FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP CHAIRMAN'S STATEMENT

SALIENT FEATURES

	Audited Inflation Adjusted			Unaudited Historical Cost		
	2021 ZWL 'billion	2020 ZWL 'billion	% change	2021 ZWL 'billion	2020 ZWL 'billion	% change
Group total income	17.9	13.1	37%	16.3	7.2	126%
Group profit before income tax	5.0	2.6	93%	7.7	3.6	113%
Group profit after income tax	4.3	2.4	78%	6.9	3.2	114%
Group total assets	63.3	52.1	22%	62.8	32.0	96%
Dividend declared including interim	1.2	0.6	100%	1.2	0.5	92%
Cost income ratio	58%	64%	9%	53%	50%	(6%)
Basic earnings per share (ZWL cents)	689.22	391.96	76%	1 090.98	517.10	111%
Net asset value per share (ZWL cents)	2 280.02	1 314.73	73%	2 273.28	790.06	188%

Introduction

At a difficult time of unprecedented Covid-19 induced global uncertainty, coupled with local economic challenges, the Group believes it has a pivotal role to nurture sustainable solutions that enable the financial well-being of the communities we serve. This ambition and focus is set to be realised through our desire to deliver a unique customer experience through value adding relationships, simplified processes and relevant technologies. This we believe, anchored by our foundational core values of integrity, teamwork, commitment, communication, life-long learning and entrepreneurship, will buttress and sustain our future growth for the benefit of all our stakeholders.

Financial Performance Review –Inflation Adjusted

Notwithstanding that 2021 was another challenging year, the Group achieved a solid financial performance, posting a profit before tax of ZWL5.0 billion in inflation adjusted terms, 93% ahead of ZWL2.6 billion recorded in 2020. The Group reported a profit after tax of ZWL4.3 billion with earnings per share of ZWL cents 689.22 and a return on equity of 30%. The Group benefited from improved performance by all business subsidiaries.

Total income for the Group was up 37% to ZWL17.9 billion primarily on the back of improved revenue growth across all income streams, with the exception of net foreign currency dealing and trading income which experienced a decline. Net interest income increased by 86% to ZWL5 billion on the back of increased lending and an improved interest margin, while net fee and commission income was up 71% to ZWL3.4 billion, aided by the Group's digitalised infrastructure that supported increased volume of transactions by customers. Net earned insurance premium was up 31% to ZWL1.8 billion from ZWL1.4 billion recorded in 2020 on the back of increased demand and revaluation of insured risks. Gross profit on property sales significantly increased from ZWL7.7 million to ZWL260.5 million in 2021 in line with an increased number of units sold. The net gain from financial assets at fair value increased by 113% to ZWL2.4 billion, driven primarily by the quality of the Group's portfolio holding and market repricing. Other income which is mainly comprised of fair value adjustment on investment property, increased to ZWL1.7 billion from ZWL318 million, buoyed by increased investment in the portfolio and the repricing of the investment property portfolio in the ZWL functional currency. Net foreign currency dealing and trading income declined by 41% to ZWL3.3 billion in line with a relatively stable foreign currency regime experienced during the year.

Through various cost containment measures implemented during the period under review, the Group's cost to income ratio excluding monetary loss improved to 58% from 64% recorded in the comparable period. Given the inflationary pressures experienced throughout 2021, total administration costs increased by 24% to ZWL9 billion compared to ZWL7.2 billion recorded in the prior year. Similarly, insurance claims were up 21% owing to the inflation adjusting components of various claims. Insurance commission expense significantly went down by 38%, signifying a decrease in insurance business from brokers. Due to the revised retention limits, insurance claims and loss adjustment expenses recovered from reinsurers was down 43% to ZWL96 million against ZWL169 million recorded in 2020.

At 31 December 2021, Group total assets were ZWL63.3 billion, 22% ahead of ZWL52.1 billion recorded during the prior comparable period. This growth was largely driven by an increase in total deposits of 12% to ZWL37 billion, translation of foreign currency denominated assets into ZWL at closing rate, property investments and increased retained earnings. Loans and advances stood at ZWL23.5 billion, 10% higher than ZWL21.4 billion for prior year, as we continued to focus on supporting our customers in the productive sectors of the economy through sustainable lending.

The Group's total equity, year after returning ZWL625 million to our shareholders through dividends, remains strong with total capital of ZWL14.3 billion from ZWL8.2 billion recorded in the previous year. The Group's continued capital generation means we are well positioned to champion our customers' growth plans, invest for growth and continue driving sustainable returns to our shareholders.

Operating Environment

The year under review was once again another challenging year for the business community in general. The Group was not spared by some of the regressive effects of the Covid-19 pandemic and the general macroeconomic challenges. The Covid-19 pandemic further brought about a number of emerging risks, which put to test our resilience, flexibility and disaster recovery preparedness. It is pleasing to note that the Group was able to offer services and products through the use of online and digital platforms. This augured well with the current digital transformation thrust of the organization.

To foster macro-economic stability, bolster capacity utilisation, curb the widening disparity between the official exchange rate and parallel market, as well as curtail the Covid-19 disruptions, the government and regulatory authorities implemented a number of fiscal and monetary policy interventions. The central bank reviewed the bank rate up to 60% and Medium Term Bank Accommodation (MBA) Facility interest rate up to 40%. Similarly, the minimum deposit interest rates for ZWL savings and time deposits was increased from 5% and 10% per annum to 7.5% and 20%, respectively. A US$ denominated cost of living adjustment was timeously introduced for all civil servants as a safety net against the debilitating effects of Covid-19.

Foreign Exchange

In an endeavour to ensure responsible, continuous and sustainable use of foreign currency, the Reserve Bank of Zimbabwe maintained the use of the foreign currency auction system. Since inception in June 2020 and up to 31 December 2021, 77 Main and 71 SMEs foreign currency auctions have been successfully conducted. During the period under review, US$1.97 billion was allotted, equating to about 30% of all foreign payments. The Foreign Exchange Auction System managed to provide the much-needed liquidity to key productive sectors and thus contributing to the 7.8% economic growth recorded in 2021. To further buttress price stability, statutory instrument 127 of 2021 was gazetted to instil discipline in the foreign exchange market and safeguard adherence to prescribed policy guidelines.

While the ZWL/USD exchange rate closed the year at ZWL108.666 per US$1 compared to ZWL81.7866 at the end of December 2020, the alternative market premiums continued to exert significant pressure on inflation. A premium of between 40% and 90% was recorded during the course of 2021. However, while we appreciate the efforts by the regulators and fiscal authorities to stabilise the foreign currency exchange market, as well as enhancing domestic use of the local currency, there is still a strong need to bolster and strengthen this framework.

The Group embraced all the monetary and fiscal policy interventions. Numerous capacity-building initiatives were held during the year to educate clients and staff members on new regulatory guidelines and policy changes. The business however, felt the adverse impact of the foreign exchange discrepancies through the significant increase in operating costs. To counter this development, the Group explored and introduced new products and services to enhance business performance.

Inflation

Headline inflation remarkably declined from a peak of 837.5% recorded in July 2020 to 60.7 % as at 31 December 2021. This was necessitated by a decline in both annual food and non-food inflation. Although the economy failed to close the year with a single-digit rate as expected, the government made significant progress in containing inflation.

It is our expectation that the inclusion of US$958 million worth of Special Drawing Rights in the budget to cater for social spending, will beef up foreign currency reserves and further contain inflationary pressures. Policy makers have indicated that inflation is projected to decelerate further in 2022, with estimates pointing to a month-on-month target rate of below 4% in the first quarter of the year and to average below 3% in the second half of 2022. Annual inflation rate is expected to ease to a range of 25-35%.

Financial Services Sector

The sector remained adequately capitalised with satisfactory and sound financial indicators. It is worth noting that both FBC Bank Limited and FBC Building Society have exceeded the minimum capital requirements as prescribed by the Reserve Bank of Zimbabwe (RBZ).

Loans and advances remarkably increased on the backdrop of improved economic activity and exports. Asset quality in the banking sector remained good with non-performing loans (NPLs) standing at 0.94%, a figure which is way below the 5% sector benchmark and the Group's non-performing loans of 0.73%. Growth in banking sector assets was largely driven by inflation and foreign exchange developments. Following the implementation of various measures by the RBZ, we have noted a commendable mobile money interoperability that in turn bolstered financial inclusion.

To remain resilient, inclusive, competitive and profitable, FBC Holdings deepened its digital transformation strategy, simplified its models and amplified its footprints through agencies. Taking cognisance of the dynamic customer needs, we developed, upgraded and deployed a number of digital channels to provide secure, convenient and sustainable financial services. The Group enabled an end-to-end digital loan on- boarding for its loans businesses and refreshed its risk management frameworks to cater for the emerging risks and proactively monitor trends.

The Insurance Sector

The insurance sector has not been spared by the economic turbulence, technology dynamics and climate change. In order to remain competitive, our insurance subsidiaries swiftly reconfigured their operations and product offering by aligning operations to the new market dynamics. In a joint effort with an engineering, procurement and construction (EPC) contractor, we launched a Solar System Insurance Facility to cover clients with rooftop solar systems and solar farms.

In order to strengthen the insurance sector, the Insurance and Pension Commission launched the Zimbabwe Integrated Capital and Risk Programme which is a risk-based capital framework. This is expected to foster the adoption of strong risk management standards within the insurance sector. Our insurance subsidiaries remain adequately capitalised, even under the new risk-based capital framework.

Property Market

Whilst the property market remained a critical investment hedge in the wake of inflationary pressures, occupancy rates across the different property types remained highly subdued. Property owners have had to incur high operating costs and lower rental returns throughout the period under review. Covid-19 induced remote working heavily impacted office occupancy as it curtailed demand for formal space.

Similarly, demand for industrial properties was also suppressed throughout 2021 owing to low capacity utilisation, power outages, deteriorating infrastructure and shortages of foreign currency. The prospects of residential and retail markets however, remain favourable owing to firm demand, thus presenting opportunities for further investment. The Group remains focused on this segment and continues to make deliberate investments with a view to provide housing to a needy market and at the same time generating returns consistent with shareholder's expectations.

Stock Market Performance

The Zimbabwe Stock Exchange's (ZSE) main All Share Index (ALSI) rose by 310.51% for the year, closing at a peak of 10822.36 percentage points against an annual inflation rate of 60.7%. Investors seeking instruments with hedge characteristics in light of inflationary pressures and exchange rate dynamics spurred the bullish trends. Market capitalisation surged 314% in 2021 to trade at ZWL 1.317 trillion.

The Group is closely monitoring developments and will tap into opportunities that may arise on the Victoria Falls Stock Exchange, as listed assets increased during the period under review though activity remains depressed.

Share Price Performance

The FBCH share price gained 125.5% to close the year at ZWL$33.85. A total of 135.6 million shares were traded at a weighted average price of ZWL28.98, representing a gain of 306.4% from 2020 full year's weighted price of ZWL7.13. The Group believes that consistent corporate performance is key to unlocking sustainable value to the stakeholders.

Dividend

On behalf of the Board of Directors, I am pleased to advise shareholders that the company has proposed a final dividend of 148.82 ZWL cents per share amounting to ZWL1 billion. This is over and above the interim dividend of 29.76 ZWL cents per share which was paid in October 2021. The total dividend declared for the year 2021 amount to ZWL1.2 billion which includes the interim dividend of ZWL200 million. The proposed dividend translates to approximately 5.71 times cover, which is 17% of the historical cost profit after tax.

FBC in the Community

The FBC Group continues in its quest to be a responsible corporate citizen through investing in charitable initiatives aimed at enabling the welfare of the communities that we serve and protecting the planet. In this regard, the Group invested more than ZWL20 million on a wide range of Corporate Social Responsibility initiatives in Education, Health, Sports, Arts and Tourism.

In the same vein, the Group completed the construction of a modern classroom block for the Chimanimani community at Charleswood Primary School honouring a pledge made to the community after Cyclone Idai.

FBC Trendsetting

The Group continues to grow and is contributing significantly to the wellbeing of the general economy. A number of accolades have been received which is a testament of the Group's intention to be a market leader. These awards include:

- FBC Holdings Limited – Top Covid-19 Supporting Organisation of the Year awarded by Zimbabwe National Environment, Responsible Business & CSR Awards
- FBC Re - Reassurance Company of the Year awarded by The Zimbabwe Independent -Insurance Survey and Awards.
- Microplan - 1st Runner Up Most Resilient MFI of the Year awarded by The Zimbabwe Association of Microfinance Institutions (ZAMFI).
- FBC Building Society - Best Private Infrastructure Funding Institution awarded by Renaissance Global.

Digital Transformation and Innovation

Globally, the speed of digital transformation and innovation is accelerating in line with dynamic customer behaviour and Covid-19 disruptions. The persistence of the Covid-19 pandemic reinforced the importance of embracing a long-term view of the transformation imperative as well as future market opportunities. The Group believes that innovation and digitalisation is here not only to solve Covid-19 related issues but to also broaden and deepen organizational capabilities, unlock stakeholder potential and create customer-centric institutions. New skills and competencies are being identified, resourced and developed to necessitate and accelerate this paradigm shift.

During the period under review, the Group's digital transformation momentum increased with the escalation of its fintech subsidiary's activities within and outside FBCH. Bearing in mind that the financing and lending landscape has dramatically evolved, the Group introduced and upgraded various digital channels in order to improve its underwriting capabilities and efficiencies, reduce cost, deter money laundering, fraud and cyber attacks as well as improve convenience to our valued customers.

Change and culture management continue to run concurrently with technology and process investments in enabling and enhancing a flawless transition. For the Group to deliver exceptional customer service, we are continuously equipping our Customer Experience function with right technology and human-skills. A service charter was launched in 2021 to augment the Group's digitalisation thrust and align our business to the regulator's expectation.

We are pleased that the government and regulators are agreeable and supportive to the strategic relevance of digital transformation. The establishment of a Sandbox guideline, a Fintech Working Group and National Financial Inclusion strategy are evident milestones of the central bank's commitment to an inclusive and digitalised environment. The Data Protection Act, promulgated in 2021, is expected to provide a workable framework to address privacy issues whilst enabling the usage of new technologies. Stakeholders in the fintech space are hopeful that a comprehensive fintech regulatory framework will be implemented for the sector as opposed to the prevailing contractual case-by-case approach. We believe that the right policy intervention will catapult Zimbabwe to a digital economy in no time.

Environmental, Social and Governance (ESG) Priorities

Focus on Environmental, Social and Governance (ESG) priorities has significantly increased as discussions to take urgent action in dealing with climate change and developmental challenges have gained momentum. The Group takes cognisance of the recently held 26th United Nations Climate Change Conference (COP 26) where leaders from across the globe committed to more ambitious targets to reduce greenhouse gas emissions, discussed adaptation measures to climate change impacts and increased funding commitments for climate action.

As FBC Holdings, we are encouraged by the government's revised commitment towards the creation of a sustainable future. Considering the inevitable impacts of the climate crisis, FBC Holdings took steps to speed up its climate-response pace and complement national efforts in addressing climate change repercussions. During the period under review, the Group continued to embed ESG safeguards in its corporate strategy. As financial system gatekeepers, we are putting maximum efforts towards development of impactful projects as well as sourcing and deployment of climate funding. Central to our strategy is the need to pursue community-driven and credible de-carbonisation projects that address vulnerabilities, stimulate financial wellbeing, increase awareness and promote the use of environment friendly construction materials and methodologies.

The Group has also incorporated the sustainability certification of its flagship subsidiary, FBC Bank Limited, as part of the overall strategy but with a subsidiary-specific focus. It is our desire to have FBC Bank certified under the Sustainability Standards and Certification Initiative ("SSCI"). The Sustainability Standards and Certification Initiative is being driven by the European Organisation for Sustainable Development ("EOSD"), in consultation with the Reserve Bank of Zimbabwe.

The pursuit of this certification is expected to deliver a holistic, robust, evolving, and locally sensitive set of standards to make value-driven financial institutions like FBC Bank more resilient and profitable. We are proud to have been given the greenlight by the Reserve Bank of Zimbabwe and EOSD to adopt the following Purpose Statement (PS) and High Impact Goals (HIGS), as part of our guiding principles, under the Sustainability Standards and Certification Initiative:

Purpose Statement

Promote Sustainable Economic and Inclusive Development

High Impact Goals

1. Facilitate sustainable transition to food self-sufficiency
2. Foster sustainable social inclusivity and empowerment
3. Engender environmental protection and climate resilience

Following the successful adoption of the above Purpose Statement and High Impact Goals, FBC Bank is now actively implementing other modules of the SSCI Value Creation Octagon.

From a business development perspective, FBC Bank is now aggressively pursuing various climate finance opportunities in Zimbabwe. A dedicated Climate Finance department has since been set–up and well-resourced with a blend of humanitarian, social sciences as well as banking and finance skills. They have been given a mandate to pursue new climate resilient investment opportunities in our target markets. Pursuant to that, FBC Bank has since started pursuing the Green Climate Fund Direct Access Entity Accreditation that we believe is essential in unlocking concessionary global funds that can be leveraged on to support eligible climate mitigation and adaptation projects in Zimbabwe.

FBCH Covid-19 Response Approach

The Covid-19 pandemic has been one of the biggest shocks to the global economy and society in recent times. The pandemic has been ranked as a key risk driver over the past two years and will likely impact risk profiles in the future. The government responded by imposing lockdown measures which had the unintended consequence of affecting business activities across all economic sectors. Supply chain disruptions which affected business production cycles, were highly prevalent. Aid agencies and fiscal support provided essential relief to the public and business community.

It is pleasing to note that the Group's financial and operational well-being remained strong despite the disruptive effects. The Group responded swiftly to the threat by implementing a number of initiatives. These initiatives include capacitating employees to work off premises, vaccination, boosting the breadth and depth of our digital channels to enable our valued customers to transact and access financial services without accessing our physical infrastructure. The Group made further investments in Information Technology (IT) infrastructure to improve its resilience in the event of future related disruptions. Given the lessons learnt over the last two years, business continuity maturity levels have significantly improved, thus further bolstering the capacity of the Group to continue offering services in the presence of potentially disruptive events.

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 ultimately impair FBCH's ability to serve its clients. As such, the Group has adopted a policy of zero tolerance to non-compliance. For the year ended 31 December 2021, there are no material non-compliance issues to laws and regulations.

Directorate

The Board was further strengthened by the appointment of Mr. David Makwara, Dr Sifiso Ndhlovu and Mrs Vimbai Nyemba with effect from 4 March 2021, 12 April 2021 and 12 August 2021 respectively. The three non-executive directors each bring a wealth of experience set to benefit the Board.

Mrs Gertrude Chikwava retired from the Board of FBC Holdings Limited on 30 June 2021 following expiry of her term of office. We wish her well in her future endeavours and thank her immensely for the invaluable contribution.

Outlook

The geo-political disturbances brought about by the Russia-Ukraine war is set to result in disastrous economic consequences for both the Western and European countries in particular, with global negative downstream effects that will weaken economic growth.

The local economy still faces a number of hurdles despite strong positive economic trends witnessed in 2021. Concerted efforts have been and will continue to be made in the fight against the Covid-19 pandemic and this is expected to result in the world economy opening up. Country specific economic challenges such as inflation and currency woes may further drag the economy. It is however expected that government responses in the form of fiscal and monetary policies, will steer the country out of economic turbulence, thus presenting new opportunities for the Group. Despite the anticipated headwinds, we expect the good business momentum to continue into 2022 and our strategies that are in place to result in increased growth in most of our business areas.

Appreciation

I am extremely grateful to our shareholders, regulatory authorities and strategic partners who have been supportive throughout the trying times of the Covid-19 pandemic. To our valued customers, YOU MATTER MOST. We thank you for the unwavering support and patient engagements. Again, we have managed to deliver a commendable set of financials under the able leadership of my fellow board members, executive and senior management, I thank you all. My sincere gratitude goes out to the entire FBC Team. Your extraordinary commitment during such challenging times is greatly appreciated.

Herbert Nkala
Group Chairman

31 March 2022

FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP CHIEF EXECUTIVE'S REPORT

It is once again a great honour to present to you the FBC Holdings Limited financial performance for the 12 months ended 31 December 2021.

Introduction
The period under review was characterised by disruptive effects of the Covid-19 pandemic and macroeconomic challenges largely driven by currency volatility and inflation. It is however, pleasing to note that Covid-19 statistics improved towards the end of the year and this has led to the relaxation of restrictive measures previously imposed by government. The global economy has also followed the same trends and this has resulted in increased economic activity. Growth forecasts are positive, riding on improved resilience demonstrated by many countries in mitigating the effects of the Covid-19 pandemic. FBC Holdings adapted its business model by enhancing its digital channels to ensure minimal disruptions of service for customers.

The pandemic also brought to light the knowledge that companies cannot achieve long- term success if the communities in which they operate in are also not prospering. This realisation has reinforced the Group's awareness towards key Environmental Social and (Corporate) Governance (ESG) considerations. The Group reinforced its focus on the Group's sustainability through the strengthening of its ESG Policy framework. The Group is committed to playing a collaborative role in ensuring that the communities we serve become inclusive and develop a greater social conscience.

Operating Environment
The Reserve Bank of Zimbabwe maintained a conservative monetary approach throughout 2021 in a bid to curtail inflationary pressures and promote economic stability. Subsequently, numerous monetary tightening measures were implemented to maintain market equilibrium and provide a base for growth. The measures include Open Market Operations, revision of statutory reserves thresholds and adjustment to the bank policy rate. Consequently, liquidity management strategies were adjusted in line with these measures.

Foreign Exchange rates volatility and the existence of an alternative market however, drove operating costs for the Group, as price indexing to United States dollars became rampant. The widening differential of foreign exchange premiums between the official and alternative markets rates had significant pass through effects on inflation. We however remain hopeful that current monetary and fiscal policy objectives will deflate inflationary tendencies.

The increase in the use of other currencies, in particular the United States Dollar has promoted the supply foreign currency liquidity. This, coupled with the foreign currency auction system, is expected to improve availability of foreign currency to businesses. The use of the local currency on the other hand improves the competitiveness of local products in foreign markets. The Group has been making efforts to increase its foreign currency business in line with market trends.

Financial Performance review
In accordance with the International Accounting Standard 29 (IAS29), the inflation-adjusted accounts will form the basis of the Group's performance commentary.

FBCH Group Performance
For the twelve months ended 31 December 2021, FBC Holdings recorded a profit before tax of ZWL5billion, which was 93% ahead of prior year's profit of ZWL2.6 billion. Group profitability was achieved on the back of a 37% growth in total income of ZWL17.9 billion, against ZWL13.1 billion recorded for the 2020 corresponding period. Total expenses were recorded at ZWL10.4 billion representing an increase of 25% on prior year inflation adjusted expenses. The cost to income ratio for the review period was 58% compared to 64% achieved in the previous year. FBC Holdings continues to implement cost control measures to maintain operating expenses within levels sustainable to the business.

Group assets as at 31 December 2021 were recorded at ZWL63.3 billion representing a growth of 22% from ZWL52.1 billion achieved prior year. Total shareholders' funds grew by 71% from ZWL8.2 billion to ZWL14.1 billion.

With minimum capital requirements being referenced against the United States Dollar for Group subsidiaries, FBC Holdings will continue to focus on inflation hedging strategies' such as underwriting business in foreign currency and investment in real estate, as a means to support asset growth, profitability and capital formation within the business segments.

The Group's commendable performance for the past 12 months was underpinned by strong subsidiary performances.

FBC Bank Limited (FBC Bank)
FBC Bank achieved a profit before tax of ZWL2.7 billion, largely driven by a 58% growth in net interest income following the bank's aggressive growth in the lending portfolio and re-alignment of interest rates to market levels. Net fee and commission income at ZWL2.8 billion improved by 70%, benefiting from the Group's digitalization program as transaction volumes recovered on alleviated Covid-19 restriction measures. The Bank will continue to pursue various revenue growth strategies to sustain profitability whilst hedging the company's assets.

Given the stable economic outlook, FBC Bank envisages sustained growth in its lending operations targeting the energy, mining, tourism and agriculture sectors. As price indexing to the United States Dollar becomes more predominant, the bank will institute strategies to grow and hedge its balance sheet in both local and foreign currency.

At the core of our banking operations is our quest to enhance customer service and experience. Consequently, the bank will continually strive to improve on customer service and enhance customer experience through our digitally enabled platforms and paperless banking initiatives.

FBC Building Society (FBC BS/Society)
The Building Society recorded a net surplus position of ZWL686 million recovering from prior year's recorded loss of ZWL23.5 million. Improved net income generation from trading and property sales largely supported the building society's recovery. Net income from property sales for the 12-month period was recorded at ZWL260 million against ZWL7.7 million achieved prior year. Revenue was recognized on 53 housing units at Kuwadzana project that were sold off plan in 2020 and another 12 properties sold during the current year. Mortgage lending remained subdued due to reduced appetite by the business to lend long-term in the current environment consequently resulting in a sizable number of residential properties being retained under the investments property portfolio for value preservation and rental income. In line with the Group's value preservation strategy, the building society will continue to invest in assets with hedging capability while also growing interest-earning assets for cash flow generation.

Meanwhile FBC Building Society's construction activities have been progressing well with 244 properties having been completed under the Kuwadzana Fontaine Ridge Phase 1A and 1B in 2021. The housing project development in Kuwadzana Fontaine Ridge is set to embark on phase 2 in 2022, with the construction of 100 new low cost housing units. Preparations are also underway for the construction of cluster housing units in Glen Lorne, Zvishavane, and high-density residential units in Hwange. Depending on the economic environment, the building society will pursue various project-funding initiatives to support construction works earmarked for 2022 and beyond.

Microplan Financial Service (Pvt) Limited (Microplan)
Owing to a growth in interest income and an efficient cost containment strategy the Group's micro-lending business achieved a profit before tax position of ZWL40 million recovering from prior year's loss of ZWL79.2 million. The resumption of business activity following the easing of lock down measures anchored the company's growth in loans and advances. Due to an increase in borrowing and the re-pricing of interest rates to market levels, the company's net interest income improved by 167% to ZWL310 million.

Meanwhile, the business is on course with its digitalisation strategy having embarked on digital lending on USSD and Mobile Moola App journey. Approval for mobile lending and USD loans was granted during the course of the year by the Reserve Bank of Zimbabwe and is anticipated to come on stream in 2022.

Encouraged by the stable macroeconomic outlook, Microplan will continue to seek out opportunities to grow its lending business in a prudent manner. The business will remain vigilant to any unexpected emergent risks that might affect the credit microfinance space and prioritise the preservation of shareholder value in the near term.

FBC Insurance Company Limited (FBC Insurance)
FBC Insurance recorded a profit before tax of ZWL51.8 million benefiting from improved underwriting business. Covid-19 induced restrictive measures coupled with the continued decline in disposable incomes dealt a heavy blow to the local insurance industry leading to the company's adoption of digital technologies aimed at selling micro and mandatory insurance products such as motor insurance, Hospital Cash Plan (HCP) and Funeral Cash Plan. Meanwhile, the sustained mismatch in premium collections to claims has continued to pose operational challenges, with industry players failing to satisfy both policy holder and fund member expectations. This has instigated the need to reassess the company's asset and liability management strategies to match revenues to risk based capital requirements. Subsequently, the introduction of the Zimbabwe Integrated Capital and Risk Programme (ZICARP), which is a risk based capital framework, is a much welcomed industry development.

As the broader economy recovers and responds to the pandemic, insurers will face a number of challenges but will also see many new emergent opportunities in the medium to long term. As such, FBC Insurance will continuously direct effort towards product development with special emphasis on micro insurance and the underwriting of foreign currency denominated business. During the year, the Group attained a zero rating on all FBC applications, including the FBC YakO! Digital Insurance app. The business will continue to seek opportunities to optimise digital solutions as a means to enhance customer service and interaction.

FBC Reinsurance Limited (FBC Reinsurance)
The Group's reinsurance company achieved a profit before tax of ZWL 714 million attributable to improved cost containment measures and consistent underwriting business capabilities. The Covid-19 pandemic induced growth in insurance claims triggering widespread discomfort relating to insurance coverage and insurance aggregation. As a result, global insurance trends have witnessed increased provision and demand for parametric insurance, which focusses on the payment of insurance based on the magnitude of event as opposed to the magnitude of losses as contained in traditional indemnity policies. Looking ahead, FBC Reinsurance will research and assess the feasibility of parametric insurance adoption and application in the local market.

The movement towards the use of solar energy is increasing pace supported by key growth sectors such as agriculture. FBC Reinsurance envisages opportunities for insurance growth in both the agriculture and renewable energy facets of the economy. With the coming into effect of both Zimbabwe Integrated Capital And Risk Programme (ZICARP) and International Reporting Standards (IFRS) 17 - Insurance contracts, capital preservation and performance remain critical to the company's sustained profitability. FBC Reinsurance initiatives to expand operations outside the country have gained traction with the possibility of commencing business in 2022.

FBC Securities (Pvt) Limited (FBC Securities)
FBC Securities recorded a profit before tax position of ZWL94.6 million largely anchored in unit's net fee and commission income that increased fourfold from prior year. The unit managed to execute a number of high value transactions strengthening the unit's performance. We remain confident of the unit's deal origination and execution capabilities and look forward to benefiting from recent capital market developments.

Capitalisation
To promote resilience and confidence in the financial services sector, the Reserve Bank of Zimbabwe reviewed minimum capital requirements for banking institutions to the equivalent of USD based benchmarks. On the other hand, the Insurance and Pension Commission introduced the Zimbabwe Integrated Capital and Risk Programme (ZICARP), which is a risk based capital framework. Initiatives are underway to implement ZICARP for the insurance subsidiaries. All Group subsidiaries as at 31 December 2021 were in full compliance with the minimum capital requirements. The Group's subsidiaries improved their capital positions through organic growth and shareholder capital injection. Capital preservation and growth remains core to the Group's overall strategic objectives.

Compliance and Regulatory Developments
The regulatory and compliance environment continues to increase in complexity thus increasing the Group's compliance burden. The period under review saw the promulgation of new legislation regarding Data and Deposit Protection as well as the publication of the Insurance Bill.

Following the Financial Action Task Force's (FATF) October 2021 plenary session, the FATF made an initial determination that Zimbabwe had substantially completed its action plan and an onsite assessment to verify the implementation of Zimbabwe's AML/CFT reforms was undertaken in January 2022. At the FATF plenary session held at the beginning of March 2022, Zimbabwe was removed from the FATF's listing of countries requiring increased monitoring/grey list. The removal from the grey list is a welcome development, which has endorsed Zimbabwe's credentials as a responsible member of the global financial system. This is anticipated to result in increased international trade and foreign direct investment.

The Group remains committed to the adherence to 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 towards measures to mitigate the same. For the year ended 31 December 2021, there are no material non-compliance issues to laws and regulations.

Our Approach to Risk Management
The Group's risk profile continues to evolve due to emerging and mutating traditional risks. The Covid-19 pandemic, macroeconomic developments and rapid technological developments have brought to the fore new risks, which the Group has had to quickly adapt to and acknowledge. The Group undertook multiple scenario planning exercises and has had to remodel its operations in response to environmental changes.

The Group's Risk Management Framework encompasses a blend of regulatory frameworks and international best practices, which define provisions of board and senior management oversight; risk identification; measurement, monitoring and control. Group policies and procedures are reviewed in line with best practice standards and regulatory requirements. Resources have been availed towards the automation of risk processes to improve customer service, operational efficiency and the internal control environment.

In line with the Group's digital and innovation strategy, the institution has been developing digitally inclined products and services to suit evolving customer needs and requirements. As such, cyber risk has emerged as a material threat due to heavy reliance on technology in providing solutions and services for our customers. Consequently, a number risk mitigating solutions have been deployed in our technology environment to reduce the Group's vulnerability to cyber threats.

The Group will continue to leverage its risk management capabilities in support of the overall business strategy. We forecast that uncertainty and rapid change will remain as features of our operating environment in the years to come. The organization remains alert to the on-going impact of Covid-19 on the Group, employees, clients and the markets we serve.

Information Technology, Digital Transformation and Innovation
The relevance of technology in service delivery under a Covid-19 conscious business environment cannot be understated and has become more critical than ever. FBC Group has continued to focus on strengthening its digital capability by improving infrastructure, services and upgrading employee skill sets. FBC Holdings refreshed its hardware infrastructure and reduced the time lag in the delivery of route to market technology solutions.

In our endeavour to deliver a flawless customer experience, the availability of services through digital channels 24/7, electronic access to our contact centre, backed by staff being able to work remotely, were all key fundamentals required to deliver a unique customer experience. Special deliberate focus was also placed on the automation of IT back office functions as a means of enabling a seamless, end-to-end service.

In the midst of the Covid-19 turbulence, FBC Group will continue to monitor developments in the technology space such as Cloud, Data Fabric and Total Experience, which amongst other solutions can further enhance product offering and customer experience. In an environment where both retail and corporate customers have become more conversant of technological developments, FBC Holdings is ready to engage and forge new partnerships to address specific customer requirements.

Risks to the highly digitalized operating environment cannot be over emphasized with Cyber Security becoming of topical concern. As such, FBC Holdings has re-organized the duty of care around cyber security by strengthening its Information Security portfolio to ensure a better response to the ever-evolving threat landscape. The revised model, takes into consideration the basic security principles, practical realities and the challenges of digital transformation, matching it to the information security program, enterprise strategy and to digital business requirements.

With the notable increase in sophistication, frequency and persistence of cyber risks, there is a corresponding increase in regulations and guidelines being adopted at a national level. These seek to outline the minimum requirements that financial institutions should build upon in the development and implementation of their cyber security strategies. In this regard, the Group is pleased to advise of its high compliance levels to the frameworks emanating from the central bank. FBCH is prepared to tackle the newly introduced Data Protection Act, with some of the processes already in existence around Data Leakage Protection technical tools. As more cloud native services and solutions are also being adopted, the Group has introduced a third party risk management framework to guide the increasing number of business partnerships, from a cyber-security perspective. The framework is complimented by automated security monitoring tools for timely detection and remediation.

FBC Holdings Response to Covid-19
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:

- Creation of an internal covid-19 taskforce to quickly respond to any emergent heightened risks and to implement appropriate mitigatory measures, policies and practices.
- The adoption of Group wide vaccinations as a key mitigation measure resulting in a 100% vaccination level among employees and zero mortality in 2021.
- 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 company-wide testing across all business units and provision of treatment drugs and medical support services where needed by employees.
- 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) or remote working arrangements where employee office presence is restricted to limited numbers.
- Provision of company transport to ferry staff to and from work to avoid them being subjected to community infections through use of public transport.

Business Continuity Processes have been realigned and will continue to be reviewed in line with the evolving nature of the Covid-19 pandemic.

Our Approach to Human Capital Development
FBC Holdings is an equal opportunity employer that is committed to the creation of a conducive environment in which employee productivity is optimised. Consequently, the Group attaches importance and value to talent acquisition, development and retention, which are critical in sustaining its ability to serve customers and stakeholders. In this regard, a significant amount of resources is provided to continuous skills development and training so that at any point in time the company is sufficiently resourced in order to deliver its strategic and operational goals and objectives. The Group has put in place a competitive remuneration and reward system to compensate employees for their effort and service.

The Group also invests in creating strong employee engagement, is committed to putting in place the right human capital management policies, and practices that raise employee commitment, motivation and positive employee relations, which are a critical ingredient in ensuring employees' productivity, creativity and innovativeness. In 2021, the Group registered a level of employee engagement that was not only positive but also higher than that recorded in 2020 bearing testimony to the efficacy of its human capital management and development policies. The positive correlation between higher employee engagement and increased productivity is reflected in the Group's level of financial performance.

The Group will continue to scan the environment with a view to sharpening its ability to develop human capital management policies through infusion of best practice and modern thinking into its talent management policies.

Our Environment, Social and Governance (ESG) Priorities
To ensure long-term business viability and competitiveness, FBC Holdings has expanded its focus on ESG matters so as contribute positively towards "a green" and inclusive economic growth. During the review period, the organization strengthened its ESG policy framework, which underpins the Group's ESG principles to guide in the formulation of the corporate strategy.

In 2021, the Group launched the FBCH Climate Positive Agenda, which is in line with the Group's climate change and sustainability strategy. Our central focus is on the creation of a sustainable, profitable, resilient, value-driven, innovative and responsible business, which is fit for a sustainable future.

At FBC Holdings, we believe in the transparency and continuous improvement of our sustainability performance. As such, we have put in place a framework to track, monitor and manage our ESG priorities as well as non-financial metrics to improve the quality of the data disclosed in our reports.

A fully-fledged Climate Finance Department was also set up to focus on designing climate-related financial products in the sustainable financial markets, managing, and improving the Group's sustainability performance to enhance the Group's impact.

Sustainability is increasingly becoming an integral part of how we operate. As FBC Holdings, we appreciate that "going green" is the only strategy that can optimize a business's operations within the 21st Century. However, globally, growth prospects are likely going to be influenced by the developments and resolution of the conflict in eastern Europe.

Outlook
The outlook for 2022 is positive, largely encouraged by the alleviation of global restrictions and reduced fears around Covid-19. Domestic economic recovery is expected to be driven by construction, mining (as international commodity prices increase), as well as accommodation and food services. Downside risks relate to supply side disruptions which, when combined with increasing inflationary pressures and rising consumer prices, could put a strain on the attainment of key performance benchmarks envisaged by the Group.

As governments, businesses and citizens start to look towards the new reality of life post Covid-19, key considerations relate to environmental, social and governance (ESG) issues. The Group will continue to seek out opportunities to strengthen its balance sheet position and optimise shareholder value as well as customer service delivery.

Appreciation
My sincere appreciation goes out to all our valued stakeholders and customers who have remained loyal and have demonstrated unwavering support towards the FBC Holdings Limited Brand. To our customers we would like to express our strong commitment to serve by reaffirming our promise, "You matter most."

I am very grateful to my fellow directors for their excellent work this year. The stakes have never been higher, and the decisions never more difficult. I am equally grateful to the Group's employees, all of whom have worked with extraordinary discipline and dedication. Thank you all.

As we continue the fight against Covid-19, it is our endeavour to do our part as FBC Holdings and create a safe and cordial transacting environment for our clients, employees, their families and the nation at large.

Dr. John Mushayavanhu
Group Chief Executive

31 March 2022

FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2021

AUDIT OPINION

The Auditors of the Group, KPMG have audited the financial results 'of the Group for the year ended 31 December 2021. The audit report is unqualified.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	Audited Inflation Adjusted 31 Dec 2021 ZWL	Audited Inflation Adjusted 31 Dec 2020 ZWL	Unaudited Historical Cost* 31 Dec 2021 ZWL	Unaudited Historical Cost* 31 Dec 2020 ZWL
Interest income calculated using the effective interest method	18	6 492 510 340	4 189 961 515	5 251 560 294	1 762 265 737
Interest expense	18.1	(1 397 686 112)	(1 451 424 903)	(1 031 726 763)	(605 774 749)
Net interest income		**5 094 824 228**	**2 738 536 612**	**4 219 833 531**	**1 156 490 988**
Fee and commission income	19	3 381 853 445	1 989 666 183	2 739 394 072	849 278 703
Fee and commission expense	19.1	(23 819 437)	(27 674 985)	(18 802 373)	(10 622 685)
Net fee and commission income		**3 358 034 008**	**1 961 991 198**	**2 720 591 699**	**838 656 018**
Revenue	20	602 632 797	44 580 715	345 152 838	10 812 476
Cost of sales	20,1	(342 125 037)	(36 838 183)	(214 879 887)	(6 948 589)
Net income from property sales		**260 507 760**	**7 742 532**	**130 272 951**	**3 863 887**
Insurance premium revenue	21	2 608 824 885	1 943 480 932	1 899 843 672	749 282 711
Premium ceded to reinsurers and retrocessionaires		(831 383 827)	(585 948 128)	(633 154 154)	(280 131 308)
Net earned insurance premium		**1 777 441 058**	**1 357 532 804**	**1 266 689 518**	**469 151 403**
Revenue		**10 490 807 054**	**6 065 803 146**	**8 337 387 699**	**2 468 162 296**
Net foreign currency dealing and trading income		3 277 857 551	5 560 868 597	3 101 257 685	3 153 911 932
Net gain from financial assets at fair value through profit or loss	22	2 448 169 083	1 151 768 416	2 498 187 805	752 575 545
Other operating income	23	1 690 973 709	317 704 318	2 387 918 323	834 064 585
Total other income		**7 417 000 343**	**7 030 341 331**	**7 987 363 813**	**4 740 552 062**
Total net income		**17 907 807 397**	**13 096 144 477**	**16 324 751 512**	**7 208 714 358**
Credit impairment losses	5.4	(459 271 860)	(220 950 165)	(459 271 860)	(137 460 519)
Insurance commission expense	24	(278 616 085)	(446 303 581)	(190 458 281)	(171 381 719)
Insurance commission recovered from reinsurers	24	170 139 837	150 468 928	136 568 007	74 908 190
Insurance claims and loss adjustment expenses	25	(924 172 264)	(760 882 828)	(742 048 929)	(332 365 872)
Insurance claims and loss adjustment expenses recovered from reinsurers	25	95 824 079	169 009 698	67 256 653	72 639 026
Administrative expenses	26	(8 979 869 284)	(7 236 863 251)	(7 421 269 188)	(3 100 788 438)
Monetary loss		(2 580 497 189)	(2 186 467 879)	-	-
Profit before income tax		**4 951 344 631**	**2 564 155 399**	**7 715 527 914**	**3 614 265 026**
Income tax expense	27	(610 618 198)	(126 919 270)	(844 386 292)	(400 887 352)
Profit for the year		**4 340 726 433**	**2 437 236 129**	**6 871 141 622**	**3 213 377 674**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Gains/(loss) on property revaluation		1 064 278 257	(279 979 622)	2 172 804 063	1 308 825 402
Tax		(116 649 119)	105 427 318	(374 803 696)	(204 497 453)
		947 629 138	**(174 552 304)**	**1 798 000 367**	**1 104 327 949**
Items that may be subsequently reclassified to profit or loss					
Gain on financial assets at fair value through other comprehensive income		117 610 595	55 652 653	117 610 595	34 623 385
Tax		(1 954 992)	(1 190 625)	(1 954 992)	(740 728)
		115 655 603	**54 462 028**	**115 655 603**	**33 882 657**
Total other comprehensive income, net income tax		**1 063 284 741**	**(120 090 276)**	**1 913 655 970**	**1 138 210 606**
Total comprehensive income for the year		**5 404 011 174**	**2 317 145 853**	**8 784 797 592**	**4 351 588 280**
Profit attributable to:					
Equity holders of the parent		4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
Non - controlling interest		2 002 196	2 810 250	3 291 642	1 684 288
Profit for the year		**4 340 726 433**	**2 437 236 129**	**6 871 141 622**	**3 213 377 674**
Total comprehensive income attributable to:					
Equity holders of the parent		5 398 977 388	2 314 109 655	8 774 791 293	4 344 033 188
Non - controlling interest		5 033 786	3 036 198	10 006 299	7 555 092
Total comprehensive income for the year		**5 404 011 174**	**2 317 145 853**	**8 784 797 592**	**4 351 588 280**
Earnings per share (ZWL cents)					
Basic earnings per share	28.1	689.22	391.96	1 090.98	517.10
Diluted earnings per share	28.2	689.22	391.96	1 090.98	517.10
Headline earnings per share	28.3	689.84	404.75	1 091.19	519.11

*The historical amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical cost financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Audited Inflation Adjusted 31 Dec 2021 ZWL	Audited Inflation Adjusted 31 Dec 2020 ZWL	Unaudited Historical Cost* 31 Dec 2021 ZWL	Unaudited Historical Cost* 31 Dec 2020 ZWL
ASSETS					
Balances with other banks and cash	4	17 639 586 908	16 972 840 615	17 639 586 908	10 559 374 255
Financial assets at amortised cost	5.5	1 969 724 151	1 744 740 175	1 969 724 151	1 085 461 468
Loans and advances to customers	5.1	23 533 405 098	21 447 256 750	23 533 213 273	13 342 940 672
Trade and other receivables including insurance receivables	5.2	633 247 842	835 132 449	618 741 001	485 619 884
Bonds and debentures	6	6 939 817	761 378 734	6 939 817	473 679 285
Financial assets at fair value through profit or loss	7	3 641 194 423	1 240 486 282	3 724 819 859	808 232 947
Financial assets at fair value through other comprehensive income	8	156 000 444	61 706 761	156 000 444	38 389 849
Inventory	9	308 804 007	478 540 019	102 710 413	126 312 625
Prepayments and other assets	10	6 663 158 296	3 498 144 971	6 546 709 548	2 042 880 343
Current income tax asset		23 456 625	14 712 286	23 456 625	9 153 007
Deferred tax assets		191 242 033	161 146 319	149 384 316	101 657 053
Investment property	11	4 176 376 848	1 572 825 404	4 176 376 848	978 507 514
Intangible assets	12	129 897 179	154 531 296	16 479 083	9 074 177
Property and equipment	13	4 052 073 314	2 991 707 853	4 052 073 314	1 861 241 945
Right of use asset		172 333 656	146 648 907	75 026 793	36 749 236
Total assets		**63 297 440 641**	**52 081 798 821**	**62 791 242 393**	**31 959 274 260**
EQUITY AND LIABILITIES					
Liabilities					
Deposits and borrowings from other banks and customers	14	37 006 059 055	32 907 689 525	37 006 059 055	20 472 979 005
Insurance liabilities	15	780 042 048	787 103 018	681 083 275	402 454 943
Trade and other payables	16	10 019 294 375	8 680 824 526	9 635 885 014	5 353 987 092
Current income tax liability		386 743 404	219 551 206	386 743 397	136 590 205
Deferred tax liability		649 617 610	1 251 551 064	668 583 798	642 741 559
Lease liability		82 644 783	54 358 147	82 644 775	33 818 029
Total liabilities		**48 924 401 275**	**43 901 077 526**	**48 460 999 314**	**27 042 570 833**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	17.3	874 848 915	874 848 915	14 089 892	14 089 892
Other reserves		5 127 760 359	2 654 474 475	4 515 727 159	1 490 651 987
Retained profits		8 350 383 364	4 636 384 963	9 780 717 590	3 402 259 409
Total equity, excluding non controlling interest		**14 352 992 638**	**8 165 708 353**	**14 310 534 641**	**4 907 001 288**
Non controlling interest in equity		20 046 728	15 012 942	19 708 438	9 702 139
Total equity		**14 373 039 366**	**8 180 721 295**	**14 330 243 079**	**4 916 703 427**
Total equity and liabilities		**63 297 440 641**	**52 081 798 821**	**62 791 242 393**	**31 959 274 260**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	Audited Inflation Adjusted 31 Dec 2021 ZWL	Audited Inflation Adjusted 31 Dec 2020 ZWL	Unaudited Historical Cost* 31 Dec 2021 ZWL	Unaudited Historical Cost* 31 Dec 2020 ZWL
Cash flow from operating activities					
Profit before income tax		4 951 344 631	2 564 155 399	7 715 527 914	3 614 265 026
Adjustments for non cash items:					
Depreciation	13	260 299 988	258 638 618	182 407 996	59 590 697
Amortisation charge	12	37 225 191	90 956 539	3 227 221	2 535 404
Credit impairment losses	5.4	459 271 860	220 950 165	459 271 860	137 460 519
Fair value adjustment on investment property	11	(1 450 649 618)	(279 136 817)	(2 354 373 476)	(818 937 884)
Net unrealised exchange gains and losses		4 763 213 429	(5 528 557 654)	(1 650 252 931)	(3 966 691 318)
Fair value adjustment on financial assets at fair value through profit or loss		(2 448 169 083)	(1 151 768 416)	(2 498 187 805)	(752 575 545)
Profit on disposal of property and equipment	23	3 874 294	79 447 765	1 327 995	12 494 316
Net cash generated/(used) before changes in operating assets and liabilities		**6 576 410 692**	**(3 745 314 401)**	**1 858 948 774**	**(1 711 858 785)**
Increase in financial assets at amortised cost		(143 931 539)	(369 491 434)	(803 210 246)	(894 731 202)
Decrease in loans and advances		602 352 876	9 977 833 869	(7 501 771 377)	(2 719 441 876)
Decrease/(increase) in trade and other receivables		206 066 060	(3 544 551)	(128 939 664)	(327 820 321)
Decrease/(increase) in bonds and debentures		754 438 917	114 766 149	466 739 468	(352 168 651)
Decrease/(increase) in financial assets at fair value through profit or loss		47 460 942	307 370 302	(418 399 107)	2 103 229
Decrease in financial assets at fair value through other comprehensive income		23 316 912	101 164 895	-	11 103 507
Decrease/(increase) in inventory		169 736 012	(2 919 489)	23 602 212	(112 787 049)
(Increase)/decrease in prepayments and other assets		(3 047 664 498)	695 328 168	(4 380 772 232)	(746 553 119)
(Increase) in investment property		(1 152 901 826)	(188 023 976)	(843 495 858)	(15 342 264)
Increase/(decrease) in deposits from customers		4 982 253 060	(4 508 261 758)	11 640 513 588	4 253 679 140
Increase/(decrease) in deposits from other banks		1 785 562 803	(672 566 065)	2 063 100 362	261 807 374
(Decrease)/increase in insurance liabilities		(7 060 970)	61 502 099	278 628 332	351 121 711
Increase in trade and other payables		969 421 456	82 076 584	3 912 849 529	3 087 203 939
		11 765 460 897	**1 849 920 392**	**6 167 793 781**	**1 086 315 633**
Income tax paid		(1 202 803 657)	(433 610 264)	(1 007 180 431)	(183 744 069)
Net cash generated from operating activities		**10 562 657 240**	**1 416 310 128**	**5 160 613 350**	**902 571 564**
Cash flows from investing activities					
Right of use asset		(25 684 749)	14 552 661	(38 277 557)	(28 883 683)
Purchase of intangible assets		(12 591 074)	(5 077 932)	(10 632 127)	(2 777 332)
Purchase of property and equipment		(268 636 185)	(330 715 403)	(215 414 925)	(162 835 474)
Proceeds from sale of property and equipment		4 005 375	1 876 861	3 574 159	1 088 680
Net cash used in investing activities		**(302 906 633)**	**(319 363 813)**	**(260 750 450)**	**(193 407 809)**
Cash flows from financing activities					
Lease liabilities		28 286 636	(3 140 567)	48 826 746	25 843 657
Proceeds from borrowings		2 001 513 696	943 718 720	1 716 718 100	250 064 743
Repayment of borrowings		(9 939 612 689)	631 298 794	(4 155 904 659)	610 109 170
Dividend paid to the Company's shareholders		(624 725 836)	(474 634 288)	(489 391 799)	(212 941 453)
Purchase of treasury shares		(722 846 234)	(93 186 944)	(556 216 080)	(49 051 407)
Sale of treasury shares		2 135 878 967	75 362 579	1 674 349 939	20 801 061
Net cash generated/(used in) from financing activities		**(7 121 505 460)**	**1 079 418 294**	**(1 761 617 753)**	**644 825 771**
Net increase in cash and cash equivalents		**3 138 245 147**	**2 176 364 609**	**3 138 245 147**	**1 353 989 526**
Cash and cash equivalents at beginning of the year		16 972 840 615	13 756 842 667	10 559 374 255	1 907 906 680
Effect of changes in exchange rates		3 941 967 506	11 729 760 573	3 941 967 506	7 297 478 049
Effects of inflation on cash and cash equivalents		(6 413 466 360)	(10 690 127 234)	-	-
Cash and cash equivalents at the end of year	4.2	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**

FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

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	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2020, as previously reported	417 189	874 431 726	2 676 593 372	(634 023 388)	2 274 041 632	1 912 299 247	58 038 329	103 732 857	7 265 530 964	11 976 744	7 277 507 708
Prior period error on revaluation of intangible assets	-	-	-	-	-	(921 473 615)	-	-	(921 473 615)	-	(921 473 615)
Balance as at 1 January 2020	417 189	874 431 726	2 676 593 372	(634 023 388)	2 274 041 632	990 825 632	58 038 329	103 732 857	6 344 057 349	11 976 744	6 356 034 093
Profit for the year	-	-	2 434 425 879	-	-	-	-	-	2 434 425 879	2 810 250	2 437 236 129
Other comprehensive income;											-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	(174 778 252)	-	-	(174 778 252)	225 948	(174 552 304)
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	54 462 028	-	54 462 028	-	54 462 028
Total other comprehensive income	-	-	-	-	-	(174 778 252)	54 462 028	-	(120 316 224)	225 948	(120 090 276)
Total comprehensive income	-	-	2 434 425 879	-	-	(174 778 252)	54 462 028	-	2 314 109 655	3 036 198	2 317 145 853
Transaction with owners:											
Dividend declared and paid	-	-	(474 634 288)	-	-	-	-	-	(474 634 288)	-	(474 634 288)
Treasury share sale	-	-	-	26 390 174	48 972 407	-	-	-	75 362 581	-	75 362 581
Treasury share purchase	-	-	-	(93 186 944)	-	-	-	-	(93 186 944)	-	(93 186 944)
Total transactions with owners recognised directly in equity	-	-	(474 634 288)	(66 796 770)	48 972 407	-	-	-	(492 458 651)	-	(492 458 651)
Balance as at 31 December 2020	417 189	874 431 726	4 636 384 963	(700 820 158)	2 323 014 039	816 047 380	112 500 357	103 732 857	8 165 708 353	15 012 942	8 180 721 295
Balance as at 1 January 2021	417 189	874 431 726	4 636 384 963	(700 820 158)	2 323 014 039	816 047 380	112 500 357	103 732 857	8 165 708 353	15 012 942	8 180 721 295
Profit for the year	-	-	4 338 724 237	-	-	-	-	-	4 338 724 237	2 002 196	4 340 726 433
Other comprehensive income;											
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	944 597 548	-	-	944 597 548	3 031 590	947 629 138
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	115 655 603	-	115 655 603	-	115 655 603
Total other comprehensive income	-	-	-	-	-	944 597 548	115 655 603	-	1 060 253 151	3 031 590	1 063 284 741
Total comprehensive income	-	-	4 338 724 237	-	-	944 597 548	115 655 603	-	5 398 977 388	5 033 786	5 404 011 174
Transaction with owners:											
Dividend declared and paid	-	-	(624 725 836)	-	-	-	-	-	(624 725 836)	-	(624 725 836)
Treasury share sale	-	-	-	2 135 878 967	-	-	-	-	2 135 878 967	-	2 135 878 967
Treasury share purchase	-	-	-	(722 846 234)	-	-	-	-	(722 846 234)	-	(722 846 234)
Total transactions with owners recognised directly in equity	-	-	(624 725 836)	1 413 032 733	-	-	-	-	788 306 897	-	788 306 897
Balance as at 31 December 2021	417 189	874 431 726	8 350 383 364	712 212 575	2 323 014 039	1 760 644 928	228 155 960	103 732 857	14 352 992 638	20 046 728	14 373 039 366
Unaudited Historical Cost*											
Balance as at 1 January 2020, as previously reported	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	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)	-	(241 191 800)
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
Balance as at 1 January 2021	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
Profit for the year	-	-	6 867 849 980	-	-	-	-	-	6 867 849 980	3 291 642	6 871 141 622
Other comprehensive income											
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 791 285 710	-	-	1 791 285 710	6 714 657	1 798 000 367
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	115 655 603	-	115 655 603	-	115 655 603
Total other comprehensive income	-	-	-	-	-	1 791 285 710	115 655 603	-	1 906 941 313	6 714 657	1 913 655 970
Total comprehensive income	-	-	6 867 849 980	-	-	1 791 285 710	115 655 603	-	8 774 791 293	10 006 299	8 784 797 592
Transaction with owners:											
Dividend declared and paid	-	-	(489 391 799)	-	-	-	-	-	(489 391 799)	-	(489 391 799)
Treasury share sale	-	-	-	304 665 239	1 369 684 700	-	-	-	1 674 349 939	-	1 674 349 939
Treasury share purchase	-	-	-	(556 216 080)	-	-	-	-	(556 216 080)	-	(556 216 080)
Total transactions with owners recognised directly in equity	-	-	(489 391 799)	(251 550 841)	1 369 684 700	-	-	-	628 742 060	-	628 742 060
Balance as at 31 December 2021	6 719	14 083 173	9 780 717 590	(311 545 490)	1 419 826 338	3 253 383 494	152 392 146	1 670 671	14 310 534 641	19 708 438	14 330 243 079

*The historical amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical cost financial information.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2021

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 31 March 2022.

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 24:03), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), 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, property and equipment and intangible assets.

The principal accounting policies

The principal accounting policies applied in the preparation of the Group consolidation financial statements are in compliance with IFRS 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).

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 Stated Dollar (USD).

The Group adopted the following official cross rates against major currencies for the year ended 31 December 2021.

Currency	31 Dec 2021 Cross rate	31 Dec 2020 Cross rate
British pound ("GBP")	146.6829	111.4387
SA rand ("ZAR")	0.1465	0.1790
Euro ("EUR")	122.9344	100.5487
Pula ("BWP")	9.2268	7.5741
United states dollar ("USD")	108.666	81.7866

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 of loss for the year ended 31 December 2021 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 2021
CPI as at 31 December 2019	551.6	7.2103
CPI as at 31 December 2020	2 474.5	1.6073
CPI as at 31 December 2021	3 977.4	1

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.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

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.

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

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Segment reporting

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.

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, inventory, insurance liabilities, investment property, property and equipment and unlisted investments.

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
4 BALANCES WITH BANKS AND CASH				
4.1 Balances with Reserve Bank of Zimbabwe ("RBZ")				
Current account balances	1 887 336 428	1 031 166 659	1 887 336 428	641 523 415
Balances with banks and cash				
Notes and coins	4 771 363 461	5 468 069 505	4 771 363 461	3 401 869 708
Other bank balances	10 980 887 019	10 473 604 451	10 980 887 019	6 515 981 132
	15 752 250 480	**15 941 673 956**	**15 752 250 480**	**9 917 850 840**
Balances with banks and cash (excluding bank overdrafts)	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
Current	17 639 586 908	16 972 840 615	17 639 586 908	10 559 374 255
Non-current	-	-	-	-
Total	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
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)	1 887 336 428	1 031 166 659	1 887 336 428	641 523 415
Balances with banks and cash (note 4.1)	15 752 250 480	15 941 673 956	15 752 250 480	9 917 850 840
	17 639 586 908	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
5 FINANCIAL ASSETS				
5.1 Loans and advances to customers				
Loans and advance maturities				
Maturing within 1 year	8 250 556 169	10 956 400 560	8 250 556 169	6 816 226 654
Maturing after 1 year	15 807 560 158	10 724 513 995	15 807 368 333	6 672 080 387
Gross carrying amount	**24 058 116 327**	**21 680 914 555**	**24 057 924 502**	**13 488 307 041**
Impairment allowance	(524 711 229)	(233 657 805)	(524 711 229)	(145 366 369)
	23 533 405 098	**21 447 256 750**	**23 533 213 273**	**13 342 940 672**

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
5.2 Trade and other receivables including insurance receivables				
Retail trade and other receivables	16 996 587	87 908 512	16 996 587	54 690 838
- Due by insurance clients and insurance brokers	586 398 121	521 627 887	586 398 121	324 522 230
- Due by reinsurers	(34 834 613)	260 176 732	(49 341 454)	127 920 620
- Due by retrocessionaires	166 674 316	8 477 019	166 674 316	5 273 838
Gross carrying amount	**735 234 411**	**878 190 150**	**720 727 570**	**512 407 526**
Impairment allowance	(101 986 569)	(43 057 701)	(101 986 569)	(26 787 642)
	633 247 842	**835 132 449**	**618 741 001**	**485 619 884**
Current	628 541 395	827 567 439	614 034 554	480 913 437
Non-current	4 706 447	7 565 010	4 706 447	4 706 447
Total	**633 247 842**	**835 132 449**	**618 741 001**	**485 619 884**

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 armotised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Movement in credit impairment losses						
Balance at 01 January 2020	4 500 990	24 722 922	309 787 220	6 960 536	1 143 015	347 114 683
Effects of IAS 29	(3 497 617)	(19 211 617)	(240 728 551)	(5 408 875)	(888 211)	(269 734 871)
Impairment loss allowance	2 530 686	39 395 091	165 590 075	6 360 999	7 073 314	220 950 165
Amounts written off /reversals during the year	-	-	(990 939)	-	-	(990 939)
Impairment reversal	-	(1 848 695)	-	-	-	(1 848 695)
Balance as at 31 December 2020	**3 534 059**	**43 057 701**	**233 657 805**	**7 912 660**	**7 328 118**	**295 490 343**
Balance at 01 January 2021	3 534 059	43 057 701	233 657 805	7 912 660	7 328 118	295 490 343
Effects of IAS 29	(1 335 402)	(16 270 059)	(88 291 436)	(2 989 929)	(2 769 050)	(111 655 876)
Impairment loss allowance	(2 159 429)	76 329 799	374 207 805	6 250 054	4 643 631	459 271 860
Amounts written off /reversals during the year	-	17 013	5 137 055	-	-	5 154 068
Impairment reversal	-	(1 147 885)	-	(170 760)	-	(1 318 645)
Balance as at 31 December 2021	**39 228**	**101 986 569**	**524 711 229**	**11 002 025**	**9 202 699**	**646 941 750**
Unaudited Historical Cost						
Movement in credit impairment losses						
Balance at 01 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**
Balance at 01 January 2021	2 198 657	26 787 642	145 366 369	4 922 733	4 559 068	183 834 469
Impairment loss allowance	(2 159 429)	76 329 799	374 207 805	6 250 054	4 643 631	459 271 860
Amounts written off /reversals during the year	-	17 013	5 137 055	-	-	5 154 068
Impairment reversal	-	(1 147 885)	-	(170 762)	-	(1 318 647)
Balance as at 31 December 2021	**39 228**	**101 986 569**	**524 711 229**	**11 002 025**	**9 202 699**	**646 941 750**

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
5.5 Financial assets at amortised cost				
Maturing within 1 year	1 943 045 023	1 721 095 547	1 943 045 023	1 070 751 350
Maturing after 1 year	37 681 153	31 557 288	37 681 153	19 632 851
Gross carrying amount	**1 980 726 176**	**1 752 652 835**	**1 980 726 176**	**1 090 384 201**
Impairment allowance	(11 002 025)	(7 912 660)	(11 002 025)	(4 922 733)
	1 969 724 151	**1 744 740 175**	**1 969 724 151**	**1 085 461 468**
6 BONDS AND DEBENTURES				
Maturing within 1 year	-	754 411 593	-	469 344 792
Maturing after 1 year	6 979 045	10 501 200	6 979 045	6 533 150
Gross carrying amount	**6 979 045**	**764 912 793**	**6 979 045**	**475 877 942**
Impairment allowance	(39 228)	(3 534 059)	(39 228)	(2 198 657)
	6 939 817	**761 378 734**	**6 939 817**	**473 679 285**
Bonds have fixed interest rates of 7%. They mature on 31 March 2024				
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities at market value	3 260 344 951	833 773 871	3 343 970 387	555 203 495
Unlisted securities	380 849 472	325 059 533	380 849 472	202 230 454
Suspended securities	-	81 652 878	-	50 798 998
	3 641 194 423	**1240 486 282**	**3 724 819 859**	**808 232 947**
Current	3 641 194 423	1 146 580 195	3 724 819 859	749 810 816
Non-current	-	93 906 087	-	58 422 131
Total	**3 641 194 423**	**1 240 486 282**	**3 724 819 859**	**808 232 947**
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 and the Johannesburg Stock Exchange at year end.				
8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Listed securities at market value	**156 000 444**	**61 706 761**	**156 000 444**	**38 389 849**
Current	156 000 444	61 706 761	156 000 444	38 389 849
Non-current	-	-	-	-
	156 000 444	**61 706 761**	**156 000 444**	**38 389 849**
9 INVENTORY				
Raw materials	20 565 225	33 055 963	19 801 554	15 486 307
Work in progress	288 238 782	445 484 056	82 908 859	110 826 318
Finished goods	-	-	-	-
	308 804 007	**478 540 019**	**102 710 413**	**126 312 625**
Current	308 804 007	478 540 019	102 710 413	126 312 625
Non-current	-	-	-	-
Total	**308 804 007**	**478 540 019**	**102 710 413**	**126 312 625**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2021

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
10 PREPAYMENTS AND OTHER ASSETS				
Prepayments	624 578 298	975 447 125	595 766 209	515 326 835
Deferred acquisition costs	115 862 149	88 632 147	74 570 505	38 894 642
Refundable deposits for Mastercard and Visa transactions	486 731 417	453 608 982	486 731 417	282 205 384
Stationery stock and other consumables	5 007 902	8 049 561	2 334 661	1 503 300
Time - share asset	27 787 500	27 374 643	27 787 500	17 030 685
Legacy debt assets	-	1 657 750 138	-	1 031 342 044
Zimswitch receivables	294 129 087	133 344 027	294 129 087	82 957 798
Bill payments receivables	14 725 210	31 884 218	14 725 210	19 836 243
RBZ NNCD and auction system balances	4 839 194 228	-	4 839 194 228	-
Capital work in progress	150 236 070	95 488 305	82 538 666	41 874 266
Other	104 906 435	26 565 825	128 932 065	11 909 146
	6 663 158 296	**3 498 144 971**	**6 546 709 548**	**2 042 880 343**
Current	6 176 426 880	1 945 032 513	6 059 978 131	1 187 919 497
Non-current	486 731 416	1 553 112 458	486 731 417	854 960 846
Total	**6 663 158 296**	**3 498 144 971**	**6 546 709 548**	**2 042 880 343**
11 INVESTMENT PROPERTY				
Balance as at 1 January	1 572 825 404	1 112 445 527	978 507 514	154 282 658
Additions	340 336 568	188 023 976	323 919 264	15 342 264
Fair value adjustment	1 450 649 618	279 136 817	2 354 373 476	818 937 884
Disposals	-	(25 765 205)	-	(12 688 182)
Transfer from property and equipment	-	18 984 289	-	2 632 890
Transfer from inventory	812 565 258	-	519 576 594	-
Balance as at 31 December	**4 176 376 848**	**1 572 825 404**	**4 176 376 848**	**978 507 514**
Non-current	4 176 376 848	1 572 825 404	4 176 376 848	978 507 514
Total	**4 176 376 848**	**1 572 825 404**	**4 176 376 848**	**978 507 514**

For the year 2021 valuations have been done in ZWL as opposed the US$ resulting in a change of accounting estimate. There are still few ZWL transactions which indicates material uncertainty in ZWL valuations.

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
12 INTANGIBLE ASSETS				
Year ended 31 December				
Opening net book amount	154 531 296	240 409 122	9 074 177	8 832 356
Additions	12 591 074	5 077 932	10 632 127	2 777 332
Adjustment to cost	-	781	-	(107)
Amortisation charge	(37 225 191)	(90 956 539)	(3 227 221)	(2 535 404)
Closing net book amount	**129 897 179**	**154 531 296**	**16 479 083**	**9 074 177**
As at 31 December				
Cost	620 933 908	608 342 834	28 356 776	17 724 649
Accumulated amortisation	(491 036 729)	(453 811 538)	(11 848 466)	(8 621 245)
Accumulated impairment	-	-	(29 227)	(29 227)
Net book amount	**129 897 179**	**154 531 296**	**16 479 083**	**9 074 177**

13 PROPERTY AND EQUIPMENT

Audited Inflation Adjusted	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2020						
Opening net book amount	1 816 538 204	-	994 825 035	160 874 244	331 896 214	3 304 133 697
Additions	8 762 838	79 051 819	74 935 014	15 047 360	152 918 372	330 715 403
Revaluation of property	145 471 787	6 980 816	(668 852 338)	208 140 914	(1 698 100)	(309 956 921)
Transfer to investment property	(18 984 289)	-	-	-	-	(18 984 289)
Adjustment to cost	-	22 823 666	(1 993)	-	(22 823 666)	(1 993)
Disposals	-	-	(619 018)	(1 863)	(54 938 545)	(55 559 426)
Depreciation	(24 413 334)	(4 334 293)	(111 102 006)	(64 974 282)	(53 814 703)	(258 638 618)
Closing net book amount	**1 927 375 206**	**104 522 008**	**289 184 694**	**319 086 373**	**351 539 572**	**2 991 707 853**
As at 31 December 2020						
Cost or valuation	2 007 442 437	108 856 301	675 516 427	923 810 097	554 241 114	4 269 866 376
Accumulated depreciation	(80 067 231)	(4 334 293)	(386 331 733)	(604 723 724)	(202 701 542)	(1 278 158 523)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**1 927 375 206**	**104 522 008**	**289 184 694**	**319 086 373**	**351 539 572**	**2 991 707 853**
Year ended 31 December 2021						
Opening net book amount	1 927 375 206	104 522 008	289 184 694	319 086 373	351 539 572	2 991 707 853
Additions	7 758 219	8 549 207	102 121 200	67 878 383	82 329 176	268 636 185
Revaluation of property	491 087 054	48 931 738	98 527 521	223 761 800	197 600 823	1 059 908 936
Adjustment to cost	-	-	(3)	-	-	(3)
Disposals	(552 094)	-	(339 898)	-	(6 987 677)	(7 879 669)
Depreciation	(25 780 620)	(8 256 277)	(72 792 947)	(80 505 008)	(72 965 136)	(260 299 988)
Closing net book amount	**2 399 887 765**	**153 746 676**	**416 700 567**	**530 221 548**	**551 516 758**	**4 052 073 314**
As at 31 December 2021						
Cost or valuation	2 505 735 616	166 337 246	875 825 247	1 215 450 280	827 183 436	5 590 531 825
Accumulated depreciation	(105 847 851)	(12 590 570)	(459 124 680)	(685 228 732)	(275 666 678)	(1 538 458 511)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**2 399 887 765**	**153 746 676**	**416 700 567**	**530 221 548**	**551 516 758**	**4 052 073 314**
Unaudited Historical Cost						
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**
Year ended 31 December 2021						
Opening net book amount	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 945
Additions	5 748 406	6 886 260	80 220 203	54 357 413	68 202 643	215 414 925
Revaluation of property	1 217 521 713	92 574 780	218 403 665	303 900 625	330 325 811	2 162 726 594
Disposals	(343 476)	-	(211 410)	-	(4 347 268)	(4 902 154)
Depreciation	(22 264 002)	(10 741 016)	(60 789 384)	(27 254 545)	(61 359 049)	(182 407 996)
Closing net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**
As at 31 December 2021						
Cost or valuation	2 431 007 601	164 487 692	514 091 610	565 696 432	625 981 125	4 301 264 460
Accumulated depreciation	(31 441 355)	(10 741 016)	(95 489 028)	(37 071 814)	(74 190 129)	(248 933 342)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
14 DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS				
14.1 Deposits from customers				
Demand deposits	20 931 857 002	14 574 403 941	20 931 857 002	9 067 226 238
Promissory notes	3 027 023 545	1 993 051 285	3 027 023 545	1 239 944 150
Other time deposits	1 999 785 225	1 053 217 960	1 999 785 225	655 242 270
	25 958 665 772	**17 620 673 186**	**25 958 665 772**	**10 962 412 658**
Current	25 958 665 772	17 553 673 481	25 958 665 772	10 920 729 891
Non-current	-	66 999 705	-	41 682 767
Total	**25 958 665 772**	**17 620 673 186**	**25 958 665 772**	**10 962 412 658**
14.2 Deposits from other banks				
Money market deposits	2 585 406 238	734 485 922	2 585 406 238	456 948 363
Current	**2 585 406 238**	**734 485 922**	**2 585 406 238**	**456 948 363**
14.3 Borrowings				
Bank borrowings	-	-	-	-
Foreign lines of credit	8 521 419 889	14 378 925 499	8 521 419 889	8 945 612 533
Other borrowings	(59 432 844)	173 604 918	(59 432 844)	108 005 451
	8 461 987 045	**14 552 530 417**	**8 461 987 045**	**9 053 617 984**
Current	8 423 209 664	6 536 033 532	8 423 209 664	4 066 286 002
Non-current	38 777 381	8 016 496 885	38 777 381	4 987 331 982
Total	**8 461 987 045**	**14 552 530 417**	**8 461 987 045**	**9 053 617 984**
Total deposits and borrowings	**37 006 059 055**	**32 907 689 525**	**37 006 059 055**	**20 472 979 005**

14.4 Deposit concentration	2021 ZWL	%	2020 ZWL	%
Audited Inflation Adjusted				
Agriculture	2 132 419 671	6%	1 534 943 697	5%
Construction	2 257 596 752	6%	842 750 187	3%
Wholesale and retail trade	3 077 469 298	8%	1 772 162 268	6%
Public sector	3 681 538 522	10%	3 261 632 775	10%
Manufacturing	3 021 126 961	8%	2 368 513 601	7%
Telecommunication	2 040 911 829	6%	1 588 189 352	5%
Transport	1 981 500 815	5%	1 083 273 662	3%
Individuals	1 978 566 134	5%	1 590 706 999	5%
Financial services	12 178 199 303	33%	15 877 595 046	49%
Mining	3 916 244 139	11%	1 916 843 564	6%
Other	740 485 631	2%	1 071 078 374	3%
	37 006 059 055	**100%**	**32 907 689 525**	**100%**
Unaudited Historical Cost				
Agriculture	2 132 419 671	6%	954 940 032	5%
Construction	2 257 596 752	6%	524 303 199	3%
Wholesale and retail trade	3 077 469 298	8%	1 102 521 673	5%
Public sector	3 681 538 522	10%	2 029 171 306	10%
Manufacturing	3 021 126 961	8%	1 473 531 868	7%
Telecommunication	2 040 911 829	6%	988 065 942	5%
Transport	1 981 500 815	5%	673 940 932	3%
Individuals	1 978 566 134	5%	989 632 255	5%
Financial services	12 178 199 303	33%	9 877 985 198	48%
Mining	3 916 244 139	11%	1 192 532 767	6%
Other	740 485 631	2%	666 353 833	3%
	37 006 059 055	**100%**	**20 472 979 005**	**100%**

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
15 INSURANCE LIABILITIES				
Gross outstanding claims	228 375 961	219 324 599	225 517 396	113 175 075
Liability for unearned premium	551 666 087	567 778 419	455 565 879	289 279 868
	780 042 048	**787 103 018**	**681 083 275**	**402 454 943**
Current	**780 042 048**	**787 103 018**	**681 083 275**	**402 454 943**
16 TRADE AND OTHER PAYABLES				
Trade and other payables	3 845 754 876	1 403 542 512	3 549 007 199	873 190 941
Deferred income	254 652 784	499 479 469	167 991 100	264 097 525
Visa and MasterCard settlement payables	793 257 727	821 128 444	793 257 727	510 851 586
TT Resdex inwards	65 967 260	73 416 878	65 967 260	45 675 106
RBZ cash cover	3 156 358 472	4 284 379 529	3 156 358 472	2 665 456 415
Zimswitch settlement	117 280 553	70 836 550	117 280 553	44 069 797
Instant banking balances	173 416 384	90 139 971	173 416 384	56 079 104
Other liabilities	468 223 119	845 884 099	468 223 118	526 252 911
Legacy debt interest payable	-	389 914 969	-	242 579 199
Intermediary tax	302 084 861	175 139 537	302 084 861	108 960 189
Customer funds awaiting payment	842 298 339	26 962 568	842 298 339	16 774 319
	10 019 294 375	**8 680 824 526**	**9 635 885 013**	**5 353 987 092**
Current	5 831 012 256	8 060 280 685	5 534 264 579	5 014 571 355
Non-current	4 188 282 119	620 543 841	4 101 620 435	339 415 737
Total	**10 019 294 375**	**8 680 824 526**	**9 635 885 014**	**5 353 987 092**
17 SHARE CAPITAL AND SHARE PREMIUM				
17.1 Authorised				
Number of ordinary shares, with a nominal value of ZWL0,00001	800 000 000	800 000 000	800 000 000	800 000 000
17.2 Issued and fully paid				
Number of ordinary shares, with a nominal value of ZWL0,00001	671 949 927	671 949 927	671 949 927	671 949 927

17.3 Share capital movement	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
Audited Inflation Adjusted				
As at 1 January 2020	**671 949 927**	**417 189**	**874 431 726**	**874 848 915**
Share issue	-	-	-	-
As at 31 December 2020	**671 949 927**	**417 189**	**874 431 726**	**874 848 915**
Share issue	-	-	-	-
As at 31 December 2021	**671 949 927**	**417 189**	**874 431 726**	**874 848 915**
Unaudited Historical Cost				
As at 1 January 2020	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
Share issue	-	-	-	-
As at 31 December 2020	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
Share issue	-	-	-	-
As at 31 December 2021	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
18	**INTEREST INCOME**				
	Cash and cash equivalents	30 121 426	41 552 878	25 373 000	21 292 203
	Loans and advances to other banks	295 737 325	335 173 650	238 234 993	142 093 101
	Loans and advances to customers	4 956 396 326	3 113 434 666	4 004 414 634	1 301 664 012
	Banker's acceptances and tradable bills	895 020 138	608 476 670	717 323 002	258 302 254
	Other interest income	315 235 125	91 323 651	266 214 665	38 914 167
		6 492 510 340	**4 189 961 515**	**5 251 560 294**	**1 762 265 737**
	Credit related fees that are an intergral part of the effective interest on loans and advances have been classified under interest income.				
18.1	**Interest expense**				
	Deposit from other banks	365 568 133	160 670 844	268 106 435	65 753 122
	Demand deposits	62 101 070	75 245 042	41 322 733	32 181 524
	Lines of credit from financial institutions	441 583 610	1 091 486 228	304 427 700	452 343 586
	Time deposits	528 433 299	124 022 789	417 869 895	55 496 517
		1 397 686 112	**1 451 424 903**	**1 031 726 763**	**605 774 749**
19	**FEE AND COMMISSION INCOME**				
	Retail service fees	3 101 857 364	1 769 484 135	2 508 555 829	740 138 361
	Credit related fees	99 226 206	180 308 422	83 643 951	92 499 369
	Investment banking fees	3 918 236	8 886 482	3 280 137	3 845 333
	Brokerage commission	176 851 639	30 987 144	143 914 155	12 795 640
		3 381 853 445	**1 989 666 183**	**2 739 394 072**	**849 278 703**
19.1	**Fee and commission expense**				
	Brokerage	23 819 437	27 674 985	18 802 373	10 622 685
20	**REVENUE**				
	Property sales	602 632 797	44 580 715	345 152 838	10 812 476
		602 632 797	**44 580 715**	**345 152 838**	**10 812 476**
20.1	**Cost of sales**				
	Property costs	342 125 037	36 838 183	214 879 887	6 948 589
		342 125 037	**36 838 183**	**214 879 887**	**6 948 589**
21	**INSURANCE PREMIUM REVENUE**				
	Gross premium written	2 678 209 632	2 168 287 098	2 066 149 970	983 441 058
	Change in unearned premium reserve ("UPR")	(69 384 747)	(224 806 166)	(166 306 298)	(234 158 347)
		2 608 824 885	**1 943 480 932**	**1 899 843 672**	**749 282 711**
22	**NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**				
	Financial assets at fair value through profit or loss (note 7), fair value gains	2 448 169 083	1 151 768 416	2 498 187 805	752 575 545
23	**OTHER OPERATING INCOME**				
	Rental income	34 937 276	30 522 256	27 606 638	10 827 170
	(Loss)/profit disposal of property and equipment	(3 874 294)	(79 447 765)	(1 327 995)	(12 494 316)
	Sundry income	207 698 648	94 117 545	156 199 261	29 742 221
	Bad debts recoveries	1 459 872	25 803 079	1 005 638	5 549 444
	Fair value adjustment on investment property	1 450 752 207	246 709 203	2 204 434 781	800 440 066
		1 690 973 709	**317 704 318**	**2 387 918 323**	**834 064 585**
24	**NET INSURANCE COMMISSION EXPENSE**				
	Commissions paid	310 943 926	454 267 936	226 134 147	204 561 116
	Change in technical provisions	(32 327 841)	(7 964 355)	(35 675 866)	(33 179 397)
		278 616 085	**446 303 581**	**190 458 281**	**171 381 719**
	Commission received	(170 139 837)	(150 468 928)	(136 568 007)	(74 908 190)
		108 476 248	**295 834 653**	**53 890 274**	**96 473 529**

25 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	Gross ZWL	Reinsurance ZWL	Net ZWL
Audited Inflation Adjusted			
Year ended 31 December 2021			
Claims and loss adjustment expenses	(822 013 967)	93 170 439	(728 843 528)
Change in technical provisions	(102 158 297)	2 653 640	(99 504 657)
Total claims	**(924 172 264)**	**95 824 079**	**(828 348 185)**
Year ended 31 December 2020			
Claims and loss adjustment expenses	(650 016 020)	165 333 950	(484 682 070)
Change in technical provisions	(110 866 808)	3 675 748	(107 191 060)
Total claims	**(760 882 828)**	**169 009 698**	**(591 873 130)**
Unaudited Historical Cost			
Year ended 31 December 2021			
Claims and loss adjustment expenses	(665 191 573)	64 533 335	(600 658 238)
Change in technical provisions	(76 857 356)	2 723 318	(74 134 038)
Total claims	**(742 048 929)**	**67 256 653**	**(674 792 276)**
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)**

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
26	**ADMINISTRATIVE EXPENSES**				
	Administrative expenses	2 688 879 239	2 126 947 303	2 090 635 732	852 236 209
	Staff costs (note 26.1)	4 519 718 260	3 280 879 375	3 970 847 431	1 540 908 574
	Directors' remuneration (note 26.2)	1 335 371 861	1 363 029 199	1 057 072 464	603 809 185
	Audit fees:				
	- Current year fees	105 608 579	48 417 477	91 948 863	20 013 380
	- Prior year fees	22 510 164	33 988 004	17 137 897	11 339 395
	- Other services	-	-	-	-
	Depreciation	260 299 988	258 638 618	182 407 996	59 590 697
	Impairment of intangible assets	-	-	-	-
	Amortisation	37 225 191	90 956 539	3 227 221	2 535 404
	Leases of low value items and short term leases	10 256 002	34 006 736	7 991 584	10 355 594
		8 979 869 284	**7 236 863 251**	**7 421 269 188**	**3 100 788 438**
26.1	**Staff costs**				
	Salaries and allowances	4 310 668 733	3 243 575 625	3 808 189 512	1 523 591 634
	Social security	21 401 977	5 648 438	16 665 945	2 609 593
	Pension contribution	187 647 550	31 655 312	145 991 974	14 707 347
		4 519 718 260	**3 280 879 375**	**3 970 847 431**	**1 540 908 574**
26.2	**Director's remuneration**				
	Board fees	99 971 696	96 932 029	82 673 904	46 323 697
	Other emoluments	244 612	13 344 168	206 394	5 528 351
	For services as management	1 235 155 553	1 252 753 002	974 192 166	551 957 137
		1 335 371 861	**1 363 029 199**	**1 057 072 464**	**603 809 185**
27	**INCOME TAX EXPENSE:**				
	Charge for the year				
	Current income tax on income for the reporting year	1 333 097 724	539 582 110	1 216 227 104	304 524 556
	Adjustments in respect of prior years	-	(1 204 434)	-	-
	Deferred income tax	(722 479 526)	(411 458 406)	(371 840 812)	96 362 796
	Income tax expense	**610 618 198**	**126 919 270**	**844 386 292**	**400 887 352**
28	**EARNINGS PER SHARE**				
28.1	**Basic earnings per share**				
	Profit attributable to equity holders of the parent	4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
	Total	**4 338 724 237**	**2 434 425 879**	**6 867 849 980**	**3 211 693 386**
	Basic earnings per share (ZWL cents)	689.22	391.96	1 090.98	517.10
		689.22	**391.96**	**1 090.98**	**517.10**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2021				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2021	671 949 927	44 562 161	627 387 766	627 387 766
Treasury shares purchased	-	49 640 741	(49 640 741)	(26 355 901)
Treasury shares sold		(59 672 418)	59 672 418	28 479 141
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**34 530 484**	**637 419 443**	**629 511 006**
Year ended 31 December 2020				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2020	671 949 927	64 708 627	607 241 300	607 241 300
Treasury shares purchased	-	3 483 111	(3 483 111)	(647 665)
Treasury shares sold	-	(23 629 577)	23 629 577	14 501 439
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**44 562 161**	**627 387 766**	**621 095 074**

28.2 Diluted earnings 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		Unaudited Historical Cost	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
	Diluted earnings per share				
	Profit attributable to equity holders of the parent	4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
	Total	**4 338 724 237**	**2 434 425 879**	**6 867 849 980**	**3 211 693 386**
	Weighted average number of ordinary shares at 31 December	**629 511 006**	**621 095 074**	**629 511 006**	**621 095 074**
	Diluted earnings per share (ZWL cents)	**689.22**	**391.96**	**1 090.98**	**517.10**
28.3	**Headline earnings per share**				
	Profit attributable to equity holders of the parent	4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
	Adjusted for excluded remeasurements				
	Profit on the disposal of property and equipment (note 23)	3 874 294	79 447 765	1 327 995	12 494 316
	Impairment on asset (note 12 & 13)	-	-	-	-
	Headline earnings	**4 342 598 531**	**2 513 873 644**	**6 869 177 975**	**3 224 187 702**
	Weighted average number of ordinary shares at 31 December	**629 511 006**	**621 095 074**	**629 511 006**	**621 095 074**
	Headline earnings per share (ZWL cents)	**689.84**	**404.75**	**1 091.19**	**519.11**

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, Aenesa Chuma, Gary S Collins, Franklin H Kennedy, Trynos Kufazvinei (Group Finance Director)*, David Makwara, Canada Malunga, Rute Moyo, Charles Msipa, Sifiso Ndhlovu, Vimbai Nyemba, Webster Rusere* (*Executive)

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

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

31 December 2021	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	5 527 522 396	384 660 492	587 422 821	1 335 002	1 184 701	158 597	6 502 284 009
Interest expense	(985 175 772)	(74 435 684)	(464 935 364)	(26 183 962)	-	(5 764 951)	(1 556 495 733)
Net interest income	4 542 346 624	310 224 808	122 487 457	(24 848 960)	1 184 701	(5 606 354)	4 945 788 276
Sales	-	-	602 632 797	-	-	-	602 632 797
Cost of sales	-	-	(342 125 037)	-	-	-	(342 125 037)
Gross profit	-	-	260 507 760	-	-	-	260 507 760
Net earned insurance premium	-	-	-	1 515 588 947	530 868 141	-	2 046 457 088
Net fee and commission income	2 839 490 652	28 918 445	333 556 347	-	-	161 571 528	3 363 536 972
Net trading income and other income	3 028 139 459	183 831	1 021 620 361	1 169 928 905	293 454 409	63 878 039	5 577 205 004
Total net income for reported segments	10 409 976 735	339 327 084	1 738 171 925	2 660 668 892	825 507 251	219 843 213	16 193 495 100
Intersegment revenue	(205 781 659)	16 928 877	(17 234 060)	(30 565 242)	(205 271 525)	(158 445)	(442 082 054)
Intersegment interest expense and commission	235 182 103	96 915 229	76 889 842	38 369 015	170 064 879	8 557 191	625 978 259
Net income from external customers	**10 439 377 179**	**453 171 190**	**1 797 827 707**	**2 668 472 665**	**790 300 605**	**228 241 959**	**16 377 391 305**
Segment profit/(loss) before income tax	**2 729 090 183**	**40 601 930**	**686 605 508**	**714 223 352**	**51 845 478**	**94 645 451**	**4 317 011 902**
Impairment allowances on financial assets	340 411 027	14 619 321	28 653 780	67 000 000	8 587 732	-	459 271 860
Depreciation	193 721 456	8 645 267	30 818 427	12 644 410	13 020 123	752 911	259 602 594
Amortisation	23 827 335	8 695 532	-	3 637 994	1 064 330	-	37 225 191
Segment assets	**51 242 767 533**	**407 494 468**	**7 372 709 403**	**2 459 139 316**	**1 194 515 503**	**169 526 913**	**62 846 153 136**
Total assets include :							
Additions to non-current assets	235 102 715	6 809 813	28 525 453	913 156	8 699 876	1 176 246	281 227 259
Segment liabilities	**43 648 151 108**	**279 698 780**	**3 971 932 618**	**1 333 578 071**	**750 142 419**	**68 358 526**	**50 051 861 522**
31 December 2020							
Total segment net income							
Interest income	3 879 452 050	140 295 604	229 107 840	3 802 201	2 867 900	218 881	4 255 744 476
Interest expense	(1 198 591 611)	(26 071 420)	(171 690 212)	(2 175 414)	-	-	(1 398 528 657)
Net interest income	2 680 860 439	114 224 184	57 417 628	1 626 787	2 867 900	218 881	2 857 215 819
Sales	-	-	44 580 715	-	-	-	44 580 715
Cost of sales	-	-	(36 838 183)	-	-	-	(36 838 183)
Gross profit	-	-	7 742 532	-	-	-	7 742 532
Net earned insurance premium	-	-	-	1 091 063 136	301 244 611	-	1 392 307 747
Net fee and commission income	1 674 199 395	11 554 896	162 829 093	(4 512 687)	-	28 280 701	1 872 351 398
Net trading income and other income	4 678 908 015	1 076 372	467 445 592	1 330 024 805	202 575 986	22 687 645	6 702 718 415
Total net income for reported segments	9 033 967 849	126 855 452	695 434 845	2 418 202 041	506 688 497	51 187 227	12 832 335 911
Intersegment revenue	(81 573 930)	(867 839)	(29 041 197)	(183 319 075)	(107 900 951)	(218 881)	(402 921 873)
Intersegment interest expense and commission	23 391 409	21 772 149	39 947 795	8 711 823	226 785 106	455 290	321 063 572
Net income from external customers	**8 975 785 328**	**147 759 762**	**706 341 443**	**2 243 594 789**	**625 572 652**	**51 423 636**	**12 750 477 610**
Segment profit/(loss) before income tax	**2 230 470 270**	**(79 214 702)**	**(23 562 896)**	**327 178 063**	**68 103 470**	**(4 324 655)**	**2 518 649 550**
Impairment allowances on financial assets	165 413 533	3 703 028	14 316 727	30 908 508	6 610 737	(2 368)	220 950 165
Depreciation	193 924 574	13 954 115	26 882 754	8 498 468	14 370 702	578 553	258 209 166
Amortisation	77 280 412	9 473 827	174 580	3 630 211	397 509	-	90 956 539
Segment assets	**44 147 276 667**	**268 700 740**	**4 309 043 684**	**1 729 518 937**	**935 001 323**	**43 608 211**	**51 433 149 562**
Total assets include :							
Additions to non-current assets	234 631 287	929 550	87 632 418	1 305 568	7 997 519	720 276	333 216 618
Segment liabilities	**39 170 860 801**	**154 559 200**	**2 805 912 419**	**1 045 688 153**	**600 058 359**	**24 154 439**	**43 801 233 371**
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)

Unaudited Historical Cost

31 December 2021	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	4 452 766 517	313 089 991	478 386 259	949 139	3 001 432	124 954	5 248 318 292
Interest expense	(708 292 498)	(61 018 654)	(374 423 627)	(18 557 617)	-	(4 013 502)	(1 166 305 898)
Net interest income	3 744 474 019	252 071 337	103 962 632	(17 608 478)	3 001 432	(3 888 548)	4 082 012 394
Sales	-	-	345 152 838	-	-	-	345 152 838
Cost of sales	-	-	(214 879 887)	-	-	-	(214 879 887)
Gross profit	-	-	130 272 951	-	-	-	130 272 951
Net earned insurance premium	-	-	-	1 056 193 352	431 081 116	-	1 487 274 468
Net fee and commission income	2 297 931 198	23 911 976	271 801 810	-	-	131 293 408	2 724 938 392
Net trading income and other income	3 281 141 628	(1 212 559)	1 403 471 180	990 100 775	238 452 478	63 519 753	5 975 473 255
Total net income for reported segments	9 323 546 845	274 770 754	1 909 508 573	2 028 685 649	672 535 026	190 924 613	14 399 971 460
Intersegment revenue	(145 943 970)	14 293 293	(14 206 829)	(23 856 360)	(169 935 635)	(124 954)	(339 774 455)
Intersegment interest expense and commission	194 187 381	78 455 115	67 470 325	27 996 015	128 030 683	6 304 769	502 444 288
Net income from external customers	**9 371 790 256**	**367 519 162**	**1 962 772 069**	**2 032 825 304**	**630 630 074**	**197 104 428**	**14 562 641 293**
Segment profit before income tax	**4 274 927 688**	**37 604 176**	**994 486 727**	**901 251 713**	**83 554 196**	**102 057 075**	**6 393 881 575**
Impairment allowances on financial assets	340 411 027	14 619 321	28 653 780	67 000 000	8 587 732	-	459 271 860
Depreciation	126 239 559	6 546 760	35 274 980	3 555 961	9 979 090	481 909	182 078 259
Amortisation	2 900 720	146 828	-	112 000	67 673	-	3 227 221
Segment assets	**51 068 531 835**	**356 280 281**	**7 147 199 630**	**2 417 379 290**	**1 192 994 425**	**169 526 913**	**62 351 912 374**
Total assets include :							
Additions to non-current assets	187 037 356	4 800 000	25 260 888	782 925	7 329 606	836 277	226 047 052
Segment liabilities	**43 571 626 190**	**259 420 517**	**3 971 932 618**	**1 247 613 005**	**764 418 059**	**66 973 226**	**49 881 983 615**
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**
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	

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

	Audited Inflation Adjusted		Unaudited Historical Cost	
30 SEGMENT REPORTING	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Operating segments reconciliations				
Net income				
Total net income for reportable segments	16 377 391 305	12 750 477 609	14 562 641 293	6 646 481 685
Total net income for non reportable segments	3 440 654 523	2 322 084 273	3 124 261 755	1 127 884 625
Elimination of intersegment revenue received from the holding company	(45 612 412)	(134 943)	(31 448 093)	(75 637)
Intersegment eliminations	(1 864 626 019)	(1 976 282 462)	(1 330 703 443)	(565 576 315)
Group total net income	**17 907 807 397**	**13 096 144 477**	**16 324 751 512**	**7 208 714 358**
Group profit before tax				
Total profit before income tax for reportable segments	4 317 011 902	2 518 649 548	6 393 881 575	3 619 024 840
Intersegment eliminations	634 332 729	45 505 851	1 321 646 339	(4 759 814)
Profit before income tax	**4 951 344 631**	**2 564 155 399**	**7 715 527 914**	**3 614 265 026**
Group assets				
Total assets for reportable segments	62 846 153 136	51 433 149 561	62 351 912 374	31 573 293 545
Other group assets	9 630 100 584	7 176 948 792	5 628 267 928	2 038 849 645
Deferred tax asset allocated to the holding company	175 372 453	163 417 395	137 150 184	106 001 415
Intersegment eliminations	(9 354 185 532)	(6 691 716 927)	(5 326 088 093)	(1 758 870 345)
Group total assets	**63 297 440 641**	**52 081 798 821**	**62 791 242 393**	**31 959 274 260**
Group liabilities				
Total liabilities for reportable segments	50 051 861 522	43 801 233 372	49 881 983 615	27 014 398 496
Other group liabilities and elimination of intersegment payables	(1 127 460 247)	99 844 154	(1 420 984 301)	28 172 337
Group total liabilities	**48 924 401 275**	**43 901 077 526**	**48 460 999 314**	**27 042 570 833**

In the normal course of business, group companies trade with one another and the material intergroup transactions include:
1) Underwriting of insurance risk by the insurance subsidiary;
2) Reinsurance of the insurance subsidiary's insurance risk by the reinsurance subsidiary;
3) Borrowings from the banking subsidiary by group companies and placement of funds and operating of current accounts; and
4) Placement of funds with the Bank and 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:
(a) Credit risk
(b) Market risk
(b.i) Interest rate risk,
(b.ii) Currency risk
(b.iii) Price risk
(c) Liquidity risk
(d) Settlement risk
(e) Operational risk
(f) Capital risk

Other risks:
g) Reputational risk
h) Legal and Compliance risk
i) 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 requirments 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.

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%	A (1%)	Stage 1	12 Months
2	Strong	Modest	1%			
3	Satisfactory	Average	2%			
4	Moderate	Acceptable	3%	B (3%)	Stage 2	Lifetime
5	Fair	Acceptable with care	4%			
6	Speculative	Management attention	5%			
7	Highly Speculative	Special mention	10%			
8	Substandard	Vulnerable	20%	C (20%)	Stage 3	Lifetime
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.

	Audited Inflation Adjusted		Unaudited Historical Cost	
31.1.1 Exposure to credit risk	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Loans and advances				
Stage 3/Grade 8:	55 546 849	18 019 135	55 546 849	11 210 309
Stage 3/Grade 9:	51 229 946	3 787 852	51 229 946	2 356 550
Stage 3/Grade 10:	70 789 535	3 485 465	70 789 535	2 168 425
Gross amount	**177 566 330**	**25 292 452**	**177 566 330**	**15 735 284**
Allowance for impairment	(121 568 874)	(12 741 289)	(121 568 874)	(7 926 784)
Carrying amount	**55 997 456**	**12 551 163**	**55 997 456**	**7 808 500**
Stage 2/Grade 4 - 7:	3 155 969 601	2 091 223 708	3 155 969 601	1 301 020 512
Stage 1/Grade 1 - 3:	20 724 580 396	19 564 398 395	20 724 388 571	12 171 551 245
Gross amount	**23 880 549 997**	**21 655 622 103**	**23 880 358 172**	**13 472 571 757**
Allowance for impairment	(403 142 355)	(220 916 516)	(403 142 355)	(137 439 585)
Carrying amount	**23 477 407 642**	**21 434 705 587**	**23 477 215 817**	**13 335 132 172**
Total carrying amount	**23 533 405 098**	**21 447 256 750**	**23 533 213 273**	**13 342 940 672**

Loans and advances — Audited Inflation Adjusted

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
Credit grade	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Investment grade	20 724 580 396	-	-	20 724 580 396	19 564 398 395	-	-	19 564 398 395
Standard monitoring	-	2 696 322 149	-	2 696 322 149	-	1 966 398 411	-	1 966 398 411
Special monitoring	-	459 647 452	-	459 647 452	-	124 825 297	-	124 825 297
Default	-	-	177 566 330	177 566 330	-	-	25 292 452	25 292 452
Gross loans and advances	**20 724 580 396**	**3 155 969 601**	**177 566 330**	**24 058 116 327**	**19 564 398 395**	**2 091 223 708**	**25 292 452**	**21 680 914 555**
Loss allowance	(253 433 642)	(149 708 713)	(121 568 874)	(524 711 229)	(184 803 082)	(36 113 434)	(12 741 289)	(233 657 805)
Net loans and advances	**20 471 146 754**	**3 006 260 888**	**55 997 456**	**23 533 405 098**	**19 379 595 313**	**2 055 110 274**	**12 551 163**	**21 447 256 750**
Analysis								
Gross amount								
Balance as at January	**19 564 398 395**	**2 091 223 708**	**25 292 452**	**21 680 914 555**	**18 264 243 506**	**448 744 575**	**62 328 287**	**18 775 316 368**
Effects of IAS29	(7 392 847 150)	(790 203 196)	(9 557 168)	(8 192 607 514)	(14 192 763 565)	(348 709 128)	(48 433 883)	(14 589 906 576)
Transfers	(25 384 202)	(9 425 277)	34 809 479		(24 408 543)	16 407 788	8 000 755	
Stage 1	(34 263 439)	18 979 751	15 283 688		(34 616 773)	29 617 395	4 999 379	
Stage 2	8 474 279	(28 575 492)	20 101 213		9 819 606	(13 802 086)	3 982 479	
Stage 3	404 958	170 464	(575 422)		388 624	592 479	(981 103)	
New issue	11 961 832 643	2 500 917 980	154 638 853	14 617 389 476	16 786 809 533	2 060 608 316	14 917 567	18 862 335 416
Repayments	(3 383 419 290)	(636 543 614)	(21 623 021)	(4 041 585 925)	(1 269 482 536)	(85 827 843)	(10 458 587)	(1 365 768 966)
Amounts written off during the year as uncollectible	-	-	(5 994 265)	(5 994 265)	-	-	(1 061 687)	(1 061 687)
Balance as at December	**20 724 580 396**	**3 155 969 601**	**177 566 330**	**24 058 116 327**	**19 564 398 395**	**2 091 223 708**	**25 292 452**	**21 680 914 555**
Impairment								
Balance as at January	**184 803 082**	**36 113 434**	**12 741 289**	**233 657 805**	**213 371 611**	**72 694 898**	**23 720 711**	**309 787 220**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(69 830 877)	(13 646 054)	(4 814 505)	(88 291 436)	(165 806 190)	(56 489 539)	(18 432 821)	(240 728 550)
Transfers	(3 075 559)	309 156	2 766 403		(882 153)	1 021 704	(139 551)	
Stage 1	(4 039 345)	1 087 243	2 952 102		(1 621 002)	1 171 977	449 026	
Stage 2	628 597	(900 364)	271 768		440 587	(517 702)	77 114	
Stage 3	335 189	122 277	(457 467)		298 262	367 429	(665 691)	
Net change due to new issues and repayments	144 109 250	126 395 711	122 913 590	393 418 551	154 086 549	14 519 711	3 215 293	171 821 553
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	(2 572 254)	536 466	(6 031 908)	(8 067 696)	(15 966 735)	4 366 660	5 368 599	(6 231 476)
Amounts written off during the year as uncollectible	-	-	(6 005 995)	(6 005 995)	-	-	(990 942)	(990 942)
Balance as at December	**253 433 642**	**149 708 713**	**121 568 874**	**524 711 229**	**184 803 082**	**36 113 434**	**12 741 289**	**233 657 805**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

Loans and advances — Unaudited Historical Cost

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	20 724 388 571	-	-	20 724 388 571	12 171 551 245	-	-	12 171 551 245
Standard monitoring	-	2 696 322 149	-	2 696 322 149	-	1 223 362 502	-	1 223 362 502
Special monitoring	-	459 647 452	-	459 647 452	-	77 658 010	-	77 658 010
Default	-	-	177 566 330	177 566 330	-	-	15 735 284	15 735 284
Gross loans and advances	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**
Loss allowance	(253 433 642)	(149 708 713)	(121 568 874)	(524 711 229)	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)
Net loans and advances	**20 470 954 929**	**3 006 260 888**	**55 997 456**	**23 533 213 273**	**12 056 579 040**	**1 278 553 132**	**7 808 500**	**13 342 940 672**
Analysis								
Gross amount								
Balance as at January	**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**
Transfers	(25 384 202)	(9 425 277)	34 809 479		(15 185 374)	10 207 836	4 977 538	
Stage 1	(34 263 439)	18 979 751	15 283 688		(21 536 257)	18 425 976	3 110 281	
Stage 2	8 474 279	(28 575 492)	20 101 213		6 109 107	(8 586 741)	2 477 634	
Stage 3	404 958	170 464	(575 422)		241 776	368 601	(610 377)	
New issue	11 961 640 818	2 500 917 980	154 638 853	14 617 197 651	10 443 519 916	1 281 973 648	9 280 720	11 734 774 284
Repayments	(3 383 419 290)	(636 543 614)	(21 623 021)	(4 041 585 925)	(789 787 727)	(53 396 384)	(6 506 638)	(849 690 749)
Amounts written off during the year as uncollectible	-	-	(5 994 265)	(5 994 265)	-	-	(660 511)	(660 511)
Balance as at December	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**
Impairment								
Balance as at January	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**	**29 592 046**	**10 081 898**	**3 289 774**	**42 963 718**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	(3 075 559)	309 156	2 766 403		(548 817)	635 636	(86 819)	
Stage 1	(4 039 345)	1 087 243	2 952 102		(1 008 480)	729 126	279 355	
Stage 2	628 597	(900 364)	271 768		274 104	(322 080)	47 975	
Stage 3	335 189	122 277	(457 467)		185 559	228 590	(414 149)	
Net change due to new issues and repayments	144 109 250	126 395 711	122 913 590	393 418 551	95 862 418	9 033 200	2 000 342	106 895 960
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	(2 572 254)	536 466	(6 031 908)	(8 067 696)	(9 933 442)	2 716 646	3 339 985	(3 876 811)
Amounts written off during the year as uncollectible	-	-	(6 005 995)	(6 005 995)	-	-	(616 498)	(616 498)
Balance as at December	**253 433 642**	**149 708 713**	**121 568 874**	**524 711 229**	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**

31.1.2 Sectoral analysis of utilizations of loans and advances to customers

	Audited Inflation Adjusted				Unaudited Historical Cost			
	2021 ZWL	2021 %	2020 ZWL	2020 %	2021 ZWL	2021 %	2020 ZWL	2020 %
Mining	2 882 158 554	12%	3 697 650 924	17%	2 882 158 554	12%	2 300 432 842	17%
Manufacturing	4 576 766 918	19%	1 136 938 876	5%	4 576 766 918	19%	707 327 864	5%
Mortgage	1 165 765 061	5%	584 193 972	3%	1 165 765 061	5%	363 446 693	3%
Wholesale	888 534 586	4%	390 834 300	2%	888 534 586	4%	243 151 146	2%
Distribution	1 111 800 246	5%	1 112 201 718	5%	1 111 800 246	5%	691 938 047	5%
Individuals	3 343 617 041	14%	928 078 033	4%	3 343 617 041	14%	577 388 518	4%
Agriculture	1 752 140 602	7%	1 837 287 281	8%	1 752 140 602	7%	1 143 038 131	8%
Communication	22 991 030	0%	-	0%	22 991 030	0%	-	0%
Construction	1 553 711 260	6%	251 108 083	1%	1 553 711 260	6%	156 222 773	1%
Local authorities	139 750 425	1%	30 359 801	0%	139 750 425	1%	18 887 852	0%
Other services	6 620 880 604	28%	11 712 261 567	54%	6 620 688 779	29%	7 286 473 175	55%
	24 058 116 327	**100%**	**21 680 914 555**	**100%**	**24 057 924 502**	**100%**	**13 488 307 041**	**100%**

Reconciliation of allowance for impairment for loans and advances

	31 Dec 2021			31 Dec 2020		
Audited Inflation Adjusted	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	12 741 289	220 916 516	233 657 805	23 720 711	286 066 509	309 787 220
Effects of IAS 29	(4 814 505)	(83 476 931)	(88 291 436)	(18 432 821)	(222 295 729)	(240 728 550)
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	119 648 085	265 702 770	385 350 855	8 444 341	157 145 736	165 590 077
Impairment reversal	-	-	-	-	-	-
Amounts written off during the year	(6 005 995)	-	(6 005 995)	(990 942)	-	(990 942)
Balance as at 31 December	**121 568 874**	**403 142 355**	**524 711 229**	**12 741 289**	**220 916 516**	**233 657 805**
Unaudited Historical Cost						
Balance at 1 January	7 926 784	137 439 585	145 366 369	3 289 774	39 673 944	42 963 718
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	119 648 085	265 702 770	385 350 855	5 253 507	97 765 641	103 019 148
Impairment reversal	-	-	-	-	-	-
Amounts written off during the year	(6 005 995)	-	(6 005 995)	(616 497)	-	(616 497)
Balance as at 31 December	**121 568 874**	**403 142 355**	**524 711 229**	**7 926 784**	**137 439 585**	**145 366 369**

31.1.3 Bonds and Debentures

Audited Inflation Adjusted

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	6 979 045	-	-	6 979 045	764 912 793	-	-	764 912 793
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**6 979 045**	**-**	**-**	**6 979 045**	**764 912 793**	**-**	**-**	**764 912 793**
Impairment loss allowance	(39 228)	-	-	(39 228)	(3 534 059)	-	-	(3 534 059)
Net Bonds and Debentures	**6 939 817**	**-**	**-**	**6 939 817**	**761 378 734**	**-**	**-**	**761 378 734**
Analysis								
Gross amount								
Balance as at January	**764 912 793**	**-**	**-**	**764 912 793**	**880 645 870**	**-**	**-**	**880 645 870**
Effects of IAS29	(289 034 851)			(289 034 851)	(684 329 728)	-	-	(684 329 728)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	-	-	-	-	1 800 256 438	-	-	1 800 256 438
Repayments	(468 898 897)	-	-	(468 898 897)	(1 231 659 787)	-	-	(1 231 659 787)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**6 979 045**		**-**	**6 979 045**	**764 912 793**	**-**	**-**	**764 912 793**
Impairment								
Balance as at January	**3 534 059**	**-**	**-**	**3 534 059**	**4 500 987**	**-**	**-**	**4 500 987**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(1 335 402)	-	-	(1 335 402)	(3 497 614)			(3 497 614)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(2 159 429)	-	-	(2 159 429)	2 530 686	-	-	2 530 686
Interest in suspense (reclassifaction)	-	-	-		-	-	-	-
Changes in parameters	-	-	-		-	-	-	-
Amounts written off during the year as uncollectible	-	-	-		-	-	-	-
Balance as at December	**39 228**			**39 228**	**3 534 059**	**-**	**-**	**3 534 059**

Unaudited Historical Cost

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	6 979 045	-	-	6 979 045	475 877 942	-	-	475 877 942
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	6 979 045	-	-	6 979 045	475 877 942	-	-	475 877 942
Impairment loss allowance	(39 228)	-	-	(39 228)	(2 198 657)	-	-	(2 198 657)
Net Bonds and Debentures	6 939 817	-	-	6 939 817	473 679 285	-	-	473 679 285
Analysis								
Gross amount								
Balance as at January	**475 877 942**	**-**	**-**	**475 877 942**	**122 134 866**	**-**	**-**	**122 134 866**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	-	-	-	-	1 120 000 000	-	-	1 120 000 000
Repayments	(468 898 897)	-	-	(468 898 897)	(766 256 924)	-	-	(766 256 924)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**6 979 045**		**-**	**6 979 045**	**475 877 942**	**-**	**-**	**475 877 942**
	-							
Impairment								
Balance as at January	**2 198 657**	**-**	**-**	**2 198 657**	**624 232**	**-**	**-**	**624 232**
Changes on initial application of IFRS 9	-	-	-		-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(2 159 429)	-	-	(2 159 429)	1 574 425	-	-	1 574 425
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**39 228**	**-**	**-**	**39 228**	**2 198 657**	**-**	**-**	**2 198 657**

31.1.4 Financial assets at amortised cost

Audited Inflation Adjusted

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 980 726 176	-	-	1 980 726 176	1 752 652 839	-	-	1 752 652 839
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**1 980 726 176**	**-**	**-**	**1 980 726 176**	**1 752 652 839**	**-**	**-**	**1 752 652 839**
Impairment loss allowance	(11 002 025)	-	-	(11 002 025)	(7 912 662)	-	-	(7 912 662)
Net financial asset a amortised cost	**1 969 724 151**	**-**	**-**	**1 969 724 151**	**1 744 740 177**	**-**	**-**	**1 744 740 177**
Analysis								
Gross amount								
Balance as at January	**1 752 652 839**	**-**	**-**	**1 752 652 839**	**1 382 209 280**	**-**	**-**	**1 382 209 280**
Effects of IAS29	(662 268 638)			(662 268 638)	(1 074 083 160)	-	-	(1 074 083 160)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 446 998 840	-	-	1 446 998 840	1 661 655 918	-	-	1 661 655 918
Repayments	(556 486 102)	-	-	(556 486 102)	(216 854 724)	-	-	(216 854 724)
Amounts written off during the year as uncollectible	(170 763)	-	-	(170 763)	(274 475)	-	-	(274 475)
Balance as at December	**1 980 726 176**	**-**	**-**	**1 980 726 176**	**1 752 652 839**	**-**	**-**	**1 752 652 839**
Impairment								
Balance as at January	**7 912 662**	**-**	**-**	**7 912 662**	**6 960 539**	**-**	**-**	**6 960 539**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(2 989 929)			(2 989 929)	(5 408 876)	-	-	(5 408 876)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	6 069 125	-	-	6 069 125	6 093 833	-	-	6 093 833
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	10 167	-	-	10 167	267 166	-	-	267 166
Balance as at December	**11 002 025**	**-**	**-**	**11 002 025**	**7 912 662**	**-**	**-**	**7 912 662**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

Unaudited Historical Cost

	31 Dec 2021 ECL staging				31 Dec 2020 ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 980 726 176			1 980 726 176	1 090 384 201	-	-	1 090 384 201
Standard monitoring	-			-	-	-	-	-
Special monitoring	-			-	-	-	-	-
Default	-			-	-	-	-	-
Gross financial assets at amortised cost	**1 980 726 176**	**-**	**-**	**1 980 726 176**	**1 090 384 201**	**-**	**-**	**1 090 384 201**
Impairment loss allowance	(11 002 025)			(11 002 025)	(4 922 733)	-	-	(4 922 733)
Net financial asset at amortised cost	**1 969 724 151**	**-**	**-**	**1 969 724 151**	**1 085 461 468**	**-**	**-**	**1 085 461 468**
Analysis								
Gross amount								
Balance as at January	**1 090 384 201**	**-**	**-**	**1 090 384 201**	**191 695 608**	**-**	**-**	**191 695 608**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 446 998 840	-	-	1 446 998 840	1 033 771 961	-	-	1 033 771 961
Repayments	(556 486 102)	-	-	(556 486 102)	(134 912 608)	-	-	(134 912 608)
Amounts written off during the year as uncollectible	(170 763)	-	-	(170 763)	(170 760)	-	-	(170 760)
Balance as at December	1 980 726 176	-	-	1 980 726 176	1 090 384 201	-	-	1 090 384 201
Impairment								
Balance as at January	**4 922 733,0**	**-**	**-**	**4 922 733**	**965 342**	**-**	**-**	**965 342**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	6 069 125	-	-	6 069 125	3 791 178	-	-	3 791 178
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	10 167	-	-	10 167	166 213	-	-	166 213
Balance as at December	**11 002 025**	**-**	**-**	**11 002 025**	**4 922 733**	**-**	**-**	**4 922 733**

31.1.5 Credit exposure on undrawn loan commitments and guarantees

Audited Inflation Adjusted

	31 Dec 2021 ECL staging				31 Dec 2020 ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	4 575 329 739	-	-	4 575 329 739	679 508 530	-	-	679 508 530
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**679 508 530**	**-**	**-**	**679 508 530**
Loss allowance	(9 202 699)	-	-	(9 202 699)	(7 328 116)	-	-	(7 328 116)
Net undrawn loan commitments and guarantees	**4 566 127 040**	**-**	**-**	**4 566 127 040**	**672 180 414**	**-**	**-**	**672 180 414**
Analysis								
Gross amount								
Balance as at January	**679 508 530**	**-**	**-**	**679 508 530**	**4 164 270 578**	**-**	**-**	**4 164 270 578**
Effects of IAS29	(256 763 449)			(256 763 449)	(3 235 959 253)	-	-	(3 235 959 253)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	5 470 388 769	-	-	5 470 388 769	213 438 299	-	-	213 438 299
Repayments	(1 317 804 111)	-	-	(1 317 804 111)	(462 241 094)	-	-	(462 241 094)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**679 508 530**	**-**	**-**	**679 508 530**
Impairment								
Balance as at January	**7 328 116**	**-**	**-**	**7 328 116**	**1 143 013**	**-**	**-**	**1 143 013**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(2 769 048)			(2 769 048)	(888 209)	-	-	(888 209)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	4 643 631	-	-	4 643 631	7 073 312	-	-	7 073 312
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**9 202 699**	**-**	**-**	**9 202 699**	**7 328 116**	**-**	**-**	**7 328 116**

Unaudited Historical Cost

	31 Dec 2021 ECL staging				31 Dec 2020 ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	4 575 329 739			4 575 329 739	422 745 081	-	-	422 745 081
Standard monitoring	-			-	-	-	-	-
Special monitoring	-			-	-	-	-	-
Default	-			-	-	-	-	-
Gross undrawn loan commitments and guarantees	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**422 745 081**	**-**	**-**	**422 745 081**
Loss allowance	(9 202 699)	-	-	(9 202 699)	(4 559 067)	-	-	(4 559 067)
Net undrawn loan commitments and guarantees	**4 566 127 040**	**-**	**-**	**4 566 127 040**	**418 186 014**	**-**	**-**	**418 186 014**
Analysis								
Gross amount								
Balance as at January	**422 745 081**	**-**	**-**	**422 745 081**	**577 533 657**	**-**	**-**	**577 533 657**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	5 470 388 769	-	-	5 470 388 769	132 787 135	-	-	132 787 135
Repayments	(1 317 804 111)	-	-	(1 317 804 111)	(287 575 711)	-	-	(287 575 711)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**422 745 081**	**-**	**-**	**422 745 081**
Impairment								
Balance as at January	**4 559 068**	**-**	**-**	**4 559 068**	**158 522**	**-**	**-**	**158 522**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	4 643 631	-	-	4 643 631	4 400 546	-	-	4 400 546
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**9 202 699**	**-**	**-**	**9 202 699**	**4 559 068**	**-**	**-**	**4 559 068**

31.1.6 Trade and other receivables including insurance receivables	Audited Inflation Adjusted 31 Dec 2021 ZWL	Audited Inflation Adjusted 31 Dec 2020 ZWL	Unaudited Historical Cost 31 Dec 2021 ZWL	Unaudited Historical Cost 31 Dec 2020 ZWL
Past due and impaired	**101 889 231**	**42 480 310**	**101 889 231**	**26 483 900**
Allowance for impairment	(101 889 231)	(42 480 310)	(101 889 231)	(26 483 900)
Carrying amount	**-**	**-**	**-**	**-**
Past due but not impaired	171 416 818	45 554 411	171 416 818	28 340 929
Neither past due nor impaired	461 926 112	790 066 264	447 419 271	457 582 697
Gross amount, not impaired	**633 342 930**	**835 620 675**	**618 836 089**	**485 923 626**
Allowance for impairment	(95 088)	(488 226)	(95 088)	(303 742)
Carrying amount, not impaired	**633 247 842**	**835 132 449**	**618 741 001**	**485 619 884**
Total carrying amount	**633 247 842**	**835 132 449**	**618 741 001**	**485 619 884**

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 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 2021	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 293 835 210	15 664 830 562	-	25 958 665 772
Deposits from other banks	248 781 268	2 336 624 970	-	2 585 406 238
Borrowings	1 435 675 132	2 742 556 322	4 283 755 591	8 461 987 045
Insurance liabilities	780 042 048	-	-	780 042 048
Trade and other liabilities excluding deferred income	4 368 659 735	5 162 442 218	233 539 638	9 764 641 591
Total liabilities - (contractual maturity)	**17 126 993 393**	**25 906 454 072**	**4 517 295 229**	**47 550 742 694**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	15 850 027 385	1 789 559 523	-	17 639 586 908
Financial assets at amortised cost	877 660 129	1 016 969 637	75 094 385	1 969 724 151
Loans and advances to customers	2 168 062 854	4 885 365 535	16 479 976 709	23 533 405 098
Bonds and debentures	-	-	6 939 817	6 939 817
Trade and other receivables including insurance receivables	390 226 715	238 314 680	4 706 447	633 247 842
Financial assets at fair value through profit or loss	3 460 652 031	-	180 542 392	3 641 194 423
Financial assets at fair value through other comprehensive income	156 000 444	-	-	156 000 444
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments, work in progress	5 141 341 543	91 537 637	506 807 197	5 739 686 377
	28 043 971 101	**8 021 747 012**	**17 254 066 947**	**53 319 785 060**
Liquidity gap	**10 916 977 708**	**(17 884 707 060)**	**12 736 771 718**	**5 769 042 366**
Cumulative liquidity gap - on balance sheet	**10 916 977 708**	**(6 967 729 352)**	**5 769 042 366**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	3 863 688 223	-	3 863 688 223
Commitments to lend	711 641 516	-	-	711 641 516
Total liabilities	**711 641 516**	**3 863 688 223**	**-**	**4 575 329 739**
Liquidity gap	**(711 641 516)**	**(3 863 688 223)**	**-**	**1 193 712 627**
Cumulative liquidity gap - on and off balance sheet	**10 205 336 192**	**(11 543 059 091)**	**1 193 712 627**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

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	16 673 710 285	879 963 196	66 999 705	17 620 673 186
Deposits from other banks	678 041 299	56 444 623	-	734 485 922
Borrowings	2 246 179 791	4 289 853 741	8 016 496 885	14 552 530 417
Insurance liabilities	787 103 018	-	-	787 103 018
Trade and other liabilities excluding deferred income	4 097 801 386	3 962 479 300	121 064 372	8 181 345 058
Total liabilities - (contractual maturity)	**24 482 835 779**	**9 188 740 860**	**8 204 560 962**	**41 876 137 601**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	16 812 103 433	160 737 182	-	16 972 840 615
Financial assets at amortised cost	1 202 689 958	510 492 929	31 557 288	1 744 740 175
Loans and advances to customers	3 421 332 294	7 301 410 461	10 724 513 995	21 447 256 750
Bonds and debentures	-	750 877 533	10 501 201	761 378 734
Trade and other receivables including insurance receivables	778 195 520	49 371 919	7 565 010	835 132 449
Financial assets at fair value through profit or loss	1 146 580 195	-	93 906 087	1 240 486 282
Financial assets at fair value through other comprehensive income	61 706 761	-	-	61 706 761
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 945 032 513	-	453 608 982	2 398 641 495
	25 367 640 674	**8 772 890 024**	**11 321 652 563**	**45 462 183 261**
Liquidity gap	**884 804 895**	**(415 850 836)**	**3 117 091 601**	**3 586 045 660**
Cumulative liquidity gap - on balance sheet	**884 804 895**	**468 954 059**	**3 586 045 660**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	1 553 034 923	-	1 553 034 923
Commitments to lend	662 673 358	-	-	662 673 358
Total liabilities	**662 673 358**	**1 553 034 923**	**-**	**2 215 708 281**
Liquidity gap	**(662 673 358)**	**(1 553 034 923)**	**-**	**1 370 337 379**
Cumulative liquidity gap - on and off balance sheet	**222 131 537**	**(1 746 754 222)**	**1 370 337 379**	**-**

Unaudited Historical Cost

Contractual maturity analysis on balance sheet items as at 31 December 2021	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 293 835 210	15 664 830 562	-	25 958 665 772
Deposits from other banks	248 781 268	2 336 624 970	-	2 585 406 238
Borrowings	1 435 675 132	2 742 556 322	4 283 755 591	8 461 987 045
Insurance liabilities	681 083 275	-	-	681 083 275
Trade and other liabilities excluding deferred income	4 071 912 058	5 162 442 218	233 539 638	9 467 893 914
Total liabilities - (contractual maturity)	**16 731 286 943**	**25 906 454 072**	**4 517 295 229**	**47 155 036 244**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	15 850 027 385	1 789 559 523	-	17 639 586 908
Financial assets at amortised cost	877 660 129	1 016 969 637	75 094 385	1 969 724 151
Loans and advances to customers	2 167 871 029	4 885 365 535	16 479 976 709	23 533 213 273
Bonds and debentures	-	-	6 939 817	6 939 817
Trade and other receivables including insurance	-	-	-	
receivables	375 719 874	238 314 680	4 706 447	618 741 001
Financial assets at fair value through profit or loss	3 544 277 467	-	180 542 392	3 724 819 859
Financial assets at fair value through other comprehensive income	156 000 444	-	-	156 000 444
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments, work in progress	5 165 367 173	91 537 637	506 807 197	5 763 712 007
	28 136 923 501	**8 021 747 012**	**17 254 066 947**	**53 412 737 460**
Liquidity gap	**11 405 636 558**	**(17 884 707 060)**	**12 736 771 718**	**6 257 701 216**
Cumulative liquidity gap - on balance sheet	**11 405 636 558**	**(6 479 070 502)**	**6 257 701 216**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	3 863 688 223	-	3 863 688 223
Commitments to lend	711 641 516	-	-	711 641 516
Total liabilities	**711 641 516**	**3 863 688 223**	**-**	**4 575 329 739**
Liquidity gap	**(711 641 516)**	**(3 863 688 223)**	**-**	**1 682 371 477**
Cumulative liquidity gap - on and off balance sheet	**10 693 995 042**	**(11 054 400 241)**	**1 682 371 477**	**-**

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**	**-**

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.

31.3.1 Interest 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.

31.3.2 Currency 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.

31.3.3 Equity 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

31.6.1 Regulatory 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2021

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 2021	Regulatory Authority	Minimum capital required US$	Minimum capital required ZWL	Net Regulatory Capital ZWL	Total Equity ZWL
FBC Bank Limited	RBZ	30 000 000	3 259 980 000	5 503 063 672	7 496 905 646
FBC Building Society	RBZ	20 000 000	2 173 320 000	2 433 035 168	3 175 267 012
FBC Reinsurance Limited	IPEC		150 000 000	1 169 766 287	1 169 766 287
FBC Securities (Private) Limited	SECZ		150 000	102 553 687	102 553 687
FBC Insurance Company (Private) Limited	IPEC		37 500 000	428 576 366	428 576 366
Microplan Financial Services (Private) Limited	RBZ	25 000	2 716 650	96 859 762	96 859 762
As at 31 December 2020					
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	2 044 665	35 900 135	35 900 135

* 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. For the year ended 31 December 2021, there are no material non-compliance issues to laws and regulations.

33 INTERNATIONAL CREDIT RATINGS

The Group had suspended the credit ratings on all banking and insurance subsidiaries which have in the past reviewed annually by an international credit rating agency, Global Credit Rating due to the Covid-19 pandemic. FBC Bank and FBC Reinsurance resumed their ratings in 2021. The remainder of the Group remains unrated in 2021.

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

Subsidiary	2021	2019	2018	2017	2016	2015
FBC Bank Limited	A-	BBB+	BBB+	BBB+	A-	A-
FBC Reinsurance Limited	A-	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 (Private) Limited	-	BBB	BBB	BBB-	BBB-	N/A

34 SUBSEQUENT EVENTS

34.1 Dividend Declared

Notice is hearby given that a final dividend of 148,82 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 31 March 2022 in respect of the year ended 31 December 2021. The dividend is payable to Shareholders registered in the books of Company at the close of business on Wednesday 14 April 2022. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 9 April 2022 and ex-dividend as from 12 April 2022. Dividend payment will be made to Shareholders on or about 22 April 2022.

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 (vi) Board Digitalization and Innovations.

	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	√	√	√	√	√	√	√	√	√	√	√	√	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
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	√	√	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
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	√	√	√	√	√
Franklin Kennedy	√	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	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
David Makwara	√	√	√	√	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	n/a	n/a	n/a	n/a	√	√	√	√
Rutenhuro Moyo	√	√	√	√	√	x	√	x	n/a	n/a	n/a	n/a	√	x	√	√	x	√	√	√	n/a	n/a	n/a	n/a	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
Sifiso Ndlovu	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
Vimbai Nyemba	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	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

Key
√ - Attended
x - Apologies
n/a - not applicable

Q1 - Quarter 1
Q2 - Quarter 2
Q3 - Quarter 3
Q4 - Quarter4

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY

31 March 2022

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, Aenesa Chuma, Gary S Collins, Franklin H Kennedy, Trynos Kufazvinei (Group Finance Director)*, David Makwara, Canada Malunga, Rute Moyo, Charles Msipa, Sifiso Ndlovu, Vimbai Nyemba, Webster Rusere* (*Executive)

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Tel: +263 (4) 303700, 302600
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Independent Auditors' Report

To the shareholders of FBC Holdings Limited

Opinion

We have audited the inflation adjusted consolidated and separate financial statements of FBC Holdings Limited (the Group and Company) set out on pages 8 to 127, which comprise;

- the inflation adjusted consolidated and company statements of financial position as at 31 December 2021;
- 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, 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 2021, and its inflation adjusted consolidated and separate financial performance and 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 opinion

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 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.

1. Valuation of owner-occupied property and investment property

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

Refer to:

- Accounting policies - the investment property accounting policy note 2.10, the property and equipment accounting policy note 2.12 and critical accounting estimates and judgements note 3.4,
- Consolidated financial statements notes - the investment property note 11, the property and equipment note 13 and the fair value of assets and liabilities note 35 and
- Company financial statement notes - property and equipment company note 8.

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 - Property, Plant and Equipment (IAS 16). The Group also holds investment property which is measured at fair value in accordance with IAS 40 - Investment Property (IAS 40). As at reporting date the Group had owner occupied properties amounting to ZWL 2,404 billion inflation adjusted, of which ZWL 370 million inflation adjusted relates to the Company, and investment properties amounting to ZWL 4,176 billion inflation adjusted relating to the Group. In the current year there was a change to the basis of determining the fair value estimate, in that property valuations were performed, by an independent professionally qualified valuer, directly in ZWL currency, compared to prior periods where valuations were in USD and translated to the local currency at the auction (official) rate. The key inputs and assumptions used in the valuations, such as, comparable market prices, rental rates per square	Our procedures included the following: • Evaluating the professional competence and objectivity of the external valuers 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; • Evaluating the appropriateness of the valuation methodologies used by the valuers, specifically in relation to the change in basis, based on our knowledge of the industry and the requirements of IFRS 13 - Fair Value Measurement (IFRS 13); and challenging and interrogating the valuers over the inputs used to value properties including requesting market support in respect of the 2021 values in ZWL; • Validating the valuation inputs used by the independent professionally qualified valuer, engaged by management, by comparing the

Key audit matter	How the matter was addressed in our audit
meter and capitalisation rates are determined in an environment where there is limited market activity in the local currency. Given the change in basis for determining the fair value (from USD to ZWL valuation), the degree of complexity involved in determining the fair value of the owner occupied and investment properties, the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values in the local property market with significant uncertainty arising from limited transactions activity, the valuation of the Group and the Company's owner occupied properties and the Group's investment properties was considered a key audit matter.	valuation inputs against valuation inputs from a second independent valuer engaged by management for a sample of property valuations. Where there were significant differences between the valuers we evaluated the appropriateness of the fair value used by management; • Consulting with our property valuations specialists with regards to the appropriateness of performing valuations in the local currency; and • Assessing the adequacy of the disclosures in the financial statements in respect of the valuation of owner occupied and investment properties in accordance with IAS 16, IAS 40 and IFRS 13.

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

This matter relates to the inflation adjusted consolidated financial statements.

Refer to the impairment of financial assets accounting policy note 2.5.vii, loans and advances note 5, and credit risk note 34.1

Key audit matter	How the matter was addressed in our audit
The Group provides loans and advances to individuals, corporates and, small and medium enterprises (SMEs). As at reporting date, the Group had loans and advances to customers of ZWL 24 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. The Group's ECL model includes certain judgements and assumptions such as: 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	Our procedures included the following: • Assessing and testing the design, implementation and operating effectiveness of the key controls over credit origination and monitoring; • Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments (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 recompute the ECL and reviewing the reasonability of the methodology updates within

Key audit matter	How the matter was addressed in our audit
default (loss given default LGD); • 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. Due to the significance of the loans and advances to customers on 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.	the Group's IFRS 9 ECL model since the prior year; • Using available external and independent information to challenge management's judgements and assumptions in determining expected credit losses; • 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.

3. Valuation of gross insurance liabilities

This matter relates to the inflation adjusted consolidated financial statements.

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

Key audit matter	How the matter was addressed in our audit
The Group holds gross insurance liabilities which, on an inflation adjusted basis, comprise of incurred but not reported ("IBNR") of ZWL 168 million (note 16.1), gross outstanding claims of ZWL 61 million (note 16.1), and the gross liability for unearned premium of ZWL 552 million (note 16.2). The directors engaged an actuarial expert to assess the adequacy of the valuation of the IBNR, outstanding claims and liability for unearned premium. The determination of the insurance liabilities, is an area that makes use of significant qualitative and	Our procedures included the following: • 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
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. Because of the inherent susceptibility of the insurance liabilities to estimation uncertainty, we considered the valuation of the insurance liabilities to be a key audit matter.	• 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 in terms of IFRS 4, Insurance Contracts (IFRS 4), paying particular attention to the disclosure of the assumptions used and judgements made relating to the insurance liabilities; and • Assessing the disclosures regarding the sensitivity of the IBNR and the related factors that influence the sensitivities in terms of IFRS 4.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FBC Holdings Limited Annual Report for the year ended 31 December 2021" and including 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 consolidated and separate 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. We have nothing to report in this regard.

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], 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), 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 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/or 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 consolidated and separate 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 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 consolidated and separate 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 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 consolidated and separate 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

Themba Mudidi
Chartered Accountant (Z)
Registered Auditor
PAAB Practicing Certificate Number 0437

31 March 2022

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

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100 The Chase (West)
Emerald Hill
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Zimbabwe