group Chief Executive

5 May 2021



AUDITOR'S STATEMENT

The consolidated inflation adjusted financial results should be read in conjunction with the complete set of Group inflation adjusted financial statements as at and for the year ended 31 December 2020, which have been audited by KPMG Chartered Accountants (Zimbabwe) and a qualified opinion has been issued thereon. The auditors' report has a qualified opinion in respect of non-compliance with International Financial Reporting Standard IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior year and the impact of this non-compliance on the comparative financial information.

The opinion includes key audit matters in respect of valuation of owner-occupied property and investment property, valuation of intangible assets, accounting for the legacy debt asset, expected credit loss allowance on loans and advances, valuation of unlisted and suspended securities, valuation of incurred but not reported claims (IBNR), net outstanding claims and unearned premium reserve, and IAS 29 – Financial Reporting in Hyperinflationary Economies.

The auditor's report has been made available to management and the directors of FBC Holdings Limited. The engagement Partner responsible for the audit was Themba Mudidi (PAAB Practice Certificate Number 0437).

07 May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST 31 Dec 2020 ZWL	UNAUDITED 31 Dec 2019 ZWL
Interest income calculated using the effective interest method	18	2 606 715 797	2 370 850 368	1 762 265 737	224 505 240
Interest expense	18.1	(902 980 185)	(954 366 376)	(605 774 749)	(93 158 365)
Net interest income		1 703 735 612	1 416 483 992	1 156 490 988	131 346 875
Fee and commission income	19	1 237 838 164	1 389 018 548	849 278 703	149 146 686
Fee and commission expense	19.1	(17 217 538)	(9 102 146)	(10 622 685)	(781 832)
Net fee and commission income		1 220 620 626	1 379 916 402	838 656 018	148 364 854
Revenue	20	27 735 160	142 881 212	10 812 476	16 586 687
Cost of sales	20.1	(22 918 271)	(55 888 149)	(6 948 589)	(3 073 238)
Net income from property sales		4 816 889	86 993 063	3 863 887	13 513 449
Insurance premium revenue	21	1 209 104 768	1 533 663 944	749 282 711	154 585 095
Premium ceded to reinsurers and retrocessionaires		(364 538 012)	(647 727 407)	(280 131 308)	(73 683 897)
Net earned insurance premium		844 566 756	885 936 537	469 151 403	80 901 198
Revenue		3 773 739 883	3 769 329 994	2 468 162 296	374 126 376
Net foreign currency dealing and trading income		3 459 603 141	1 926 719 588	3 153 911 932	416 365 612
Net gain from financial assets at fair value through profit or loss	22	716 553 819	326 162 453	752 575 545	72 709 084
Other operating income	23	197 654 528	1 148 070 045	834 064 585	196 626 084
Total other income		4 373 811 488	3 400 952 086	4 740 552 062	685 700 780
Total net income		8 147 551 371	7 170 282 080	7 208 714 358	1 059 827 156
Credit impairment losses	5.4	(137 460 519)	(151 694 528)	(137 460 519)	(33 816 186)
Insurance commission expense	24	(277 660 449)	(221 658 821)	(171 381 719)	(19 626 223)
Insurance commission recovered from reinsurers	24	93 611 774	60 635 974	74 908 190	7 876 187
Insurance claims and loss adjustment expenses	25	(473 370 765)	(671 787 657)	(332 365 872)	(91 650 593)
Insurance claims and loss adjustment expenses recovered from reinsurers	25	105 146 610	296 017 997	72 639 026	38 975 790
Administrative expenses	26	(4 502 295 711)	(3 890 518 831)	(3 100 788 438)	(432 235 679)
Monetary loss		(1 360 275 109)	(1 834 137 322)	-	-
Profit before income tax		1 595 247 202	757 138 892	3 614 265 026	529 350 452
Income tax expense	27	(78 960 741)	(2 386 932 730)	(400 887 352)	(233 482 765)
Profit/(loss) for the year		1 516 286 461	(1 629 793 838)	3 213 377 674	295 867 687
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Gains on property revaluation		(174 184 727)	1 500 065 455	1 308 825 402	604 352 529
Tax		65 589 876	(307 418 310)	(204 497 453)	(98 119 717)
		(108 594 851)	1 192 647 145	1 104 327 949	506 232 812
Items that may be subsequently reclassified to profit or loss					
Gain/(loss) on financial assets at fair value through other comprehensive income		34 623 385	8 100 307	34 623 385	1 805 744
Tax		(740 728)	(81 002)	(740 728)	(18 057)
		33 882 657	8 019 305	33 882 657	1 787 687
Total other comprehensive (loss)/income, net income tax		(74 712 194)	1 200 666 450	1 138 210 606	508 020 499
Total comprehensive income/(loss) for the year		1 441 574 267	(429 127 388)	4 351 588 280	803 888 186
Profit/(loss) attributable to:					
Equity holders of the parent		1 514 538 110	(1 624 927 995)	3 211 693 386	295 598 000
Non - controlling interest		1 748 351	(4 865 843)	1 684 288	269 687
Profit/(loss) for the year		1 516 286 461	(1 629 793 838)	3 213 377 674	295 867 687
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		1 439 685 346	(427 203 095)	4 344 033 188	802 025 118
Non - controlling interest		1 888 921	(1 924 293)	7 555 092	1 863 068
Total comprehensive income/(loss) for the year		1 441 574 267	(429 127 388)	4 351 588 280	803 888 186
Earnings/(loss) per share (ZWL cents)					
Basic earnings/(loss) per share	28.1	243.85	(263.21)	517.10	47.88
Diluted earnings/(loss) per share	28.2	243.85	(263.21)	517.10	47.88
Headline earnings/(loss) per share	28.3	251.81	(265.16)	519.11	47.88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST 31 Dec 2020 ZWL	UNAUDITED 31 Dec 2019 ZWL
ASSETS					
Balances with other banks and cash	4	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680
Financial assets at amortised cost	5.5	1 085 461 468	855 588 436	1 085 461 468	190 730 266
Loans and advances to customers	5.1	13 343 058 826	11 488 025 929	13 342 940 672	2 560 920 299
Trade and other receivables including insurance receivables	5.2	519 563 948	463 703 524	485 619 884	104 144 323
Bonds and debentures	6	473 679 285	545 079 161	473 679 285	121 510 634
Financial assets at fair value through profit or loss	7	771 748 183	246 419 753	808 232 947	57 760 631
Financial assets at fair value through other comprehensive income	8	38 389 849	66 704 543	38 389 849	14 869 971
Inventory	9	297 715 820	295 899 508	126 312 625	13 525 576
Prepayments and other assets	10	2 176 313 487	1 618 006 458	2 042 880 343	318 540 053
Current income tax asset		9 153 007	179 618	9 153 007	40 041
Deferred tax assets		100 254 538	2 298 759	101 657 053	59 509
Investment property	11	978 507 514	692 089 729	978 507 514	154 282 658
Intangible assets	12	96 139 110	149 566 590	9 074 177	8 832 356
Property and equipment	13	1 861 241 945	2 055 612 557	1 861 241 945	458 243 138
Right of use asset		91 235 211	100 288 910	36 749 236	7 865 553
Total assets		32 401 836 446	27 138 057 383	31 959 274 260	5 919 231 688
EQUITY AND LIABILITIES					
Liabilities					
Deposits and borrowings from other banks and customers	14	20 472 979 005	17 684 800 752	20 472 979 005	3 942 347 289
Insurance liabilities	15	489 683 226	451 420 704	402 454 943	51 333 232
Trade and other payables	16	5 400 632 522	3 947 816 828	5 353 987 092	865 030 059
Current income tax liability		136 590 205	16 677 922	136 590 205	3 405 985
Deferred tax liability		778 631 958	1 047 266 993	642 741 559	242 833 805
Lease liability		33 818 029	35 771 881	33 818 029	7 974 372
Total liabilities		27 312 334 945	23 183 755 080	27 042 570 833	5 112 924 742
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	17.3	544 272 895	544 272 895	14 089 892	14 089 892
Other reserves		1 651 437 732	1 737 379 632	1 490 651 987	386 562 531
Retained profits		2 884 450 818	1 665 198 641	3 402 259 409	403 507 476
Total equity, excluding non controlling interest		5 080 161 445	3 946 851 168	4 907 001 288	804 159 899
Non controlling interest in equity		9 340 056	7 451 135	9 702 139	2 147 047
Total equity		5 089 501 501	3 954 302 303	4 916 703 427	806 306 946
Total equity and liabilities		32 401 836 446	27 138 057 383	31 959 274 260	5 919 231 688

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST 31 Dec 2020 ZWL	UNAUDITED 31 Dec 2019 ZWL
Cash flow from operating activities					
Profit before income tax		1 595 247 202	757 138 892	3 614 265 026	529 350 452
Adjustments for non cash items:					
Depreciation	13	160 907 772	116 579 096	59 590 697	3 976 392
Amortisation charge	12	56 587 118	25 514 409	2 535 404	852 523
Credit impairment losses	5.4	137 460 519	151 694 528	137 460 519	33 816 186
Fair value adjustment on investment property	11	(173 660 390)	(385 896 331)	(818 937 884)	(143 905 214)
Net unrealised exchange gains and losses		(3 439 501 418)	2 745 067 469	(3 966 691 318)	(386 798 184)
Fair value adjustment on financial assets at fair value through profit or loss		(716 553 819)	(326 162 453)	(752 575 545)	(72 709 084)
Profit on disposal of property and equipment	23	49 427 123	(12 082 692)	12 494 316	(35 901)
Net cash (used)/generated before changes in operating assets and liabilities		(2 330 085 893)	3 071 852 918	(1 711 858 785)	(35 452 830)
(Increase)/decrease in financial assets at amortised cost		(229 873 032)	4 337 839 258	(894 731 202)	(4 661 970)
Decrease in loans and advances		6 207 545 600	5 482 117 911	(2 719 441 876)	(357 320 454)
Increase in trade and other receivables		(2 205 184)	(103 197 149)	(327 820 321)	(91 201 745)
Decrease in bonds and debentures		71 399 876	5 725 013 397	(352 168 651)	104 055 239
Decrease in financial assets at fair value through profit or loss		191 225 389	442 307 096	2 103 229	23 998 355
Decrease/(increase) in financial assets at fair value through other comprehensive income		62 938 079	(1 073 613)	11 103 507	(10 999 525)
(Increase)/decrease in inventory		(1 816 312)	9 518 811	(112 787 049)	(5 064 282)
Decrease/(increase) in prepayments and other assets		432 587 009	(124 725 380)	(746 553 119)	(86 812 360)
(Increase) in investment property		(116 976 031)	(59 932 368)	(15 342 264)	(1 539 444)
Decrease in deposits from customers		(2 804 741 070)	(12 088 653 617)	4 253 679 140	577 460 983
Decrease in deposits from other banks		(418 425 940)	(3 049 905 491)	261 807 374	54 267 613
Increase in insurance liabilities		38 262 522	18 232 980	351 121 711	37 411 330
Increase in trade and other payables		51 062 600	1 579 063 297	3 087 203 939	588 464 652
		1 150 897 613	5 238 458 050	1 086 315 633	792 605 562
Income tax paid		(269 763 510)	(1 374 701 297)	(183 744 069)	(35 635 223)
Net cash generated from operating activities		881 134 103	3 863 756 753	902 571 564	756 970 339
Cash flows from investing activities					
Right of use asset		9 053 699	(100 288 910)	(28 883 683)	(7 865 553)
Purchase of intangible assets		(3 159 152)	(38 541 300)	(2 777 332)	(5 270 623)
Purchase of property and equipment		(205 749 161)	(175 490 272)	(162 835 474)	(17 935 021)
Proceeds from sale of property and equipment		1 167 658	13 392 517	1 088 680	69 810
Net cash used in investing activities		(198 686 956)	(300 927 965)	(193 407 809)	(31 001 387)
Cash flows from financing activities					
Lease liabilities		(1 953 852)	35 771 881	25 843 657	7 974 372
Proceeds from borrowings		587 119 115	-	250 064 743	-
Repayment of borrowings		392 752 185	(36 865 928)	610 109 170	(1 369 710)
Dividend paid to the Company's shareholders		(295 285 933)	(262 059 016)	(212 941 453)	(20 976 846)
Dividend paid to non-controlling interests		-	(337 386)	-	(54 936)
Purchase of treasury shares		(57 974 728)	(157 252 476)	(49 051 407)	(11 098 900)
Sale of treasury shares		46 885 592	-	20 801 061	-
Net cash generated/(used in) from financing activities		671 542 379	(420 742 925)	644 825 771	(25 526 020)
Net increase in cash and cash equivalents		1 353 989 526	3 142 085 863	1 353 989 526	700 442 932
Cash and cash equivalents at beginning of the year		8 558 593 908	5 342 412 713	1 907 906 680	192 209 582
Effect of changes in exchange rates		646 790 821	74 095 332	7 297 478 049	1 015 254 166
Cash and cash equivalents at the end of year	4.2	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

AUDITED INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Retained profits ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Regulatory reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2019	259 547	544 013 348	3 525 214 441 (1 624 927 995)	(237 194 770)	1 414 757 683	-	28 088 288	26 971 211	64 535 695	5 366 645 443 (1 624 927 995)	9 712 815 (4 865 843)	5 376 358 258 (1 629 793 838)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income;	-	-	-	-	-	-	-	-	-	-	-	-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 189 705 594	-	-	-	1 189 705 594	2 941 550	1 192 647 144
Transfer to and from regulatory reserves	-	-	26 971 211	-	-	-	-	(26 971 211)	-	-	-	-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	8 019 306	-	-	8 019 306	-	8 019 306
Total other comprehensive income	-	-	26 971 211	-	-	1 189 705 594	8 019 306	(26 971 211)	-	1 197 724 900	2 941 550	1 200 666 450
Total comprehensive income	-	-	(1 597 956 784)	-	-	1 189 705 594	8 019 306	(26 971 211)	-	(427 203 095)	(1 924 293)	(429 127 388)
Transaction with owners:												
Dividend declared and paid	-	-	(262 059 016)	-	-	-	-	-	-	(262 059 016)	(337 387)	(262 396 403)
Treasury share purchase	-	-	-	(157 252 476)	-	-	-	-	-	(157 252 476)	-	(157 252 476)
Total transactions with owners recognised directly in equity	-	-	(262 059 016)	(157 252 476)	-	-	-	-	-	(419 311 492)	(337 387)	(419 648 879)
Balance as at 31 December 2019	259 547	544 013 348	1 665 198 641	(394 447 246)	1 414 757 683	1 189 705 594	36 107 594	-	64 535 695	4 520 130 856	7 451 135	4 527 581 991
Balance as at 1 January 2020, as previously stated	259 547	544 013 348	1 665 198 641	(394 447 246)	1 414 757 683	1 189 705 594	36 107 594	-	64 535 695	4 520 130 856	7 451 135	4 527 581 991
Prior period error on revaluation of intangible assets	-	-	-	-	-	(573 279 688)	-	-	-	(573 279 688)	-	(573 279 688)
Balance as at 1 January 2020 restated	259 547	544 013 348	1 665 198 641	(394 447 246)	1 414 757 683	616 425 906	36 107 594	-	64 535 695	3 946 851 168	7 451 135	3 954 302 303
Profit for the year	-	-	1 514 538 110	-	-	-	-	-	-	1 514 538 110	1 748 351	1 516 286 461
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	(108 735 421)	-	-	-	(108 735 421)	140 570	(108 594 851)
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	33 882 657	-	-	33 882 657	-	33 882 657
Total other comprehensive income	-	-	-	-	-	(108 735 421)	33 882 657	-	-	(74 852 764)	140 570	(74 712 194)
Total comprehensive income	-	-	1 514 538 110	-	-	(108 735 421)	33 882 657	-	-	1 439 685 346	1 888 921	1 441 574 267
Transaction with owners:												
Dividend declared and paid	-	-	(295 285 933)	-	-	-	-	-	-	(295 285 933)	-	(295 285 933)
Treasury share sale	-	-	-	16 418 213	30 467 379	-	-	-	-	46 885 592	-	46 885 592
Treasury share purchase	-	-	-	(57 974 728)	-	-	-	-	-	(57 974 728)	-	(57 974 728)
Total transactions with owners recognised directly in equity	-	-	(295 285 933)	(41 556 515)	30 467 379	-	-	-	-	(306 375 069)	-	(306 375 069)
Balance as at 31 December 2020	259 547	544 013 348	2 884 450 818	(436 003 761)	1 445 225 062	507 690 485	69 990 251	-	64 535 695	5 080 161 445	9 340 056	5 089 501 501
HISTORICAL COST UNAUDITED												
Balance as at 1 January 2019	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Profit for the year	-	-	295 598 000	-	-	-	-	-	-	295 598 000	269 687	295 867 687
Other comprehensive income;	-	-	-	-	-	-	-	-	-	-	-	-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	504 639 431	-	-	-	504 639 431	1 593 381	506 232 812
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 787 687	-	-	1 787 687	-	1 787 687
Total other comprehensive income	-	-	-	-	-	504 639 431	1 787 687	-	-	506 427 118	1 593 381	508 020 499
Total comprehensive income	-	-	295 598 000	-	-	504 639 431	1 787 687	-	-	802 025 118	1 863 068	803 888 186
Transaction with owners:												
Dividend declared and paid	-	-	(20 976 846)	-	-	-	-	-	-	(20 976 846)	(54 936)	(21 031 782)
Treasury share purchase	-	-	-	(11 098 900)	-	-	-	-	-	(11 098 900)	-	(11 098 900)
Total transactions with owners recognised directly in equity	-	-	(20 976 846)	(11 098 900)	-	-	-	-	-	(32 075 746)	(54 936)	(32 130 683)
Balance as at 31 December 2019	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	-	1 670 671	948 322 424	2 147 047	950 469 471
Balance as at 1 January 2020, as previously stated	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	-	1 670 671	948 322 424	2 147 047	950 469 471
Prior period error on revaluation of intangible assets	-	-	-	-	-	(144 162 525)	-	-	-	(144 162 525)	-	(144 162 525)
Balance as at 1 January 2020 restated	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	363 640 639	2 853 886	-	1 670 671	804 159 899	2 147 047	806 306 946
Profit for the year	-	-	3 211 693 386	-	-	-	-	-	-	3 211 693 386	1 684 288	3 213 377 674
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 098 457 145	-	-	-	1 098 457 145	5 870 804	1 104 327 949
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	33 882 657	-	-	33 882 657	-	33 882 657
Total other comprehensive income	-	-	-	-	-	1 098 457 145	33 882 657	-	-	1 132 339 802	5 870 804	1 138 210 606
Total comprehensive income	-	-	3 211 693 386	-	-	1 098 457 145	33 882 657	-	-	4 344 033 188	7 555 092	4 351 588 280
Transaction with owners:												
Dividend declared and paid	-	-	(212 941 453)	-	-	-	-	-	-	(212 941 453)	-	(212 941 453)
Treasury share sale	-	-	-	7 284 034	13 517 027	-	-	-	-	20 801 061	-	20 801 061
Treasury share purchase	-	-	-	(49 051 407)	-	-	-	-	-	(49 051 407)	-	(49 051 407)
Total transactions with owners recognised directly in equity	-	-	(212 941 453)	(41 767 373)	13 517 027	-	-	-	-	(241 191 799)	-	(241 191 799)
Balance as at 31 December 2020	6 719	14 083 173	3 402 259 409	(59 994 649)	50 141 638	1 462 097 784	36 736 543	-	1 670 671	4 907 001 288	9 702 139	4 916 703 427

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

For the year ended 31 December 2020

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage financing, micro lending, reinsurance, short-term insurance, and stockbroking services.

The Company is a limited liability company, which is listed on the Zimbabwe Stock Exchange. The Company and its subsidiaries are incorporated and domiciled in Zimbabwe.

These consolidated financial statements were approved for issue by the Board of Directors on 5 May 2021

2 SIGNIFICANT ACCOUNTING POLICIES

A full set of the Group's accounting policies is available in the Group's annual report, which is ready for inspection at the Company's registered office. The following paragraphs describe the main accounting policies applied by the Group. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group's consolidated financial results have been prepared with policies consistent with International Financial Reporting Standards ("IFRS"), and the International Financial Reporting Interpretations Committee, ("IFRS IC") interpretations and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Zimbabwe Microfinance Act (Chapter 24:29) and the relevant Statutory Instruments ("SI") SI 62/96, SI 33/99 and SI 33/19. The consolidated financial results have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, through other comprehensive income, investment property and property and equipment.

The principle accounting policies

The principle accounting policies applied in the preparation of the Group consolidation financial statements are in terms of IFRS and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflation Economies) and have been applied consistently in all material respects with those of the previous consolidated financial statements. In 2019, the Group adopted the requirements of IAS 29 (Financial Reporting in Hyperinflation Economies) and IFRS 16 (Leases).

IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the Group's financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB) note the requirements of SI 33 were contrary of the provisions of IAS 21.

Adoption of the IAS 29 (Financial Reporting in Hyperinflation Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflation economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Standards Committee (IFRIC) 7. (Applying Restated Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018.

The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried in the income statement have been restated applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit or loss for the year ended 31 December 2020 and the comparative period.

As noted above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The factors used in the periods under review are as follows:

Period	Indices	Conversion Factors at 31-Dec-20
CPI as at 31 December 2019	551.63	4.4858
CPI as at 31 December 2020	2414.50	1

New and amended IFRS

Adoption of IFRS 16 (Leases)

The Group adopted IFRS 16 (Leases) as a replacement of IAS 17 (Leases) as well as its interpretation. IFRS 16 introduced a single balance sheet accounting model for leases by lessees and eliminated the distinction between operating income and finance leases. The Group, in compliance with IFRS 16, elected not to restate its comparative financial statements and the impact of adopting IFRS 16 will be applied prospectively.

Where the Group is a lessee, it is the Group's policy to recognize the right-of-use asset, representing its rights to use the underlying assets and lease liabilities, representing its obligation to make the lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted at using the Group's weighted average incremental borrowing rate. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by prepaid or accrued lease payments and initial direct costs, if any, relating to the specific lease recognized on the balance sheet. Where the Group is a Lessor, lessor accounting remains similar to previous accounting policies.

2.2 Going concern

The Group's forecasts and projections, taking account of changes in trading environment and performance, show that the Group should be able to operate within the level of its current financing. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.3 Basis of consolidation

(a) Subsidiaries

The consolidated financial results combine the financial statements of FBC Holdings Limited ("the Company") and all its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company recognises investments in subsidiaries at cost. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised profits or losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity within “changes in ownership reserve”. Gains or losses on disposals to non-controlling interests are also recorded in equity within “changes in ownership reserve”.

(c) Disposal of subsidiaries

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it earns revenues and incurs expenses (including revenues and expenses relating to transactions with other components of the entity); whose operating results are reviewed regularly by the entity's chief operating decision maker (“CODM”) to make decisions about resources to be allocated to the segment and to assess its performance; and for which discrete financial information is available.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee that makes strategic decisions.

The Group's operating segments have been aggregated based on the nature of the products and services on offer and the nature of the regulatory environment. The CODM is responsible for allocating resources and assessing performance of the operating segments.

In accordance with IFRS 8-Operating Segments, the Group has the following business segments: commercial banking, microlending, mortgage financing, reinsurance, short-term insurance and stockbroking.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgements, which necessarily have to be made in the course of the preparation of the financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

The areas involving critical accounting estimates and judgements include determination of functional currency, impairment allowances, income taxes, claims and inventory valuation.

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
4 BALANCES WITH BANKS AND CASH				
4.1 Balances with Reserve Bank of Zimbabwe (“RBZ”)				
Current account balances	641 523 415	3 420 603 888	641 523 415	762 530 981
Balances with banks and cash				
Notes and coins	3 401 869 708	1 245 842 552	3 401 869 708	277 726 850
Other bank balances	6 515 981 132	3 892 147 468	6 515 981 132	867 648 849
	9 917 850 840	5 137 990 020	9 917 850 840	1 145 375 699
Balances with banks and cash (excluding bank overdrafts)	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680
Current	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680
Non-current	-	-	-	-
Total	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680
4.2 Cash and cash equivalents				
Cash and bank balances comprise of balances with less than three months maturity from date of acquisition, including cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.				
Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
Current account balance at Reserve Bank of Zimbabwe (“RBZ”) (note 4.1)	641 523 415	3 420 603 888	641 523 415	762 530 981
Balances with banks and cash (note 4.1)	9 917 850 840	5 137 990 020	9 917 850 840	1 145 375 699
	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680

5 FINANCIAL ASSETS

5.1 Loans and advances to customers

Loans and advance maturities				
Maturing within 1 year	6 816 344 808	6 203 091 230	6 816 226 654	1 382 811 163
Maturing after 1 year	6 672 080 387	5 477 663 735	6 672 080 387	1 221 072 854
Gross carrying amount	13 488 425 195	11 680 754 965	13 488 307 041	2 603 884 017
Impairment allowance	(145 366 369)	(192 729 036)	(145 366 369)	(42 963 718)
	13 343 058 826	11 488 025 929	13 342 940 672	2 560 920 299

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	31 Dec 2019 ZWL
5.2 Trade and other receivables including insurance receivables				
Retail trade and other receivables	54 690 838	118 256 095	54 690 838	26 361 993
- Due by insurance clients and insurance brokers	324 522 230	314 567 127	324 522 230	69 598 601
- Due by reinsurers	161 864 684	16 219 006	127 920 620	4 915 390
- Due by retrocessionaires	5 273 838	30 042 256	5 273 838	6 697 107
Gross carrying amount	546 351 590	479 084 484	512 407 526	107 573 091
Impairment allowance	(26 787 642)	(15 380 960)	(26 787 642)	(3 428 768)
	519 563 948	463 703 524	485 619 884	104 144 323
Current	514 857 501	309 065 090	480 913 437	69 671 868
Non-current	4 706 447	154 638 434	4 706 447	34 472 455
Total	519 563 948	463 703 524	485 619 884	104 144 323

5.3 Irrevocable commitments

There are no irrevocable commitments to extend credit, which can expose the Group to penalties or disproportionate expense.

5.4 Movement in credit impairment losses
AUDITED INFLATION ADJUSTED

	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at amortised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Movement in credit impairment losses						
Balance at 1 January 2019	31 434 701	21 263 575	347 537 178	24 015 382	3 832 289	428 083 125
Effects of IAS 29	(26 373 973)	(17 840 314)	(291 586 563)	(20 149 106)	(3 215 322)	(359 165 278)
Impairment loss allowance	(2 260 511)	11 941 001	141 393 115	526 782	94 141	151 694 528
Amounts written off /reversals during the year	-	16 698	(4 614 694)	(62 675)	-	(4 660 671)
Balance as at 31 December 2019	2 800 217	15 380 960	192 729 036	4 330 383	711 108	215 951 704
Balance at 1 January 2020	2 800 217	15 380 960	192 729 036	4 330 383	711 108	215 951 704
Effects of IAS 29	(2 175 985)	(11 952 192)	(149 765 318)	(3 365 041)	(552 586)	(167 811 122)
Impairment loss allowance	1 574 425	24 509 009	103 019 148	3 957 391	4 400 546	137 460 519
Amounts written off /reversals during the year	-	-	(616 497)	-	-	(616 497)
Impairment reversal	-	(1 150 135)	-	-	-	(1 150 135)
Balance as at 31 December 2020	2 198 657	26 787 642	145 366 369	4 922 733	4 559 068	183 834 469

HISTORICAL COST UNAUDITED

Movement in credit impairment losses						
Balance at 1 January 2019	1 128 152	763 123	12 472 674	861 882	137 536	15 363 367
Impairment loss allowance	(503 920)	2 661 923	31 519 765	117 432	20 986	33 816 186
Amounts written off /reversals during the year	-	3 722	(1 028 721)	(13 972)	-	(1 038 971)
Impairment reversal	-	-	-	-	-	-
Balance as at 31 December 2019	624 232	3 428 768	42 963 718	965 342	158 522	48 140 582
Balance at 1 January 2020	624 232	3 428 768	42 963 718	965 342	158 522	48 140 582
Impairment loss allowance	1 574 425	24 509 009	103 019 148	3 957 391	4 400 546	137 460 519
Amounts written off /reversals during the year	-	-	(616 497)	-	-	(616 497)
Impairment reversal	-	(1 150 135)	-	-	-	(1 150 135)
Balance as at 31 December 2020	2 198 657	26 787 642	145 366 369	4 922 733	4 559 068	183 834 469

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	31 Dec 2019 ZWL
5.5 Financial assets at amortised cost				
Maturing within 1 year	1 070 751 350	515 370 929	1 070 751 350	114 887 989
Maturing after 1 year	19 632 851	344 547 890	19 632 851	76 807 619
Gross carrying amount	1 090 384 201	859 918 819	1 090 384 201	191 695 608
Impairment allowance	(4 922 733)	(4 330 383)	(4 922 733)	(965 342)
	1 085 461 468	855 588 436	1 085 461 468	190 730 266
6 BONDS AND DEBENTURES				
Maturing within 1 year	469 344 792	448 585 563	469 344 792	100 000 000
Maturing after 1 year	6 533 150	99 293 815	6 533 150	22 134 866
Gross carrying amount	475 877 942	547 879 378	475 877 942	122 134 866
Impairment allowance	(2 198 657)	(2 800 217)	(2 198 657)	(624 232)
	473 679 285	545 079 161	473 679 285	121 510 634
Bonds have fixed interest rates of 7% and 10%. They mature on, 30 June 2021 and 30 September 2021 respectively.				
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities at market value	518 718 731	194 615 442	555 203 495	46 212 263
Unlisted securities	202 230 454	51 804 311	202 230 454	11 548 368
Suspended securities	50 798 998	-	50 798 998	-
	771 748 183	246 419 753	808 232 947	57 760 631
Current	713 326 052	246 419 753	749 810 816	57 760 631
Non-current	58 422 131	-	58 422 131	-
Total	771 748 183	246 419 753	808 232 947	57 760 631
Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statement of cash flows.				
Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other operating income' in the statement of comprehensive income. The fair value of all equity securities is based on their bid prices on an active market, the Zimbabwe Stock Exchange at year end.				
8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Listed securities at market value	38 389 849	66 704 543	38 389 849	14 869 971
Current	38 389 849	66 704 543	38 389 849	14 869 971
Non-current	-	-	-	-
	38 389 849	66 704 543	38 389 849	14 869 971
9 INVENTORY				
Raw materials	20 565 225	19 355 538	15 486 307	957 600
Work in progress	277 150 595	245 507 268	110 826 318	11 685 054
Finished goods	-	31 036 702	-	882 922
	297 715 820	295 899 508	126 312 625	13 525 576
Current	297 715 820	295 899 508	126 312 625	13 525 576
Non-current	-	-	-	-
Total	297 715 820	295 899 508	126 312 625	13 525 576



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
10 PREPAYMENTS AND OTHER ASSETS				
Prepayments	606 858 421	162 000 257	515 326 835	24 477 293
Deferred acquisition costs	55 141 036	85 516 683	38 894 642	5 715 239
Refundable deposits for Mastercard and Visa transactions	282 205 384	256 248 523	282 205 384	57 123 667
Stationery stock and other consumables	5 007 902	47 485 720	1 503 300	1 704 203
Time - share asset	17 030 685	15 985 907	17 030 685	3 563 625
Legacy debt assets	1 031 342 044	996 217 991	1 031 342 044	222 079 816
Zimswitch receivables	82 957 798	-	82 957 798	-
Bill payments receivables	19 836 243	6 879 477	19 836 243	1 533 593
Other	75 933 974	47 671 900	53 783 412	2 342 617
	2 176 313 487	1 618 006 458	2 042 880 343	318 540 053
Current	1 210 070 059	1 211 350 009	1 187 919 497	227 887 013
Non-current	966 243 428	406 656 449	854 960 846	90 653 040
Total	2 176 313 487	1 618 006 458	2 042 880 343	318 540 053
11 INVESTMENT PROPERTY				
Balance as at 1 January	692 089 729	246 261 030	154 282 658	8 838 000
Additions	116 976 031	61 822 039	15 342 264	1 814 773
Fair value adjustment	173 660 390	385 896 331	818 937 884	143 905 214
Disposals	(16 029 396)	(1 889 671)	(12 688 182)	(275 329)
Transfer from property and equipment	11 810 760	-	2 632 890	-
Balance as at 31 December	978 507 514	692 089 729	978 507 514	154 282 658
Non-current	978 507 514	692 089 729	978 507 514	154 282 658
Total	978 507 514	692 089 729	978 507 514	154 282 658
12 INTANGIBLE ASSETS				
Year ended 31 December				
Opening net book amount	149 566 590	136 539 699	8 832 356	4 414 256
Additions	3 159 152	38 541 300	2 777 332	5 270 623
Adjustment to cost	486	-	(107)	-
Amortisation charge	(56 587 118)	(25 514 409)	(2 535 404)	(852 523)
Closing net book amount	96 139 110	149 566 590	9 074 177	8 832 356
As at 31 December				
Cost	378 470 511	375 310 873	17 724 649	14 947 424
Accumulated amortisation	(282 331 401)	(225 744 283)	(8 621 245)	(6 085 841)
Accumulated impairment	-	-	(29 227)	(29 227)
Net book amount	96 139 110	149 566 590	9 074 177	8 832 356

Prior period error

The Group changed its accounting policy on intangible assets to revaluation model in 2019. The intangible assets comprised of computer software. The adoption of the revaluation model had been necessitated by the observation that the computer software assets class was the only class that had remained at cost, whilst all other items of property, plant and equipment had changed to the revaluation model and the historical cost values of the computer software was viewed not to faithfully represent the value of computer software used for the Group operations.

On further reassessment of application of revaluation model on computer software in the current year, the Group noted that it was difficult to satisfy the requirement of the existence of an active market "as is required by IAS 38 [Intangible Assets] for adoption of the revaluation model for intangible assets. This was due to the following reasons:

- The pricing information of the computer software is not publicly available as contracts are negotiated between individual buyers and sellers.
- The computer software is customized to the requirements of the Group thereby making it a unique product.

The above conditions were deemed present for the financial year ended 31 December 2019. This therefore entailed there was an error in adopting the revaluation model for computer software. The Group has accordingly reverted to the historical cost model from the 2020 financial year.

The financial statements for the year ended 31 December 2019 have been restated to reverse the revaluation gain adjustment on computer software. The financial statements have also been restated to apply the exchange rate of USD1:ZWL2.5 on the date of change of functional currency (23 February 2019), which was the earliest observable exchange rate per IAS21. The Group has not presented the earliest opening statement of financial position as is required buy IAS 8 due to it being impracticable to disclose the same as at 1 January 2019 as the statement of financial position for the year ended 31 December 2018 did not achieve fair presentation due to currency distortions since October 2018.

13 PROPERTY AND EQUIPMENT

	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
AUDITED INFLATION ADJUSTED						
Year ended 31 December 2019						
Opening net book amount	863 483 493	-	63 635 016	338 792 259	71 249 760	1 337 160 528
Additions	17 279 187	-	107 475 380	20 383 141	30 352 564	175 490 272
Revaluation of property	263 021 182	-	478 687 547	(208 206 642)	127 348 592	660 850 679
Disposals	-	-	(236 530)	(744 953)	(328 343)	(1 309 826)
Depreciation	(13 654 429)	-	(30 647 343)	(50 138 534)	(22 138 790)	(116 579 096)
Closing net book amount	1 130 129 433	-	618 914 070	100 085 271	206 483 783	2 055 612 557
As at 31 December 2019						
Cost or valuation	1 164 753 592	-	790 143 728	435 881 529	299 111 286	2 689 890 135
Accumulated depreciation	(34 624 159)	-	(171 229 658)	(335 796 258)	(92 627 503)	(634 277 578)
Accumulated impairment	-	-	-	-	-	-
Net book amount	1 130 129 433	-	618 914 070	100 085 271	206 483 783	2 055 612 557
Year ended 31 December 2020						
Opening net book amount	1 130 129 433	-	618 914 070	100 085 271	206 483 783	2 055 612 557
Additions	5 451 656	49 180 792	46 619 589	9 361 468	95 135 656	205 749 161
Revaluation of property	90 502 885	4 343 000	(416 115 506)	129 491 454	(1 056 445)	(192 834 612)
Transfer to investment property	(11 810 764)	-	-	-	-	(11 810 764)
Adjustment to cost	-	14 199 369	(1 240)	-	(14 199 369)	(1 240)
Disposals	-	-	(385 112)	(1 159)	(34 179 114)	(34 565 385)
Depreciation	(15 188 355)	(2 696 509)	(69 120 290)	(40 422 683)	(33 479 935)	(160 907 772)
Closing net book amount	1 199 084 855	65 026 652	179 911 511	198 514 351	218 704 576	1 861 241 945
As at 31 December 2020						
Cost or valuation	1 248 897 369	67 723 161	420 261 459	574 733 292	344 812 014	2 656 427 295
Accumulated depreciation	(49 812 514)	(2 696 509)	(240 349 948)	(376 218 941)	(126 107 438)	(795 185 530)
Accumulated impairment	-	-	-	-	-	-
Net book amount	1 199 084 855	65 026 652	179 911 511	198 514 351	218 704 576	1 861 241 945
HISTORICAL COST UNAUDITED						
Year ended 31 December 2019						
Opening net book amount	22 324 186	-	1 412 489	9 108 589	2 029 435	34 874 699
Additions	1 127 617	-	12 530 117	1 838 188	2 439 099	17 935 021
Revaluation of property	229 044 891	-	125 306 131	12 770 394	42 322 303	409 443 719
Disposals	-	-	(6 124)	(19 285)	(8 500)	(33 909)
Depreciation	(564 950)	-	(1 272 486)	(1 386 585)	(752 371)	(3 976 392)
Closing net book amount	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 138
As at 31 December 2019						
Cost or valuation	254 171 716	-	143 168 215	29 282 972	49 060 138	475 683 041
Accumulated depreciation	(2 241 601)	-	(5 198 088)	(6 963 789)	(2 778 621)	(17 182 099)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 138
Year ended 31 December 2020						
Opening net book amount	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 138
Additions	4 398 288	32 861 570	34 230 463	4 857 653	86 487 500	162 835 474
Revaluation of property	952 143 844	11 978 788	38 290 331	173 297 799	111 890 227	1 287 600 989
Adjustment to cost	-	20 186 294	113	-	(14 753 112)	5 433 295
Adjustment to accumulated depreciation	2 929 781	1 699 850	1 264 425	489 081	3 864 313	10 247 450
Transfer to investment property	(2 632 890)	-	-	-	-	(2 632 890)
Disposals	-	-	(9 970)	(30)	(884 814)	(894 814)
Depreciation	(9 865 533)	(1 699 850)	(30 765 981)	(3 342 561)	(13 916 772)	(59 590 697)
Closing net book amount	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 945
As at 31 December 2020						
Cost or valuation	1 208 080 958	65 026 652	215 679 152	207 438 394	231 799 939	1 928 025 095
Accumulated depreciation	(9 177 353)	-	(34 699 644)	(9 817 269)	(12 831 080)	(66 525 346)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 945

14 DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS

14.1 Deposits from customers

Demand deposits
Promissory notes
Other time deposits

Current
Non-current

Total

14.2 Deposits from other banks

Money market deposits

Current

14.3 Borrowings

Foreign lines of credit
Other borrowings

Current
Non-current

Total

Total deposits and borrowings

AUDITED INFLATION ADJUSTED

14.4 Deposit concentration

Agriculture
Construction
Wholesale and retail trade
Public sector
Manufacturing
Telecommunication
Transport
Individuals
Financial services
Mining
Other

HISTORICAL COST UNAUDITED

Deposit concentration

Agriculture
Construction
Wholesale and retail trade
Public sector
Manufacturing
Telecommunication
Transport
Individuals
Financial services
Mining
Other

15 INSURANCE LIABILITIES

Gross outstanding claims
Liability for unearned premium

Current

16 TRADE AND OTHER PAYABLES

Trade and other payables
Deferred income
Visa and MasterCard settlement payables
TT Resdex inwards
RBZ cash cover
Zimswitch settlement
Instant banking balances
Other liabilities
Legacy debt interest payable
Intermediary tax

Current
Non-current

Total

17 SHARE CAPITAL AND SHARE PREMIUM

17.1 Authorised

Number of ordinary shares, with a nominal value of ZWL0.00001

17.2 Issued and fully paid

Number of ordinary shares, with a nominal value of ZWL0.00001

17.3 Share capital movement

AUDITED INFLATION ADJUSTED

As at 1 January 2019

Share issue

As at 31 December 2019

Share issue

As at 31 December 2020

HISTORICAL COST UNAUDITED

As at 1 January 2019

Share issue

As at 31 December 2019

Share issue

As at 31 December 2020

AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
31 Dec 20 ZWL	31 Dec 19 ZWL	31 Dec 20 ZWL	31 Dec 19 ZWL
9 067 226 238 1 239 944 150 655 242 270	7 819 215 913 988 062 280 276 016 530	9 067 226 238 1 239 944 150 655 242 270	1 743 082 384 220 261 721 61 530 409
10 962 412 658	9 083 294 723	10 962 412 658	2 024 874 514
10 920 729 891 41 682 767	9 048 856 733 34 437 990	10 920 729 891 41 682 767	2 017 197 497 7 677 017
10 962 412 658	9 083 294 723	10 962 412 658	2 024 874 514
456 948 363	875 374 303	456 948 363	195 140 989
456 948 363	875 374 303	456 948 363	195 140 989
8 945 612 533 108 005 451	7 723 642 574 2 489 152	8 945 612 533 108 005 451	1 721 776 897 554 889
9 053 617 984	7 726 131 726	9 053 617 984	1 722 331 786
4 066 286 002 4 987 331 982	177 644 274 7 548 487 452	4 066 286 002 4 987 331 982	39 600 979 1 682 730 807
9 053 617 984	7 726 131 726	9 053 617 984	1 722 331 786
20 472 979 005	17 684 800 752	20 472 979 005	3 942 347 289

31 Dec 20 ZWL	%	31 Dec 19 ZWL	%
954 940 032	5%	485 351 796	3%
524 303 199	3%	293 955 275	2%
1 102 521 673	5%	2 039 429 967	13%
2 029 171 306	10%	599 318 175	3%
1 473 531 868	7%	1 067 728 922	6%
988 065 942	5%	584 465 314	3%
673 940 932	3%	485 236 344	3%
989 632 255	5%	1 414 692 167	8%
9 877 985 198	48%	8 136 615 835	47%
1 192 532 767	6%	1 455 709 036	8%
666 353 833	3%	1 122 297 921	6%
20 472 979 005	100%	17 684 800 752	100%
954 940 032	5%	108 196 036	3%
524 303 199	3%	65 529 366	2%
1 102 521 673	5%	454 635 668	13%
2 029 171 306	10%	133 601 753	3%
1 473 531 868	7%	238 021 241	6%
988 065 942	5%	130 290 710	3%
673 940 932	3%	108 170 299	3%
989 632 255	5%	315 367 298	8%
9 877 985 198	48%	1 813 838 099	47%
1 192 532 767	6%	324 510 898	8%
666 353 833	3%	250 185 921	6%
20 472 979 005	100%	3 942 347 289	100%

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NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
18 INTEREST INCOME				
Cash and cash equivalents	25 851 441	23 885 758	21 292 203	3 285 192
Loans and advances to other banks	208 522 786	105 626 823	142 093 101	10 548 883
Loans and advances to customers	1 936 972 284	1 993 014 196	1 301 664 012	190 573 794
Banker's acceptances and tradable bills	378 553 775	231 930 749	258 302 254	19 876 933
Other interest income	56 815 511	16 392 842	38 914 167	220 438
	2 606 715 797	2 370 850 368	1 762 265 737	224 505 240
Credit related fees that are an integral part of the effective interest on loans and advances have been classified under interest income. No interest earned was at nominal rates.				
18.1 INTEREST EXPENSE				
Deposit from other banks	99 958 729	98 762 871	65 753 122	9 067 272
Demand deposits	46 812 468	32 696 608	32 181 524	3 306 963
Lines of credit from financial institutions	679 050 245	649 065 668	452 343 586	66 093 991
Time deposits	77 158 743	173 841 229	55 496 517	14 690 139
	902 980 185	954 366 376	605 774 749	93 158 365
19 FEE AND COMMISSION INCOME				
Retail service fees	1 100 855 516	1 257 360 045	740 138 361	133 093 984
Credit related fees	112 175 926	104 719 572	92 499 369	10 716 377
Investment banking fees	5 528 579	6 078 110	3 845 333	657 203
Brokerage commission	19 278 143	20 860 821	12 795 640	4 679 122
Other				
	1 237 838 164	1 389 018 548	849 278 703	149 146 686
19.1 FEE AND COMMISSION EXPENSE				
Brokerage	17 217 538	9 102 146	10 622 685	781 832
20 REVENUE				
Property sales	27 735 160	142 881 212	10 812 476	16 586 687
	27 735 160	142 881 212	10 812 476	16 586 687
20.1 COST OF SALES				
Property costs	22 918 271	55 888 149	6 948 589	3 073 238
	22 918 271	55 888 149	6 948 589	3 073 238
21 INSURANCE PREMIUM REVENUE				
Gross premium written	1 348 964 235	1 741 973 787	983 441 058	173 340 846
Change in unearned premium reserve ("UPR")	(139 859 467)	(208 309 843)	(234 158 347)	(18 755 751)
	1 209 104 768	1 533 663 944	749 282 711	154 585 095
22 NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				
Financial assets at fair value through profit or loss (note 7), fair value gains	716 553 819	326 162 453	752 575 545	72 709 084
23 OTHER OPERATING INCOME				
Rental income	18 988 921	9 057 373	10 827 170	550 045
(Loss)/profit on disposal of property and equipment	(49 427 123)	12 082 692	(12 494 316)	35 901
Sundry income	58 553 686	564 019 991	29 742 221	27 833 393
Bad debts recoveries	16 052 962	96 171 936	5 549 444	6 280 059
Fair value adjustment on investment property	153 486 082	385 896 331	800 440 066	143 905 214
Legacy debt interest claim	-	80 841 722	-	18 021 472
	197 654 528	1 148 070 045	834 064 585	196 626 084
24 NET INSURANCE COMMISSION EXPENSE				
Commissions paid	282 615 342	266 102 095	204 561 116	24 658 330
Change in technical provisions	(4 954 893)	(44 443 274)	(33 179 397)	(5 032 107)
	277 660 449	221 658 821	171 381 719	19 626 223
Commission received	(93 611 774)	(60 635 974)	(74 908 190)	(7 876 187)
	184 048 675	161 022 847	96 473 529	11 750 036
25 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES				
AUDITED INFLATION ADJUSTED				
Year ended 31 December 2020		Gross ZWL	Reinsurance ZWL	Net ZWL
Claims and loss adjustment expenses		404 396 800	(102 859 804)	301 536 996
Change in technical provisions		68 973 965	(2 286 806)	66 687 159
Total claims		473 370 765	(105 146 610)	368 224 155
Year ended 31 December 2019				
Claims and loss adjustment expenses		630 855 302	(286 165 497)	344 689 805
Change in technical provisions		40 932 355	(9 852 500)	31 079 855
Total claims		671 787 657	(296 017 997)	375 769 660
HISTORICAL COST UNAUDITED				
Year ended 31 December 2020				
Claims and loss adjustment expenses		266 421 613	(60 776 501)	205 645 112
Change in technical provisions		65 944 259	(11 862 525)	54 081 734
Total claims		332 365 872	(72 639 026)	259 726 846
Year ended 31 December 2019				
Claims and loss adjustment expenses		73 281 692	(38 054 603)	35 227 089
Change in technical provisions		18 368 901	(921 187)	17 447 714
Total claims		91 650 593	(38 975 790)	52 674 803

26 ADMINISTRATIVE EXPENSES

Administrative expenses	1 323 245 360	1 632 510 658	852 236 209	148 609 889
Staff costs (note 26.1)	2 041 145 262	1 658 142 230	1 540 908 574	192 279 183
Directors' remuneration (note 26.2)	847 986 248	409 961 426	603 809 185	79 939 232
Audit fees:				
- Current year fees	30 122 139	19 277 287	20 013 380	3 225 311
- Prior year fees	21 145 079	1 000 108	11 339 395	66 932
- Other services	-	-	-	-
Depreciation	160 907 772	116 579 096	59 590 697	3 976 392
Amortisation	56 587 118	25 514 409	2 535 404	852 523
Leases of low value items and short term leases	21 156 733	27 533 617	10 355 594	3 286 217
	4 502 295 711	3 890 518 831	3 100 788 438	432 235 679

26.1 Staff costs

Salaries and allowances	2 017 937 346	1 583 994 365	1 523 591 634	189 106 984
Social security	3 514 083	11 428 013	2 609 593	491 479
Pension contribution	19 693 833	62 719 852	14 707 347	2 680 720
	2 041 145 262	1 658 142 230	1 540 908 574	192 279 183

26.2 Directors remuneration

Board fees	60 304 671	46 246 189	46 323 697	8 652 638
Other emoluments	8 301 855	10 056 947	5 528 351	764 709
For services as management	779 379 722	320 093 970	551 957 137	63 039 629
Termination benefits	-	33 564 320	-	7 482 256
	847 986 248	409 961 426	603 809 185	79 939 232

27 INCOME TAX EXPENSE:

Charge for the year	335 692 155	1 454 941 538	304 524 556	37 008 347
Current income tax on income for the reporting year	(749 319)	-	-	-
Adjustments in respect of prior years	(255 982 095)	931 991 192	96 362 796	196 474 418
Deferred income tax				
	78 960 741	2 386 932 730	400 887 352	233 482 765

28 EARNINGS/(LOSS) PER SHARE**28.1 Basic earnings/(loss) per share**

Profit/(loss) attributable to equity holders of the parent

	1 514 538 110	(1 624 927 993)	3 211 693 386	295 598 000
Total	1 514 538 110	(1 624 927 993)	3 211 693 386	295 598 000

Basic earnings/(loss) per share (ZWL cents)

	243.85	(263.21)	517.10	47.88
	243.85	(263.21)	517.10	47.88

Year ended 31 December 2020**Weighted average number of ordinary shares**

Issued ordinary shares as at 1 January 2020

Treasury shares purchased

Treasury shares sold

Weighted average number of ordinary shares as at 31 December**Year ended 31 December 2019****Weighted average number of ordinary shares**

Issued ordinary shares as at 1 January 2019

Treasury shares purchased

Weighted average number of ordinary shares as at 31 December**28.2 Diluted earnings/(loss) per share**

Diluted earnings per share is calculated after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have dilutive ordinary shares.

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Diluted earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the parent	1 514 538 110	(1 624 927 995)	3 211 693 386	295 598 000
Total	1 514 538 110	(1 624 927 995)	3 211 693 386	295 598 000
Weighted average number of ordinary shares at 31 December	621 095 074	617 361 628	621 095 074	617 361 628
Diluted earnings/(loss) per share (ZWL cents)	243.85	(263.21)	517.10	47.88
28.3 Headline earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the parent	1 514 538 110	(1 624 927 995)	3 211 693 386	295 598 000
Adjusted for excluded remeasurements				
Profit on the disposal of property and equipment (note 23)	49 427 123	(12 082 692)	12 494 316	(35 901)
Impairment on asset (note 12 & 13)	-	-	-	-
Headline earnings/(loss)	1 563 965 233	(1 637 010 687)	3 224 187 702	295 562 099
Weighted average number of ordinary shares at 31 December	621 095 074	617 361 628	621 095 074	617 361 628
Headline earnings/(loss) per share (ZWL cents)	251.81	(265.16)	519.11	47.88

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NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

29 SEGMENT REPORTING

Segment information is presented in respect of business segments.

Segment revenue, expenses, liabilities and assets are items that are directly attributable to the business segment or which can be allocated on a reasonable basis to a business segment.

The Group comprises of six business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short term insurance and stockbroking.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group Executive Committee.

AUDITED INFLATION ADJUSTED

	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
31 December 2020							
Total segment net income							
Interest income	2 413 537 429	87 282 608	142 535 683	2 365 477	1 784 217	136 173	2 647 641 587
Interest expense	(745 684 101)	(16 219 906)	(106 814 248)	(1 353 398)	-	-	(870 071 653)
Net interest income	1 667 853 328	71 062 702	35 721 435	1 012 079	1 784 217	136 173	1 777 569 934
Sales	-	-	27 735 160	-	-	-	27 735 160
Cost of sales	-	-	(22 918 271)	-	-	-	(22 918 271)
Gross profit	-	-	4 816 889	-	-	-	4 816 889
Net earned insurance premium	-	-	-	678 787 025	187 414 391	-	866 201 416
Net fee and commission income	1 041 575 679	7 188 689	101 301 448	(2 807 494)	-	17 594 374	1 164 852 696
Net trading income and other income	2 910 905 838	669 647	290 813 604	827 453 106	126 029 325	14 114 746	4 169 986 266
Total net income for reported segments	5 620 334 845	78 921 038	432 653 376	1 504 444 716	315 227 933	31 845 293	7 983 427 201
Intersegment revenue	(50 749 882)	(539 912)	(18 067 504)	(114 048 954)	(67 128 806)	(136 173)	(250 671 231)
Intersegment interest expense and commission	14 552 581	13 545 185	24 852 865	5 419 918	141 090 632	283 251	199 744 432
Net income from external customers	5 584 137 544	91 926 311	439 438 737	1 395 815 680	389 189 759	31 992 371	7 932 500 402
Segment profit/(loss) before income tax	1 387 650 475	(49 282 127)	(14 659 269)	203 548 463	42 369 456	(2 690 513)	1 566 936 485
Impairment allowances on financial assets	102 909 315	2 303 778	8 906 917	19 229 221	4 112 761	(1 473)	137 460 519
Depreciation	120 646 991	8 681 324	16 724 664	5 287 182	8 940 498	359 937	160 640 596
Amortisation	48 078 740	5 893 986	108 612	2 258 476	247 304	-	56 587 118
Segment assets	27 465 503 697	167 167 756	2 680 800 814	1 075 991 824	581 695 729	27 130 133	31 998 289 953
Total assets include: Additions to non-current assets	145 972 005	578 304	54 519 071	812 238	4 975 533	448 108	207 305 259
Segment liabilities	24 369 508 232	96 156 470	1 745 652 365	650 557 724	373 316 461	15 027 288	27 250 218 540
31 December 2019							
Total segment net income							
Interest income	1 924 268 149	167 995 912	273 691 929	5 611 321	4 658 467	3 165 018	2 379 390 796
Interest expense	(761 531 267)	(27 361 328)	(107 405 165)	-	-	-	(896 297 760)
Net interest income	1 162 736 882	140 634 584	166 286 764	5 611 321	4 658 467	3 165 018	1 483 093 036
Sales	-	-	142 881 212	-	-	-	142 881 212
Cost of sales	-	-	(55 888 149)	-	-	-	(55 888 149)
Gross profit	-	-	86 993 063	-	-	-	86 993 063
Net earned insurance premium	-	-	-	617 716 477	255 499 717	-	873 216 194
Net fee and commission income	1 197 098 580	23 934 947	137 823 917	-	-	18 904 208	1 377 761 652
Net trading income and other income	2 499 812 052	26 345 385	144 448 167	295 293 177	90 402 497	3 993 744	3 060 295 022
Total net income for reported segments	4 859 647 514	190 914 916	535 551 911	918 620 975	350 560 681	26 062 970	6 881 358 967
Intersegment revenue	(13 463 259)	(13 198 917)	(4 960 262)	(161 534 454)	135 009 738	(39 327)	(58 186 481)
Intersegment interest expense and commission	35 206 946	(14 175 465)	23 178 721	966 859	14 624 737	(75 241)	59 726 557
Net income from external customers	4 881 391 201	163 540 534	553 770 370	758 053 380	500 195 156	25 948 402	6 882 899 043
Segment profit/(loss) before income tax	1 284 280 821	(170 451 573)	(691 186 318)	(120 135 596)	(121 000 851)	(19 960 160)	161 546 323
Impairment allowances on financial assets	115 878 878	1 397 752	22 996 685	8 971 711	2 458 622	(9 120)	151 694 528
Depreciation	94 396 229	2 879 372	14 219 027	2 252 698	2 644 840	186 930	116 579 096
Amortisation	19 677 327	1 428 261	651 683	905 326	2 851 812	-	25 514 409
Segment assets	23 291 097 158	263 030 096	2 008 289 194	899 792 448	535 852 707	20 728 847	27 018 790 450
Total assets include : Additions to non-current assets	178 210 516	13 180 683	15 434 527	3 121 720	4 084 126	-	214 031 572
Segment liabilities	20 933 296 188	147 396 249 1	1 094 789 833	561 195 422	368 536 222	12 228 819	23 117 442 733
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

29 SEGMENT REPORTING (CONTINUED)

HISTORICAL COST UNAUDITED

	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
31 December 2020							
Total segment net income							
Interest income	1 644 650 082	53 426 453	93 580 723	1 155 554	1 402 275	81 030	1 794 296 117
Interest expense	(499 821 060)	(10 407 362)	(74 613 399)	(1 298 556)	-	-	(586 140 377)
Net interest income	1 144 829 022	43 019 091	18 967 324	(143 002)	1 402 275	81 030	1 208 155 740
Sales	-	-	10 812 476	-	-	-	10 812 476
Cost of sales	-	-	(6 948 589)	-	-	-	(6 948 589)
Gross profit	-	-	3 863 887	-	-	-	3 863 887
Net earned insurance premium	-	-	-	358 697 601	130 613 014	-	489 310 615
Net fee and commission income	694 880 140	4 377 947	69 194 562	-	-	11 727 299	780 179 948
Net trading income and other income	3 261 719 194	272 977	514 587 618	345 358 754	64 705 127	10 436 746	4 197 080 416
Total net income for reported segments	5 101 428 356	47 670 015	606 613 391	703 913 353	196 720 416	22 245 075	6 678 590 606
Intersegment revenue	(33 713 754)	(292 844)	(16 334 321)	(48 121 720)	(43 865 593)	(72 939)	(142 401 171)
Intersegment interest expense and commission	14 286 551	8 447 128	17 061 178	6 510 260	63 786 555	200 578	110 292 250
Net income from external customers	5 082 001 153	55 824 299	607 340 248	662 301 893	216 641 378	22 372 714	6 646 481 685
Segment profit before income tax	2 803 998 024	(4 450 285)	290 351 694	483 829 442	43 925 112	1 370 853	3 619 024 840
Impairment allowances on financial assets	102 909 315	2 303 778	8 906 917	19 229 221	4 112 761	(1 473)	137 460 519
Depreciation	45 692 064	1 335 882	10 247 450	751 813	1 382 727	93 261	59 503 197
Amortisation	2 184 990	152 581	2 812	140 000	55 021	-	2 535 404
Segment assets	27 304 166 574	131 516 569	2 472 494 046	1 058 918 165	579 068 058	27 130 133	31 573 293 545
Total assets include : Additions to non-current assets	125 264 130	464 710	35 080 825	495 320	3 375 755	407 066	165 087 806
Segment liabilities	24 234 610 808	95 616 434	1 745 652 365	555 825 650	368 019 921	14 673 318	27 014 398 496
31 December 2019							
Total segment net income							
Interest income	193 359 765	13 218 010	21 733 243	356 642	196 121	168 684	229 032 465
Interest expense	(78 397 877)	(2 407 117)	(9 407 526)	-	-	-	(90 212 520)
Net interest income	114 961 888	10 810 893	12 325 717	356 642	196 121	168 684	138 819 945
Sales	-	-	16 586 687	-	-	-	16 586 687
Cost of sales	-	-	(3 073 238)	-	-	-	(3 073 238)
Gross profit	-	-	13 513 449	-	-	-	13 513 449
Net earned insurance premium	-	-	-	61 858 749	24 887 753	-	86 746 502
Net fee and commission income	128 422 414	4 749 924	13 020 098	-	-	1 692 076	147 884 512
Net trading income and other income	529 011 049	1 985 633	44 017 483	71 519 008	18 385 603	890 117	665 808 893
Total net income for reported segments	772 395 351	17 546 450	82 876 747	133 734 399	43 469 477	2 750 877	1 052 773 301
Intersegment revenue	(3 001 269)	(2 942 341)	(1 105 756)	(36 009 731)	30 096 764	(8 767)	(12 971 100)
Intersegment interest expense and commission	7 848 435	(3 160 036)	5 167 068	215 535	3 260 189	(16 773)	13 314 418
Net income from external customers	777 242 517	11 444 073	86 938 059	97 940 203	76 826 430	2 725 337	1 053 116 619
Segment profit before income tax	400 931 739	2 570 090	32 478 756	55 345 922	6 904 783	510 389	498 741 679
Impairment allowances on financial assets	25 832 057	311 591	5 126 488	2 000 000	548 082	(2 032)	33 816 186
Depreciation	3 059 818	170 803	441 972	76 692	221 265	5 842	3 976 392
Amortisation	676 959	61 032	16 869	23 443	74 220	-	852 523
Segment assets	5 151 356 302	51 374 903	389 465 557	191 272 092	112 129 474	4 620 935	5 900 219 263
Total assets include : Additions to non-current assets	19 946 178	1 170 492	1 622 358	221 481	245 135	-	23 205 644
Segment liabilities	4 667 679 435	32 858 001	244 053 738	95 595 632	65 322 478	2 726 083	5 108 235 367
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

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NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

30 SEGMENT REPORTING

Operating segments reconciliations

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Net income				
Total net income for reportable segments	7 932 500 402	6 882 899 041	6 646 481 685	1 053 116 619
Total net income for non reportable segments	1 444 646 624	1 032 423 747	1 127 884 625	112 712 183
Elimination of intersegment revenue received from the holding company	(83 953)	-	(75 637)	-
Intersegment eliminations	(1 229 511 702)	(745 040 708)	(565 576 315)	(106 001 646)
Group total net income	8 147 551 371	7 170 282 080	7 208 714 358	1 059 827 156
Group profit before tax				
Total profit before income tax for reportable segments	1 566 936 485	161 546 324	3 619 024 840	498 741 679
Intersegment eliminations	28 310 717	595 592 568	(4 759 814)	30 608 773
Profit before income tax	1 595 247 202	757 138 892	3 614 265 026	529 350 452
Group assets				
Total assets for reportable segments	31 998 289 953	27 018 790 450	31 573 293 545	5 900 219 263
Other group assets	4 465 020 914	4 002 176 450	2 038 849 645	425 345 534
Deferred tax asset allocated to the holding company	101 667 451	-	106 001 415	-
Intersegment eliminations	(4 163 141 872)	(3 882 909 517)	(1 758 870 345)	(406 333 109)
Group total assets	32 401 836 446	27 138 057 383	31 959 274 260	5 919 231 688
Group liabilities				
Total liabilities for reportable segments	27 250 218 540	23 117 442 733	27 014 398 496	5 108 235 367
Other group liabilities and elimination of intersegment payables	62 116 405	66 312 347	28 172 337	4 689 375
Group total liabilities	27 312 334 945	23 183 755 080	27 042 570 833	5 112 924 742

In the normal course of business, group companies trade with one another and the material intergroup transactions include:

- Underwriting of insurance risk by the insurance subsidiary;
- Reinsurance of the insurance subsidiary's insurance risk by the reinsurance subsidiary;
- Borrowings from the banking subsidiary by group companies and placement of funds and operating of current accounts; and
- Placement of funds with the Building Society by group companies.

These transactions result in income, expenses, assets and liabilities that are eliminated on consolidation.

31 FINANCIAL RISK MANAGEMENT

The Group has a defined risk appetite that is set by the Board and it outlines the amount of risk that business is prepared to take in pursuit of its objectives and it plays a pivotal role in the development of risk management plans and policies. The Group regularly reviews its policies and systems to reflect changes in markets, products, regulations and best market practice.

The policies specifically cover foreign exchange risk, liquidity risk, interest rate risk, credit risk and the general use of financial instruments.

Group Risk and Compliance, Group Internal Audit review from time to time the integrity of the risk control systems in place and ensure that risk policies and strategies are effectively implemented within the Group.

The Group's risk management strategies and plans are aimed at achieving an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's activities and operations results in exposure to the following risks:

- Credit risk
- Market risk
- Interest rate risk,
- Currency risk
- Price risk
- Liquidity risk
- Settlement risk
- Operational risk
- Capital risk

- Other risks:
- Reputational risk
 - Legal and Compliance risk
 - Strategic risk

The Group controls these risks by diversifying its exposures and activities among products, clients, and by limiting its positions in various instruments and investments.

31.1 Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet their obligations as and when they fall due. Credit risk arises from lending, trading, insurance products and investment activities and products. Credit risk and exposure to loss are inherent parts of the Group's business.

The Group manages, limits and controls concentrations of credit risk in respect of individual counterparties and groups. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one counterparty or group or counterparties and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors of the subsidiary companies.

The Board Credit Committees of the Bank, Microplan and the Building Society periodically review and approve the Group's policies and procedures to define, measure and monitor the credit and settlement risks arising from the Group's lending and investment activities. Limits are established to control these risks. Any facility exceeding established limits of the subsidiary's Management Credit Committee must then be approved by the subsidiary Board Credit Committee.

The Group Credit Management Division evaluates the credit exposures and assures ongoing credit quality by reviewing individual credit and concentration and monitoring of corrective action.

The Group Credit Division periodically prepares detailed reports on the quality of the customers for review by the Board Loans Review Committees of the subsidiary companies and assess the adequacy of the impairment allowance. Any loan or portion thereof which is classified as a 'loss' is written off. To maintain an adequate allowance for credit losses, the Group generally provides for a loan or a portion thereof, when a loss is probable.

Credit policies, procedures and limits

The Group has sound and well-defined policies, procedures and limits which are reviewed at least once every year and approved by the Board of Directors of the subsidiary companies and strictly implemented by management. Credit risk limits include delegated approval and write-off limits to Credit Managers, Management, Board Credit Committees and the Board. In addition there are counterparty limits, individual account limits, group limits and concentration limits.

Credit risk mitigation and hedging

As part of the Group's credit risk mitigation and hedging strategy, various types of collateral is taken by the banking subsidiaries. These include mortgage bonds over residential, commercial and industrial properties, cession of book debts and the underlying moveable assets financed. In addition, a guarantee is often required particularly in support of a credit facility granted to counterparty. Generally, guarantor counterparties include parent companies and shareholders. Creditworthiness for the guarantor is established in line with the credit policy.

Credit risk stress testing

The Group recognises the possible events or future changes that could have a negative impact on the credit portfolios which could affect the Group's ability to generate more business. To mitigate this risk, the Group has put in place stress testing framework that guides the Group's banking subsidiaries in conducting credit stress tests.

Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on the lifetime rather than 12-month ECL.

Credit terms:

Default

This is failure by a borrower to comply with the terms and conditions of a loan facility as set out in the facility offer letter or loan contract. Default occurs when a debtor is either unwilling or unable to repay a loan.

Past due loans

These are loans in which the debtor is in default by exceeding the loan tenure or expiry date as expressly set out in the loan contract i.e. the debtor fails to repay the loan by a specific given date.

Impaired loans

The Group's policy regarding impaired/doubtful loans is that all loans where the degree of default becomes extensive such that the Group no longer has reasonable assurance of collection of the full outstanding amount of principal and interest; all such loans are classified in the categories 8, 9 and 10 under the Basel II ten tier grading system and stage 3 under IFRS 9 staging matrix.

31.1 Credit risk (continued)

Provisioning policy and write offs

The Group has adopted IFRS 9 to determine expected credit losses (ECL)

The table below shows the mapping of the RBZ Supervisory Rating Scale to the IFRS 9 staging matrix

Rating	Descriptive classification	Risk level	Level of allowance	2012 Grading and level of allowance	IFRS 9 grading/tier system	Type of allowance
1	Prime grade	Insignificant	1%		Stage 1	12 Months
2	Strong	Modest	1%	A (1%)		
3	Satisfactory	Average	2%			
4	Moderate	Acceptable	3%		Stage 2	Lifetime
5	Fair	Acceptable with care	4%			
6	Speculative	Management attention	5%			
7	Highly	Special mention	10%		Stage 3	Lifetime
8	Substandard	Vulnerable	20%	C (20%)		
9	Doubtful	High default	50%	D (50%)		
10	Loss	Bankrupt	100%	E (100%)		

Expected Credit Losses (ECL)

In the context of IFRS 9 it is the probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract (scheduled or contractual cashflows) and the cash flows that the entity expects to receive (actual expected cashflows).

Expected Credit Losses are the product of Probability of Default(PD)*Exposure at Default (EAD)* Loss Given Default(LGD).

Probability of Default (PD)

It is the chance that borrowers will fail to meet their contractual obligations in the future. The PD is derived using historical internal credit rating data.

Exposure at Default (EAD)

It is the total value that a bank is exposed to at the time of a loan's default. In most cases and for most loan products, EAD is taken as the gross outstanding balance at time of default. It also includes off -balance sheet exposures such as guarantees and lending commitments which are then modelled based on historical experience to determine the appropriate exposure estimates.

Loss Given Default (LGD)

It is an estimate of the loss from a transaction given that a default has occurred. The LGD estimate is calculated as the quotient of the set of estimated cash flows resulting from the workout and/or collections process (the loss of principal, the carrying costs of non-performing loans e.g. interest income foregone and workout expenses). The estimates take into account the time value of money by discounting the recoveries to the date of default.

31.1.1 Exposure to credit risk

Stage 3/Grade 8:

Stage 3/Grade 9:

Stage 3/Grade 10:

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	31 Dec 2019 ZWL
	11 210 309	15 930 162	11 210 309	3 551 198
	2 356 550	4 211 738	2 356 550	938 893
	2 168 425	18 634 621	2 168 425	4 154 084
Gross amount	15 735 284	38 776 521	15 735 284	8 644 175
Allowance for impairment	(7 926 784)	(14 757 451)	(7 926 784)	(3 289 774)
Carrying amount	7 808 500	24 019 070	7 808 500	5 354 401
	1 301 020 512	279 179 073	1 301 020 512	62 235 412
	12 171 669 399	11 362 799 371	12 171 551 245	2 533 004 430
Gross amount	13 472 689 911	11 641 978 444	13 472 571 757	2 595 239 842
Allowance for impairment	(137 439 585)	(177 971 585)	(137 439 585)	(39 673 944)
Carrying amount	13 335 250 326	11 464 006 859	13 335 132 172	2 555 565 898
Total carrying amount	13 343 058 826	11 488 025 929	13 342 940 672	2 560 920 299

Loans and advances

	AUDITED INFLATION ADJUSTED							
	31 Dec 20				31 Dec 19			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	12 171 669 399	-	-	12 171 669 399	11 362 799 371	-	-	11 362 799 371
Standard monitoring	-	1 223 362 502	-	1 223 362 502	-	177 822 695	-	177 822 695
Special monitoring	-	77 658 010	-	77 658 010	-	101 356 378	-	101 356 378
Default	-	-	15 735 284	15 735 284	-	-	38 776 521	38 776 521
Gross loans and advances	12 171 669 399	1 301 020 512	15 735 284	13 488 425 195	11 362 799 371	279 179 073	38 776 521	11 680 754 965
Loss allowance	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)	(132 745 646)	(45 225 939)	(14 757 451)	(192 729 036)
Net loans and advances	12 056 697 194	1 278 553 132	7 808 500	13 343 058 826	11 230 053 725	233 953 134	24 019 070	11 488 025 929
Analysis								
Gross amount								
Balance as at January	11 362 799 371	279 179 073	38 776 521	11 680 754 965	9 546 450 789	1 978 944 265	136 263 571	11 661 658 625
Effects of IAS29	(8 829 794 941)	(216 943 661)	(30 132 346)	(9 076 870 948)	(8 011 979 338)	(1 660 350 584)	(114 326 266)	(9 786 656 188)
Transfers	(15 185 374)	10 207 836	4 977 538		13 558 853	(31 169 430)	17 610 577	
Stage 1	(21 536 257)	18 425 976	3 110 281		(64 392 547)	38 916 134	15 476 414	
Stage 2	6 109 107	(8 586 741)	2 477 634		65 511 615	(71 049 655)	5 538 044	
Stage 3	241 776	368 601	(610 377)		2 439 785	964 091	(3 403 881)	
New issue	10 443 638 070	1 281 973 648	9 280 720	11 734 892 438	10 456 381 194	141 207 378	4 519 966	10 602 108 538
Repayments	(789 787 727)	(53 396 384)	(6 506 638)	(849 690 749)	(641 612 127)	(149 452 556)	(3 268 511)	(794 333 194)
Amounts written off during the year as uncollectible	-	-	(660 511)	(660 511)	-	-	(2 022 816)	(2 022 816)
Balance as at December	12 171 669 399	1 301 020 512	15 735 284	13 488 425 195	11 362 799 371	279 179 073	38 776 521	11 680 754 965
Impairment								
Balance as at January	132 745 646	45 225 939	14 757 451	192 729 036	117 222 257	160 595 044	69 719 877	347 537 178
Changes on initial application of IFRS 9	-	-	-	-	(98 350 442)	(134 740 569)	(58 495 553)	(291 586 564)
Effects of IAS29	(103 153 600)	(35 144 040)	(11 467 677)	(149 765 317)				
Transfers	(548 817)	635 636	(66 819)		1 199 213	(1 456 418)	257 205	
Stage 1	(1 008 480)	729 126	279 355		(1 361 964)	919 529	442 435	
Stage 2	274 104	(322 080)	47 975		2 048 677	(2 614 186)	565 509	
Stage 3	185 559	228 590	(414 149)		512 500	238 239	(750 739)	
Net change due to new issues and repayments	95 862 418	9 033 200	2 000 342	106 895 960	127 193 000	18 488 418	(2 018 657)	143 662 761
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	(9 933 442)	2 716 645	3 339 985	(3 876 812)	(14 518 382)	2 339 464	7 317 395	(4 861 523)
Amounts written off during the year as uncollectible	-	-	(616 498)	(616 498)	-	-	(2 022 816)	(2 022 816)
Balance as at December	114 972 205	22 467 380	7 926 784	145 366 369	132 745 646	45 225 939	14 757 451	192 729 036



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

Loans and advances

HISTORICAL COST UNAUDITED

	31 Dec 20				31 Dec 19			
	ECL staging				ECL staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ZWL	ECL	ECL	ECL	ZWL
	ZWL	ZWL	ZWL		ZWL	ZWL	ZWL	
Credit grade								
Investment grade	12 171 551 245	-	-	12 171 551 245	2 533 004 430	-	-	2 533 004 430
Standard monitoring	-	1 223 362 502	-	1 223 362 502	-	39 640 752	-	39 640 752
Special monitoring	-	77 658 010	-	77 658 010	-	22 594 660	-	22 594 660
Default	-	-	15 735 284	15 735 284	-	-	8 644 175	8 644 175
Gross loans and advances	12 171 551 245	1 301 020 512	15 735 284	13 488 307 041	2 533 004 430	62 235 412	8 644 175	2 603 884 017
Loss allowance	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)
Net loans and advances	12 056 579 040	1 278 553 132	7 808 500	13 342 940 672	2 503 412 384	52 153 514	5 354 401	2 560 920 299
Analysis								
Gross amount								
Balance as at January	2 533 004 430	62 235 412	8 644 175	2 603 884 017	342 068 845	71 021 831	4 890 329	417 981 005
Transfers	(15 185 374)	10 207 836	4 977 538		3 022 580	(6 948 380)	3 925 800	
Stage 1	(21 536 257)	18 425 976	3 110 281		(12 125 345)	8 675 298	3 450 047	
Stage 2	6 109 107	(8 586 741)	2 477 634		14 604 040	(15 838 596)	1 234 556	
Stage 3	241 776	368 601	(610 377)		543 885	214 918	(758 803)	
New issue	10 443 519 916	1 281 973 648	9 280 720	11 734 774 284	2 331 483 152	31 478 362	1 007 604	2 363 969 118
Repayments	(789 787 727)	(53 396 384)	(6 506 638)	(849 690 749)	(143 570 147)	(33 316 401)	(728 626)	(177 615 174)
Amounts written off during the year as uncollectible	-	-	(660 511)	(660 511)	-	-	(450 932)	(450 932)
Balance as at December	12 171 551 245	1 301 020 512	15 735 284	13 488 307 041	2 533 004 430	62 235 412	8 644 175	2 603 884 017
Impairment								
Balance as at January	29 592 046	10 081 898	3 289 774	42 963 718	4 206 960	5 763 555	2 502 159	12 472 674
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	(548 817)	635 636	(86 819)		267 332	(324 669)	57 337	
Stage 1	(1 008 480)	729 126	279 355		(303 613)	204 984	98 629	
Stage 2	274 104	(322 080)	47 975		456 697	(582 782)	126 065	
Stage 3	185 559	228 590	(414 149)		114 248	53 109	(167 357)	
Net change due to new issues and repayments	95 862 418	9 033 200	2 000 342	106 895 960	28 354 234	4 121 492	(450 005)	32 025 721
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	(9 933 442)	2 716 646	3 339 985	(3 876 811)	(3 236 480)	521 520	1 631 215	(1 083 745)
Amounts written off during the year as uncollectible	-	-	(616 498)	(616 498)	-	-	(450 932)	(450 932)
Balance as at December	114 972 205	22 467 380	7 926 784	145 366 369	29 592 046	10 081 898	3 289 774	42 963 718

31.1.2 Sectoral analysis of utilizations of loans and advances to customers

	AUDITED INFLATION ADJUSTED				HISTORICAL COST UNAUDITED			
	31 Dec 20	31 Dec 20	31 Dec 19	31 Dec 19	31 Dec 20	31 Dec 20	31 Dec 19	31 Dec 19
	ZWL	%	ZWL	%	ZWL	%	ZWL	%
Mining	2 300 432 842	17%	930 946 989	8%	2 300 432 842	17%	207 529 414	8%
Manufacturing	707 327 864	5%	230 090 148	2%	707 327 864	5%	51 292 366	2%
Mortgage	363 446 693	3%	453 293 584	4%	363 446 693	3%	101 049 526	4%
Wholesale	243 151 146	2%	98 508 856	1%	243 151 146	2%	21 959 881	1%
Distribution	691 938 047	5%	306 977 171	3%	691 938 047	5%	68 432 245	3%
Individuals	577 388 518	4%	750 328 794	6%	577 388 518	4%	167 265 480	6%
Agriculture	1 143 038 131	8%	678 794 227	6%	1 143 038 131	8%	151 318 786	6%
Communication	-	0%	27 115 293	0%	-	0%	6 044 620	0%
Construction	156 222 773	1%	77 325 977	1%	156 222 773	1%	17 237 732	1%
Local authorities	18 887 852	0%	40 495 680	0%	18 887 852	0%	9 027 415	0%
Other services	7 286 591 329	55%	8 086 878 246	69%	7 286 473 175	55%	1 802 726 552	69%
	13 488 425 195	100%	11 680 754 965	100%	13 488 307 041	100%	2 603 884 017	100%

Reconciliation of allowance for impairment for loans and advances

	31 Dec 20			31 Dec 19		
	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL
Balance at 1 January	14 757 451	177 971 585	192 729 036	69 719 877	277 817 301	347 537 178
Effects of IAS 29	(11 467 677)	(138 297 641)	(149 765 318)	(58 495 553)	(233 091 010)	(291 586 563)
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	5 253 507	97 765 641	103 019 148	7 795 942	133 597 173	141 393 115
Impairment reversal	-	-	-	(2 239 999)	(351 879)	(2 591 878)
Amounts written off during the year	(616 497)	-	(616 497)	(2 022 816)	-	(2 022 816)
Balance as at 31 December	7 926 784	137 439 585	145 366 369	14 757 451	177 971 585	192 729 036
HISTORICAL COST UNAUDITED						
Balance at 1 January	3 289 774	39 673 944	42 963 718	2 502 159	9 970 515	12 472 674
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	5 253 507	97 765 641	103 019 148	1 737 894	29 781 871	31 519 765
Impairment reversal	-	-	-	(499 347)	(78 442)	(577 789)
Amounts written off during the year	(616 497)	-	(616 497)	(450 932)	-	(450 932)
Balance as at 31 December	7 926 784	137 439 585	145 366 369	3 289 774	39 673 944	42 963 718

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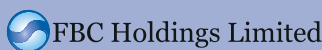
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The journey is only beginning and you can be rest assured that we will always put you first, because with us, you matter most.

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To deliver unique customer experience through value adding relationships, simplified processes and relevant technologies."

Customer Promise
"You Matter Most"



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31.1.3 Bonds and Debentures

AUDITED INFLATION ADJUSTED

	31 Dec 2020				31 Dec 2019			
	ECL staging				ECL staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	ZWL	ECL	ECL	ECL	ZWL
	ZWL	ZWL	ZWL		ZWL	ZWL	ZWL	
Credit grade								
Investment grade	475 877 942	-	-	475 877 942	547 879 378	-	-	547 879 378
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	475 877 942	-	-	475 877 942	547 879 378	-	-	547 879 378
Impairment loss allowance	(2 198 657)	-	-	(2 198 657)	(2 800 217)	-	-	(2 800 217)
Net Bonds and Debentures	473 679 285	-	-	473 679 285	545 079 161	-	-	545 079 161
Analysis								
Gross amount								
Balance as at January	547 879 378	-	-	547 879 378	6 301 527 260	-	-	6 301 527 260
Effects of IAS29	(425 744 512)	-	-	(425 744 512)	(5 284 610 591)	-	-	(5 284 610 591)
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	1 120 000 000	-	-	1 120 000 000	115 214 716	-	-	115 214 716
Repayments	(766 256 924)	-	-	(766 256 924)	(584 252 007)	-	-	(584 252 007)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	475 877 942	-	-	475 877 942	547 879 378	-	-	547 879 378
Impairment								
Balance as at January	2 800 217	-	-	2 800 217	31 434 701	-	-	31 434 701
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(2 175 985)	-	-	(2 175 985)	(26 373 973)	-	-	(26 373 973)
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	1 574 425	-	-	1 574 425	(2 260 511)	-	-	(2 260 511)
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	2 198 657	-	-	2 198 657	2 800 517	-	-	2 800 517

HISTORICAL COST UNAUDITED

	31 Dec 2020 ECL staging				31 Dec 2019 ECL staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
	ECL ZWL	ECL ZWL	ECL ZWL		ECL ZWL	ECL ZWL	ECL ZWL	
Credit grade								
Investment grade	475 877 942	-	-	475 877 942	122 134 866	-	-	122 134 866
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	475 877 942			475 877 942	122 134 866			122 134 866
Impairment loss allowance	(2 198 657)	-	-	(2 198 657)	(624 232)	-	-	(624 232)
Net Bonds and Debentures	473 679 285	-	-	473 679 285	121 510 634	-	-	121 510 634
Analysis								
Gross amount								
Balance as at January	122 134 866	-	-	122 134 866	226 694 025	-	-	226 694 025
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	1 120 000 000	-	-	1 120 000 000	25 684 000	-	-	25 684 000
Repayments	(766 256 924)	-	-	(766 256 924)	(130 243 159)	-	-	(130 243 159)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	475 877 942	-	-	475 877 942	122 134 866	-	-	122 134 866
Impairment								
Balance as at January	624 232	-	-	624 232	1 128 152	-	-	1 128 152
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	1 574 425	-	-	1 574 425	(503 920)	-	-	(503 920)
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	2 198 657	-	-	2 198 657	624 232	-	-	624 232



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

HISTORICAL COST UNAUDITED								
	Stage 1 12-month ECL ZWL	31 Dec 2020 ECL staging Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	31 Dec 2019 ECL staging Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 090 384 201	-	-	1 090 384 201	191 695 608	-	-	191 695 608
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	1 090 384 201	-	-	1 090 384 201	191 695 608	-	-	191 695 608
Impairment loss allowance	(4 922 733)	-	-	(4 922 733)	(965 342)	-	-	(965 342)
Net financial asset at amortised cost	1 085 461 468	-	-	1 085 461 468	190 730 266	-	-	190 730 266
Analysis								
Gross amount	191 695 608	-	-	191 695 608	186 930 178	-	-	186 930 178
Balance as at January								
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	1 033 771 961	-	-	1 033 771 961	230 807 355	-	-	230 807 355
Repayments	(134 912 608)	-	-	(134 912 608)	(226 041 925)	-	-	(226 041 925)
Amounts written off during the year as uncollectible	(170 760)	-	-	(170 760)	-	-	-	-
Balance as at December	1 090 384 201	-	-	1 090 384 201	191 695 608	-	-	191 695 608
Impairment								
Balance as at January	965 342	-	-	965 342	861 882	-	-	861 882
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	3 791 178	-	-	3 791 178	117 432	-	-	117 432
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	166 213	-	-	166 213	(13 972)	-	-	(13 972)
Balance as at December	4 922 733	-	-	4 922 733	965 342	-	-	965 342

31.1.5 Credit exposure on undrawn loan commitments and guarantees

AUDITED INFLATION ADJUSTED								
	Stage 1 12-month ECL ZWL	31 Dec 2020 ECL staging Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	31 Dec 2019 ECL staging Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	422 745 081	-	-	422 745 081	2 590 732 602	-	-	2 590 732 602
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	422 745 081	-	-	422 745 081	2 590 732 602	-	-	2 590 732 602
Loss allowance	(4 559 067)	-	-	(4 559 067)	(711 107)	-	-	(711 107)
Net undrawn loan commitments and guarantees	418 186 014	-	-	418 186 014	2 590 021 495	-	-	2 590 021 495
Analysis								
Gross amount	2 590 732 602	-	-	2 590 732 602	1 254 870 955	-	-	1 254 870 955
Balance as at January	2 013 198 945	-	-	2 013 198 945	(1 052 847 095)	-	-	(1 052 847 095)
Effects of IAS29	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	132 787 135	-	-	132 787 135	2 643 443 360	-	-	2 643 443 360
Repayments	(287 575 711)	-	-	(287 575 711)	(254 734 618)	-	-	(254 734 618)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	422 745 081	-	-	422 745 081	2 590 732 602	-	-	2 590 732 602
Impairment								
Balance as at January	711 107	-	-	711 107	3 832 289	-	-	3 832 289
Changes on initial application of IFRS 9	(552 585)	-	-	(552 585)	(3 215 322)	-	-	(3 215 322)
Effects of IAS29	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	4 400 545	-	-	4 400 545	94 140	-	-	94 140
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	4 559 067	-	-	4 559 067	711 107	-	-	711 107

HISTORICAL COST UNAUDITED								
	Stage 1 12-month ECL ZWL	31 Dec 2020 ECL staging Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	31 Dec 2019 ECL staging Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	422 745 081	-	-	422 745 081	577 533 657	-	-	577 533 657
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	422 745 081	-	-	422 745 081	577 533 657	-	-	577 533 657
Loss allowance	(4 559 067)	-	-	(4 559 067)	(158 522)	-	-	(158 522)
Net undrawn loan commitments and guarantees	418 186 014	-	-	418 186 014	577 375 135	-	-	577 375 135
Analysis								
Gross amount	577 533 657	-	-	577 533 657	45 035 747	-	-	45 035 747
Balance as at January								
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	132 787 135	-	-	132 787 135	589 284 093	-	-	589 284 093
Repayments	(287 575 711)	-	-	(287 575 711)	(56 786 183)	-	-	(56 786 183)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	422 745 081	-	-	422 745 081	577 533 657	-	-	577 533 657
Impairment								
Balance as at January	158 522	-	-	158 522	137 536	-	-	137 536
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	4 400 545	-	-	4 400 545	20 986	-	-	20 986
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	4 559 067	-	-	4 559 067	158 522	-	-	158 522

31.1.6 Trade and other receivables
including insurance receivables

Past due and impaired
Allowance for impairment

Carrying amount

Past due but not impaired
Neither past due nor impaired

Gross amount, not impaired
Allowance for impairment

Carrying amount, not impaired

Total carrying amount

AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	31 Dec 2019 ZWL
26 483 900 (26 483 900)	14 833 198 (14 833 198)	26 483 900 (26 483 900)	3 306 659 (3 306 659)
-	-	-	-
28 340 929 491 526 761	149 654 005 314 597 281	28 340 929 457 582 697	33 361 307 70 905 125
519 867 690 (303 742)	464 251 286 (547 762)	485 923 626 (303 742)	104 266 432 (122 109)
519 563 948	463 703 524	485 619 884	104 144 323
519 563 948	463 703 524	485 619 884	104 144 323

31.2 Liquidity risk

Liquidity risk is the risk of not being able to generate sufficient cash to meet financial commitments, to extend credit, meet deposit maturities, settle claims and other unexpected demands for cash. Liquidity risk arises when assets and liabilities have differing maturities.

Management of liquidity risk

The Group does not manage liquidity risk in isolation as it is often triggered by consequences of other financial risks such as a credit risk and market risk. The Group's liquidity risk management framework is therefore designed to ensure that its subsidiaries have adequate liquidity to withstand any stressed conditions. To achieve this objective, the Board of Directors of the Company, through the Board Asset Liability Committees of the Bank, Microplan and the Building Society and Board Risk and Compliance Committees, is ultimately responsible for liquidity risk management. The responsibility for managing the daily funding requirements is delegated to the Heads of Treasury Divisions for the banking entities and the Finance Directors for non-banking entities with independent day to day monitoring being provided by Group Risk Management.

Liquidity and funding management

The Group's management of liquidity and funding is decentralised and each entity is required to fully adopt the liquidity policy approved by the Board with independent monitoring being provided by the Group Risk Management Division. The Group uses concentration risk limits to ensure that funding diversification is maintained across products, counterparties, and sectors. Major sources of funding are in the form of deposits across a spectrum of retail and wholesale clients for banking subsidiaries.

Cash flow and maturity profile analysis

The Group uses the cash flow and maturity mismatch analysis on both contractual and behavioural basis to assess the banking units abilities to meet immediate liquidity requirements and plan for their medium to long term liquidity profile.

Liquidity contingency plans

In line with the Group's liquidity management policy, liquidity contingency plans are in place for the subsidiaries in order to ensure a positive outcome in the event of a liquidity crisis. The plans clearly outline early warning indicators which are supported by clear and decisive crisis response strategies. The crisis response strategies are created around the relevant crisis management structures and address both specific and market crises.

Liquidity stress testing

It is the Group's policy that each entity conducts stress tests on a regular basis to ensure that they have adequate liquidity to withstand stressed conditions. In this regard, anticipated on- and off-balance sheet cash flows are subjected to a variety of specific and systemic stress scenarios during the period in an effort to evaluate the impact of unlikely events on liquidity positions.

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

AUDITED INFLATION ADJUSTED

Contractual maturity analysis
on balance sheet items as at 31 December 2020

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 373 275 229	547 454 662	41 682 767	10 962 412 658
Deposits from other banks	421 832 267	35 116 096	-	456 948 363
Borrowings	1 397 423 896	2 668 862 106	4 987 331 982	9 053 617 984
Insurance liabilities	489 683 226	-	-	489 683 226
Trade and other liabilities excluding deferred income	2 549 379 885	2 465 191 470	75 318 212	5 089 889 567
Total liabilities - (contractual maturity)	15 231 594 503	5 716 624 334	5 104 332 961	26 052 551 798
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	10 459 374 255	100 000 000	-	10 559 374 255
Financial assets at amortised cost	748 233 821	317 594 798	19 632 849	1 085 461 468
Loans and advances to customers	2 128 525 741	4 542 452 698	6 672 080 387	13 343 058 826
Bonds and debentures	-	467 146 135	6 533 150	473 679 285
Trade and other receivables including insurance receivables	484 141 572	30 715 929	4 706 447	519 563 948
Financial assets at fair value through profit or loss	713 326 052	-	58 422 131	771 748 183
Financial assets at fair value through other comprehensive income	38 389 849	-	-	38 389 849
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 210 070 059	-	282 205 384	1 492 275 443
	15 782 061 349	5 457 909 560	7 043 580 348	28 283 551 257
Liquidity gap	550 466 846	(258 714 774)	1 939 247 387	2 230 999 459
Cumulative liquidity gap - on balance sheet	550 466 846	291 752 072	2 230 999 459	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	966 195 191	-	966 195 191
Commitments to lend	412 271 355	-	-	412 271 355
Total liabilities	412 271 355	966 195 191	-	1 378 466 546
Liquidity gap	(412 271 355)	(966 195 191)	-	852 532 913
Cumulative liquidity gap - on and off balance sheet	138 195 491	(1 086 714 474)	852 532 913	-



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

AUDITED INFLATION ADJUSTED

Contractual maturity analysis
on balance sheet items as at 31 December 2019

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	8 985 772 918	63 083 816	34 437 990	9 083 294 724
Deposits from other banks	862 478 132	12 896 171	-	875 374 303
Borrowings	12 900 172	164 744 102	7 548 487 452	7 726 131 726
Insurance liabilities	107 010 494	94 641 734	249 768 476	451 420 704
Trade and other liabilities excluding deferred income	1 823 784 359	1 836 070 952	272 047 971	3 931 903 282
Total liabilities - (contractual maturity)	11 791 946 075	2 171 436 775	8 104 741 889	22 068 124 739
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	8 558 593 908	-	-	8 558 593 908
Financial assets at amortised cost	25 244 825	490 126 106	340 217 505	855 588 436
Loans and advances to customers	1 227 809 363	2 570 799 904	7 689 416 662	11 488 025 929
Bonds and debentures	-	448 585 563	96 493 598	545 079 161
Trade and other receivables including insurance receivables	87 455 008	221 610 082	154 638 434	463 703 524
Financial assets at fair value through profit or loss	75 474 606	-	170 945 147	246 419 753
Financial assets at fair value through other comprehensive income	-	-	66 704 543	66 704 543
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	852 716 372	63 078 137	391 223 383	1 307 017 892
	10 827 294 082	3 794 199 792	8 909 639 272	23 531 133 146
Liquidity gap	(964 651 993)	1 622 763 017	804 897 383	1 463 008 407
Cumulative liquidity gap - on balance sheet	(964 651 993)	658 111 024	1 463 008 407	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	2 488 475 307	-	2 488 475 307
Commitments to lend	102 257 295	-	-	102 257 295
Total liabilities	102 257 295	2 488 475 307	-	2 590 732 602
Liquidity gap	(102 257 295)	(2 488 475 307)	-	(1 127 724 195)
Cumulative liquidity gap - on and off balance sheet	(1 066 909 288)	(1 932 621 578)	(1 127 724 195)	-

HISTORICAL COST UNAUDITED

Contractual maturity analysis
on balance sheet items as at 31 December 2020

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 373 275 229	547 454 662	41 682 767	10 962 412 658
Deposits from other banks	421 832 267	35 116 096	-	456 948 363
Borrowings	1 397 423 896	2 668 862 106	4 987 331 982	9 053 617 984
Insurance liabilities	402 454 943	-	-	402 454 943
Trade and other liabilities excluding deferred income	2 549 379 885	2 465 191 470	75 318 212	5 089 889 567
Total liabilities - (contractual maturity)	15 144 366 220	5 716 624 334	5 104 332 961	25 965 323 515
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	10 459 374 255	100 000 000	-	10 559 374 255
Financial assets at amortised cost	748 233 821	317 594 798	19 632 849	1 085 461 468
Loans and advances to customers	2 128 407 587	4 542 452 698	6 672 080 387	13 342 940 672
Bonds and debentures	-	467 146 135	6 533 150	473 679 285
Trade and other receivables including insurance receivables	450 197 507	30 715 929	4 706 448	485 619 884
Financial assets at fair value through profit or loss	749 810 816	-	58 422 131	808 232 947
Financial assets at fair value through other comprehensive income	38 389 849	-	-	38 389 849
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 187 919 497	-	282 205 384	1 470 124 881
	15 762 333 332	5 457 909 560	7 043 580 349	28 263 823 241
Liquidity gap	617 967 112	(258 714 774)	1 939 247 388	2 298 499 726
Cumulative liquidity gap - on balance sheet	617 967 112	359 252 338	2 298 499 726	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	966 195 191	-	966 195 191
Commitments to lend	412 271 355	-	-	412 271 355
Total liabilities	412 271 355	966 195 191	-	1 378 466 546
Liquidity gap	(412 271 355)	(966 195 191)	-	920 033 180
Cumulative liquidity gap - on and off balance sheet	205 695 757	(1 019 214 208)	920 033 180	-

Contractual maturity analysis
on balance sheet items as at 31 December 2019

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	2 003 134 669	14 062 828	7 677 017	2 024 874 514
Deposits from other banks	192 266 137	2 874 852	-	195 140 989
Borrowings	2 875 744	36 725 235	1 682 730 807	1 722 331 786
Insurance liabilities	7 022 401	21 097 811	23 213 020	51 333 232
Trade and other liabilities excluding deferred income	406 563 321	401 075 098	45 813 309	853 451 728
Total liabilities - (contractual maturity)	2 611 862 272	475 835 824	1 759 434 153	4 847 132 249
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	1 907 906 680	-	-	1 907 906 680
Financial assets at amortised cost	5 627 650	109 260 339	75 842 277	190 730 266
Loans and advances to customers	273 706 839	573 090 202	1 714 123 258	2 560 920 299
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Trade and other receivables including insurance receivables	20 269 903	49 401 965	34 472 455	104 144 323
Financial assets at fair value through profit or loss	16 825 019	-	40 935 612	57 760 631
Financial assets at fair value through other comprehensive income	-	-	14 869 971	14 869 971
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	178 248 631	14 178 028	90 653 040	283 079 699
	2 402 584 722	845 930 534	1 992 407 247	5 240 922 503
Liquidity gap	(209 277 550)	370 094 710	232 973 094	393 790 254
Cumulative liquidity gap - on balance sheet	(209 277 550)	160 817 160	393 790 254	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	22 795 494	-	-	22 795 494
Total liabilities	22 795 494	554 738 163	-	577 533 657
Liquidity gap	(22 795 494)	(554 738 163)	-	(183 743 403)
Cumulative liquidity gap - on and off balance sheet	(232 073 044)	(416 716 497)	(183 743 403)	-

The Group determines ideal weights for maturity buckets which are used to benchmark the actual maturity profile. Maturity mismatches across the time buckets are managed through the tenor of new advances and the profile of time deposits.

31.3 Market risk

Market risk is the risk of financial loss from on and off balance sheet positions arising from adverse movements in market prices such as interest rates, foreign exchange rates and equity prices.

The market risk for the trading portfolio is managed and monitored based on a collection of risk management methodologies to assess market risk including Value-at- Risk ("VaR") methodology that reflects the interdependency between risk variables, stress testing, loss triggers and traditional risk management measures. Non-trading positions are managed and monitored using other sensitivity analysis.

31.3.1Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The interest rate risk profile is assessed regularly based on the fundamental trends in interest rates, economic developments and technical analysis. The Group's policy is to monitor positions on a daily basis to ensure positions are maintained within the established limits.

Interest rate risk exposure stems from assets and liabilities maturing or being repriced at different times. For example:

i) Liabilities may mature before assets, necessitating the rollover of such liabilities until sufficient quantity of assets mature to repay the liabilities. The risk lies in that interest rates may rise and that expensive funds may have to be used to fund assets that are yielding lower returns.

ii) Assets may mature before liabilities do, in which case they have to be reinvested until they are needed to repay the liabilities. If interest rates fall the re-investment may be made at rates below those being paid on the liabilities waiting to be retired.

This risk is managed by ALCO through the analysis of interest rate sensitive assets and liabilities, using tools such as Value at Risk ("VAR"), Scenario Analysis and Gap Analysis.

Scenario analysis of net interest income

The Group's trading book is affected by interest rate movements. The desired interest rate risk profile is achieved through effective management of the statement of financial position composition. When analyzing the impact of a shift in the yield curve on the Group's interest income, the Group recognizes that the sensitivity of changes in the interest rate environment varies by asset and liability class. Scenarios are defined by the magnitude of the yield curve shift assumed. Analysis of the various scenarios is then conducted to give an appreciation of the distribution of future net interest income and economic value of equity as well as their respective expected values.

31.3.2Currency risk

The Group is a diversified local Company and its major trading and reporting currency is the ZWL.

The Group is exposed to various currency exposures primarily with respect to the South African rand, Botswana pula, British pound, United States Dollar and the Euro, mainly due to the cash holding and switch transactions in the banking subsidiary.

Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities. This is the risk from movement in the relative rates of exchange between currencies. The risk is controlled through control of open position as per ALCO directives, Reserve Bank of Zimbabwe requirements and analysis of the market. The Group manages this risk through monitoring long and short positions and assessing the likely impact of forecasted movements in exchange rates on the Group's profitability.

31.3.3Equity Price risk

The Group is exposed to equity price risk because of investments held by the Group and classified on the consolidated statement of financial position at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

31.4 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour their obligation to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that trades are settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process.

31.5 Operating risk

Operational risk is the risk of loss arising from the potential inadequate information systems, technological failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems that may result in unexpected losses.

Operational risk exists in all products and business activities.

Group's approach to managing operational risk

The Group's approach is that business activities are undertaken in accordance with fundamental control principles of operational risk identification, clear documentation of control procedures, segregation of duties, authorisation, close monitoring of risk limits, monitoring of assets use, reconciliation of transactions and compliance.

Operational risk framework and governance

The Board has ultimate responsibility for ensuring effective management of operational risk. This function is implemented through the Board Risk and Compliance Committee at Group level which meets on a quarterly basis to review all major risks including operational risks. This Committee serves as the oversight body in the application of the Group's operational risk management framework, including business continuity management. Subsidiaries have board committees responsible for ensuring robust operational risk management frameworks. Other Group management committees which report to Group Executive Committee include the Group New Product Committee, Group IT Steering Committee and Group Business Continuity Committee.

The management and measurement of operational risk

The Group identifies and assesses operational risk inherent in all material products, activities, processes and systems. It ensures that before new products, activities, processes and systems are introduced or undertaken, the operational risk inherent in them is subjected to adequate assessment by the appropriate risk committees which include the Group Risk and Compliance Committee and Group New Product Committee.

The Group conducts Operational Risk Assessments in line with the Group's risk strategy. These assessments cover causes and events that have, or might result in losses, as well as monitor overall effectiveness of controls and whether prescribed controls are being followed or need correction. Key Risk Indicators ("KRIs") which are statistical data relating to a business or operations unit are monitored on an ongoing basis. The Group also maintains a record of loss events that occur in the Group in line with Basel II requirements. These are used to measure the Group's exposure to the respective losses. Risk limits are used to measure and monitor the Group's operational risk exposures. These include branch cash holding limits, teller transaction limits, transfer limits and write off limits which are approved by management and the Board. In addition, the Group also uses risk mitigation mechanisms such as insurance programmes to transfer risks. The Group maintains adequate insurance to cover key operational and other risks.

Business continuity management

To ensure that the essential functions of the Group are able to continue in the event of adverse circumstances, the Group Business Continuity Plan is reviewed annually and approved by the Board. The Group Business Continuity Committee is responsible for ensuring that all subsidiary companies conduct tests each year in line with the Group policy. The Group successfully conducted its business continuity tests and all processes were well documented. All structures, processes and systems of the banking subsidiaries have been aligned to Basel II requirements. The Group also adopted in full all the Risk Management Guidelines which were issued by the Reserve Bank of Zimbabwe as part of the Basel II implementation for the banking subsidiaries.

31.6 Capital risk

31.6.1Regulatory Capital and Financial Risk Management

Capital risk refers to the risk of the Group's own capital resources being adversely affected by unfavourable external developments. The Group's objective when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the Group's subsidiaries;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its businesses.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe (the "RBZ"), for supervisory purposes for the banking subsidiaries. The required information is filed with the RBZ on a quarterly basis.

It is the intention of the Group to maintain a ratio of total regulatory capital to its risk-weighted assets (the "Capital Adequacy Ratio") above the minimum level set by the Reserve Bank of Zimbabwe which takes into account the risk profile of the Group.

The regulatory capital requirements are strictly observed when managing economic capital. The banking subsidiaries' regulatory capital is analysed into three tiers;

- Tier 1 capital, which includes ordinary share capital and premium, retained profits, non distributable reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.
- Tier 3 capital or market and operational risk capital includes market risk capital and operational risk capital. Operational risk includes legal risk. Market risk capital is allocated to the risk of losses in the on and off balance sheet position arising from movements in market prices.



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

Various limits are applied to elements of the capital base. The amount of capital qualifying for tier 2 capital cannot exceed tier 1 capital and the qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investment in the capital of other banks and certain other regulatory items.

The Group's operations are categorised as either banking or trading book, and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels or risk attached to assets and off balance sheet exposures. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Overall, the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have always complied with all externally imposed capital requirements throughout the period.

The Securities Commission of Zimbabwe ("SECZ") sets and monitors capital requirements for the stockbroking subsidiary and the Insurance and Pensions Commission ("IPEC") sets and monitors capital requirements for the insurance subsidiaries.

The following subsidiaries have their capital regulated by the regulatory authorities:

Company As at 31 December 2020	Regulatory Authority	Minimum* capital required US\$	Minimum* capital required ZWL	Net Regulatory Capital ZWL	Total Equity ZWL
FBC Bank Limited	RBZ	30 000 000	2 453 598 000	1 998 606 121	3 069 555 765
FBC Building Society	RBZ	20 000 000	1 635 732 000	368 187 450	726 841 681
FBC Reinsurance Limited	IPEC		150 000 000	503 092 516	503 092 516
FBC Securities (Private) Limited	SECZ		150 000	12 456 815	12 456 815
FBC Insurance Company (Private) Limited	IPEC		37 500 000	211 048 135	211 048 135
Microplan Financial Services (Private) Limited	RBZ		25 000	35 900 135	35 900 135
As at 31 December 2019					
FBC Bank Limited	RBZ	30 000 000	503 202 000	566 671 769	627 839 389
FBC Building Society	RBZ	20 000 000	335 468 000	142 572 121	145 411 819
FBC Reinsurance Limited	IPEC		150 000 000	95 676 460	95 676 460
FBC Securities (Private) Limited	SECZ		150 000	1 894 851	1 894 851
FBC Insurance Company (Private) Limited	IPEC		37 500 000	46 806 996	46 806 996
Microplan Financial Services (Private) Limited	RBZ		25 000	18 516 902	18 516 902

* Effective 31 December 2021.

31.7 Reputational risk

Reputational risk refers to the risk of damage to the Group's image, which may affect its ability to retain and generate business.

The Group manages reputational risk by ensuring that business is conducted in accordance with the legal and regulatory requirements. In addition, the Group's corporate governance structure conforms to international standards. The Group also has systems in place to monitor customer service satisfaction levels as well as processes to resolve customer queries and complaints.

31.8 Legal and compliance risk

Legal and compliance risk is the risk that arises due to the Group's failure to adhere to legal and regulatory obligations. The Group manages this risk through dedicated Legal and Compliance units, and deliberations by its Board Risk and Compliance Committee.

31.9 Strategic risk

Strategic risk refers to the potential for opportunity loss arising from failure to optimise the earnings potential of the Group.

The Board approves the Group's strategy as formulated by top management, while the Chief Executive Officer has the overall responsibility of strategy implementation. The Board conducts a quarterly review of the strategy's performance and its continued applicability.

32 Statement of Compliance

The Group complies with the following statutes inter alia:-

The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Insurance Act (Chapter 24:07) and the Companies Act (Chapter - 24:03). In addition, the Group also complies with the Reserve Bank of Zimbabwe and Insurance and Pensions Commission's directives on liquidity management, capital adequacy as well as prudential lending guidelines.

33 INTERNATIONAL CREDIT RATINGS

The Group suspended the credit ratings on all banking and insurance subsidiaries which have in the past been reviewed annually by an international credit rating agency, Global Credit Rating, except for the micro lending unit which has had its rating reviewed by Microfinanza rating agency due to the Covid-19 pandemic.

The last ratings were done in 2019 and were as follows:

Subsidiary	2019	2018	2017	2016	2015
FBC Bank Limited	BBB+	BBB+	BBB+	A-	A-
FBC Reinsurance Limited	A-	A-	A-	A-	A-
FBC Building Society	BBB-	BBB-	BBB-	BBB-	BBB-
FBC Insurance Company Limited	A-	A-	A-	A-	BBB-
Microplan Financial Services Limited	BBB	BBB	BBB-	BBB-	N/A

34 SUBSEQUENT EVENTS

34.1 Dividend Declared

Notice is hereby given that a final dividend of 44.65 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 5 May 2021 in respect of the year ended 31 December 2020. The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 28 May 2021. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 24 May 2021 and ex-dividend as from 26 May 2021. Dividend payment will be made to Shareholders on or about 7 June 2021.

35 CORPORATE GOVERNANCE

The Board is committed to the principles of openness, integrity and accountability. It recognises the developing nature of corporate governance and assesses its compliance with local and international generally accepted corporate governance practices on an ongoing basis through its various subcommittees.

The Board is responsible to the shareholders for setting the direction of the Group through the establishment of strategies objectives and key policies. The Board monitors the implementation of these policies through a structured approach to reporting and accountability.

The Board meets regularly, with a minimum of four scheduled meetings annually. To assist the Board in the discharge of its responsibilities a number of committees have been established, of which the following are the most significant: (i) Board Audit Committee, (ii) Board Human Resources and Remuneration Committee, (iii) Board Finance and Strategy Committee (iv) Board Risk and Compliance Committee (v) Board Marketing and Public Relations Committee.

	Main Board				Board Audit				Board HR				Board Finance & Strategy				Board Risk & Compliance				Board Marketing and PR				Board Digitalisation and Innovations			
Board member	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Herbert Nkala	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chipo Mtasa	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a	n/a
John Mushayavanhu	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓
Kleto Chiketsani	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gertrude Chikwava	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Franklin Kennedy	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Trynos Kufazvinei	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada Malunga	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Webster Rusere	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rutenhuro Moyo	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Aenesa Chuma	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a
Charles Msipa	✓	✓	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gary Collins	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓

Key

✓ - Attended

x - Apologies

n/a - not applicable

Q1 - Quarter 1

Q2 - Quarter 2

Q3 - Quarter 3

Q4 - Quarter 4

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY

5 May 2021



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Independent Auditors' Report

To the shareholders of FBC Holdings Limited

Qualified opinion

We have audited the inflation adjusted consolidated and separate financial statements of FBC Holdings Limited (the "Group" and "Company"), set out on pages xxx to xxx, which comprise:

- the inflation adjusted consolidated and company statements of financial position as at 31 December 2020;
- the inflation adjusted consolidated and company statements of profit or loss and other comprehensive income for the year then ended;
- the inflation adjusted consolidated and company statements of changes in equity for the year then ended;
- the inflation adjusted consolidated and company statements of cash flows for the year then ended; and
- the notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for qualified opinion* section of our report, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of FBC Holdings Limited as at 31 December 2020, and its inflation adjusted consolidated and separate financial performance and its inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29) and the Insurance Act (Chapter 24:07).

Basis for qualified opinion

Non-compliance with International Financial Reporting Standard IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior year and the impact of this non-compliance on the comparative financial information

As described in note 2.1 to the inflation adjusted consolidated and separate financial statements, for the 2019 financial year, the Group and Company applied Statutory Instrument (S.I. 33) up to 22 February 2019 and maintained the United States dollar (USD) as its functional currency applying an exchange rate of 1:1 between the USD and the Zimbabwe dollar (ZWL). This was not in compliance with IAS 21 where the



functional currency was assessed to have been the ZWL with effect from 1 October 2018 and the market exchange rate was not 1:1. In order to comply with S.I. 33, issued on 22 February 2019, the Group and Company changed its functional currency to the ZWL with effect from 23 February 2019. These departures from IAS 21 resulted in an adverse opinion being issued in respect of the 31 December 2019 inflation adjusted consolidated and separate financial statements. Had the Group and Company applied the requirements of IAS 21 many elements of the prior year inflation adjusted consolidated and separate financial statements, which are presented as comparative financial information, would have been materially impacted. The financial effects of this departure on the prior year inflation adjusted consolidated and separate financial statements have not been determined.

Our opinion on the current year's inflation adjusted consolidated and separate financial statements is qualified because of the possible effects of this matter on the comparability of the current year's inflation adjusted consolidated and separate financial statements with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted consolidated and separate financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of owner-occupied property and investment property

This matter relates to both the consolidated and separate financial statements.

Refer to the property and equipment accounting policy note 2.12, the investment property accounting policy note 2.10, critical accounting estimates and judgements note 3.4, the investment property consolidated note 11, the property and equipment consolidated note 13, the fair value of assets and liabilities consolidated note 35 and property and equipment company note 8 to the financial statements.

Key audit matter	How the matter was addressed in our audit
The Group and the Company hold owner occupied properties that are measured at fair value in accordance with IAS 16, <i>Property, Plant and Equipment</i> . The Group also holds IAS 40, <i>Investment Property</i> which are measured at fair value. As at reporting date	Our procedures included the following: <ul style="list-style-type: none">Evaluating the professional competence and objectivity of the external valuers

Key audit matter	How the matter was addressed in our audit
<p>the Group had owner occupied properties amounting to ZWL1,861 billion inflation adjusted, of which ZWL124 million inflation adjusted relates to the Company, and investment properties amounting to ZWL978 million inflation adjusted relating to the Group.</p> <p>The key inputs and assumptions used in the valuations, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity due to illiquidity in the market.</p> <p>Fair valuation of properties is difficult to ascertain as market comparable sales are not as readily available as a result of depressed economic activity which has resulted in a limited number of open market sales. Furthermore, the hyperinflationary environment has made it increasingly difficult to determine the fair value in local currency. The qualified valuers, therefore, determined property values in USD and converted to local currency at the ruling interbank exchange rate as at 31 December 2020.</p> <p>Given the degree of complexity involved in determining the fair value of the owner occupied and investment properties and the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values, the valuation of the Group and the Company's owner occupied properties and the Group's investment properties was considered a key audit matter.</p>	<p>engaged by the directors to value the properties and specifically evaluating the independence of the external valuers by enquiring about their interests and relationship with the Group and Company and validating their membership to professional associations;</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the valuation methodologies used by the valuers based on our knowledge of the industry and the requirements of the applicable financial reporting standards, and challenging the inputs used through requesting market evidence relating to such inputs; Evaluating the appropriateness of the methodology applied for the conversion of the USD valuations to ZWL in line with the requirements of the applicable financial reporting standards; and Assessing the adequacy of the disclosures in respect of the valuation of owner occupied and investment properties.

2. Valuation of intangible assets

This matter relates to the consolidated financial statements.

Refer to the intangible assets accounting policy on note 2.11 and the intangible asset consolidated note 12 to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group holds intangible assets with an inflation adjusted amount of ZWL96 million, carried at cost in the inflation adjusted consolidated financial statements in accordance with IAS 38, <i>Intangible assets</i> ("IAS 38").</p> <p>On 31 December 2019, the Group</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Evaluating management's assessment in respect of the availability of an active market for the software licenses and critically challenging that

Key audit matter	How the matter was addressed in our audit
<p>adopted the revaluation model on measuring the intangible assets. This was a change in accounting policy from the cost model to the revaluation model in the 2019 financial year. IAS 38 requires that the revaluation model be adopted provided an active market exists for the intangible assets.</p> <p>Given the high level of judgement in establishing the existence of an active market for intangible assets based on the levels of customisation of the software licenses, we considered the valuation of intangible assets as a key audit matter. The assessment performed during the 2020 financial year relating to the existence of an active market has resulted in a prior period error being identified in terms of IAS 8, <i>Accounting policies, changes in accounting estimates and errors</i> ("IAS 8").</p>	<p>assessment based on our understanding of the nature of the software licenses and their use;</p> <ul style="list-style-type: none"> Consulting with our technical accounting specialists with regards to the use of the fair value model for intangible assets against the requirements of IAS 38, <i>Intangible assets</i>, specifically focusing on the active market requirement; and Assessing whether the calculations and disclosures for the prior period error in respect of restating the intangible assets back to cost in the financial statements meets the requirements of IAS 8.

3. Accounting for the legacy debt asset

This matter relates to both the consolidated and separate financial statements.

Refer to the legacy debt accounting policy note 2.5.5, prepayments and other assets consolidated note 10 and other assets company note 7 to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group recorded a legacy debt receivable of ZWL1,031 billion inflation adjusted included in the prepayments and other assets financial statement caption, of which ZWL817 million inflation adjusted relates to the Company included in the other assets financial statement caption.</p> <p>The Reserve Bank of Zimbabwe (RBZ) directed that legacy debt denominated in foreign currency be registered with the RBZ. The RBZ committed to settling registered legacy debt on a 1:1 basis. The RBZ required that an equivalent amount (of the legacy debt) in ZWL be transferred to them.</p> <p>The Group registered for US\$15,5million (the Company registered for US\$ 10 million and</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the registration process and inspecting the approvals and other correspondences between the Group and the Company and the RBZ; Reviewing the legal opinion provided by the legal expert to assess the enforceability of the arrangement between the Group and Company and the RBZ, and assessing the independence and objectivity of the legal expert; Confirming with the RBZ in writing, that they had validated the amounts registered as legacy debt under the Exchange Control directive RU28 issued on 22 February 2019; Consulting our technical accounting

Key audit matter	How the matter was addressed in our audit
<p>Building Society subsidiary registered for USD5.5 million) owing mostly to loan repayments for offshore facilities, of which the full amounts were approved and registered with the RBZ.</p> <p>Given the degree of complexity involved in determining whether the legacy debt asset meets the definition of a financial instrument in terms of IFRS 9, <i>Financial Instruments</i> ("IFRS 9") and the significant judgement and estimation required in determining the credit rating of the instrument and the calculation of the impairment allowance, this was considered to be a key audit matter.</p>	<p>specialists with regards to the appropriateness of the accounting treatment of the legacy debt asset;</p> <ul style="list-style-type: none"> Assessing the appropriateness of the classification of the legacy debt in accordance with IFRS 9; Performing an assessment of the appropriateness of the credit risk grading of the legacy debt asset, through an independent assessment performed by our financial risk management specialists; and Assessing the adequacy of the disclosures in respect of the legacy debt asset against the requirements of IFRS 9.

4. Expected credit loss allowance on loans and advances to customers

This matter relates to the consolidated financial statements.

Refer to the impairment of financial assets accounting policy note 2.5, loans and advances consolidated note 5, and credit risk consolidated note 34 in the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group provides loans and advances to individuals, corporates and, small and medium enterprises (SMEs).</p> <p>As at reporting date, the Group had loans and advances to customers of ZWL13,343 billion inflation adjusted. The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables.</p> <p>The Group's ECL model includes certain judgements and assumptions such as:</p> <ul style="list-style-type: none"> the credit grade allocated to the counterparties in the retail and corporate banking category; the probability of a loan becoming past due and subsequently defaulting (probability of default 'PD'); the determination of the Group's definition of default; the magnitude of the likely loss if there is 	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Assessing and testing the design and operating effectiveness of the key controls over credit origination and monitoring; Assessing whether the Group's credit policies are aligned with IFRS 9, <i>Financial Instruments</i> ("IFRS 9"); Engaging our financial risk management specialists to evaluate the appropriateness of the Group's IFRS 9 expected credit losses model by using our own independent models to evaluate the appropriateness of the ECL; Using available external and independent information to challenge management's assumptions and

Key audit matter	How the matter was addressed in our audit
<p>default (loss given default 'LGD');</p> <ul style="list-style-type: none"> the expected exposure in the event of a default (exposure at default 'EAD'); the criteria for assessing significant increase in credit risk (SICR); the rate of recovery on the loans that are past due and in default; the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral; and the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, central bank interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. <p>Due to the significance of the loans and advances to the financial position of the Group and the level of judgement applied in determining the ECL, the expected credit loss on loans and advances was considered a key audit matter.</p>	<p>judgements in determining expected credit losses;</p> <ul style="list-style-type: none"> Assessing the completeness, accuracy and validity of data and inputs used during the development and application of the ECL model; For a sample of loans and advances, we evaluated the appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of selected entities; and Assessing the adequacy of the Group's disclosures in respect of ECL as required in terms of IFRS 9.

5. Valuation of unlisted and suspended securities

This matter relates to both the consolidated and separate financial statements.

Refer to the valuation of unlisted equities accounting policy note 3.5, valuation of suspended shares accounting policy note 3.6, financial assets at fair value through profit or loss consolidated note 7, the fair value of assets and liabilities consolidated note 35 and company financial assets at fair value through profit or loss note 4 to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p><i>Unlisted securities</i></p> <p>The Group holds unlisted securities amounting to ZWL 202 million inflation adjusted which are measured at fair value, of which ZWL 146 million inflation adjusted relates to the Company. Unlisted investments are shares that are not listed on a registered stock exchange therefore the prices are not quoted in any active market and are classified as level 3 financial instruments, in terms of IFRS 13, <i>Fair value measurement</i> ("IFRS 13"), in the fair value hierarchy. The valuation methodologies, assumptions and inputs used by the directors include significant unobservable inputs which require significant judgement</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Evaluating and challenging the appropriateness of the methodologies applied, assumptions and inputs used in the valuation of unlisted and suspended securities; Enquiring with the primary issuer of the shares, Afreximbank, on the market and the market participants of these shares, the volume of transactions in those markets and the appropriateness of the

Key audit matter	How the matter was addressed in our audit
<p>and estimation.</p> <p><i>Suspended securities</i></p> <p>On 26 June 2020, the Ministry of Finance and Economics Development banned the trading of shares for three counters on the Zimbabwe Stock Exchange ("ZSE") that have dual listings. These dual-listed shares are Old Mutual Limited ("OML"), Seed Co International Limited ("SCIL") and PPC Cement Limited ("PPC"). The shares are functionally suspended from any trading. The restriction on trade has resulted in the absence of the Zimbabwe market price of the shares which presents valuation challenges at year end for companies which hold OML shares, SCIL shares and PPC shares. The Group holds investments of ZWL 51 million inflation adjusted in these suspended shares, of which ZWL 13 million inflation adjusted relate to the Company. There was need to ascertain whether the last trading day price is still the appropriate share price as at 31 December 2020.</p> <p>Given the significant judgement and estimation applied by the directors in the valuation of these investments, the valuation of unlisted and suspended securities were considered a key audit matter.</p>	<p>net asset value as a proxy in the valuation of the shares;</p> <ul style="list-style-type: none"> Engaging our internal valuation specialists to evaluate the appropriateness of the inputs and assumptions used to value the investments suspended from the ZSE. This was performed by establishing our own independent valuation by using a range of key assumptions and inputs, based on externally available metrics and wider economic and commercial factors using our knowledge and industry experience and comparing the values to those determined by the directors; and Evaluating whether these investments are presented in accordance with International Financial Reporting Standard 13, <i>Fair Value Measurement</i>, in the financial statements.

6. Valuation of incurred but not reported claims (IBNR), net outstanding claims and unearned premium reserve

This matter relates to the consolidated financial statements.

Refer to the insurance liabilities accounting policy note 2.8, critical accounting estimates and judgement note 3.2 and insurance liabilities consolidated note 16 to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group holds insurance liabilities which, on an inflation adjusted basis, comprise of IBNR of ZWL 21.6 million (note 16.1), net outstanding claims of ZWL 95.6 million (note 16.1), and net unearned premium (UPR) of ZWL 246.6 million (note 16.2).</p> <p>The directors engaged an actuarial expert to assess the valuation of the IBNR, outstanding claims and unearned premium reserve.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the methodology applied and assumptions used by the Group to determine the insurance liabilities using our knowledge and industry experience; Engaging our own actuarial specialist to interrogate the methodology and assumptions used in the determination of the insurance liabilities by testing the principles and integrity of the data and models used by management and their actuaries;

Key audit matter	How the matter was addressed in our audit
<p>The determination of the insurance liabilities, is an area that makes use of significant qualitative and quantitative judgments and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as at the end of the reporting period.</p> <p>Because of the inherent susceptibility of the technical reserves to estimation uncertainty, we considered the valuations of the insurance liabilities to be a key audit matter.</p>	<ul style="list-style-type: none"> Assessing the reasonability and accuracy of the liabilities by comparing the prior year claims recognised against the results of current year claims actually reported that related to the prior financial period; Confirming the amounts recoverable from the reinsurers; Re-computing, from date of origination of premium, the allocation of premiums received between current year and future periods based on time allocation, with the amounts for future periods being recognized as UPR; Assessing the disclosures in the financial statements, paying particular attention to the disclosure of the assumptions used and judgements made relating the claims provision; and Assessing the disclosures regarding the sensitivity of the IBNR claims provision and the related factors that influence the sensitivities.

7. IAS 29 – Financial Reporting in Hyperinflationary Economies

This matter relates to both the consolidated and separate financial statements.

Refer to the basis of preparation accounting policy note 2.1 to the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Zimbabwe was deemed hyperinflationary effective 1 July 2019 in terms of the requirements of IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> ("IAS 29"). For the year ended 31 December 2020, the country continued experiencing hyperinflationary pressures, with the inflation rate closing at 348.59% as at 31 December 2020. In accordance with guidance issued by the Public Accountants and Auditors Board, management utilised the ZWL consumer price indices to prepare inflation adjusted financial statements. For the year ended 31 December 2020, the Group recorded a monetary loss adjustment of ZWL1,360billion and the Company recorded a monetary loss of ZWL118million.</p> <p>Given the significance of the quantitative impact of IAS 29, we have assessed</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Enquiring with management responsible for financial reporting on the considerations taken into account with regards to the application of IAS 29 and tested the IAS 29 model designed and implemented by management to ensure the completeness and accuracy of the key inputs; Re-computing management's IAS 29 calculations, independently verifying indices used and reviewing the proof of the net monetary adjustment; and Inspecting the financial statements for compliance with IAS 29.



Key audit matter	How the matter was addressed in our audit
hyperinflation accounting to be a key audit matter.	

Emphasis of matter relating to comparative information

We draw attention to note 12 to the inflation adjusted consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2019 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The inflation adjusted consolidated financial statements of FBC Holdings Limited as at and for the year ended 31 December 2019, excluding the adjustments described in note 12 to the inflation adjusted consolidated financial statements, were audited by another auditor who expressed an adverse opinion on those inflation adjusted consolidated and separate financial statements on 30 April 2020 as a result of non-compliance with the requirements of IAS 21.

As part of our audit of the inflation adjusted consolidated financial statements as at and for the year ended 31 December 2020, we audited the adjustments described in note 12 that were applied to restate the comparative information presented as at and for the period ended 31 December 2019. We were not engaged to audit, review, or apply any procedures to the inflation adjusted consolidated financial statements for the period ended 31 December 2019, other than with respect to the adjustments described in note 12 to the inflation adjusted consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective inflation adjusted consolidated financial statements taken as a whole. However, in our opinion, the adjustments described in note 12 are appropriate and have been properly applied.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "2020 Annual Report" and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical Cost" but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *basis for qualified opinion* section above, given the non-compliance with IAS 21 in the prior year the Group's and Company's current year's inflation adjusted consolidated and separate financial statements may not be comparable with the prior year. We have therefore concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items included in the financial information included in the "2020 Annual Report" and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical Cost".



Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), the Zimbabwe Microfinance Act (Chapter 24:29) and the Insurance Act (Chapter 24:07), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/ Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/



or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

KPMG Zimbabwe
Registered Accountants and Auditors
Chartered Accountants (Zimbabwe)

Per: Themba Mudidi
Partner
Registered Public Auditor
PAAB Practicing Certificate Number 0437

10 May 2021

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors
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Zimbabwe