









CHAIRMAN’S STATEMENT

Financial Highlights For the Half Year Ended 30 June 2022

						
	Total Income	Profit Before Tax	Profit After Tax	Cost to Income	Basic Earnings Per Share cents	Net Asset Value in ZWL
Inflation Adjusted	ZWL43.19 billion	ZWL12.22 billion	ZWL8.10 billion	53%	1 270.73	62.09
Historical	ZWL42.80 billion	ZWL25.73 billion	ZWL21.79 billion	40%	3 417.39	60.64

I am pleased to present to you the Group's reviewed interim financial statements for the six months ended 30 June 2022.

**Inflation Adjusted Financial Performance Review**

FBC Holdings Limited achieved a profit before tax of ZWL12.2 billion and an after tax profit of ZWL8.1 billion which is a testimony to the Group's adaptation, resilience and tenacity in a volatile operating environment.

FBC Holding's profitability was achieved on the back of a 212% improvement in total income to ZWL43.2 billion, 68% of this amount was in favour of the Group's hedging and investment strategies and 32% was derived from core business revenue lines.

Net interest and related income improved by 89% to ZWL7.3 billion, leveraging on the Group's higher foreign currency lending portfolio proportion. Loans and advances totalling ZWL68.8 billion improved by 34%, compared to the audited position as at 31 December 2021.

Net fee and commission income registered a growth of 44% to ZWL4.7 billion, largely emanating from the Group's digital thrust which has positively impacted our payments and processing systems. Plans are underway to deploy a sizeable number of Point Of Sale (POS) machines in the market, to increase customer acquisition, convenience and transaction volumes for the Group.

The Group's net earned insurance premium of ZWL1.9 billion increased by a marginal 5% compared with the prior year, reflecting subdued consumer capacity in the face of declining disposable incomes. The use of multi-currencies in the economy has provided an opportunity for the Group's insurance subsidiaries to increase underwriting in foreign currency.

Other income, which mainly comprises exchange rate gains on the Group's net foreign currency holding position, gains on the stock market portfolios held by the non-banking businesses and fair value gains on investment properties, amounted to ZWL29.3 billion for the period under review, which is an increase of 520% compared with the prior period.

The Group's overall cost income ratio, excluding monetary loss, improved to 53% from 61% recorded for the same period last year, benefiting from a higher increase in total income of 212% compared to 172% for expenses. Administration expenses increased by 191% to ZWL20.1 billion, mainly due to forward pricing premiums in a hyperinflationary environment. Impairment allowance increased by 201% to ZWL1.5 billion in line with the expected difficulties in the operating environment. Monetary loss increased by 311% mainly due to the growth in net monetary position of the Group.

The Group's total assets as at 30 June 2022 was at ZWL186.2 billion, representing a 34% increase on the 31 December 2021 inflation adjusted figure of ZWL138.6 billion. Balance sheet growth was largely driven by a 22% increase in deposits from ZWL81 billion to ZWL98.7 billion. The Group's statement of financial position includes a significant portion of foreign denominated assets and liabilities, which is underpinning our balance sheet strength. Total equity attributable to the shareholders of the company improved by 26% from ZWL31.4 billion to ZWL39.6 billion driven by an increase in retained profits and other non-distributable reserves.

**Operating Environment**

Notwithstanding the exchange rate and inflation-induced weaknesses, positive economic milestones have been noted in the domestic economy, such as increased foreign currency receipts, restraint on reserve money growth and a sustained current account surplus and high infrastructure investments. Resultantly, economic growth prospects have remained positive at a projected 4.6%, albeit a decrease from the initial projection of 5.5%. The economic growth is anchored on increased activity in the mining sector (9.5%), construction sector (10.5%), accommodation and food services sector (50%).

The hyperinflationary environment, exchange rate devaluation and the impact of geo-political developments in Eastern Europe continue to weigh down the growth potential of the local economy, as both fiscal and monetary policy authorities face the mammoth task of continuously addressing macro-economic adversities on the back of an unfolding global recession. The Group is however optimistic that recent policy pronouncements by the Government, together with the requisite industry support, will manage to stabilise the inflation and exchange rate environment and sustain positive economic growth.

**Inflation**

Official year-on-year inflation surged from 60.7% in January 2022 to 191% in June 2022 before increasing to 256.9% in July 2022. Adverse inflationary pressures brought about by forward pricing, have accelerated the depreciation of the local currency, compounded by the impact of external geo-political factors. The hyperinflationary environment has reduced consumers' purchasing power, precipitating the re-dollarization of the economy and weighing down on domestic demand. The Government continues to implement measures aimed at addressing speculative behaviour and exchange rate manipulation.

**Exchange Rates**

The period under review was characterised by significant exchange rate volatilities. The interbank exchange rate deteriorated by 237% during the period under review. The instability in exchange rates fuelled a rise in inflation, thereby triggering drastic measures by monetary authorities which included the temporary suspension of lending and an increase in the bank policy rate in line with inflation. There is optimism that the measures implemented by the authorities will result in the stabilization of inflation and the exchange rate.

**Banking Sector Developments**

The Reserve Bank of Zimbabwe has maintained a tight monetary stance in an effort to control inflation and stabilise the exchange rate. A number of measures and frameworks were introduced to instil economic confidence, foster market discipline and strengthen local currency demand. Key pronouncements made during the period under review included the temporary suspension of lending, entrenchment of the multicurrency system through the willing buyer willing seller rate, introduction of gold coins as a store of value and an increase in the bank policy interest rate from 80% to 200%. The bank policy rate was subsequently mandated to be the minimum lending rate with effect from 1 July 2022. Resultantly, interest rates across the banking sector have increased with interest rates of 100% p.a. and 200% p.a. being adopted as minimum lending rates to individuals and corporates respectively.

**Insurance Sector Developments**

In spite of the volatile economic environment, the Zimbabwe Insurance sector continues to be a sound risk mitigation system. The insurance market has significantly progressed with regards to regulatory capacity as informed by the regulatory initiatives introduced by Insurance and Pensions Commission (IPEC) in 2021.

The use of multi-currencies in the economy has provided an opportunity for the sector to increase insurance underwriting in foreign currency to the public. The Group's insurance subsidiaries continue to explore opportunities in the environment to increase business underwriting.

FBC Reinsurance Limited was finally granted a short-term reinsurer licence in Botswana with operations having commenced on 1 July 2022. This development is in line with our regional expansion strategy.

**Property Market Developments**

The real estate sector remains suppressed as evidenced by low volume of transactions, increasing voids in offices occupancy levels in the central business district and limited availability of long term mortgage finance. Demand however remains high for residential properties which are also viewed as value-preserving assets in the face of hyperinflation. To this end, the Group continues to actively participate in the residential housing market through construction of new housing stock, thereby contributing to the National Development Strategy (NDS) 1 goals.

FBC Building Society's has completed construction of 257 residential housing units at Kuwadzana Fontaine Ridge with a further 600 housing units targeted on a phased approach. The Society is also progressing well with a housing development at Zvishavane Eastlea Project where construction of 98 cluster housing units is underway with the project scheduled for completion by 31 December 2022.

**Stock Market Performance**

Negative real returns characterised the stock market in the first half of the year due to contractionary policy interventions that dampened market momentum. The all share index gained 83% for the six months compared with cumulative month on month inflation of 111% from January to June 2022.

**Share Price Performance**

The FBC Holdings Limited share price gained 121.54% to close the period under review at ZWL75.00. A total of 23 154 900 million shares were traded at a volume weighted average price of ZWL46.05.

FBC Holdings Limited repurchased ZWL133.5 million worth of shares under the share buyback scheme translating into a cumulative holding of 4.90% of the Group's issued shares. It is the Group's endeavour to create sustainable value for its shareholders.

**Information Technology, Digital Transformation and Innovation Focus**

As the global economy continues to accelerate towards digitally connected eco-systems, FBC Holdings Limited recognises the role that technology plays in delivering a unique customer experience in the current environment. As such, the Group has continued to invest in strengthening its digital capabilities and information security portfolios. In the first half of the year, FBCH focused on enhancing customer experience through the introduction of digitally inclined products and services. This thrust has seen the enhancement of electronic channels, with digital on-boarding being extended to our MasterCard products. The internet-banking platform remains a key service delivery channel and has been undergoing changes to adapt its functionality to the evolving needs of our valued customers.

The Group has made strides in revitalising systems and infrastructure configurations in order to guarantee seamless service delivery to customers - This resonates with the Group's mantra "You Matter Most." FBC Holdings has embraced the Cyber and Data Protection Act of 2022 and is making progress towards ensuring implementation and compliance.

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

ESG priorities have remained core to the growth of sustainable financial markets, signalling a total paradigm shift in terms of capital allocation. FBC Holding's primary objective is to build a brand that is more aware of and responsible in the use of resources, impact on the environment and remains conscious and deliberate in its role to drive sustainable solutions in the communities it serves. The Group's sustainability strategy seeks to identify, manage and mitigate the impacts and risks of FBCH's actions in the environment with a view towards contributing to the reduction of it's carbon footprint.

As the Group integrates sustainability into the corporate mainstream, we continue to take direction from the National Development Strategy 1 (2021-2025), Global Reporting Initiative (GRI) standards, revised Nationally Determined Contributions (NDCs) and other government policy pronouncements. We have also collaborated with development-oriented institutions in Zimbabwe and Southern Africa as we seek to align our strategy and operations to international best practices in the sustainability space.

**Community Impact**

As FBC Holdings, we have ingrained Corporate Social Responsibility (CSR) as an integral facet of our sustainability strategy. The Group is proud of having fulfilled its social obligation in the field of health, sports, arts and tourism. In this regard, FBC Holdings invested more than ZWL\$95 million in community-driven corporate social responsibility initiatives in the first half of the year. The Group also sponsored the prestigious 2022 Zimbabwe Open Golf Tournament, as the title sponsor.

**Accolades**

Reflecting on brand strength and diversity, the Group's banking subsidiaries received two accolades in the first half of the year. 1.The Marketers Association of Zimbabwe (MAZ) recognised FBC Bank as one of the leading local brands reflecting on the institution's proficiency in extending tangible benefits which customers consciously or subconsciously recognize. 2.The Zimbabwe CEO's Network awarded FBC Building Society, the Business Leadership Commendation accolade in recognition of the institution's support towards urban housing development in the country. FBC Holdings appreciates the accolades associated with the FBC Brand and will endeavour to remain relevant and responsive to the changing socio-economic and market dynamics in the country.

**Regulatory Developments and compliance**

The macro-economic environment has necessitated the promulgation of numerous regulatory measures, thereby increasing the Group's compliance burden over the review period. The regulatory authorities put in place a number of measures to stabilise the exchange rate and curb inflation. The Group Legal and Compliance division has robust systems in place to monitor compliance with all the regulatory pronouncements. The Group is committed to complying with all applicable laws, regulations, standards and international best practices and will continue to direct the necessary human, financial and technological resources to maintain the highest possible level of compliance.

The removal of Zimbabwe from the Financial Action Task Force (FATF) grey list at the end of March 2022 was a welcome development which is expected to benefit the economy through the opening up of avenues for foreign direct investments, enabling international trade and acquiring correspondent banking relationships.

**Capitalisation**

As at 30 June 2022, all of FBC Holdings Limited subsidiaries were in compliance with their regulated capital thresholds. The Group's strategy to invest in inflation-hedging assets has contributed immensely to sustainable capital growth for the subsidiaries, thereby withstanding the negative effects of the deteriorating exchange rate on the capital positions of the banking subsidiaries which are pegged in USD equivalents.

**Dividend**

On behalf of the Board of FBC Holdings Limited, I am pleased to advise shareholders that an interim dividend of 148.82 ZWL cents per share was proposed for the half year ended 30 June 2022 after taking into account the performance of the Group and the need to continue strengthening the Group's capital position. The interim dividend proposed, totalling ZWL1 billion translates to approximately 21.8 times cover.

**Outlook**

The domestic economic situation will continue to be impacted by geo-political developments in the global economy. Positive developments within the domestic macro-environment however, signal prospects of sustainable economic growth and stability. In line with regulatory statutes, FBC Holdings Limited will continue to seek opportunities to preserve and grow shareholder value as well as enhance customer experience.

**Appreciation**

My sincere gratitude goes out to all our stakeholders, especially our valued customers, for their unwavering commitment and support to the FBC Brand despite a challenging operating environment. Your unwavering loyalty has contributed immensely to the continued success of all the subsidiaries of FBCH. As espoused in our vision, the Group will continue to nurture sustainable solutions that enable the financial wellbeing of the communities we serve.

“You Matter Most”



**Herbert Nkala**  
Group Chairman

31 August 2022





# Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## AUDITORS' REVIEW CONCLUSION

The Inflation Adjusted Condensed Consolidated Interim Financial Results for the six months ended 30 June 2022 have been reviewed by KPMG and an unmodified review conclusion issued thereon.

The review conclusion has been made available to management and those charged with governance of FBC Holdings Limited. The engagement partner responsible for this review is Themba Mudidi. The auditors' review conclusion on the Inflation Adjusted Condensed Consolidated Interim Financial Results is available for inspection at the Company's registered office.

31 August 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Inflation Adjusted		Historical cost*	
		Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Interest income calculated using the effective interest method	17	9 430 862 081	5 784 652 391	6 230 595 712	1 872 881 830
Interest and related expense	18	(2 095 256 761)	(1 906 497 286)	(1 379 181 691)	(619 935 604)
<b>Net interest and related income</b>		<b>7 335 605 320</b>	<b>3 878 155 105</b>	<b>4 851 414 021</b>	<b>1 252 946 226</b>
Fee and commission income	19	4 673 881 511	3 287 450 866	3 131 743 756	980 261 061
Fee and commission expense		(47 066 868)	(30 041 408)	(31 948 393)	(9 675 486)
<b>Net fee and commission income</b>		<b>4 626 814 643</b>	<b>3 257 409 458</b>	<b>3 099 795 363</b>	<b>970 585 575</b>
Revenue from property sales	20.1	-	570 653 057	-	179 432 314
Cost of property sales	20.2	-	(422 054 213)	-	(85 518 478)
<b>Net income from property sales</b>		<b>-</b>	<b>148 598 844</b>	<b>-</b>	<b>93 913 836</b>
Insurance premium revenue	21	2 427 295 183	2 887 191 849	1 419 076 219	858 818 181
Premium ceded to reinsurers and retrocessionaires		(491 250 703)	(1 035 298 946)	(319 615 130)	(334 334 857)
<b>Net earned insurance premium</b>		<b>1 936 044 480</b>	<b>1 851 892 903</b>	<b>1 099 461 089</b>	<b>524 483 324</b>
<b>Revenue</b>		<b>13 898 464 443</b>	<b>9 136 056 310</b>	<b>9 050 670 473</b>	<b>2 841 928 961</b>
Net foreign currency trading and dealing income	17	051 195 814	2 681 971 204	16 357 894 124	900 000 293
Net gains from financial assets at fair value through profit or loss		6 348 732 801	2 042 968 607	6 761 136 684	810 518 665
Other operating income	22	5 893 363 707	1 116 944	10 625 613 447	272 015 822
<b>Other income</b>		<b>29 293 292 322</b>	<b>4 726 056 755</b>	<b>33 744 644 255</b>	<b>1 982 534 780</b>
<b>Total income</b>		<b>43 191 756 765</b>	<b>13 862 113 065</b>	<b>42 795 314 728</b>	<b>4 824 463 741</b>
Impairment allowance		(1 516 355 657)	(504 476 228)	(1 516 355 657)	(173 025 021)
Insurance commission expense	23	(354 391 036)	(356 655 454)	(202 734 719)	(95 568 080)
Insurance commission recovered from reinsurers	23	103 763 079	155 729 208	68 538 910	49 592 187
Insurance claims and loss adjustment expenses	24	(1 427 416 468)	(1 148 275 186)	(884 153 676)	(372 808 724)
Insurance claims and loss adjustment expenses recovered from reinsurers	24	208 871 104	267 684 655	202 797 900	88 216 622
Administrative expenses	25	(20 121 849 126)	(6 917 777 495)	(14 732 256 502)	(2 190 138 187)
Monetary loss		(7 861 389 822)	(1 978 587 052)	-	-
<b>Profit before income tax</b>		<b>12 222 988 839</b>	<b>3 379 755 513</b>	<b>25 731 150 984</b>	<b>2 130 732 538</b>
Income tax expense	26	(4 120 825 990)	(1 836 986 555)	(3 941 139 671)	(645 735 317)
<b>Profit for the period</b>		<b>8 102 162 849</b>	<b>1 542 768 958</b>	<b>21 790 011 313</b>	<b>1 484 997 221</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss**</b>					
(Loss)/gain on equity instruments at fair value through other comprehensive income		(1 141 133)	261 482 836	16 189 993	89 683 261
Tax		(307 641)	(2 614 829)	(307 641)	(896 833)
		<b>(1 448 774)</b>	<b>258 868 007</b>	<b>15 882 352</b>	<b>88 786 428</b>
Gain/(loss) on property revaluation		1 965 978 457	(385 815 882)	4 279 499 650	108 901 632
Tax		(242 478 784)	67 553 766	(615 670 766)	(12 041 964)
		<b>1 723 499 673</b>	<b>(318 262 116)</b>	<b>3 663 828 884</b>	<b>96 859 668</b>
<b>Total comprehensive income for the period</b>		<b>9 824 213 748</b>	<b>1 483 374 849</b>	<b>25 469 722 549</b>	<b>1 670 643 317</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		8 097 949 876	1 544 895 099	21 777 859 494	1 485 458 370
Non-controlling interests		4 212 973	(2 126 141)	12 151 819	(461 149)
<b>Total</b>		<b>8 102 162 849</b>	<b>1 542 768 958</b>	<b>21 790 011 313</b>	<b>1 484 997 221</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		9 808 059 888	1 488 623 734	25 432 035 990	1 670 689 958
Non-controlling interests		16 153 860	(5 248 885)	37 686 559	(46 641)
<b>Total</b>		<b>9 824 213 748</b>	<b>1 483 374 849</b>	<b>25 469 722 549</b>	<b>1 670 643 317</b>
<b>Earnings per share (ZWL cents)</b>					
Basic earnings per share	29.1	1 270.73	244.54	3 417.39	235.13
Diluted earnings per share	29.2	1 270.73	244.54	3 417.39	235.13
Headline earnings per share	29.3	1 271.38	244.59	3 417.65	235.11

\*\*Previously gains or loss on equity instruments at fair value through other comprehensive income were classified as items that may be subsequently reclassified to profit or loss. These have now been correctly classified as items that will not be reclassified to profit or loss.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	Inflation Adjusted		Historical cost*	
		Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Unreviewed 30 June 2022 ZWL	Unaudited 31 Dec 2021 ZWL
<b>ASSETS</b>					
Balances with banks and cash	4	56 233 300 437	38 616 129 404	56 233 300 437	17 639 586 908
Financial assets at amortised cost	5.3	2 572 639 173	4 312 069 387	2 572 639 173	1 969 724 151
Loans and advances to customers	5.1	68 813 073 220	51 518 724 408	68 812 649 548	23 533 213 273
Trade and other receivables including insurance receivables	5.2	1 521 049 196	1 386 289 867	1 521 049 196	618 741 001
Bonds and debentures	6	3 857	15 192 469	3 857	6 939 817
Financial assets at fair value through profit or loss	7	10 406 081 154	7 971 209 063	10 638 061 858	3 724 819 859
Financial assets at fair value through other comprehensive income		171 423 380	341 512 155	171 423 380	156 000 444
Inventory	8	841 341 418	676 025 780	330 467 943	102 710 413
Prepayments and other assets	9	17 339 551 866	14 586 814 552	16 677 935 481	6 546 709 548
Current income tax asset		79 583 370	51 350 639	51 689 355	23 456 625
Deferred tax asset		1 032 315 320	418 662 134	680 725 098	149 384 316
Investment property	12	16 010 981 520	9 142 816 645	16 010 981 520	4 176 376 848
Intangible assets	10	230 074 618	284 367 559	14 319 470	16 479 083
Property and equipment	11	10 653 156 954	8 870 694 550	8 418 542 223	4 052 073 314
Right of use asset		356 764 238	377 268 402	83 558 374	75 026 793
<b>Total assets</b>		<b>186 261 339 721</b>	<b>138 569 127 014</b>	<b>182 217 346 913</b>	<b>62 791 242 393</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Liabilities</b>					
Deposits from customers	13	58 732 060 081	56 828 042 620	58 732 060 081	25 958 665 772
Deposits from other banks	13	13 687 694 696	5 659 904 757	13 687 694 696	2 585 406 238
Borrowings	13	26 264 066 424	18 524 764 125	26 264 066 424	8 461 987 045
Insurance liabilities	14	1 975 641 343	1 707 647 963	1 424 451 832	681 083 275
Trade and other payables	15	40 939 527 055	21 933 981 229	38 630 690 940	9 635 885 014
Current income tax liabilities		563 933 207	846 648 699	563 933 208	386 743 397
Deferred tax liabilities		4 346 390 100	1 422 126 143	4 089 781 113	668 583 798
Lease liability		125 288 958	180 923 831	125 288 958	82 644 775
<b>Total liabilities</b>		<b>146 634 601 864</b>	<b>107 104 039 367</b>	<b>143 517 967 252</b>	<b>48 460 999 314</b>
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the parent entity</b>					
Share capital and share premium	16	1 915 196 715	1 915 196 715	14 089 892	14 089 892
Other reserves		12 802 161 595	11 225 560 928	8 036 394 315	4 515 727 159
Retained profits		24 849 339 904	18 280 444 221	30 591 500 457	9 780 717 590
		<b>39 566 698 214</b>	<b>31 421 201 864</b>	<b>38 641 984 664</b>	<b>14 310 534 641</b>
Non controlling interest in equity		60 039 643	43 885 783	57 394 997	19 708 438
<b>Total equity</b>		<b>39 626 737 857</b>	<b>31 465 087 647</b>	<b>38 699 379 661</b>	<b>14 330 243 079</b>
<b>Total equity and liabilities</b>		<b>186 261 339 721</b>	<b>138 569 127 014</b>	<b>182 217 346 913</b>	<b>62 791 242 393</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Inflation Adjusted		Historical cost*	
		Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
<b>Cash flow from operating activities</b>					
Profit before income tax		12 222 988 839	3 379 755 513	25 731 150 984	2 130 732 538
<b>Adjustments for:</b>					
Depreciation on property and equipment		587 332 568	311 183 602	253 841 491	88 052 456
Amortisation		54 292 941	104 512 060	2 159 612	1 428 809
Credit impairment losses		1 516 355 657	504 476 228	1 516 355 657	173 025 021
Profit from disposal of property and equipment	22	4 107 899	335 502	1 664 643	(89 721)
Net unrealised exchange gains and losses		(21 517 750 449)	5 669 878 056	(32 457 287 342)	(247 836 730)
Fair value adjustment on investment property	22	(5 640 160 154)	307 395 653	(10 339 275 379)	(177 738 789)
Fair value adjustment on financial assets at fair value through profit or loss		(6 348 732 801)	(2 042 968 607)	(6 761 136 684)	(810 518 665)
Net interest income		(7 335 605 320)	(3 878 155 105)	(4 851 414 021)	(1 252 946 226)
Depreciation on right of use assets		20 504 164	118 845 115	(8 531 581)	3 854 443
<b>Net Cash (used)/generated before changes in operating assets and liabilities</b>		<b>(26 436 666 656)</b>	<b>4 475 258 017</b>	<b>(26 912 472 620)</b>	<b>(92 036 864)</b>
Decrease/(increase) in financial assets at amortised cost		1 739 430 214	836 224 452	(602 915 022)	62 245 205
Decrease/(increase) in loans and advances		28 125 604 962	(4 885 734 604)	140 517 499	(4 436 123 376)
Increase in trade and other receivables		(77 828 108)	(570 187 857)	(845 376 975)	(336 995 367)
Decrease in bonds and debentures		15 188 612	1 493 457 217	6 935 960	414 229 442
Decrease/(increase) in financial assets at fair value through profit or loss		3 913 860 710	(75 166 229)	(152 105 315)	(91 676 197)
Increase in inventory		(598 819 644)	(259 794 348)	(600 441 866)	(135 272 572)
Decrease/(increase) in prepayments and other assets		10 061 607 446	(4 059 566 093)	2 613 372 245	(1 920 165 881)
(Decrease)/increase in deposits from other banks and customers		(24 162 467 907)	7 412 895 965	9 781 407 460	4 904 934 240
Increase in insurance liabilities		267 993 380	422 607 701	743 368 557	303 194 251
Increase in trade and other payables		3 098 594 631	362 722 291	12 759 710 489	1 299 107 604
Decrease/(increase) in lease liabilities		(55 634 873)	(23 339 291)	(42 644 183)	(1 008 551)
		<b>(4 109 137 233)</b>	<b>5 129 377 221</b>	<b>(3 025 355 405)</b>	<b>(29 568 066)</b>
Interest received		9 430 862 081	5 784 652 391	6 230 595 712	1 872 881 830
Income tax expense paid		(2 363 949 869)	(1 112 403 579)	(1 518 304 462)	(283 074 910)
Interest paid		(2 095 256 761)	(1 906 497 286)	(1 379 181 691)	(619 935 604)
<b>Net cash generated from operating activities</b>		<b>862 518 218</b>	<b>7 895 128 747</b>	<b>307 754 154</b>	<b>940 303 250</b>
<b>Cash flows from investing activities</b>					
Purchase of investment property*		-	(745 056 050)	-	(323 919 264)
Purchase of financial assets at fair value through other comprehensive income		161 005 465	-	767 057	-
Purchase of property and equipment		(409 551 226)	(153 879 529)	(282 464 704)	(51 179 386)
Purchase of intangible assets		-	(399 607)	-	(137 057)
Proceeds from sale of property and equipment		1 626 799	3 091 666	9 735 880	1 595 669
<b>Net cash used from investing activities</b>		<b>(246 918 962)</b>	<b>(896 243 520)</b>	<b>(271 961 767)</b>	<b>(373 640 038)</b>
<b>Net cash flows before financing activities</b>		<b>615 599 256</b>	<b>6 998 885 227</b>	<b>35 792 387</b>	<b>566 663 212</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(39 390 008)	(5 613 417 101)	(21 560 708)	(52 254 679)
Dividend paid to company's shareholders		(1 529 054 196)	(832 840 411)	(967 076 627)	(285 647 215)
Sale of treasury shares		-	3 060 286 972	-	1 010 394 470
Purchase of treasury shares		(133 509 342)	(1 464 060 499)	(133 509 342)	(502 142 786)
<b>Net cash (used)/generated in financing activities</b>		<b>(1 701 953 546)</b>	<b>(4 850 031 039)</b>	<b>(1 122 146 677)</b>	<b>170 349 790</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1 086 354 290)</b>	<b>2 148 854 188</b>	<b>(1 086 354 290)</b>	<b>737 013 002</b>
Exchange gains and losses on cash and cash equivalents		18 703 525 323	(5 171 347 600)	39 680 067 819	410 880 296
Cash and cash equivalents at beginning of the period		38 616 129 404	37 156 505 588	17 639 586 908	10 559 374 255
<b>Cash and cash equivalents at the end of period</b>	<b>4.1</b>	<b>56 233 300 437</b>	<b>34 134 012 176</b>	<b>56 233 300 437</b>	<b>11 707 267 553</b>





Reviewed Condensed Consolidated Financial Results  
FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the six months ended 30 June 2022

Inflation Adjusted

Half year ended 30 June 2022

Balance at 1 January 2022

Profit for the period

Other comprehensive income

Gain on revaluation of property and equipment, net of tax

Loss on financial assets through other comprehensive income

Total other comprehensive income

Total comprehensive income

Transaction with owners

Dividend paid

Treasury share purchase

Shareholders' equity at 30 June 2022

Half year ended 30 June 2021

Balance at 1 January 2021

Profit for the period

Other comprehensive income

Gain on revaluation of property and equipment, net of tax

Gain on financial assets through other comprehensive income

Total other comprehensive income

Total comprehensive income

Transaction with owners

Sale of treasury shares

Dividend paid

Treasury share purchase

Shareholders' equity at 30 June 2021

Historical cost\*

Half year ended 30 June 2022

Balance at 1 January 2022

Profit for the period

Other comprehensive income

Gain on revaluation of property and equipment, net of tax

Gain on financial assets through other comprehensive income

Total other comprehensive income

Total comprehensive income

Transaction with owners

Dividend paid

Treasury share purchase

Shareholders' equity at 30 June 2022

Half year ended 30 June 2021

Balance at 1 January 2021

Profit for the period

Other comprehensive income

Gain on revaluation of property and equipment, net of tax

Gain on financial assets through other comprehensive income

Total other comprehensive income

Total comprehensive income

Transaction with owners

Sale of treasury shares

Dividend paid

Treasury share purchase

Shareholders' equity at 30 June 2021

\*The historic 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 a review conclusion on this historic financial information.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS  
For the six months ended 30 June 2022

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage finance, micro lending, short - term 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 condensed consolidated interim financial statements were approved for issue by the Board of Directors on 30 August 2022.

2 BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the half year ended 30 June 2022 have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting, the Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing requirements and the Zimbabwe Banking Act (Chapter 24:20). They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022.

These condensed interim consolidated financial statements have been prepared under the historical cost convention and are presented in Zimbabwean dollars ("ZWL") and are rounded to the nearest dollar.

3.2 Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Zimbabwean dollar ("ZWL"), which is the Group's presentation currency as at half year ended 30 June 2022 and as prescribed by statutory instrument 33 of 2019 and statutory instrument 142 of 2019. All the Group's subsidiaries operate in Zimbabwe and have the Zimbabwean dollar ("ZWL") as their functional and presentation currency as at half year ended 30 June 2022.

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 interim consolidated 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. Non-monetary assets and liabilities carried in the Group's financial results have been restated applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit or loss for the half year ended 30 June 2022 and the comparative period. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the 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 30 June 2022
CPI as at 30 June 2021	2 986.4	2.9156
CPI as at 31 December 2021	3 977.5	2.1892
CPI as at 30 June 2022	8 707.4	1

4 BALANCES WITH BANKS AND CASH

Balances with Reserve Bank of Zimbabwe ("RBZ")

Statutory reserves

Current account balances

Balances with other banks and cash

Notes and coins

Other bank balances

Balances with banks and cash (excluding bank overdrafts)

Current

Non-current

Total

4.1 For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances :

Balances with other banks, cash and

current account balances at

RBZ (excluding bank overdrafts)

Total cash and cash equivalents -

statement of cash flows

Inflation Adjusted		Historical cost	
Reviewed	Audited	Unreviewed	Unaudited
30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
ZWL	ZWL	ZWL	ZWL
1 186 781 369	1 866 509 484	1 186 781 369	852 608 918
7 575 677 994	2 265 198 821	7 575 677 994	1 034 727 510
8 762 459 363	4 131 708 305	8 762 459 363	1 887 336 428
7 416 238 501	10 445 346 018	7 416 238 501	4 771 363 461
40 054 602 573	24 039 075 081	40 054 602 573	10 980 887 019
56 233 300 437	38 616 129 404	56 233 300 437	17 639 586 908
55 110 946 587	38 616 129 404	55 110 946 587	17 639 586 908
1 122 353 850	-	1 122 353 850	-
56 233 300 437	38 616 129 404	56 233 300 437	17 639 586 908

Inflation Adjusted			Historical cost		
Reviewed	Audited	Reviewed	Unreviewed	Unaudited	Unreviewed
30 June 2022	31 Dec 2021	30 June 2021	30 June 2022	31 Dec 2021	30 June 2021
ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
56 233 300 437	38 616 129 404	34 134 012 176	56 233 300 437	17 639 586 908	11 707 267 553
56 233 300 437	38 616 129 404	34 134 012 176	56 233 300 437	17 639 586 908	11 707 267 553



# Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

		Inflation Adjusted		Historical cost	
		Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Unreviewed 30 June 2022 ZWL	Unaudited 31 Dec 2021 ZWL
5	<b>FINANCIAL ASSETS</b>				
5.1	<b>Loans and advances to customers</b>				
	<b>Loans and advances maturities</b>				
	Maturing within 1 year	37 168 518 583	18 061 905 098	37 302 236 610	8 250 556 169
	Maturing after 1 year	33 587 481 685	34 605 503 620	33 453 339 986	15 807 368 333
	<b>Gross carrying amount</b>	<b>70 756 000 268</b>	<b>52 667 408 718</b>	<b>70 755 576 596</b>	<b>24 057 924 502</b>
	Impairment allowance	(1 942 927 048)	(1 148 684 310)	(1 942 927 048)	(524 711 229)
		<b>68 813 073 220</b>	<b>51 518 724 408</b>	<b>68 812 649 548</b>	<b>23 533 213 273</b>
5.2	<b>Trade and other receivables including insurance receivables</b>				
	Trade receivables	59 553	37 208 491	59 553	16 996 587
	Insurance receivables				
	- Due by insurance clients and insurance brokers	1 449 613 691	1 283 727 663	1 449 613 691	586 398 121
	- Due by reinsurers and retrocessionaires	160 948 178	288 620 083	160 948 178	117 332 862
	<b>Gross carrying amount</b>	<b>1 610 621 422</b>	<b>1 609 556 237</b>	<b>1 610 621 422</b>	<b>720 727 570</b>
	Impairment allowance	(89 572 226)	(223 266 370)	(89 572 226)	(101 986 569)
		<b>1 521 049 196</b>	<b>1 386 289 867</b>	<b>1 521 049 196</b>	<b>618 741 001</b>
	Current	1 521 049 196	1 375 986 634	1 521 049 196	614 034 554
	Non-current	-	10 303 233	-	4 706 447
	<b>Total</b>	<b>1 521 049 196</b>	<b>1 386 289 867</b>	<b>1 521 049 196</b>	<b>618 741 001</b>
5.3	<b>Financial assets at amortised cost</b>				
	Maturing within 1 year	2 573 548 325	4 253 664 127	2 573 548 325	1 943 045 023
	Maturing after 1 year	20 484 406	82 490 610	20 484 406	37 681 153
	<b>Gross carrying amount</b>	<b>2 594 032 731</b>	<b>4 336 154 737</b>	<b>2 594 032 731</b>	<b>1 980 726 176</b>
	Impairment allowance	(21 393 558)	(24 085 350)	(21 393 558)	(11 002 025)
		<b>2 572 639 173</b>	<b>4 312 069 387</b>	<b>2 572 639 173</b>	<b>1 969 724 151</b>
5.4	<b>Movement in impairment allowance</b>				
	Balance at beginning of period	1 416 268 219	646 879 849	646 941 750	183 834 469
	Effects of IAS 29	(769 326 469)	(244 434 164)	-	-
	Impairment loss allowance	1 516 355 657	1 005 426 129	1 516 355 657	459 271 860
	Reversal of impairment	-	(2 886 748)	-	(1 318 647)
	Amounts (recovered)/written off during the year as uncollectible	(5 415 296)	11 283 153	(5 415 296)	5 154 068
	<b>Balance at end of period</b>	<b>2 157 882 111</b>	<b>1 416 268 219</b>	<b>2 157 882 111</b>	<b>646 941 750</b>
6	<b>BONDS AND DEBENTURES</b>				
	Maturing within 1 year	-	-	-	-
	Maturing after 1 year	5 086	15 278 346	5 086	6 979 045
	<b>Gross carrying amount</b>	<b>5 086</b>	<b>15 278 346</b>	<b>5 086</b>	<b>6 979 045</b>
	Impairment allowance	(1 229)	(85 877)	(1 229)	(39 228)
		<b>3 857</b>	<b>15 192 469</b>	<b>3 857</b>	<b>6 939 817</b>
	Current	-	-	-	-
	Non-current	3 857	15 192 469	3 857	6 939 817
	<b>Total</b>	<b>3 857</b>	<b>15 192 469</b>	<b>3 857</b>	<b>6 939 817</b>
7	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
	Listed securities at market value	7 758 542 470	7 137 463 207	7 990 523 174	3 343 970 387
	Unlisted securities (Afreximbank class B shares)	2 647 538 684	833 745 856	2 647 538 684	380 849 472
		<b>10 406 081 154</b>	<b>7 971 209 063</b>	<b>10 638 061 858</b>	<b>3 724 819 859</b>
	Current	10 406 081 154	7 971 209 063	10 638 061 858	3 724 819 859
	Non-current	-	-	-	-
	<b>Total</b>	<b>10 406 081 154</b>	<b>7 971 209 063</b>	<b>10 638 061 858</b>	<b>3 724 819 859</b>
8	<b>INVENTORY</b>				
	Raw materials	33 363 178	45 020 861	34 610 659	19 801 554
	Work in progress	807 978 240	631 004 919	295 857 284	82 908 859
		<b>841 341 418</b>	<b>676 025 780</b>	<b>330 467 943</b>	<b>102 710 413</b>
	Current	723 553 619	676 025 780	114 594 117	102 710 413
	Non-current	117 787 799	-	215 873 826	-
	<b>Total</b>	<b>841 341 418</b>	<b>676 025 780</b>	<b>330 467 943</b>	<b>102 710 413</b>
9	<b>PREPAYMENTS AND OTHER ASSETS</b>				
	Prepayments	1 227 695 359	1 367 310 726	879 498 493	595 766 209
	Deferred acquisition costs	383 009 098	253 642 433	231 403 197	74 570 505
	Refundable deposits for Mastercard and Visa transactions	1 281 301 869	1 065 539 884	1 281 301 869	486 731 417
	Stationery stock and other consumables	-	10 963 170	-	2 334 661
	Time- share asset	53 227 588	60 831 679	24 314 063	27 787 500
	Zimswitch receivables	348 056 424	643 899 823	348 056 424	294 129 087
	Bill payments receivables	40 976 452	32 236 051	40 976 452	14 725 210
	RBZ NNCD and auction system balances	13 349 340 991	10 593 839 384	13 349 340 991	4 839 194 228
	Capital work in progress	328 892 936	328 892 936	82 538 666	82 538 666
	Other	327 051 149	229 658 466	440 505 326	128 932 065
		<b>17 339 551 866</b>	<b>14 586 814 552</b>	<b>16 677 935 481</b>	<b>6 546 709 548</b>
	Current	15 786 497 465	13 521 274 670	15 396 633 612	6 059 978 131
	Non-current	1 553 054 401	1 065 539 882	1 281 301 869	486 731 417
	<b>Total</b>	<b>17 339 551 866</b>	<b>14 586 814 552</b>	<b>16 677 935 481</b>	<b>6 546 709 548</b>
	The Group did not impair prepayments and other assets as they comprise of non financial assets and short term financial assets held with the Reserve Bank of Zimbabwe. Any expected credit loss on these balances are considered to be immaterial.				
10	<b>INTANGIBLE ASSETS</b>				
	<b>As at end of period</b>				
	Opening net book amount	284 367 559	338 295 934	16 479 083	9 074 177
	Additions	-	27 564 055	-	10 632 127
	Amortisation charge	(54 292 941)	(81 492 430)	(2 159 613)	(3 227 221)
	<b>Closing net book amount</b>	<b>230 074 618</b>	<b>284 367 559</b>	<b>14 319 470</b>	<b>16 479 083</b>
	<b>As at end of period</b>				
	Cost	1 359 332 521	1 359 332 521	28 356 776	28 356 776
	Accumulated amortisation	(1 129 257 903)	(1 074 964 962)	(14 008 079)	(11 848 466)
	Accumulated impairment	-	-	(29 227)	(29 227)
	<b>Net book amount</b>	<b>230 074 618</b>	<b>284 367 559</b>	<b>14 319 470</b>	<b>16 479 083</b>

## 11 PROPERTY AND EQUIPMENT Inflation Adjusted

	Freehold premises ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and Office equipment ZWL	Motor vehicles ZWL	Total ZWL
Half year ended 30 June 2022						
Opening net book amount at January 2022	5 253 772 493	336 578 264	912 230 151	1 160 747 359	1 207 366 283	8 870 694 550
Additions	2 284 973	-	71 371 977	179 550 790	156 343 486	409 551 226
Revaluation	1 965 978 458	-	-	-	-	1 965 978 458
Adjustment to cost	-	-	-	-	(15)	(15)
Disposals	-	-	(1 369 879)	(420 270)	(3 944 548)	(5 734 697)
Depreciation	(51 836 158)	(14 752 893)	(161 432 471)	(179 152 741)	(180 158 305)	(587 332 568)
<b>Closing net book amount at June 2022</b>	<b>7 170 199 766</b>	<b>321 825 371</b>	<b>820 799 778</b>	<b>1 160 725 138</b>	<b>1 179 606 901</b>	<b>10 653 156 954</b>
Year ended 31 December 2021						
Opening net book amount at January 2021	4 219 360 167	228 816 888	633 075 685	698 535 671	769 581 378	6 549 369 789
Additions	16 984 093	18 715 704	223 561 101	148 597 608	180 232 912	588 091 418
Revaluation	1 075 075 132	107 120 101	215 693 912	489 853 570	432 582 633	2 320 325 348
Adjustment to cost	-	-	(6)	-	-	(6)
Disposals	(1 208 630)	-	(744 096)	-	(15 297 243)	(17 249 969)
Depreciation	(56 438 269)	(18 074 429)	(159 356 445)	(176 239 490)	(159 733 397)	(569 842 030)
<b>Closing net book amount at December 2021</b>	<b>5 253 772 493</b>	<b>336 578 264</b>	<b>912 230 151</b>	<b>1 160 747 359</b>	<b>1 207 366 283</b>	<b>8 870 694 550</b>

	Freehold premises ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and Office equipment ZWL	Motor vehicles ZWL	Total ZWL
Half year ended 30 June 2022						
Opening net book amount at January 2022	2 399 567 875	153 746 676	418 602 582	528 616 736	551 539 445	4 052 073 314
Additions	1 748 280	4 442 994	50 156 185	106 454 403	119 662 842	282 464 704
Revaluation	4 349 246 220	-	-	-	-	4 349 246 220
Adjustment to cost	-	-	-	-	-	-
Disposals	-	-	(499 180)	(191 977)	(10 709 367)	(11 400 524)
Depreciation	(21 427 598)	(7 185 617)	(82 378 403)	(38 558 203)	(104 291 670)	(253 841 491)
<b>Closing net book amount at June 2022</b>	<b>6 729 134 777</b>	<b>151 004 053</b>	<b>385 881 184</b>	<b>596 320 959</b>	<b>556 201 250</b>	<b>8 418 542 223</b>
Year ended 31 December 2021						
Opening net book amount at January 2021	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	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)
<b>Closing net book amount at December 2021</b>	<b>2 399 567 875</b>	<b>153 746 676</b>	<b>418 602 582</b>	<b>528 616 736</b>	<b>551 539 445</b>	<b>4 052 073 314</b>

Freehold premises was revalued at half year ended 30 June 2022

## 12 INVESTMENT PROPERTY

	Inflation Adjusted		Historical cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Unreviewed 30 June 2022 ZWL	Unaudited 31 Dec 2021 ZWL
Opening balance	9 088 810 471	3 443 188 871	4 176 376 847	978 507 514
Additions	-	745 056 050	-	323 919 264
Fair value adjustment	6 488 667 043	3 175 724 787	11 461 920 337	2 354 373 476
Transfers from inventory	433 504 006	1 778 846 937	372 684 336	519 576 594
<b>Closing balance</b>	<b>16 010 981 520</b>	<b>9 142 816 645</b>	<b>16 010 981 520</b>	<b>4 176 376 848</b>
Non-current	16 010 981 520	9 142 816 645	16 010 981 520	4 176 376 848
<b>Total</b>	<b>16 010 981 520</b>	<b>9 142 816 645</b>	<b>16 010 981 520</b>	<b>4 176 376 848</b>

Fair valued adjustment of ZWL 6 488 667 043 and ZWL 11 461 920 337 in inflation and historical cost terms was made as at 30 June 2022

The fair value of investment property was determined by external, independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

## 13 DEPOSITS FROM OTHER BANKS AND CUSTOMERS

	Inflation Adjusted		Historical cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Unreviewed 30 June 2022 ZWL	Unaudited 31 Dec 2021 ZWL
13.1 Deposits from customers				
Demand deposits	49 533 333 037	45 823 482 311	49 533 333 037	20 931 857 002
Promissory notes	6 743 154 020	6 626 681 993	6 743 154 020	3 027 023 545
Other time deposits	2 455 573 024	4 377 878 316	2 455 573 024	1 999 785 225
	<b>58 732 060 081</b>	<b>56 828 042 620</b>	<b>58 732 060 081</b>	<b>25 958 665 772</b>
13.2 Deposits from other banks				
Money market deposits	13 687 694 696	5 659 904 757	13 687 694 696	2 585 406 238
Bank borrowings and lines of credit	26 264 066 424	18 524 764 125	26 264 066 424	8 461 987 045
	<b>39 951 761 120</b>	<b>24 184 668 882</b>	<b>39 951 761 120</b>	<b>11 047 393 283</b>
<b>TOTAL DEPOSITS</b>	<b>98 683 821 201</b>	<b>81 012 711 502</b>	<b>98 683 821 201</b>	<b>37 006 059 055</b>
Current	69 804 709 027	80 927 821 058	69 804 709 027	36 967 281 674
Non-current	28 879 112 174	84 890 444	28 879 112 174	38 777 381
<b>Total</b>	<b>98 683 821 201</b>	<b>81 012 711 502</b>	<b>98 683 821 201</b>	<b>37 006 059 055</b>





NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

13.3 Deposits concentration

Inflation Adjusted	Reviewed 30 June 2022 ZWL	%	Audited 31 Dec 2021 ZWL	%
Agriculture	6 752 912 455	7%	4 668 238 230	6%
Construction	4 881 907 181	5%	4 942 272 672	6%
Wholesale and retail trade	8 755 339 804	9%	6 737 116 536	8%
Public sector	13 136 720 419	13%	8 059 529 325	10%
Manufacturing	8 528 362 310	9%	6 613 773 343	8%
Telecommunication	3 492 307 420	4%	4 467 911 618	6%
Transport	2 643 727 103	3%	4 337 850 557	5%
Individuals	6 140 169 336	6%	4 331 426 028	5%
Financial services	28 963 121 497	29%	26 660 200 301	35%
Mining	6 350 751 107	6%	8 573 340 818	10%
Other	9 038 502 569	9%	1 621 052 074	1%
	<b>98 683 821 201</b>	<b>100%</b>	<b>81 012 711 502</b>	<b>100%</b>
Historical cost	Unreviewed 30 June 2022 ZWL	%	Unaudited 31 Dec 2021 ZWL	%
Agriculture	6 752 912 455	7%	2 132 419 671	6%
Construction	4 881 907 181	5%	2 257 596 752	6%
Wholesale and retail trade	8 755 339 804	9%	3 077 469 298	8%
Public sector	13 136 720 419	13%	3 681 538 522	10%
Manufacturing	8 528 362 310	9%	3 021 126 961	8%
Telecommunication	3 492 307 420	4%	2 040 911 829	6%
Transport	2 643 727 103	3%	1 981 500 815	5%
Individuals	6 140 169 336	6%	1 978 566 134	5%
Financial services	28 963 121 497	29%	12 178 199 303	35%
Mining	6 350 751 107	6%	3 916 244 139	10%
Other	9 038 502 569	9%	740 485 631	1%
	<b>98 683 821 201</b>	<b>100%</b>	<b>37 006 059 055</b>	<b>100%</b>

There are material concentration of deposits to the following sectors; Financial services 29%, wholesale and retail trade 9%, mining 6% and other 9%.

14 INSURANCE LIABILITIES

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unaudited 31 Dec 2021 ZWL
Gross outstanding claims	479 563 009	499 954 773	479 563 009	225 517 396
Liability for unearned premium	1 496 078 334	1 207 693 190	944 888 823	455 565 879
	<b>1 975 641 343</b>	<b>1 707 647 963</b>	<b>1 424 451 832</b>	<b>681 083 275</b>
Current	1 975 641 343	1 707 647 963	1 424 451 832	681 083 275
Non-current	-	-	-	-
<b>Total</b>	<b>1 975 641 343</b>	<b>1 707 647 963</b>	<b>1 424 451 832</b>	<b>681 083 275</b>
15 TRADE AND OTHER PAYABLES				
Trade and other payables	7 856 407 740	8 419 027 539	7 840 101 465	3 549 007 199
Deferred income	417 868 361	557 479 317	350 736 786	167 991 100
Mastercard and Visa prepayments	2 960 942 335	1 736 579 388	2 960 942 335	793 257 727
TT Resdex inwards	24 179 117	144 413 827	24 179 117	65 967 260
RBZ cash cover	11 163 506 252	6 909 818 684	11 163 506 252	3 156 358 472
Zimswitch settlement	258 117 970	256 747 566	258 117 970	117 280 553
Instant banking balances	298 171 789	379 638 682	298 171 789	173 416 384
Intermediary tax	919 108 351	661 316 398	919 108 351	302 084 861
Other liabilities	5 654 634 073	1 025 021 995	3 429 235 808	468 223 119
Customer funds awaiting payment	11 386 591 067	1 843 937 833	11 386 591 067	842 298 339
	<b>40 939 527 055</b>	<b>21 933 981 229</b>	<b>38 630 690 940</b>	<b>9 635 885 014</b>
Current	36 348 156 648	12 765 101 871	32 146 489 260	5 534 264 579
Non-current	4 591 370 407	9 168 879 358	6 484 201 680	4 101 620 435
<b>Total</b>	<b>40 939 527 055</b>	<b>21 933 981 229</b>	<b>38 630 690 940</b>	<b>9 635 885 014</b>

16 SHARE CAPITAL AND SHARE PREMIUM

Authorised	Number of ordinary shares, with a nominal value of ZWL0.00001			
800 000 000	800 000 000	800 000 000	800 000 000	800 000 000
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
Share capital movement				
	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
Inflation adjusted				
As at 1 January 2022	671 949 927	913 299	1 914 283 416	1 915 196 715
Share issue	-	-	-	-
As at 30 June 2022	<b>671 949 927</b>	<b>913 299</b>	<b>1 914 283 416</b>	<b>1 915 196 715</b>
Historical cost				
As at 1 January 2022	671 949 927	6 719	14 083 173	14 089 892
Share issue	-	-	-	-
As at 30 June 2022	<b>671 949 927</b>	<b>6 719</b>	<b>14 083 173</b>	<b>14 089 892</b>

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.

17 INTEREST AND RELATED INCOME

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2022 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Cash and cash equivalents	237 644 180	173 844 911	159 783 445	58 037 021
Loans and advances to other banks	1 212 260 570	329 946 653	815 895 065	106 273 508
Loans and advances to customers	7 103 157 515	4 252 614 707	4 688 240 454	1 377 344 535
Bankers acceptances and tradable bills	877 799 816	1 028 246 120	566 676 748	331 226 766
	<b>9 430 862 081</b>	<b>5 784 652 391</b>	<b>6 230 595 712</b>	<b>1 872 881 830</b>

18 INTEREST AND RELATED EXPENSE

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2022 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Deposit from other banks	796 601 882	292 141 615	524 823 473	94 399 872
Demand deposits	50 384 242	148 632 171	31 995 811	47 481 448
Afreximbank	656 126 041	1 341 723 351	442 654 021	432 163 706
Time deposits	592 144 596	124 000 149	379 708 386	45 890 578
	<b>2 095 256 761</b>	<b>1 906 497 286</b>	<b>1 379 181 691</b>	<b>619 935 604</b>

19 FEE AND COMMISSION INCOME

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2022 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Retail service fees	4 417 561 550	2 770 106 316	2 961 191 618	892 670 089
Credit related fees	147 098 334	278 281 910	87 316 834	23 501 116
Investment banking fees	3 669 740	51 004 323	2 807 793	1 386 381
Brokerage	105 551 887	188 058 317	80 427 511	62 703 475
	<b>4 673 881 511</b>	<b>3 287 450 866</b>	<b>3 131 743 756</b>	<b>980 261 061</b>

20.1 REVENUE FROM PROPERTY SALES

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Property Sales	-	570 653 057	-	179 432 314
	<b>-</b>	<b>570 653 057</b>	<b>-</b>	<b>179 432 314</b>

20.2 COST OF PROPERTY SALES

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Property development	-	422 054 213	-	85 518 478
	<b>-</b>	<b>422 054 213</b>	<b>-</b>	<b>85 518 478</b>

21 INSURANCE PREMIUM REVENUE

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Gross Premium Written	3 000 182 816	2 961 723 214	1 978 560 579	951 746 650
Change in Unearned Premium Reserve ("UPR")	(572 887 633)	(74 531 365)	(559 484 360)	(92 928 469)
	<b>2 427 295 183</b>	<b>2 887 191 849</b>	<b>1 419 076 219</b>	<b>858 818 181</b>

22 OTHER OPERATING INCOME

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Rental income	52 117 853	37 820 792	36 490 440	12 099 590
Profit on disposal of property and equipment	(4 107 899)	(335 502)	(1 664 643)	89 721
Sundry income	204 424 723	268 816 441	251 136 139	81 374 673
Bad debts recovered	768 876	2 210 866	376 132	713 049
Fair value adjustment investment property	5 640 160 154	(307 395 653)	10 339 275 379	177 738 789
	<b>5 893 363 707</b>	<b>1 116 944</b>	<b>10 625 613 447</b>	<b>272 015 822</b>

23 NET INSURANCE COMMISSIONS EXPENSE

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Commissions Paid	488 115 824	423 698 054	356 602 951	135 442 537
Change in technical provisions	(133 724 788)	(67 042 600)	(153 868 232)	(39 874 457)
	<b>354 391 036</b>	<b>356 655 454</b>	<b>202 734 719</b>	<b>95 568 080</b>
Commissions Received	(103 763 079)	(155 729 208)	(68 538 910)	(49 592 187)
	<b>250 627 957</b>	<b>200 926 246</b>	<b>134 195 809</b>	<b>45 975 893</b>

24 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Gross claims and loss adjustment expenses	1 116 017 440	730 939 669	732 731 939	235 432 450
Gross Change in Technical Provisions	311 399 028	417 335 517	151 421 737	137 376 274
	<b>1 427 416 468</b>	<b>1 148 275 186</b>	<b>884 153 676</b>	<b>372 808 724</b>
Reinsurance claims and loss adjustment expenses	(209 692 412)	(268 737 225)	(191 908 992)	(83 479 972)
Change in reinsurers' share of Technical Provisions	821 308	1 052 570	(10 888 908)	(4 736 650)
	<b>(208 871 104)</b>	<b>(267 684 655)</b>	<b>(202 797 900)</b>	<b>(88 216 622)</b>
	<b>1 218 545 364</b>	<b>880 590 531</b>	<b>681 355 776</b>	<b>284 592 102</b>

25 ADMINISTRATIVE EXPENDITURE

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Administration expenses	4 257 741 712	2 864 184 853	2 912 340 427	868 665 569
Staff costs	15 054 609 930	3 390 720 943	11 450 575 494	1 156 796 528
Directors' fees	66 104 836	93 079 080	42 095 690	30 992 459
Audit fees:				
- current year fees	47 128 729	24 785 289	31 299 189	7 972 081
- prior year fees	54 574 572	71 171 088	38 922 812	24 835 871
- other services	-	52 854 348	-	9 704 553
Depreciation	587 332 568	311 183 602	253 841 491	88 052 456
Amortisation	54 292 941	104 512 060	2 159 612	1 428 809
Operating lease payment	63 838	5 286 232	1 021 787	1 689 861
	<b>20 121 849 126</b>	<b>6 917 777 495</b>	<b>14 732 256 502</b>	<b>2 190 138 187</b>

26 INCOME TAX EXPENSE

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Current income tax on income for the half year	1 666 494 491	3 655 355 131	1 666 494 491	1 253 711 996
Deferred tax	2 454 331 499	(1 818 368 576)	2 274 645 180	(607 976 679)
	<b>4 120 825 990</b>	<b>1 836 986 555</b>	<b>3 941 139 671</b>	<b>645 735 317</b>

27 CAPITAL COMMITMENTS

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Capital expenditure authorized but not yet contracted for	6 661 913 107	8 606 624 474	6 661 913 107	2 951 896 043

28 CONTINGENT LIABILITIES

	Inflation Adjusted Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Historical cost Unreviewed 30 June 2022 ZWL	Unreviewed 30 June 2021 ZWL
Guarantees and letters of credit	10 730 262 398	938 517 988	10 730 262 398	321 892 461

29 EARNINGS PER SHARE

29.1	Basic earnings per share				
	Profit attributable to equity holders of the parent	8 097 949 876	1 544 895 099	21 777 859 494	1 485 458 370
	<b>Total</b>	<b>8 097 949 876</b>	<b>1 544 895 099</b>	<b>21 777 859 494</b>	<b>1 485 458 370</b>
	Basic earnings per share				
	Basic earnings per share (ZWL cents)	1 270.73	244.54	3 417.39	235.13
		<b>1 270.73</b>	<b>244.54</b>	<b>3 417.39</b>	<b>235.13</b>





NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

29.3 Headline earnings per share

Profit attributable to equity holders

Adjusted for excluded remeasurements  
Profit on the disposal of property and equipment  
Other

Headline earnings

Weighted average number of ordinary shares at 30 June

Headline earnings per share (ZWL cents)

29.4 Diluted headline earnings per share

Diluted headline 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.

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are defined below.

Quoted market prices (level 1)

Assets and liabilities are classified as level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets of liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs (level 2)

Assets and liabilities classified as level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

Valuation technique using significant and unobservable inputs (Level 3)

Assets and liabilities are classified as level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique:

Valuation technique using;

	Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL
Recurring fair value measurements			
Inflation Adjusted			
As at 30 June 2022			
Investment property	-	-	16 010 981 520
Equity securities	10 406 081 154	-	-
Equity securities	171 423 380	-	-
Land and buildings	-	-	7 170 199 766
As at 31 December 2021			
Investment property	-	-	9 142 816 645
Equity securities	7 971 209 063	-	-
Equity securities	341 512 155	-	-
Land and buildings	-	-	5 253 772 493
Historical cost			
As at 30 June 2022			
Investment property	-	-	16 010 981 520
Equity securities	10 638 061 858	-	-
Equity securities	171 423 380	-	-
Land and buildings	-	-	6 729 134 774
As at 31 December 2021			
Investment property	-	-	4 176 376 848
Equity securities	3 724 819 859	-	-
Equity securities	156 000 444	-	-
Land and buildings	-	-	2 399 567 875

There were no transfers between levels 1 and 2 during the period.

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on valuations of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable possible alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

Property and Equipment

The valuation technique for office buildings, residential property and land is both the investment and comparison approach.

The following key inputs were used to determine the fair value;

- Rental rates in price per square metre. These were obtained by comparison of rates for similar properties in similar locations.
- Void rates as a percentage. This is the level of unoccupied space and was based on rates published by listed property companies.
- Capitalisation rate. This is what investors expect to earn as a percentage of their investment on an annual basis. The basis of these rates are actual transactions that transpired during the year. Refer to note 11 for more information.

Investment property

The valuation approaches taken for investment property are the comparison approach and the investment approach. The comparison basis considers evidence on transactions from similar properties in terms of size, standard of finishes and age. In this approach, similar properties that had been recently sold or which are currently on sale and situated in comparable areas were utilised to derive the fair value. Market evidence from other estate agents was taken into consideration. The significant unobservable inputs were comparable rates per square meter and investment yields. The investment approach establishes market rentals that are annualized and then capitalized using the market capitalization rates to establish the fair values. The significant unobservable inputs for this approach were capitalization rates which ranged between 9-12 (2021 between 9-10) and rentals ranging from ZWL2 760 to ZWL7 200 per square meter (2021 ranging from ZWL300 to ZWL2 386). These valuations have been done in ZWL as opposed to the US\$ resulting in a change of accounting estimate. There are still few ZWL transactions which indicates material uncertainty in ZWL valuations. Refer to note 12 for more information.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The carrying amounts of financial assets and liabilities held at amortised cost approximate fair values. The following methods and assumptions were used to estimate the fair values;

Loans and advances to customers

The fair value of loans and advances to customers, for the purposes of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Gross loan values are discounted at a rate of the Group's contractual margins depending on credit quality and period to maturity. As such Group product margins are deemed significant inputs in the fair value models for the purposes of this disclosure, the related balances are classified as level 3 since the inputs are unobservable.

Trade and other receivables

The fair value of trade and other receivables, for the purposes of this disclosure, is calculated by the use of discounted cash flow techniques where the gross receivables are discounted at the Group's borrowing rate. Significant inputs in the valuation model are unobservable and are thus classified as level 3 for purposes of this disclosure.

Deposits from banks and amounts due to customers

The fair value disclosed approximates carrying value because the instruments are short term in nature. The deposits from banks and customers are classified as level 2. There are no deposits with long term maturities.

Borrowings

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant due to the market terms (rates and tenor) available. The fair value of the non current portion, for purposes of this disclosure are based on cash flows discounted using a rate based on the contractual borrowing rates which is an observable input. Therefore borrowings are within level 3 of the fair value hierarchy. The carrying amount equals the carrying amounts for borrowings with longer term maturities as the discount rate approximates the liabilities' effective interest rates.

Insurance liabilities and trade and other payables

The fair value disclosed approximates carrying value because the instruments are short term in nature.

Guarantees, acceptances and other financial facilities

The fair value disclosed approximates carrying value because the instruments are short term in nature.

Unlisted Equity investments

Since the prices are not readily determinable, fair value is based on internal valuation models and management estimates of amounts that could be realized under current market conditions.

The key unobservable input in determining fair values for these investments has been the net asset value. The translation of part of these investments that are foreign currency denominated is based on the closing exchange rate for the period while transactions are translated at the average exchange rate for the reporting period. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset is not active, or quoted prices cannot be obtained without undue effort, the Group uses the next closest available net asset value per share based on the most recent published financial statements of companies we are invested in.

31 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the Group's classification of each class of financial assets and liabilities.

	Financial assets at amortised cost ZWL	Financial assets at fair value through profit or loss ZWL	Financial assets at fair value through other comprehensive income ZWL	Financial assets at amortised cost* ZWL	Financial liabilities at amortised cost ZWL
Inflation Adjusted					
As at 30 June 2022					
Trading assets					
Balances with other banks and cash	-	-	-	56 233 300 437	-
Financial assets at amortised cost	2 572 639 173	-	-	-	-
Loans and advances to customers	-	-	-	68 813 073 220	-
Trade and other receivables including insurance receivables	-	-	-	1 521 049 196	-
Bonds and debentures	3 857	-	-	-	-
Financial assets at fair value through profit or loss	-	10 406 081 154	-	-	-
Financial assets at fair value through other comprehensive income	-	-	171 423 380	-	-
	2 572 643 030	10 406 081 154	171 423 380	126 567 422 853	-
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	98 683 821 201
Insurance liabilities	-	-	-	-	1 975 641 343
Trade and other payables	-	-	-	-	40 939 527 055
	-	-	-	-	141 598 989 599
As at 31 December 2021					
Trading assets					
Balances with other banks and cash	-	-	-	38 616 129 404	-
Financial assets at amortised cost	4 312 069 387	-	-	-	-
Loans and advances to customers	-	-	-	51 518 724 408	-
Trade and other receivables including insurance receivables	-	-	-	1 386 289 867	-
Bonds and debentures	15 192 469	-	-	-	-
Financial assets at fair value through profit or loss	-	7 971 209 063	-	-	-
Financial assets at fair value through other comprehensive income	-	-	341 512 155	-	-
	4 327 261 856	7 971 209 063	341 512 155	91 521 143 679	-
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	81 012 711 502
Insurance liabilities	-	-	-	-	1 707 647 963
Trade and other payables	-	-	-	-	21 933 981 229
	-	-	-	-	104 654 340 694
Historical cost					
As at 30 June 2022					
Trading assets					
Balances with other banks and cash	-	-	-	56 233 300 437	-
Financial assets at amortised cost	2 572 639 173	-	-	-	-
Loans and advances to customers	-	-	-	68 812 649 548	-
Trade and other receivables including insurance receivables	-	-	-	1 521 049 196	-
Bonds and debentures	3 857	-	-	-	-
Financial assets at fair value through profit or loss	-	10 638 061 858	-	-	-
Financial assets at fair value through other comprehensive income	-	-	171 423 380	-	-
	2 572 643 030	10 638 061 858	171 423 380	126 566 999 181	-
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	98 683 821 201
Insurance liabilities	-	-	-	-	1 424 451 832
Trade and other payables	-	-	-	-	38 630 690 940
	-	-	-	-	138 738 963 973
As at 31 December 2021					
Trading assets					
Balances with other banks and cash	-	-	-	17 639 586 908	-
Financial assets at amortised cost	1 969 724 151	-	-	-	-
Loans and advances to customers	-	-	-	23 533 213 273	-
Trade and other receivables including insurance receivables	-	-	-	618 741 001	-
Bonds and debentures	6 939 817	-	-	-	-
Financial assets at fair value through profit or loss	-	3 724 819 859	-	-	-
Financial assets at fair value through other comprehensive income	-	-	156 000 444	-	-
	1 976 663 968	3 724 819 859	156 000 444	41 791 541 182	-
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	37 006 059 055
Insurance liabilities	-	-	-	-	681 083 275
Trade and other payables	-	-	-	-	9 635 885 014
	-	-	-	-	47 323 027 344

\*These were previously presented as loans and receivables.

32 RELATED PARTIES

The Group carried out banking, insurance and investment related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking and insurance regulations. The full list of related party transactions are provided in the Group's annual report for the year ended 31 December 2021.





# Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

### 33 SEGMENT REPORTING

Segment information is presented in respect of business segments.

Segment revenue, expenses, results 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 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.

Inflation Adjusted	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Intersegment eliminations ZWL	Consolidated ZWL
30 June 2022								
Total segment revenue								
Interest income	8 046 102 304	460 602 096	962 801 292	452 596	1 854 823	7 015 722	(47 966 752)	9 430 862 081
Interest expense	(1 566 323 652)	(105 172 423)	(552 989 677)	-	-	-	129 228 991	(2 095 256 761)
Net interest income	6 479 778 652	355 429 673	409 811 615	452 596	1 854 823	7 015 722	81 262 239	7 335 605 320
Revenue from property sales	-	-	-	-	-	-	-	-
Cost of property sales	-	-	(17 536 190)	-	-	-	-	(17 536 190)
Gross profit	-	-	(17 536 190)	-	-	-	-	(17 536 190)
Net earned insurance premium	-	-	-	1 492 863 906	710 347 445	-	(267 166 871)	1 936 044 480
Net fee and commission income	4 075 965 417	61 709 925	454 130 440	(2 623 575)	-	96 003 755	(58 371 318)	4 626 814 643
Net trading income and other income	27 588 105 927	427 796 388	5 913 324 470	4 434 249 482	1 635 368 018	392 285 468	(11 080 301 242)	29 310 828 512
Total income	38 143 849 996	844 935 986	6 759 730 335	5 924 942 409	2 347 570 286	495 304 945	(11 324 577 192)	43 191 756 765
Intersegment revenue	(2 138 369 826)	31 654 422	(7 991 263)	(56 732 708)	(142 382 255)	(130 104)	2 313 951 735	-
Intersegment interest expense and commission	6 750 504	95 138 143	58 145 310	36 531 029	234 692 941	2 421 188	(433 679 115)	-
Revenue from external customers	36 012 230 674	971 728 551	6 809 884 382	5 904 740 730	2 439 880 972	497 596 029	(9 444 304 572)	43 191 756 765
Segment profit before income tax	10 492 640 634	(108 428 113)	2 782 627 744	353 087 795	181 731 637	109 770 912	(1 588 441 770)	12 222 988 839
Impairment losses on financial assets	1 473 415 174	5 792 923	36 089 274	-	1 058 286	-	-	1 516 355 657
Depreciation	457 371 719	14 679 251	67 607 523	25 726 300	18 964 449	1 619 302	-	587 332 568
Amortisation	52 162 189	12 249	-	2 118 503	-	-	-	54 292 941
Segment assets	153 215 067 632	1 039 785 656	19 575 323 115	5 242 903 471	3 540 690 992	351 592 899	3 295 975 956	186 261 339 721
Total assets includes : Additions to non-current assets	337 735 610	1 434 486	26 594 402	42 188 579	1 598 149	-	-	409 551 226
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	130 991 602 693	869 469 640	8 525 775 807	3 223 162 385	2 216 709 999	144 422 657	663 458 684	146 634 601 865
30 June 2021								
Total segment revenue								
Interest income	5 107 444 279	318 402 789	505 252 044	1 811 096	88 727	236 040	(148 582 583)	5 784 652 391
Interest expense	(1 437 431 400)	(58 607 053)	(434 266 257)	(46 421 024)	-	-	70 228 448	(1 906 497 286)
Net interest income	3 670 012 879	259 795 736	70 985 787	(44 609 928)	88 727	236 040	(78 354 135)	3 878 155 105
Revenue from property sales	-	-	570 653 057	-	-	-	-	570 653 057
Cost of property sales	-	-	(422 054 213)	-	-	-	-	(422 054 213)
Gross profit	-	-	148 598 844	-	-	-	-	148 598 844
Net earned insurance premium	-	-	-	1 564 531 402	510 496 755	-	(223 135 255)	1 851 892 902
Net fee and commission income	2 779 715 852	22 381 901	293 511 211	(7 649 363)	-	176 522 131	(7 072 273)	3 257 409 459
Net trading income and other income	7 510 405 352	283 138 933	601 910 441	2 492 168 069	786 761 147	188 277 877	(7 136 605 064)	4 726 056 755
Total income	13 960 134 083	565 316 570	1 115 006 283	4 004 440 180	1 297 346 629	365 036 048	(7 445 166 727)	13 862 113 065
Intersegment revenue	(483 827 489)	(466 601)	(9 670 311)	(40 981 503)	(200 067 654)	(169 468)	735 183 026	-
Intersegment interest expense and commission	97 203 740	81 671 350	21 054 533	60 676 058	172 227 352	14 344 600	(447 177 632)	-
Revenue from external customers	13 573 510 334	646 521 319	1 126 390 505	4 024 134 735	1 269 506 327	379 211 180	(7 157 161 333)	13 862 113 065
Segment profit before income tax	1 292 369 661	(90 654 227)	(120 007 225)	892 659 488	(30 548 356)	75 553 048	1 360 383 124	3 379 755 513
Impairment losses on financial assets	407 738 149	1 008 755	31 117 571	64 143 769	467 985	-	-	504 476 229
Depreciation	237 641 094	11 068 061	32 700 674	13 828 801	14 346 529	1 018 301	-	311 183 602
Amortisation	87 817 839	10 382 178	-	3 982 044	2 329 998	-	-	104 512 060
Segment assets	100 338 776 923	643 457 721	10 046 548 989	5 558 039 293	2 330 918 167	261 681 974	2 328 246 965	121 507 670 032
Total assets includes : Additions to non-current assets	122 107 067	14 907 867	5 070 495	-	9 367 910	2 426 190	-	153 879 529
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	90 685 820 615	517 101 400	6 991 398 463	3 507 747 823	1 711 775 872	163 266 921	(2 225 226 365)	101 351 884 729
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Equity market dealing		

### Historical cost

30 June 2022

	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Intersegment eliminations ZWL	Consolidated ZWL
Total segment revenue								
Interest income	5 413 646 609	244 349 611	598 008 144	207 609	1 854 823	4 972 031	(32 443 115)	6 230 595 712
Interest expense	(1 049 617 348)	(55 879 446)	(359 808 349)	-	-	-	86 123 452	(1 379 181 691)
Net interest income	4 364 029 261	188 470 165	238 199 795	207 609	1 854 823	4 972 031	53 680 337	4 851 414 021
Revenue from property sales	-	-	-	-	-	-	-	-
Cost of property sales	-	-	(9 157 191)	-	-	-	-	(9 157 191)
Gross profit	-	-	(9 157 191)	-	-	-	-	(9 157 191)
Net earned insurance premium	-	-	-	781 546 738	474 088 982	-	(156 174 630)	1 099 461 089
Net fee and commission income	2 734 575 087	33 152 615	300 689 069	(2 503 513)	-	72 912 067	(39 029 962)	3 099 795 363
Net trading income and other income	26 564 515 164	232 210 129	8 114 727 413	3 279 471 343	1 397 121 647	259 425 952	(6 093 670 201)	33 753 801 446
Total income	33 663 119 512	453 832 909	8 644 459 086	4 058 722 177	1 873 065 452	337 310 050	(6 235 194 456)	42 795 314 728
Intersegment revenue	(1 449 387 829)	47 303 501	(5 073 293)	(35 047 047)	(77 721 908)	(82 212)	1 520 008 788	-
Intersegment interest expense and commission	4 611 605	59 762 639	38 605 657	24 352 008	125 101 331	1 492 189	(253 925 428)	-
Revenue from external customers	32 218 343 288	560 899 049	8 677 991 450	4 048 027 138	1 920 444 875	338 720 027	(4 969 111 096)	42 795 314 728
Segment profit before income tax	15 953 142 059	(67 834 053)	5 566 241 667	1 871 879 996	394 008 404	145 965 356	1 867 747 555	25 731 150 984
Impairment losses on financial assets	1 473 415 174	5 792 923	36 089 274	-	1 058 286	-	-	1 516 355 657
Depreciation	191 357 314	6 798 375	37 409 143	3 370 211	13 803 331	676 800	-	253 841 490
Amortisation	2 079 511	3 481	-	44 800	31 820	-	-	2 159 612
Segment assets	151 361 733 850	825 519 508	18 586 154 826	5 059 109 494	3 451 223 983	342 284 981	2 591 320 270	182 217 346 913
Total assets includes : Additions to non-current assets	234 756 305	731 700	23 333 556	22 820 324	822 822	-	-	282 464 707
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	130 816 321 815	774 941 253	8 516 856 466	2 623 990 033	2 203 374 602	144 422 657	(1 561 939 574)	143 517 967 252
30 June 2021								
Total segment revenue								
Interest income	1 645 066 772	102 998 889	163 616 040	580 890	19 961	76 368	(39 477 089)	1 872 881 830
Interest expense	(460 582 486)	(19 258 358)	(139 884 665)	(14 723 246)	-	-	14 513 151	(619 935 604)
Net interest income	1 184 484 286	83 740 531	23 731 375	(14 142 356)	19 961	76 368	(24 963 938)	1 252 946 226
Revenue from property sales	-	-	179 432 314	-	-	-	-	179 432 314
Cost of property sales	-	-	(85 518 478)	-	-	-	-	(85 518 478)
Gross profit	-	-	93 913 836	-	-	-	-	93 913 836
Net earned insurance premium	-	-	-	431 223 958	164 601 738	-	(71 342 372)	524 483 324
Net fee and commission income	814 647 280	7 249 091	94 460 432	(2 503 513)	-	58 934 441	(2 202 156)	970 585 575
Net trading income and other income	2 530 119 462	91 310 574	365 272 840	833 238 495	259 061 119	62 562 792	(2 159 030 502)	1 982 534 780
Total income	4 529 251 028	182 300 196	577 378 483	1 247 816 584	423 682 818	121 573 601	(2 257 538 968)	4 824 463 741
Intersegment revenue	(158 612 172)	(160 034)	(3 079 558)	(10 619 479)	(63 814 598)	(54 388)	236 340 229	-
Intersegment interest expense and commission	30 651 359	21 263 070	6 797 192	19 268 879	44 605 207	4 588 276	(127 173 983)	-
Revenue from external customers	4 401 290 215	203 403 232	581 096 117	1 256 465 984	404 473 427	126 107 489	(2 148 372 722)	4 824 463 741
Segment profit before income tax	1 032 180 603	3 555 709	106 757 081	335 972 773	(3 421 276)	27 368 559	628 319 089	2 130 732 538
Impairment losses on financial assets	139 845 840	345 981	10 672 691	22 000 000	160 509	-	-	173 025 021
Depreciation	58 339 106	3 253 380	17 373 493	1 769 686	6 926 603	225 319	-	88 052 455
Amortisation	1 253 774	79 771	-	56 000	39 264	-	-	1 428 809
Segment assets	34 227 988 666	210 319 101	3 245 433 517	1 892 939 040	793 663 575	89 287 528	831 995 054	41 291 626 482
Total assets includes : Additions to non-current assets	41 037 660	4 800 000	1 660 798	-	2 908 928	772 000	-	51 179 386
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	30 929 443 648	176 580 628	2 397 906 580	1 175 179 365	583 629 387	55 997 212	(837 061 553)	34 481 675 267
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Equity market dealing		

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# Reviewed Condensed Consolidated Financial Results

## FOR THE SIX MONTHS ENDED 30 JUNE 2022

### NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

#### 34 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, and
- (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.

#### 34.1 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 concentration of credit risk in respect of individual counterparties and groups. The Group structures the level 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 policies and procedures to define, measure and monitor the credit and settlement risks arising from the Group's activities. Limits are established to control these risks. Any facility exceeding established limits of the subsidiary Management Credit Committee must be approved by the subsidiary Board Credit Committee.

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

The Group Credit Management Department periodically prepares detailed reports on the quality of the customers for review by the Board Loans Review Committees of the subsidiary companies and assesses 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 annually 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 advances 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 a 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 a stress testing framework that guides the Group in conducting credit stress tests.

##### Impairments

An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

##### 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 whereby 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 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 8, 9 and 10 under the Basel II ten tier grading system.

##### 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	IFRS 9 grading/tier system	Type of allowance
1	Prime grade	Insignificant	1%	Stage 1	12 Months ECL
2	Strong	Modest	1%		
3	Satisfactory	Average	2%		
4	Moderate	Acceptable	3%	Stage 2	Lifetime ECL
5	Fair	Acceptable with care	4%		
6	Speculative	Management attention	5%		
7	Highly Speculative	Special mention	10%	Stage 3	Lifetime ECL
8	Substandard	Vulnerable	20%		
9	Doubtful	High default	50%		
10	Loss	Bankrupt	100%		

##### Expected Credit Losses (ECL)

In the context of IFRS 9 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.

Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
Stage 3/Grade 10:	233 537 940	154 970 627	233 537 940	70 789 535
Gross amount	2 397 985 029	388 723 637	2 397 985 029	177 566 330
Credit impairment loss allowance	(1 578 661 733)	(266 135 448)	(1 578 661 733)	(121 568 874)
Carrying amount	819 323 296	122 588 189	819 323 296	55 997 456
Stage 2/Grades 4 - 7:	8 241 752 296	6 908 967 378	8 241 752 296	3 155 969 601
Stage 1/Grades 1 - 3:	60 116 262 943	45 369 717 703	60 115 839 271	20 724 388 571
Gross amount	68 358 015 239	52 278 685 081	68 357 591 567	23 880 358 172
Credit impairment loss allowance	(364 265 315)	(882 548 862)	(364 265 315)	(403 142 355)
Carrying amount	67 993 749 924	51 396 136 219	67 993 326 252	23 477 215 817
Total carrying amount	68 813 073 220	51 518 724 408	68 812 649 548	23 533 213 273

#### 34.1.1Exposure to credit risk

Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
Stage 3/Grade 10:	233 537 940	154 970 627	233 537 940	70 789 535
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Carrying amount	819 323 296	122 588 189	819 323 296	55 997 456
Stage 2/Grades 4 - 7:	8 241 752 296	6 908 967 378	8 241 752 296	3 155 969 601
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Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
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Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
Stage 3/Grade 10:	233 537 940	154 970 627	233 537 940	70 789 535
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Credit impairment loss allowance	(1 578 661 733)	(266 135 448)	(1 578 661 733)	(121 568 874)
Carrying amount	819 323 296	122 588 189	819 323 296	55 997 456
Stage 2/Grades 4 - 7:	8 241 752 296	6 908 967 378	8 241 752 296	3 155 969 601
Stage 1/Grades 1 - 3:	60 116 262 943	45 369 717 703	60 115 839 271	20 724 388 571
Gross amount	68 358 015 239	52 278 685 081	68 357 591 567	23 880 358 172
Credit impairment loss allowance	(364 265 315)	(882 548 862)	(364 265 315)	(403 142 355)
Carrying amount	67 993 749 924	51 396 136 219	67 993 326 252	23 477 215 817
Total carrying amount	68 813 073 220	51 518 724 408	68 812 649 548	23 533 213 273

Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
Stage 3/Grade 10:	233 537 940	154 970 627	233 537 940	70 789 535
Gross amount	2 397 985 029	388 723 637	2 397 985 029	177 566 330
Credit impairment loss allowance	(1 578 661 733)	(266 135 448)	(1 578 661 733)	(121 568 874)
Carrying amount	819 323 296	122 588 189	819 323 296	55 997 456
Stage 2/Grades 4 - 7:	8 241 752 296	6 908 967 378	8 241 752 296	3 155 969 601
Stage 1/Grades 1 - 3:	60 116 262 943	45 369 717 703	60 115 839 271	20 724 388 571
Gross amount	68 358 015 239	52 278 685 081	68 357 591 567	23 880 358 172
Credit impairment loss allowance	(364 265 315)	(882 548 862)	(364 265 315)	(403 142 355)
Carrying amount	67 993 749 924	51 396 136 219	67 993 326 252	23 477 215 817
Total carrying amount	68 813 073 220	51 518 724 408	68 812 649 548	23 533 213 273

Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
Stage 3/Grade 10:	233 537 940	154 970 627	233 537 940	70 789 535
Gross amount	2 397 985 029	388 723 637	2 397 985 029	177 566 330
Credit impairment loss allowance	(1 578 661 733)	(266 135 448)	(1 578 661 733)	(121 568 874)
Carrying amount	819 323 296	122 588 189	819 323 296	55 997 456
Stage 2/Grades 4 - 7:	8 241 752 296	6 908 967 378	8 241 752 296	3 155 969 601
Stage 1/Grades 1 - 3:	60 116 262 943	45 369 717 703	60 115 839 271	20 724 388 571
Gross amount	68 358 015 239	52 278 685 081	68 357 591 567	23 880 358 172
Credit impairment loss allowance	(364 265 315)	(882 548 862)	(364 265 315)	(403 142 355)
Carrying amount	67 993 749 924	51 396 136 219	67 993 326 252	23 477 215 817
Total carrying amount	68 813 073 220	51 518 724 408	68 812 649 548	23 533 213 273

#### 34.1.2Sectoral analysis of utilisations - loans and advances

Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Loans and advances				
Stage 3/Grade 8:	2 111 114 550	121 601 731	2 111 114 550	55 546 849
Stage 3/Grade 9:	53 332 539	112 151 279	53 332 539	51 229 946
Stage 3/Grade 10:	233 537 940	154 970 627	233 537 940	70 789 535
Gross amount	2 397 985 029	388 723 637	2 397 985 029	177 566 330
Credit impairment loss allowance	(1 578 661 733)	(266 135 448)	(1 578 661 733)	(121 568 874)
Carrying amount	819 323 296	122 588 189	819 323 296	55 997 456
Stage 2/Grades 4 - 7:	8 241 752 296	6 908 967 378	8 241 752 296	3 155 969 601
Stage 1/Grades 1 - 3:	60 116 262 943	45 369 717 703	60 115 839 271	20 724 388 571
Gross amount	68 358 015 239	52 278 685 081	68 357 591 567	23 880 358 172
Credit impairment loss allowance	(364 265 315)	(882 548 862)	(364 265 315)	(403 142 355)
Carrying amount	67 993 749 924	51 396 136 219	67 993 326 252	23 477 215 817
Total carrying amount	68 813 073 220	51 518 724 408	68 812 649 548	23 533 213 273

Inflation Adjusted	Reviewed	Audited	Historical cost	Unaudited
	30 June 2022	31 Dec 2021	30	





NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

34.1.6 Financial assets at amortised cost

	Inflation Adjusted							
	Reviewed 30 June 2022				Audited 31 December 2021			
	ECL staging				ECL staging			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL ZWL	ECL ZWL	ECL ZWL	ZWL	ECL ZWL	ECL ZWL	ECL ZWL	ZWL
Credit grade								
Investment grade	2 593 851 802	-	-	2 593 851 802	4 336 154 737	-	-	4 336 154 737
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	2 593 851 802	-	-	2 593 851 802	4 336 154 737	-	-	4 336 154 737
Credit impairment loss allowance	(21 212 629)	-	-	(21 212 629)	(24 085 350)	-	-	(24 085 350)
Net financial asset at amortised cost	2 572 639 173	-	-	2 572 639 173	4 312 069 387	-	-	4 312 069 387

	Historical cost							
	Unreviewed 30 June 2022				Unaudited 31 December 2021			
	ECL staging				ECL staging			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL ZWL	ECL ZWL	ECL ZWL	ZWL	ECL ZWL	ECL ZWL	ECL ZWL	ZWL
Credit grade								
Investment grade	2 593 851 802	-	-	2 593 851 802	1 980 726 176	-	-	1 980 726 176
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	2 593 851 802	-	-	2 593 851 802	1 980 726 176	-	-	1 980 726 176
Credit impairment loss allowance	(21 212 629)	-	-	(21 212 629)	(11 002 025)	-	-	(11 002 025)
Net financial asset at amortised cost	2 572 639 173	-	-	2 572 639 173	1 969 724 151	-	-	1 969 724 151

34.1.7 Bonds and debentures

	Inflation Adjusted							
	Reviewed 30 June 2022				Audited 31 December 2021			
	ECL staging				ECL staging			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL ZWL	ECL ZWL	ECL ZWL	ZWL	ECL ZWL	ECL ZWL	ECL ZWL	ZWL
Credit grade								
Investment grade	5 086	-	-	5 086	15 278 346	-	-	15 278 346
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross bonds and debentures	5 086	-	-	5 086	15 278 346	-	-	15 278 346
Credit impairment loss allowance	(1 229)	-	-	(1 229)	(85 877)	-	-	(85 877)
Net bonds and debentures	3 857	-	-	3 857	15 192 469	-	-	15 192 469

	Historical cost							
	Unreviewed 30 June 2022				Unaudited 31 December 2021			
	ECL staging				ECL staging			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL ZWL	ECL ZWL	ECL ZWL	ZWL	ECL ZWL	ECL ZWL	ECL ZWL	ZWL
Credit grade								
Investment grade	5 086	-	-	5 086	6 979 045	-	-	6 979 045
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross bonds and debentures	5 086	-	-	5 086	6 979 045	-	-	6 979 045
Credit impairment loss allowance	(1 229)	-	-	(1 229)	(39 228)	-	-	(39 228)
Net bonds and debentures	3 857	-	-	3 857	6 939 817	-	-	6 939 817

34.1.8 Credit exposure on undrawn loan commitments and guarantees

	Inflation Adjusted							
	Reviewed 30 June 2022				Audited 31 December 2021			
	ECL staging				ECL staging			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL ZWL	ECL ZWL	ECL ZWL	ZWL	ECL ZWL	ECL ZWL	ECL ZWL	ZWL
Credit grade								
Investment grade	10 076 010 342	-	-	10 076 010 342	10 016 194 041	-	-	10 016 194 041
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	10 076 010 342	-	-	10 076 010 342	10 016 194 041	-	-	10 016 194 041
Credit impairment loss allowance	(90 799 023)	-	-	(90 799 023)	(20 146 311)	-	-	(20 146 311)
Net undrawn loan commitments and guarantees	9 985 211 319	-	-	9 985 211 319	9 996 047 730	-	-	9 996 047 730

	Historical cost							
	Unreviewed 30 June 2022				Unaudited 31 December 2021			
	ECL staging				ECL staging			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	ECL ZWL	ECL ZWL	ECL ZWL	ZWL	ECL ZWL	ECL ZWL	ECL ZWL	ZWL
Credit grade								
Investment grade	10 076 010 342	-	-	10 076 010 342	4 575 329 739	-	-	4 575 329 739
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	10 076 010 342	-	-	10 076 010 342	4 575 329 739	-	-	4 575 329 739
Credit impairment loss allowance	(90 799 023)	-	-	(90 799 023)	(9 202 699)	-	-	(9 202 699)
Net undrawn loan commitments and guarantees	9 985 211 319	-	-	9 985 211 319	4 566 127 040	-	-	4 566 127 040

34.2 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 treat 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 subsidiary companies 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 banking entities and 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 Department. The Group uses concentration risk limits to ensure that funding diversification is maintained across the 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 their ability 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 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.

34.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables 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. The market risk for the non-trading portfolio is managed as detailed in notes 34.3.1 to 34.3.3.

34.3.1 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 such models as Value at Risk ("VAR"), Scenario Analysis and control and management of the gap analysis.

34.3.2 Currency risk

The Group operates locally and the majority of its customers transact in ZWL, the functional currency of the Group and its subsidiaries. The Group is exposed to various currency exposures primarily with respect to the United States dollar, South African rand, Botswana pula, British pound 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 forecast movements in exchange rates on the Group's profitability.

34.3.3 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 as 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.

34.4 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 its obligations 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 a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Group Risk.

34.5 Operational risk

Operational risk is the risk of loss arising from the potential that inadequate information system, technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems 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, authorization, 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 other 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. Each entity has a Management and Board Risk and Compliance Committee to ensure a robust operational risk management framework. 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 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 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 units and branches conduct tests half yearly in line with the Group policy. The Group continues to conduct its business continuity tests in the second and fourth quarters of each year and all the processes are well documented.





NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2022

34.6 Capital risk

34.6.1 Regulatory Capital and Financial Risk Management

Capital risk refers to the risk of the Group's subsidiaries own capital resources being adversely affected by unfavourable external developments.

The Group's objectives 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.

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 30 June 2022	Regulatory Authority	Minimum capital required US\$	Minimum capital required ZWL	Net Regulatory Capital ZWL	Total Equity ZWL
FBC Bank Limited	RBZ	30 000 000	11 128 938 000	18 065 066 238	20 545 412 035
FBC Building Society	RBZ	20 000 000	7 419 292 000	7 999 276 834	10 069 298 360
FBC Reinsurance Limited	IPEC		150 000 000	2435 119 461	2 435 119 461
FBC Securities (Private) Limited	SECZ		150 000	197 862 325	197 862 325
FBC Insurance Company (Private) Limited	IPEC		37 500 000	1 247 849 386	1 247 849 386
Microplan Financial Services (Private) Limited	RBZ	25 000	9 274 115	50 578 255	50 578 255

34.7 Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards. The Compliance function assesses the conformity of codes of conduct, instructions, procedures and organizations in relation to the rules of integrity in financial services activities. These rules are those which arise from the institution's own integrity policy as well as those which are directly provided by its legal status and other legal and regulatory provisions applicable to the financial services sector.

Management is also accountable to the Board for designing, implementing and monitoring the process of compliance risk management and integrating it with the day to day activities of the Group.

35 STATEMENT OF COMPLIANCE

The Group complied 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); Statutory Instrument 33 of 2019; Statutory Instrument 33 of 1999; Statutory Instrument 62 of 1996; Statutory Instrument 142 of 2019 and the Companies and Other Business Entities Act (Chapter - 24:31).

In addition, the Group also complied with the Reserve Bank of Zimbabwe's directives on liquidity management, capital adequacy as well as prudential lending guidelines.

36 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, except for the micro lending unit which has had its rating reviewed by Microfinanza rating agency due to the Covid-19 pandemic.

FBC bank and FBC reinsurance resumed their ratings in 2021. The remaining subsidiaries were last rated in 2019 and the ratings were as follows:

Subsidiary	2022	2021	2019	2018	2017
FBC Bank Limited	A-	A-	BBB+	BBB+	BBB+
FBC Reinsurance Limited	A-	A-	A-	A-	A-
FBC Building Society	-	-	BBB-	BBB-	BBB-
FBC Insurance Company Limited	-	-	A-	A-	A-
Microplan Financial Services	-	-	BBB-	BBB-	BBB-

37 INTERIM DIVIDEND

Notice is hereby given that an interim dividend of 148.82 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 30 August 2022 in respect of the half year ended 30 June 2022.

The dividend is payable to shareholders registered in the books of the company at the close of business on Friday 23 September 2022. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 19 September 2022 and ex-dividend as from 20 September 2022. Dividend payment will be made to Shareholders on or about 30 September 2022.

38 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 (iv) Board Risk Committee.

Board Attendance

Board member	Main board		Board Audit		Board Human Resources		Board Finance and Strategy		Board Risk and Compliance		Board Marketing and Public Relations	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Herbert Nkala	✓	✓	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
John Mushayavanhu	✓	✓	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
Aeneas Chuma	✓	✓	✓	✓	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	✓	✓
Franklin Kennedy	✓	✓	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
David Makwara	✓	✓	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
Charles Msipa	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
Rutenhuro Moyo	✓	✓	✓	✓	N/A	N/A	✓	✓	✓	✓	N/A	N/A
Sifiso Ndllovu	✓	✓	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	✓	✓
Webster Rusere	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Garry Collins	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend

Not a member - N/A  
Apologies - X

Attended - ✓  
Quarter - Q

By order of the Board

Tichaona K. Mabeza  
GROUP COMPANY SECRETARY

31 August 2022

We're here to help!

Our contact center is open **24/7** to help with any queries, feedback or suggestions you may have.

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## **Independent Auditor's Report on the Review of Inflation Adjusted Condensed Consolidated Interim Financial Results**

### ***To the shareholders of FBC Holdings Limited***

#### **Introduction**

We have reviewed the accompanying inflation adjusted condensed consolidated statement of financial position of FBC Holdings Limited and its subsidiaries ("the Group") as at 30 June 2022, the inflation adjusted condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-months then ended, and notes to the inflation adjusted condensed consolidated interim financial results, including a summary of significant accounting policies and other explanatory information ("the inflation adjusted condensed consolidated interim financial results").

Directors are responsible for the preparation and presentation of the inflation adjusted condensed consolidated interim financial results in accordance with IAS 34, Interim Financial Reporting (IAS 34) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Banking Act (Chapter 24:20) and Zimbabwe Stock Exchange (ZSE) Listing Requirements. Our responsibility is to express a conclusion on the inflation adjusted condensed consolidated interim financial results based on our review.

#### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of inflation adjusted condensed consolidated interim financial results consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying inflation adjusted condensed consolidated interim financial results as at 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting* (IAS 34) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Banking Act (Chapter 24:20) and Zimbabwe Stock Exchange (ZSE) Listing Requirements.

## Other information

The Directors are responsible for the other information. The other information comprises the Chairman's Statement and the financial information in the inflation adjusted condensed consolidated interim financial results titled "unreviewed historical cost" and "unaudited historical cost" but does not include the inflation adjusted condensed consolidated interim financial results and the review report thereon.

Our conclusion on the inflation adjusted condensed consolidated interim financial results does not cover the other information and we do not express a conclusion or any form of assurance conclusion thereon.

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

KPMG

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

31 August 2022

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

Mutual Gardens  
100 The Chase (West)  
Emerald Hill  
P.O Box 6, Harare  
Zimbabwe