FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2022

GROUP CHAIRMAN'S STATEMENT

I am delighted to present to you FBC Holdings Limited's Audited Financial Statements and key business highlights for the financial year ended 31 December 2022. It is pleasing to note that the Group managed to report another year of good performance against the backdrop of a challenging operating environment.

SALIENT FEATURES

	Inflation Adjusted	Historical Cost
Profit before income tax	ZWL 23.6 billion 39% from 2021	ZWL 49.1 billion 537% from 2021
Profit after income tax	ZWL 12.6 billion 16% from 2021	ZWL 40 billion 483% from 2021
Total income	ZWL 119.1 billion 93% from 2021	ZWL 108.2 billion 563% from 2021
Total assets	ZWL 335.4 billion 54% from 2021	ZWL 332.9 billion 430% from 2021
Total equity	ZWL 62.8 billion 27% from 2021	ZWL 65 billion 354% from 2021
Net asset value per share	ZWL (c) 9 371 27% from 2021	ZWL(c) 9 667 354% from 2021
Basic earnings per share	ZWL(c) 1 996 16% from 2021	ZWL(c) 6 362 483% from 2021
Cost to income	80% 8% from 2021	54% 1% from 2021

Dividend per share	
Final	ZWL(c) 298
Interim	ZWL(c) 149

Financial Performance Review –Inflation Adjusted
The Group achieved an inflation adjusted profit before tax of ZWL23.6 billion, a profit after tax of ZWL12.6 billion and return on equity of 20% on a capital base of ZWL62.8 billion. This performance in historical terms translated to a profit before tax of ZWL49.1 billion, a profit after tax of ZWL40 billion and a return on equity of 62% on a capital base of ZWL65 billion. While the Group's inflation adjusted profit before tax increased by 38% compared to the same period last year, profit after tax for the period reduced by 16% as a result of a 427% increase in tax expenses mainly due to the surge in deferred income tax on unrealized non funded income.

The Group's total net income increased by 93% to ZWL119 billion compared to the prior year, with the growth emanating from an increases in all major revenue streams. Net interest income was up 69%, driven by an increase in weighted average interest rates and growth in lending portfolios. Monetary authorities increased the bank policy rate to 200% per annum, which resulted in a general increase in local currency lending interest rates in the economy. The Group's banking subsidiaries also registered an increase in US$ denominated loans as the volume of foreign currency transactions became more prevalent in the economy.

Net fee and commission income was 49% up compared to the prior year as the Group banking subsidiaries continued to register transaction volumes growth in the payments space, leveraging on the Group's investment in digitalisation.

The insurance business registered a 33% increase in net earned insurance premium as a result of the Group's improved market penetration compared to the prior year. Growth in the insurance business however, remained subdued due to the challenging economic environment. Insurance spending generally decreases in weaker economic cycles, but the Group is encouraged by the preliminary results arising out of the Group's regional diversification into Botswana. During the second half of 2022, the Group opened FBC Reinsurance (Botswana) Pty Limited, a reinsurance company that is based in the Republic of Botswana. Its six months' performance was ahead of expectation. The Group will continue to monitor and support this investment as it emerges out of its incubation phase.

The Group's investment in value preserving assets yielded positive results with a 152% increase in other income which comprises mainly dealing income and fair value gains from investment properties.

The Group's cost to income ratio excluding monetary loss, increased to 67% compared with 58% reported in the prior year, primarily as a result of exchange rate driven inflationary pressures, which resulted in a 125% and 86% increase in administrative expenses and insurance claims expenses respectively. Credit impairment charges increased by 190% in line with the increased loan book. The Group also implemented various incentives to cushion staff against the increased cost of living. The Group, however, continues with process re-engineering, leveraging off digitalisation initiatives to improve business efficiency and rein in costs.

The Group's statement of financial position at ZWL335 billion as at 31 December 2022 increased by 54% compared with the 31 December 2021 position of ZWL217.6 billion. This balance sheet position in historical terms was at ZWL333 billion against ZWL62.8 billion recorded as at 31 December 2021. The growth in the statement of financial position was mainly driven by growth in loans and advances which were up 85% at ZWL149.6 billion. Total deposits and borrowings increased by 51% to ZWL192 billion as the Group continued to consolidate its market space. Total equity attributable to shareholders of the parent company increased by 27% to ZWL62.8 billion, compared to ZWL49.3 billion as at 31 December 2021. All the Group companies were in compliance with regulatory capital requirements.

Operating Environment
The economy is projected to have grown by 4% during the year under review driven by growth in mining, wholesale and retail trade, electricity production and construction services among others. This is despite the drought-induced output decline in agriculture, inflation and global supply chain disruptions. The current 2022/2023 summer cropping season however looks positive due to favourable rainfall patterns and government support structures.

The country experienced high levels of inflation and foreign exchange rate volatility during the period under review. The fiscal and monetary authorities intervened during the second half of 2022 to control the runaway inflation and stabilise exchange rates. The use of the multi-currency system was extended for the duration of the National Development Strategy 1, resultantly United States Dollar based transactions have significantly increased. According to the Zimbabwe Statistical Agency, the proportion of domestic expenditure denominated in USD has increased to 76% whilst the local currency is at 24%.

Power supply disruptions continue to impact business operations negatively. Efforts are being made however, to boost power generation through the construction of additional power generating units at Hwange. The government has also allowed independent power producers and electricity imports to augment power supply. The Group will continue to adapt to the environment to explore opportunities arising from these initiatives.

Financial Services Sector
The financial services sector remains sound and continues to play a critical role in the recovery and growth of the economy post Covid-19. As at 31 December 2022, the banking sector was well capitalised with aggregate core capital of ZWL611.11 billion and total assets of ZWL3.81 trillion. Liquidity and asset quality were considered satisfactory with the banking sector liquidity ratio and non-performing loans at 60% and 1.58% respectively. Total assets were recorded at ZWL4 trillion compared to ZWL763 billion recorded during the prior year. The banking subsidiaries of the Group were adequately capitalised above the regulatory minimum capital requirement.

Foreign Exchange
The foreign exchange auction system has remained as one of the key sources of foreign currency, with a total amount of USD1.1 billion allotted on the foreign exchange auction, in 2022. Since the introduction of the auction system, cumulative allotments amounted to USD3.7 billion for the period to 31 December 2022. Whilst the foreign currency auction system has suffered from settlement backlogs in the past, the Reserve Bank of Zimbabwe (RBZ) has made concerted efforts to clear allotment backlogs. The local currency has however, continued to depreciate against the US dollar (USD) with the willing buyer willing seller exchange rate weakening by 529% to close 2022 at ZWL684.33 from ZWL108.7 at the beginning of the year.

To boost economic confidence, restore value, and foster macro-economic stability, the RBZ further liberalised the foreign exchange market and introduced the Mosi-oa-Tunya Gold Coin as a store of value.

The Country's foreign currency receipts increased by 17% to USD11.6 billion, largely driven by export receipts which contributed 64% and a surplus current account balance of USD305 million is estimated for 2022. The Group will continue to use its allocative position to contribute to the growth of export receipts.

The Insurance Sector
Insurance penetration levels have remained low throughout 2022 though expectations are that the industry will benefit from a positive GDP growth outlook. The shift to foreign currency trading is also expected to boost the prospects of the industry.

The Insurance and Pension Commission (IPEC) launched the Zimbabwe Integrated Capital and Risk Programme (ZICARP) framework, a risk-based capital solvency regime that seeks to create a robust insurance regulatory supervisory framework, enhance policyholder protection and ensure stability of the insurance industry. Implementation of ZICARP with effect from 1 January 2023 is expected to improve transparency in the insurance sector.

Property Market
Activity in the real estate market remained soft throughout the year 2022. Commercial properties void rates in the central business district remain high with property owners converting office space to retail space in an attempt to boost occupancy levels.

The residential property market however, remained active with a number of developments taking place across the market. The Group is participating in this space through the Building Society's housing development projects. The property sector has remained a viable hedge against inflation.

Inflation
Year-on-year inflation for the month as at December 2022 stood at 244%, a decline from the eighteen-month high of 285% recorded in August 2022. Month-on-month inflation closed the year at 2.5% from a peak of 30% in June 2022.

The unanticipated high interest rate regime and continued monetary interventions through the foreign exchange auction system, sale of gold coins and the mopping out of excess liquidity through open market operations instruments like Non-Negotiable Certificates of Deposits (NNCD) have contributed towards the current downward trend in inflation.

Stock Market Performance
The Zimbabwe Stock Exchange All Share Index advanced 80.13%, closing off the year at 19,493.85 points. The stock market was largely subdued, particularly in the second half of the year, as liquidity constraints and an uncertain outlook dampened market activity. Market capitalisation rose by 55.24% to ZWL2.045 trillion. There has been an increase in the migration of counters to the Victoria Falls Stock Exchange as entities seek to explore capital raising in foreign currency.

FBCH Share Price Performance
The FBCH share price gained 83.14%, ending the year at ZWL62.00. A total of 48.7 million shares were traded over the period at a weighted average price of ZWL52.99.

Environmental, Social and Governance (ESG) Priorities
The International Sustainability Standards Board has announced plans to release global sustainability standards, IFRS S1 (General Sustainability-Related Disclosures) and IFRS S2 (Climate-Related Disclosures) in June 2023. The Sustainability reporting framework is effective 1 January 2024. FBCH has already adopted Sustainability reporting using GRI Standards and the new sustainability standards will only enhance this reporting framework which was adopted in 2020.

FBCH acknowledges the need to balance economic performance with responsible environmental and social considerations as well as sound corporate governance practices. Climate change has been considered by regulators as one of the major emerging risks to financial stability. Its integration into business strategy and risk management is paramount. The Group embarked on a journey to adopt sustainability standards in 2020 and is encouraged by the government's commitment to building a sustainable future. As a result, the Group is making strides to strengthen its policy framework, practices and oversight of sustainability and climate-related risks.

During the period under review, FBCH increased the scope of ESG coverage as it sought to further its contribution towards a climate-sensitive financial services sector. As such, FBC Bank was appointed the Green Climate Fund (GCF) delivery partner for the Green Resilient Recovery Rapid Readiness Support (GRRRRS) in Zimbabwe. The GRRRRS project seeks to assess and analyse the impacts and opportunities of the Covid-19 pandemic on climate-related policies and strategies across various economic sectors. The aim of the support is to develop green resilient recovery and investment strategies to foster sustainable recovery from Covid-19 and any other future pandemics.

The Group was part of the Zimbabwean delegation that attended the 27th United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP 27) in Sharm El Sheikh, Egypt. The Group's participation at the conference proffered global insights on the subject matter, positioning the business to lead from the front and explore opportunities in the sustainability and climate change space.

Our Corporate Social Investment
The FBC Group is what it is today because of the communities it serves. Driven by the belief of shared growth, the Corporate Social Investment strategy focuses on impacting communities whilst delivering shareholder value. The Group is actively investing in the next generation by providing assistance to primary, secondary and tertiary education in Zimbabwe.

Digital Transformation and Innovation
Digital transformation continues to take centre stage in enabling businesses to stay competitive whilst mitigating the risk of financial disintermediation. FBCH started its transformation journey a few years ago, owing to changing customer expectations, cutthroat competition, increasing regulatory complexity, cost pressures, and technological advancements. The change journey was met with great enthusiasm by the FBCH family, and to-date, significant milestones have been achieved. These milestones include a considerable investment in information technology, changing the business and target operating model to meet customer expectations as well as laying the foundation to become a preferred financial service partner. The Group has an in-house fintech that, in conjunction with business units, drives innovative solutions in its quest to provide excellent service to customers and lower the cost of service.

Notwithstanding the environmental challenges and evolving customer needs, the Group has continued to upgrade its digital channels and processes to improve underwriting, lending and transactional capabilities, as well as lowering costs. FBCH continues to develop solutions and products in-house, whilst also partnering with tech-driven organizations, in its quest to build a comprehensive and inclusive ecosystem. The Group views the advent of new technologies as an opportunity for growth as it challenges the organisation to deploy better solutions for improved market reach and customer experience. The Group remains committed to customer satisfaction through linkages between digital initiatives, strategy, and business facilitation. Its target is to fully embed digitalisation in all business operations and offer an unmatched customer service experience.

FBCH Trendsetting
The Group continues to be recognised and celebrated for excellence in various business fields. The awards below bear testimony of its exceptional service in various areas:

- Best Banking Board Governance Practices- Chartered Governance and Accountancy Institute in Zimbabwe (ECGA)
- Best Banking Risks Management- Chartered Governance and Accountancy Institute in Zimbabwe (ECGA)
- CSR Award for Inclusive Development of SDGs- CSR Network Zimbabwe (FBC Holdings)
- Social Responsibility Award- Zimbabwe Independent Banks & Banking Survey (FBC Bank)
- 1st Runner Up Fastest Outreach Growing MFI (MicroPlan)- Zimbabwe Association of Microfinance Institutions (MicroPlan)
- Overall Service Excellence Winner the Microfinance Sector-Customer Service Excellence Awards(CCAZ) (MicroPlan)
- FBC Bank was recognised as one of the top 200 brands in Zimbabwe- Marketers Association of Zimbabwe
- Best Campaign - Finance & Insurance (Banking and Finance Sector)- Institute of Public Relations & Communication Zimbabwe(IPRCZ)

Compliance
The financial services space is rapidly evolving. Regulatory authorities remain committed to enforcing a culture of discipline with various interventions on operating standards coming into effect as the authorities seek to continuously improve corporate governance practices, strengthen risk management and boost market confidence. With such an increase in compliance requirements, the Group remained resolute in ensuring full regulatory compliance.

The Group continues to update its compliance framework to meet the various regulatory and government policy changes. A fully-fledged compliance function is in place to provide effective assurance within the overall risk management framework of the Group under the oversight of the Board of Directors. It is through this dedicated function that we continue to prioritise and accord necessary attention to regulatory and legislative changes.

Dividend
Being cognisant of the need to conserve cash and preserve capital, I am pleased to advise shareholders that the company has proposed a final dividend of 297.64 ZWL cents per share. This is in addition to the interim dividend of 148.82 ZWL cents per share which was paid in September 2022. The total dividend declared for the year 2022 amount to ZWL3 billion including the interim dividend of ZWL1 billion that was paid. The proposed dividend translates to approximately 13.35 times cover of the historical profit after tax.

Outlook
The outlook remains positive despite the local and global economic uncertainties. The economy is projected to grow at a rate of 3.6% in 2023, anchored on an improved 2022/2023 agricultural season following a favourable rainfall pattern, stabilising macroeconomic fundamentals. The government's fiscal and monetary policy priorities suggest a willingness to control money supply and runaway inflation. This should provide a base for favourable economic activities. Looking ahead, the Group will continue to tap into growth opportunities across all business lines, whilst ensuring that it operates within the defined risk appetite framework. The Group's growth and digitalisation strategy is well aligned to deliver stakeholder value as well as propel the business into market leadership.

Appreciation
My sincere gratitude goes out to our valued stakeholders, strategic partners and regulatory authorities for the steadfast cooperation, continued support and commitment to the FBCH brand. The way our senior management and staff members have performed to meet the demands of clients in such a turbulent operating environment is commendable. The Board is incredibly appreciative of all of the efforts and hard work involved. To my fellow Board members, thank you for your perceptive insights and wise counsel that helped the Group to profitably navigate through economic challenges, paving way for sustained growth and expansion.

Herbert Nkala
Group Chairman

31 March 2023

GROUP CHIEF EXECUTIVE'S REPORT

It is with great pleasure that I present to you FBC Holdings Limited financial statements for the year ended 31 December 2022.

Operating Environment

The period under review was characterized by high inflation, volatile foreign exchange rates and speculative trading, presenting major challenges to business across all sectors. The instability prompted the fiscal and monetary authorities to implement measures targeted to curtail the volatility in the market. The Reserve Bank of Zimbabwe increased the Bank Policy Rate to 200% in June 2022 from 80% as part of the raft of measures to address runaway inflation, speculative borrowing and to stabilize exchange rates. The government on the other hand, made several changes to their fiscal expenditure processes to complement monetary authorities in their quest to stabilize money and capital markets. These interventions yielded positive outcomes reflected by a slow-down in inflation, reduction in speculative trading and a reduction in foreign exchange rate premiums. Year-on-year inflation decreased from a high of 285% in August 2022 to close the year at 244%. These contractionary policy measures however, had other unintended consequences in the form of reduced borrowing in local currency, subsequently impacting aggregate demand.

The economy is reported to have grown by 4% driven by growth in mining; wholesale and retail trade; accommodation and food services; and construction sectors. The agriculture sector, a key economic driver was adversely impacted by drought- induced output decline.

The global economy is estimated to have grown by 3.2% in 2022 and is forecast to grow by 2.7% in 2023 by the International Monetary Fund (IMF). The major risks to the global economic outlook remain geopolitical tensions in Eastern Europe on account of the impact on food and energy prices. In addition, tightening monetary policies to curb global inflation through interest rate increases, may impact global demand. Downside risks to the Zimbabwean economy include low and erratic power supplies, inflation and exchange rate volatility. Zimbabwe is forecast to grow by 3.8% in 2023, underpinned by favourable international commodity prices, normal to above normal rainfall and continued use of the multi-currency system.

The Group will continue to align its strategies with an emphasis on hedging as well as growing the foreign currency business.

Financial Performance Review

In accordance with the International Accounting Standard 29 (IAS 29), "Financial Reporting in Hyperinflationary Economies", the inflation-adjusted accounts form the basis of the Group's performance commentary.

FBCH Group Performance

The Group delivered a strong performance in the twelve months ended 31 December 2022, despite the economic headwinds within the operating environment. The positive performance demonstrates the Group's agility in adapting to changes in the operating landscape. FBC Holdings recorded a profit before income tax of ZWL23.6 billion for the year ended 31 December 2022 and this represents a 39% increase on prior year inflation adjusted profit before income tax of ZWL17.0 billion. Total income improved by 93% to ZWL119.1 billion from the prior year amount of ZWL61.6 billion. The Group continues to benefit from its diversified business model as demonstrated by growth in the various revenue streams. The strong performance is also a reflection of robust strategy navigation by all strategic business units in hedging their balance sheets in response to the inflationary environment.

Total administrative expenses were ZWL69.6 billion for the twelve months, a 125% increase on the prior year inflation adjusted costs of ZWL30.9 billion. The cost to income ratio increased to 67% compared to 58% in the prior year. The increase in costs is a reflection of the inflationary pressures which were prevalent during the greater part of the year. Interventions by the monetary and fiscal authorities in the second half of the year assisted in slowing down the inflationary trend till the end of the year. The Group continues to implement cost control measures to maintain operating expenses within levels sustainable for the business.

Total assets were recorded at ZWL335.4 billion as at 31 December 2022, representing a 54% increase from ZWL218 billion achieved in the prior year. The growth was mainly driven by an increase in the lending portfolio on the back of increased lending in foreign currency by the banking subsidiaries. Shareholders' funds increased by 27% to ZWL62.8 billion illustrating a strong capital base for the Group. All the Group subsidiaries were in compliance with their applicable regulatory minimum capital requirements, with the units maintaining hedged capital positions that have sustained capital maintenance and growth.

Below is an analysis of the performance of the Group's subsidiaries.

FBC Bank Limited

FBC Bank achieved a profit before income tax of ZWL25.0 billion, representing a 166% increase on the prior year's profit before income tax of ZWL9.4 billion. The Bank's positive performance was attributable to growth in the lending portfolio and an increase in payments and processing fees. The lending portfolio for the Bank increased by 80% to ZWL137.8 billion from ZWL76.6 in the prior year. The investment in digital platforms continues to yield positive results with increased transactions volumes. Fees and commission income for the year was recorded at ZWL15.1 billion augmented by increased point-of-sale transactional values and volumes. FBC Bank acquired and deployed an additional 3 000 point-of-sale machines during the year. In order to improve customer experience, significant strides have been made towards achieving the desired digitalization state through the deployment of technologies such as digital on boarding on the USSD platform and the Mobile Moola App (complemented by the new Virtual Branch); activation of FBC-Noku, the WhatsApp banking chatbot; ZIPIT Smart; OBDX Internet Banking System; and QR Code capability– all of which resonate and support the Bank's sustainable paperless banking objective.

FBC Building Society

The Building Society achieved a surplus of ZWL6.7 billion, representing a 191% increase on the prior year surplus of ZWL2.3 billion. The Building Society remains active in the property development sector, complementing the government efforts to increase housing stock in the country in line with NDS1. Mortgage lending remained subdued due to a reduced appetite by the business to lend on a long-term basis in the current inflationary environment. The Building Society has increased its investment properties portfolio which is strategically held to anchor capital and increase rental income generation.

The Building Society is now leasing of housing units in the Fontaine Ridge Phase 1 A scheme, with 107 units out of 150 units having been taken up as of 1 March 2023. It is anticipated that all units will be fully occupied within the first quarter of 2023. A total of 267 units have been completed under the Fontaine Ridge Housing project. A new construction project was embarked on in Zvishavane during the period under review, with 98 semi-detached cluster units nearing completion. The Building Society will continue to seek opportunities to increase its contribution to property development in the country.

Microplan Financial Services

The underwriting of foreign currency-denominated loans positively impacted the Group's micro-credit financier, achieving a profit-before income tax position of ZWL331 million, which is 127% ahead of the prior year. Microplan's net income improved by 44% to ZWL1.6 billion attributable to lending portfolio increase to ZWL4.1 billion as at 31 December 2022 from ZW0.21 billion. Net interest income for the year of ZWL1.5 billion, accounted for 91% of Microplan's net income.

Largely driven by the digitalization of financial services, the long-term outlook for the microfinance sector is expected to remain robust in terms of outreach and profitability. Developments in the microfinance sector will be anchored by the implementation of the second phase of the National Financial Inclusion Strategy launched in 2022. The strategy seeks to upscale the usage of financial services and products by marginalized segments and facilitate improved livelihoods through sustainable participation in economic activities. Microplan is well placed to tap into the opportunities in the sector.

FBC Securities

While a bull run was generally witnessed in the first half of the year, subdued trading characterized the Zimbabwe Stock Exchange in the second half of the year, following the measures implemented by the monetary and fiscal authorities to stabilize the economy. Consequently, this weighed down the performance of the Group's stockbroking subsidiary which recorded a loss before income tax of ZWL131.9 million for the period under review.

On the other hand, listings on the Victoria Falls Stock Exchange have been steadily increasing as listed entities migrate from the Zimbabwe Stock Exchange. The stockbroking subsidiary will continue to seek opportunities for income diversification and market deepening within the capital markets.

Outrisk Underwriting Management Agency

Outrisk Underwriting Management Agency is a purely digital insure-tech that seeks to continually innovate on the versatility of cutting-edge technologies as key drivers to its operating model. Whilst the subsidiary is still undergoing incubation, the Underwriting Management Agency's (UMA's) tech-driven customer insights and specificity resonate well with the Group's customer obsession thrust. Outrisk currently accounts for 40% of FBC Insurance's underwritten motor business. Going forward, Outrisk intends to underwrite at least 5% of the motor insurance business and diversify into other classes of insurance-broking for sustained growth and accessibility of its clients to the insurance product suite.

FBC Insurance Company

The Group's short-term insurer, recorded a profit before income tax position of ZWL0.5 billion representing a 173% increase from the prior year. FBC Insurance benefited from improved business underwriting, partly attributable to Outrisk, evidenced by a 65% growth in net earned insurance premium of ZWL3.0 billion and a commensurate growth in net income recorded of ZWL4.7 billion.

Steady growth is being recorded in foreign currency denominated policies which highlights a growth opportunity for the business that had been exposed to value mismatch between premium income and insurance claims. Robust insurance risk management remains crucial for the business. It remains a strategic intent for FBC Insurance to improve its foreign currency business underwriting capability and to develop new products under the health and micro-insurance segments.

FBC Reinsurance Limited

The Group's reinsurance company achieved an inflation adjusted loss before tax of ZWL539.5 million attributable to monetary loss from financial investments. The business continues to witness growth in premium revenue and stability in claims. Looking ahead, FBC Reinsurance projects an increase in business contribution from its subsidiary in Botswana, given the positive reception within regional markets, following a six month trading period in 2022.

Environment, Social and Governance (ESG) concerns continue to gain momentum as the topic of sustainability takes center stage within the sector. FBC Reinsurance is a signatory to the Nairobi Declaration which advocates that insurers in Africa work together in the implementation of a sustainable insurance industry.

FBC Reinsurance continues to adhere to a strong underwriting culture and a robust risk management system. It envisages opportunities for insurance growth in both the agriculture and renewable energy facets of the economy.

FBC Re (Botswana) Proprietary Limited commenced operations on the 1st of July 2022, having fully complied with all the company registry requirements in Botswana as a subsidiary of FBC Reinsurance Limited. The licensing is pursuant to the Group's initiatives towards regional expansion and a continuous effort to make its diversified services widely available. The Group is upbeat about FBC Re (Botswana) Proprietary Limited's performance which has been commendable to date. The Group anticipates that in line with the projected growth outlook for Botswana, the company will contribute positively towards sustained shareholder value for the Group.

Capitalisation

As at 31 December 2022, all the Group's subsidiaries were compliant with their regulatory capital thresholds. The Zimbabwe Integrated Capital and Risk Programme (ZICARP) framework that seeks to create a robust insurance regulatory supervisory framework, enhance policyholder protection and ensure stability of the insurance industry was introduced for implementation effective 1 January 2023. As at 31 December 2022, the Group's insurance subsidiaries had submitted simulations of their regulated capital projections for further review and guidance.

Capital preservation and the attainment of growth remains of strategic importance to the Group's creation of sustainable shareholder value.

Our Compliance Priorities

The complexity of the regulatory and compliance landscape keeps growing, adding to the Group's compliance demands. During the period under review, various policy measures were pronounced by the regulatory authorities. The Group implemented the requirements in line with the relevant laws and regulatory directives.

The Group maintains a zero tolerance to non-compliance with laws and regulations and has appropriate systems and processes in place to enforce full compliance with laws and regulations. We will continue to commit resources towards robust systems to manage compliance risk.

Our Key Risk Priorities

Our Risk Management Framework comprises of the various regulatory frameworks and international best practices, which define provisions for board and senior management oversight; risk identification; measurement; monitoring; and control. The Group's operations and activities are all governed by its risk appetite as defined across various categories of risk. Our risk management priorities remain at the core of our business operations and are key to us achieving sustainable growth and performance.

The risk landscape continued to be elevated by macroeconomic risk factors and emerging risks that include technological risks, shifting customer behaviours as well as supply chain disruptions on the back of the geopolitical tensions in Eastern Europe. The Group continues to allocate sizeable capital towards information security in response to the increase in cyber risk as the adoption of new technologies by the Group gains momentum.

Our Digital Transformation Journey

FBC Holdings Limited considers technology to be a key factor going into the future, as it is critical to delivering a convenient and superior customer experience. The ever- evolving customer needs and preferences continued to be addressed and driven by Xarani, the Group's fintech which is mandated to drive digitalization and innovation. The Group is accelerating the simplification and harmonisation of technology to instil strong digital foundations and integrate platforms to provide consistent, secure, and resilient ecosystems.

The key focus has been the need to ensure that our customers experience the best service through the available range of digital channels. This has seen the enhancement of electronic channels, with self on-boarding being extended to MasterCard products. The internet banking platform remains a key service delivery channel and has been undergoing upgrades to adapt its functionality to the evolving needs of our valued customers. The Group has also increased its presence in the market through the injection of modern Point of Sale (PoS) machines with the latest application and communication technology to make transacting as seamless as possible.

Significant investment has been made in business continuity infrastructure. An enhanced connectivity project was completed between FBC's data centre and its disaster recovery site during the year under review.

Our People

We continue to create a work environment that supports resilience, innovation and diversity, with an ongoing focus on the mental, physical, social and financial wellbeing of our employees. FBCH continues to ride on a purple patch of sound employee relations across its subsidiaries and the market at large. Cordial employee relations also positively impacted on employee engagement levels which improved in 2022, surpassing both internal and national levels recorded in the prior year.

At FBCH, we believe that the delivery of our promise and the execution of our strategy is as rich and diversified as our skills and talent pool. As such we have invested in our people skills, talents as well as in the employee experience, in order to enhance our service culture. The Group remains committed to an equal, diverse and inclusive organizational culture.

In line with global trends, FBCH has also fully embraced the concept of digital learning and has invested in a sound e-learning system that promotes online learning. We are committed to ensuring that the workplace environment remains safe and healthy to promote the attainment of business objectives and employee development.

Our Environment, Social and Governance (ESG) Priorities

The Group is on course to shift from a single-minded growth-oriented corporate strategy towards an entity that equally values being socially and environmentally responsible, as well as financially viable. Apart from having profits as the principal measure of organisation success, the Group significantly considers the environment, ethical values, sound governance and community involvement as key viability determinants for any financial institution in the 21st century.

Guided by the Group's revised strategic thrust on sustainability, we seek to foster trusted partnerships that enable transparent, reliable and sustainable relations. As such, FBC Bank was appointed as the Green Climate Fund (GCF) delivery partner for the Green Resilient Recovery Rapid Readiness Support (GRRRRS) in Zimbabwe. The GRRRRS project seeks to assess and analyse the impacts and opportunities of the Covid-19 pandemic on climate-related policies and strategies across various economic sectors. The aim of the support is to develop green resilient recovery and investment strategies to foster sustainable recovery from Covid-19 and any other future pandemics.

For the first time, the Group participated in the 27th Conference of the Parties (COP 27) of United Nations Framework Convention on Climate Change (UNFCCC) held in Egypt. FBC Holding's attendance was motivated by the Group's need to complement and support national efforts on climate change mitigation and adaptation resource mobilisation efforts. The outcomes of COP 27 will guide us on our fiduciary responsibility of building a sustainable and inclusive economy. We are convinced that we can do more as an institution.

Outlook

It is anticipated that authorities will continue to implement measures to bring stability to the operating environment. The use of foreign currency in the economy has continued to increase and presents growth opportunities to the Group. Domestic economic recovery is expected to be driven by agriculture, mining and construction sectors.

We believe that the Group is well positioned to take advantage of considerable growth opportunities within our footprint as we navigate an uncertain external environment in 2023. Global growth, while slower, should remain resilient with central banks focusing on controlling inflation against a backdrop of trade and geopolitical tensions. We remain committed to sustainable social and economic development across our business, operations and the communities that we serve.

Appreciation

My sincere gratitude goes out to our valued clients' and stakeholders for their ongoing support and trust in the FBCH Brand. We are confident that we will continue to create long-term, sustainable value for all our stakeholders into the foreseeable future.

Lastly, my appreciation goes out to my fellow directors and colleagues for their deep insights, expertise and resilience in a challenging operating environment in which we continued to deliver seamless service to our customers and the communities that we serve. It is our hope that we remain true to our promise and reaffirm to all our stakeholders that, "You matter most."

Dr. John Mushayavanhu
Group Chief Executive

31 March 2023

FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2022

AUDITORS' STATEMENT TO THE 2022 ABRIDGED INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

The inflation adjusted consolidated financial results should be read in conjunction with the complete set of inflation adjusted consolidated financial statements as at and for the year ended 31 December 2022, which have been audited by KPMG Chartered Accountants (Zimbabwe) and an unmodified opinion has been issued thereon. The opinion includes key audit matters in respect of valuation of property and investment property, and expected credit loss allowance on loans and advances.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost*	
	Note	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Interest income calculated using the effective interest method	18	42 913 440 210	22 318 645 571	32 152 044 557	5 251 560 294
Interest expense	18.1	(13 328 514 178)	(4 804 684 062)	(10 647 773 321)	(1 031 726 763)
Net interest income		**29 584 926 032**	**17 513 961 509**	**21 504 271 236**	**4 219 833 531**
Fee and commission income	19	17 504 338 919	11 625 455 249	12 618 022 195	2 739 394 072
Fee and commission expense	19.1	(268 662 885)	(81 881 667)	(211 704 766)	(18 802 373)
Net fee and commission income		**17 235 676 034**	**11 543 573 582**	**12 406 317 429**	**2 720 591 699**
Revenue	20	30 942 783	2 071 609 763	10 786 026	345 152 838
Cost of sales	20.1	(17 522 546)	(1 176 088 607)	(4 038 249)	(214 879 887)
Net income from property sales		**13 420 237**	**895 521 156**	**6 747 777**	**130 272 951**
Insurance premium revenue	21	9 989 180 272	8 968 093 221	6 618 929 201	1 899 843 672
Premium ceded to reinsurers and retrocessionaires		(1 892 222 610)	(2 857 964 023)	(1 338 477 774)	(633 154 154)
Net earned insurance premium		**8 096 957 662**	**6 110 129 198**	**5 280 451 427**	**1 266 689 518**
Revenue		**54 930 979 965**	**36 063 185 445**	**39 197 787 869**	**8 337 387 699**
Net foreign currency dealing and trading income		41 623 072 155	11 267 959 091	39 046 719 616	3 101 257 685
Net gain from financial assets at fair value through profit or loss	22	9 975 499 025	8 415 823 033	8 508 690 949	2 498 187 805
Other operating income	23	12 526 045 097	5 812 889 145	21 401 168 175	2 387 918 323
Total other income		**64 124 616 277**	**25 496 671 269**	**68 956 578 740**	**7 987 363 813**
Total net income		**119 055 596 242**	**61 559 856 714**	**108 154 366 609**	**16 324 751 512**
Credit impairment losses	5.4	(4 575 667 503)	(1 578 792 382)	(4 575 667 503)	(459 271 860)
Insurance commission expense	24	(1 635 871 973)	(957 770 312)	(1 102 642 705)	(190 458 281)
Insurance commission recovered from reinsurers	24	519 180 261	584 872 495	392 571 715	136 568 007
Insurance claims and loss adjustment expenses	25	(5 923 190 556)	(3 176 933 440)	(4 425 449 681)	(742 048 929)
Insurance claims and loss adjustment expenses recovered from reinsurers	25	1 046 154 964	329 404 736	886 561 692	67 256 653
Administrative expenses	26	(69 553 341 706)	(30 869 187 622)	(50 190 145 183)	(7 421 269 188)
Monetary loss		(15 300 784 383)	(8 870 713 967)	-	-
Profit before income tax		**23 632 075 346**	**17 020 736 222**	**49 139 594 944**	**7 715 527 914**
Income tax expense	27	(11 060 298 377)	(2 099 060 367)	(9 091 825 619)	(844 386 292)
Profit for the year		**12 571 776 969**	**14 921 675 855**	**40 047 769 325**	**6 871 141 622**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Gains on property revaluation		6 409 622 020	3 658 561 629	16 001 408 016	2 172 804 063
Related tax		(1 036 276 424)	(400 992 868)	(2 641 444 347)	(374 803 696)
Gain on financial assets at fair value through other comprehensive income		18 630 163	404 298 037	56 025 704	117 610 595
Related tax		(645 201)	(6 720 478)	(2 514 976)	(1 954 992)
		5 391 330 558	**3 655 146 320**	**13 413 474 397**	**1 913 655 970**
Items that may be subsequently reclassified to profit or loss					
Foreign operations – foreign currency translation differences		549 414 693	-	549 414 693	-
Related tax		-	-	-	-
		549 414 693	**-**	**549 414 693**	**-**
Total other comprehensive income/(loss), net income tax		**5 940 745 251**	**3 655 146 320**	**13 962 889 090**	**1 913 655 970**
Total comprehensive income for the year		**18 512 522 220**	**18 576 822 175**	**54 010 658 415**	**8 784 797 592**
Profit attributable to:					
Equity holders of the parent		12 555 216 195	14 914 793 109	40 018 317 742	6 867 849 980
Non - controlling interest		16 560 774	6 882 746	29 451 583	3 291 642
Profit for the year		**12 571 776 969**	**14 921 675 855**	**40 047 769 325**	**6 871 141 622**
Total comprehensive income attributable to:					
Equity holders of the parent		18 472 569 026	18 559 518 038	53 927 422 634	8 774 791 293
Non - controlling interest		39 953 194	17 304 137	83 235 781	10 006 299
		18 512 522 220	**18 576 822 175**	**54 010 658 415**	**8 784 797 592**
Earnings per share (ZWL cents)					
Basic earnings per share	28.1	1 996.28	2 369.27	6 362.91	1 090.98
Diluted earnings per share	28.2	1 996.28	2 369.27	6 362.91	1 090.98
Headline earnings per share	28.3	1 996.21	2 371.38	6 361.35	1 091.19
Diluted headline earnings per share	28.3	1 996.21	2 371.38	6 361.35	1 091.19

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost*	
	Note	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
ASSETS					
Balances with other banks and cash	4	83 802 420 171	60 637 822 290	83 802 420 171	17 639 586 908
Financial assets at amortised cost	5.5	8 078 817 179	6 771 121 322	8 078 817 179	1 969 724 151
Loans and advances to customers	5.1	149 660 348 799	80 898 404 461	149 659 681 728	23 533 213 273
Trade and other receivables including insurance receivables	5.2	5 323 095 683	2 176 852 002	4 859 643 297	618 741 001
Bonds and debentures	6	-	23 856 306	-	6 939 817
Financial assets at fair value through profit or loss	7	14 599 436 013	12 516 965 476	14 987 163 744	3 724 819 859
Financial assets at fair value through other comprehensive income	8	212 026 146	536 266 935	212 026 146	156 000 444
Inventory	9	875 391 060	1 061 544 275	315 339 718	102 710 413
Prepayments and other assets	10	20 269 548 640	22 905 264 775	19 470 057 397	6 546 709 548
Current income tax asset		554 646 357	80 634 465	554 646 357	23 456 625
Deferred tax assets		2 264 275 602	657 413 378	2 094 242 069	149 384 316
Investment property	11	27 644 769 068	14 356 707 923	27 644 769 068	4 176 376 848
Intangible assets	12	423 992 922	446 534 383	66 489 513	16 479 083
Property and equipment	13	21 059 327 497	13 929 402 247	21 059 327 497	4 052 073 314
Right of use asset		609 285 079	592 413 964	149 280 136	75 026 793
Total assets		**335 377 380 216**	**217 591 204 202**	**332 953 904 020**	**62 791 242 393**
EQUITY AND LIABILITIES					
Liabilities					
Deposits from customers	14.1	110 579 907 317	89 235 477 576	110 579 907 317	25 958 665 772
Deposits from other banks	14.2	13 501 664 368	8 887 589 308	13 501 664 368	2 585 406 238
Borrowings	14.3	68 162 013 119	29 088 916 273	68 162 013 119	8 461 987 045
Insurance liabilities	15	5 469 140 144	2 681 471 584	4 524 170 127	681 083 275
Trade and other payables	16	62 248 476 363	34 442 314 038	59 987 859 751	9 635 885 014
Current income tax liability		357 618 032	1 329 468 651	357 618 032	386 743 397
Deferred tax liability		11 957 913 188	2 233 124 696	10 557 447 797	668 583 798
Lease liability		222 854 708	284 099 605	222 854 708	82 644 775
Total liabilities		**272 499 587 239**	**168 182 461 731**	**267 893 535 219**	**48 460 999 314**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	17.3	3 007 379 554	3 007 379 554	14 089 892	14 089 892
Other reserves		21 933 647 816	17 627 182 707	17 070 518 046	4 515 727 159
Retained profits		37 827 899 803	28 705 267 600	47 872 816 644	9 780 717 590
Total equity, excluding non controlling interest		**62 768 927 173**	**49 339 829 861**	**64 957 424 582**	**14 310 534 641**
Non controlling interest in equity		108 865 804	68 912 610	102 944 219	19 708 438
Total equity		**62 877 792 977**	**49 408 742 471**	**65 060 368 801**	**14 330 243 079**
Total equity and liabilities		**335 377 380 216**	**217 591 204 202**	**332 953 904 020**	**62 791 242 393**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost*	
	Note	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Cash flow from operating activities					
Profit before income tax		23 632 075 346	17 020 736 222	49 139 594 944	7 715 527 914
Adjustments for non cash items:					
Monetary loss		15 300 784 383	8 870 713 967	-	-
Depreciation	13	1 239 368 783	894 806 919	603 449 024	182 407 996
Amortisation charge	12	98 345 002	127 965 271	7 607 855	3 227 221
Credit impairment losses	5.4	4 575 667 503	1 578 792 382	4 575 667 503	459 271 860
Fair value adjustment on investment property		(10 709 699 153)	(4 986 751 345)	(19 973 501 636)	(2 354 373 476)
Net unrealised exchange gains and losses		7 086 714 526	16 374 016 634	(35 911 520 856)	(1 650 252 931)
Fair value adjustment on financial assets at fair value through profit or loss		(9 975 499 025)	(8 415 823 033)	(8 508 690 949)	(2 498 187 805)
Profit/(loss) on disposal of property and equipment	23	(409 767)	13 318 268	(9 813 718)	1 327 995
Depreciation right of use asset		197 361 697	123 635 746	85 167 961	22 863 985
Interest on lease liability		466 276 793	189 434 645	272 767 950	43 846 305
Provisions*		12 809 246 900	3 629 276 447	10 685 011 005	982 536 099
Net cash generated before changes in operating assets and liabilities		**44 720 232 988**	**35 420 122 123**	**965 739 083**	**2 908 195 163**
Decrease/(increase) in financial assets at amortised cost		2 190 431 007	(494 778 882)	(2 610 966 164)	(803 210 246)
Decrease in loans and advances		33 794 090 504	2 070 647 507	(23 570 433 613)	(7 501 771 377)
(Increase)/decrease in trade and other receivables		(3 146 243 681)	708 372 435	(4 240 902 297)	(128 939 664)
Decrease in bonds and debentures		23 856 306	2 593 458 294	6 939 817	466 739 468
Decrease in financial assets at fair value through profit or loss		7 893 028 488	163 151 676	(2 753 652 936)	(418 399 107)
Decrease in inventory		186 153 215	583 484 306	(212 629 305)	23 602 212
Decrease/(increase) in prepayments and other assets		10 323 388 824	(10 476 647 735)	(5 362 919 477)	(4 380 772 232)
Increase in investment property		(2 584 066 826)	(3 963 213 901)	(2 241 598 266)	(843 495 858)
(Decrease)/increase in deposits from customers		(33 081 324 444)	17 126 986 999	30 195 487 360	11 640 513 588
(Decrease)/increase in deposits from other banks		(11 594 755 677)	6 138 048 498	(5 292 572 607)	2 063 100 362
Increase/(decrease) in insurance liabilities		2 787 668 560	(24 272 784)	3 843 086 853	278 628 332
Decrease in trade and other payables		(8 892 673 769)	(296 794 440)	15 777 374 538	2 930 313 430
		42 619 785 495	**49 548 564 096**	**4 502 952 986**	**6 234 504 071**
Income tax paid		(5 419 451 411)	(4 134 756 367)	(5 605 386 107)	(1 007 180 431)
Interest on lease liability paid		(466 276 793)	(189 434 645)	(272 767 950)	(43 846 305)
Net cash generated from operating activities		**36 734 057 291**	**45 224 373 084**	**(1 375 201 071)**	**5 183 477 335**
Cash flows from investing activities					
Purchase of intangible assets		(75 803 541)	(43 283 061)	(57 618 285)	(10 632 127)
Purchase of property and equipment		(2 224 047 265)	(923 463 420)	(1 721 316 397)	(215 414 925)
Proceeds from sale of property and equipment		43 654 461	13 768 872	27 948 681	3 574 159
Net cash used in investing activities		**(2 256 196 345)**	**(952 977 609)**	**(1 750 986 001)**	**(222 472 893)**
Cash flows from financing activities					
Lease liability principal repayment		(275 477 709)	(114 691 503)	(19 211 371)	(12 314 796)
Proceeds from borrowings		61 590 051 000	6 880 401 023	61 590 051 000	1 716 718 100
Repayment of borrowings		(74 327 065 154)	(34 168 400 372)	(53 700 135 926)	(4 155 904 659)
Dividend paid to the Company's shareholders		(3 432 583 992)	(2 147 556 767)	(1 926 218 688)	(489 391 799)
Purchase of treasury shares		(1 610 887 722)	(2 484 855 326)	(1 354 314 005)	(556 216 080)
Sale of treasury shares		-	7 342 294 912	-	1 674 349 939
Net cash used in financing activities		**(18 055 963 577)**	**(24 692 808 033)**	**4 590 171 010**	**(1 822 759 295)**
Net increase in cash and cash equivalents		**16 421 897 369**	**19 578 587 442**	**1 463 983 938**	**3 138 245 147**
Cash and cash equivalents at beginning of the year		60 637 822 290	58 345 816 052	17 639 586 908	10 559 374 255
Effect of changes in exchange rates		65 041 720 277	13 550 902 657	64 698 849 325	3 941 967 506
Effects of inflation on cash and cash equivalents		(58 299 019 765)	(30 837 483 861)	-	-
Cash and cash equivalents at the end of year	4.2	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**

*Provisions are comprised of staff related provisions.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

Audited Inflation Adjusted

	Share capital ZWL	Share premium ZWL	Retained profits ZWL	Translation reserve ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2021	**1 434 127**	**3 005 945 427**	**15 938 031 258**	**-**	**(2 409 138 516)**	**7 985 590 206**	**2 805 243 470**	**386 731 089**	**356 591 942**	**28 070 429 003**	**51 608 474**	**28 122 037 477**
Profit for the year	-	-	14 914 793 109	-	-	-	-	-	-	14 914 793 109	6 882 746	14 921 675 855
Other comprehensive income:												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	3 247 147 371	-	-	3 247 147 371	10 421 390	3 257 568 761
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	397 577 559	-	397 577 559	-	397 577 559
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3 247 147 371**	**397 577 559**	**-**	**3 644 724 930**	**10 421 390**	**3 655 146 320**
Total comprehensive income	**-**	**-**	**14 914 793 109**	**-**	**-**	**-**	**3 247 147 371**	**397 577 559**	**-**	**18 559 518 039**	**17 304 136**	**18 576 822 175**
Transaction with owners:												
Dividend declared and paid	-	-	(2 147 556 767)	-	-	-	-	-	-	(2 147 556 767)	-	(2 147 556 767)
Treasury share sale	-	-	-	-	1 291 641 296	6 050 653 616	-	-	-	7 342 294 912	-	7 342 294 912
Treasury share purchase	-	-	-	-	(2 484 855 326)	-	-	-	-	(2 484 855 326)	-	(2 484 855 326)
Total transactions with owners recognised directly in equity	**-**	**-**	**(2 147 556 767)**	**-**	**(1 193 214 030)**	**6 050 653 616**	**-**	**-**	**-**	**2 709 882 819**	**-**	**2 709 882 819**
Balance as at 31 December 2021	**1 434 127**	**3 005 945 427**	**28 705 267 600**	**-**	**(3 602 352 546)**	**14 036 243 822**	**6 052 390 841**	**784 308 648**	**356 591 942**	**49 339 829 861**	**68 912 610**	**49 408 742 471**
Balance as at 1 January 2022	**1 434 127**	**3 005 945 427**	**28 705 267 600**	**-**	**(3 602 352 546)**	**14 036 243 822**	**6 052 390 841**	**784 308 648**	**356 591 942**	**49 339 829 861**	**68 912 610**	**49 408 742 471**
Profit for the year	-	-	12 555 216 195	-	-	-	-	-	-	12 555 216 195	16 560 774	12 571 776 969
Other comprehensive income:												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	5 349 953 176	-	-	5 349 953 176	23 392 420	5 373 345 596
Foreign operations – foreign translation differences	-	-	-	549 414 693	-	-	-	-	-	549 414 693	-	549 414 693
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	17 984 962	-	17 984 962	-	17 984 962
Total other comprehensive income	**-**	**-**	**-**	**549 414 693**	**-**	**-**	**5 349 953 176**	**17 984 962**	**-**	**5 917 352 831**	**23 392 420**	**5 940 745 251**
Total comprehensive income	**-**	**-**	**12 555 216 195**	**549 414 693**	**-**	**-**	**5 349 953 176**	**17 984 962**	**-**	**18 472 569 026**	**39 953 194**	**18 512 522 220**
Transaction with owners:												
Dividend declared and paid	-	-	(3 432 583 992)	-	-	-	-	-	-	(3 432 583 992)	-	(3 432 583 992)
Treasury share purchase	-	-	-	-	(1 610 887 722)	-	-	-	-	(1 610 887 722)	-	(1 610 887 722)
Total transactions with owners recognised directly in equity	**-**	**-**	**(3 432 583 992)**	**-**	**(1 610 887 722)**	**-**	**-**	**-**	**-**	**(5 043 471 714)**	**-**	**(5 043 471 714)**
Balance as at 31 December 2022	**1 434 127**	**3 005 945 427**	**37 827 899 803**	**549 414 693**	**(5 213 240 268)**	**14 036 243 822**	**11 402 344 017**	**802 293 610**	**356 591 942**	**62 768 927 173**	**108 865 804**	**62 877 792 977**
Unaudited Historical Cost*												
Balance as at 1 January 2021	**6 719**	**14 083 173**	**3 402 259 409**	**-**	**(59 994 649)**	**50 141 638**	**1 462 097 784**	**36 736 543**	**1 670 671**	**4 907 001 288**	**9 702 139**	**4 916 703 427**
Profit for the year	-	-	6 867 849 980	-	-	-	-	-	-	6 867 849 980	3 291 642	6 871 141 622
Other comprehensive income:												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	1 791 285 710	-	-	1 791 285 710	6 714 657	1 798 000 367
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	115 655 603	-	115 655 603	-	115 655 603
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**1 791 285 710**	**115 655 603**	**-**	**1 906 941 313**	**6 714 657**	**1 913 655 970**
Total comprehensive income	**-**	**-**	**6 867 849 980**	**-**	**-**	**-**	**1 791 285 710**	**115 655 603**	**-**	**8 774 791 293**	**10 006 299**	**8 784 797 592**
Transaction with owners:												
Dividend declared and paid	-	-	(489 391 799)	-	-	-	-	-	-	(489 391 799)	-	(489 391 799)
Treasury share sale	-	-	-	-	304 665 239	1 369 684 700	-	-	-	1 674 349 939	-	1 674 349 939
Treasury share purchase	-	-	-	-	(556 216 080)	-	-	-	-	(556 216 080)	-	(556 216 080)
Total transactions with owners recognised directly in equity	**-**	**-**	**(489 391 799)**	**-**	**(251 550 841)**	**1 369 684 700**	**-**	**-**	**-**	**628 742 060**	**-**	**628 742 060**
Balance as at 31 December 2021	**6 719**	**14 083 173**	**9 780 717 590**	**-**	**(311 545 490)**	**1 419 826 338**	**3 253 383 494**	**152 392 146**	**1 670 671**	**14 310 534 641**	**19 708 438**	**14 330 243 079**
Balance as at 1 January 2022	**6 719**	**14 083 173**	**9 780 717 590**	**-**	**(311 545 490)**	**1 419 826 338**	**3 253 383 494**	**152 392 146**	**1 670 671**	**14 310 534 641**	**19 708 438**	**14 330 243 079**
Profit for the year	-	-	40 018 317 742	-	-	-	-	-	-	40 018 317 742	29 451 583	40 047 769 325
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	13 306 179 471	-	-	13 306 179 471	53 784 198	13 359 963 669
Foreign operations – foreign translation differences	-	-	-	549 414 693	-	-	-	-	-	549 414 693	-	549 414 693
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	53 510 728	-	53 510 728	-	53 510 728
Total other comprehensive income	**-**	**-**	**-**	**549 414 693**	**-**	**-**	**13 306 179 471**	**53 510 728**	**-**	**13 909 104 892**	**53 784 198**	**13 962 889 090**
Total comprehensive income	**-**	**-**	**40 018 317 742**	**549 414 693**	**-**	**-**	**13 306 179 471**	**53 510 728**	**-**	**53 927 422 634**	**83 235 781**	**54 010 658 415**
Transaction with owners:												
Dividend declared and paid	-	-	(1 926 218 688)	-	-	-	-	-	-	(1 926 218 688)	-	(1 926 218 688)
Treasury share purchase	-	-	-	-	(1 354 314 005)	-	-	-	-	(1 354 314 005)	-	(1 354 314 005)
Total transactions with owners recognised directly in equity	**-**	**-**	**(1 926 218 688)**	**-**	**(1 354 314 005)**	**-**	**-**	**-**	**-**	**(3 280 532 693)**	**-**	**(3 280 532 693)**
Balance as at 31 December 2022	**6 719**	**14 083 173**	**47 872 816 644**	**549 414 693**	**(1 665 859 495)**	**1 419 826 338**	**16 559 562 965**	**205 902 874**	**1 670 671**	**64 957 424 582**	**102 944 219**	**65 060 368 801**

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2022

1 GENERAL INFORMATION

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

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

These consolidated financial statements were approved for issue by the Board of Directors on 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES

A full set of the Group's accounting policies is available in the Group's annual report, which is ready for inspection at the Company's registered office. The following paragraphs describe the main accounting policies applied by the Group.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The principal accounting policies

The principle accounting policies applied in the preparation of the Group consolidation financial statements are in compliance with IFRS and have been applied consistently in all material respects with those of the previous consolidated financial statements. In 2019, the Group adopted the requirements of IAS 29 (Financial Reporting in Hyperinflation Economies).

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

As noted in the Group's financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United Stated Dollar (USD).

The Group adopted the following official cross rates against major currencies for the year ended 31 December 2022.

Currency	31 Dec 2022 Cross rate	31 Dec 2021 Cross rate
British pound ("GBP")	846.1084	146.6829
SA rand ("ZAR")	41.3223	6.8259
Euro ("EUR")	747.6519	122.9344
Pula ("BWP")	54.8267	9.2268
United states dollar ("USD")	684.339	108.666

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

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

The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried in the income statement have been restated applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit of loss for the year ended 31 December 2022 and the comparative period.

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

Period	Indices	Conversion Factors at 31 Dec 2022
CPI as at 31 December 2020	2 474.51	5.5255
CPI as at 31 December 2021	3 977.46	3.4376
CPI as at 31 December 2022	13 672.91	1

2.2 Going concern

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2022

2.3 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised profits or losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

(c) Disposal of subsidiaries

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

2.4 Segment reporting

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

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

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The areas involving critical accounting estimates and judgements include determination of functional currency, impairment allowances, income taxes, insurance liabilities, inventory, investment property, property and equipment and unlisted investments.

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
4 BALANCES WITH BANKS AND CASH				
4.1 Balances with Reserve Bank of Zimbabwe ("RBZ")				
Current account balances	15 054 352 003	6 487 905 387	15 054 352 003	1 887 336 428
Balances with banks and cash				
Notes and coins	12 391 077 226	16 402 033 174	12 391 077 226	4 771 363 461
Other bank balances	56 356 990 942	37 747 883 729	56 356 990 942	10 980 887 019
	68 748 068 168	54 149 916 903	68 748 068 168	15 752 250 480
Balances with banks and cash (excluding bank overdrafts)	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
Current	83 802 420 171	60 637 822 290	83 802 420 171	17 639 586 908
Non-current	-	-	-	-
Total	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
4.2 Cash and cash equivalents				
Cash and bank balances comprise of balances with less than three months maturity from date of acquisition, including cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.				
Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1)	15 054 352 003	6 487 905 387	15 054 352 003	1 887 336 428
Balances with banks and cash (note 4.1)	68 748 068 168	54 149 916 903	68 748 068 168	15 752 250 480
	83 802 420 171	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
5 FINANCIAL ASSETS				
5.1 Loans and advances to customers				
Loans and advance maturities				
Maturing within 1 year	98 700 512 497	28 362 101 754	98 700 512 497	8 250 556 169
Maturing after 1 year	55 731 736 321	54 340 049 383	55 731 069 250	15 807 368 333
Gross carrying amount	**154 432 248 818**	**82 702 151 137**	**154 431 581 747**	**24 057 924 502**
Impairment allowance	(4 771 900 019)	(1 803 746 676)	(4 771 900 019)	(524 711 229)
	149 660 348 799	**80 898 404 461**	**149 659 681 728**	**23 533 213 273**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2022

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
5.2 Trade and other receivables including insurance receivables				
Retail trade and other receivables	9 189 529	58 427 444	9 189 529	16 996 587
- Due by insurance clients and insurance brokers	3 910 862 334	2 015 801 461	3 910 862 335	586 398 121
- Due by reinsurers	1 551 199 912	(119 747 423)	1 087 747 525	(49 341 454)
- Due by retrocessionaires	3 576 766	572 959 424	3 576 766	166 674 316
Gross carrying amount	**5 474 828 541**	**2 527 440 906**	**5 011 376 155**	**720 727 570**
Impairment allowance	(151 732 858)	(350 588 904)	(151 732 858)	(101 986 569)
	5 323 095 683	**2 176 852 002**	**4 859 643 297**	**618 741 001**
Current	5 318 389 236	2 160 673 126	4 854 936 850	614 034 554
Non-current	4 706 447	16 178 876	4 706 447	4 706 447
Total	**5 323 095 683**	**2 176 852 002**	**4 859 643 297**	**618 741 001**

5.3 Irrevocable commitments

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

5.4 Movement in credit impairment losses

Audited Inflation Adjusted	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at armotised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Movement in credit impairment losses						
Balance at 01 January 2021	12 148 677	148 015 100	803 221 782	27 200 550	25 191 129	1 015 777 238
Effects of IAS 29	(4 590 576)	(55 929 935)	(303 510 531)	(10 278 169)	(9 518 883)	(383 828 094)
Impairment loss allowance	(7 423 251)	262 391 223	1 286 376 291	21 485 178	15 962 941	1 578 792 382
Amounts written off / reversals during the year	-	58 484	17 659 134	-	-	17 717 618
Impairment reversal	-	(3 945 968)	-	(587 011)	-	(4 532 979)
Balance as at 31 December 2021	**134 850**	**350 588 904**	**1 803 746 676**	**37 820 548**	**31 635 187**	**2 223 926 165**
Balance at 01 January 2022	134 850	350 588 904	1 803 746 676	37 820 548	31 635 187	2 223 926 165
Effects of IAS 29	(95 622)	(248 602 335)	(1 279 035 447)	(26 818 523)	(22 432 488)	(1 576 984 415)
Impairment loss allowance	(39 228)	66 993 043	4 261 558 380	74 462 946	172 692 362	4 575 667 503
Amounts written off / reversals during the year	-	-	(14 369 590)	-	-	(14 369 590)
Impairment reversal	-	(17 246 754)	-	-	-	(17 246 754)
Balance as at 31 December 2022	**-**	**151 732 858**	**4 771 900 019**	**85 464 971**	**181 895 061**	**5 190 992 909**
Unaudited Historical Cost						
Movement in credit impairment losses						
Balance at 01 January 2021	2 198 657	26 787 642	145 366 369	4 922 733	4 559 068	183 834 469
Impairment loss allowance	(2 159 429)	76 329 799	374 207 805	6 250 054	4 643 631	459 271 860
Amounts written off / reversals during the year	-	17 013	5 137 055	-	-	5 154 068
Impairment reversal	-	(1 147 885)	-	(170 762)	-	(1 318 647)
Balance as at 31 December 2021	**39 228**	**101 986 569**	**524 711 229**	**11 002 025**	**9 202 699**	**646 941 750**
Balance at 01 January 2022	39 228	101 986 569	524 711 229	11 002 025	9 202 699	646 941 750
Impairment loss allowance	(39 228)	66 993 043	4 261 558 380	74 462 946	172 692 362	4 575 667 503
Amounts written off / reversals during the year	-	-	(14 369 590)	-	-	(14 369 590)
Impairment reversal	-	(17 246 754)	-	-	-	(17 246 754)
Balance as at 31 December 2022	**-**	**151 732 858**	**4 771 900 019**	**85 464 971**	**181 895 061**	**5 190 992 909**

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
5.5 Financial assets at amortised cost				
Maturing within 1 year	8 114 834 041	6 679 409 185	8 114 834 041	1 943 045 023
Maturing after 1 year	49 448 109	129 532 685	49 448 109	37 681 153
Gross carrying amount	**8 164 282 150**	**6 808 941 870**	**8 164 282 150**	**1 980 726 176**
Impairment allowance	(85 464 971)	(37 820 548)	(85 464 971)	(11 002 025)
	8 078 817 179	**6 771 121 322**	**8 078 817 179**	**1 969 724 151**
6 BONDS AND DEBENTURES				
Maturing within 1 year	-	-	-	-
Maturing after 1 year	-	23 991 156	-	6 979 045
Gross carrying amount	-	23 991 156	-	6 979 045
Impairment allowance	-	(134 850)	-	(39 228)
	-	**23 856 306**	**-**	**6 939 817**
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities at market value	9 200 504 495	11 207 757 799	9 588 232 226	3 343 970 387
Unlisted securities	5 398 931 518	1 309 207 677	5 398 931 518	380 849 472
	14 599 436 013	**12516 965 476**	**14 987 163 744**	**3 724 819 859**
Current	14 599 436 013	12 516 965 476	14 987 163 744	3 724 819 859
Non-current	-	-	-	-
Total	**14 599 436 013**	**12 516 965 476**	**14 987 163 744**	**3 724 819 859**
Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statement of cash flows.				
Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other operating income' in the statement of comprehensive income. The fair value of all equity securities is based on their bid prices on an active market, the Zimbabwe Stock Exchange and the Johannesburg Stock Exchange at year end.				
8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Listed securities at market value	**212 026 146**	**536 266 935**	**212 026 146**	**156 000 444**
Current	212 026 146	536 266 935	212 026 146	156 000 444
Non-current	-	-	-	-
	212 026 146	**536 266 935**	**212 026 146**	**156 000 444**
9 INVENTORY				
Raw materials	39 176 294	70 694 992	33 710 789	19 801 554
Work in progress	836 214 766	990 849 283	281 628 929	82 908 859
	875 391 060	**1 061 544 275**	**315 339 718**	**102 710 413**
Current	875 391 060	1 061 544 275	315 339 718	102 710 413
Non-current	-	-	-	-
Total	**875 391 060**	**1 061 544 275**	**315 339 718**	**102 710 413**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
10	**PREPAYMENTS AND OTHER ASSETS**				
	Prepayments	2 233 059 281	2 147 049 590	1 786 728 185	595 766 209
	Deferred acquisition costs	844 953 756	398 287 581	691 848 944	74 570 505
	Refundable deposits for Mastercard and Visa transactions	2 674 466 567	1 673 187 321	2 674 466 567	486 731 417
	Stationery stock and other consumables	19 459 229	17 215 158	11 393 277	2 334 661
	Time - share asset	184 500 000	95 522 276	184 500 000	27 787 500
	Zimswitch receivables	1 114 213 757	1 011 097 788	1 114 213 757	294 129 087
	Bill payments receivables	193 978 722	50 619 364	193 978 722	14 725 210
	RBZ NNCD and auction system balances*	8 274 961 678	16 635 208 135	8 274 961 678	4 839 194 228
	Capital work in progress	516 451 330	516 451 330	82 538 666	82 538 666
	Deferred employee benefit on staff loan	4 069 945 831	232 260 158	4 069 945 831	67 564 650
	Other	143 558 489	128 366 074	385 481 770	61 367 415
		20 269 548 640	**22 905 264 775**	**19 470 057 397**	**6 546 709 548**
	Current	17 595 082 073	22 905 264 775	16 795 590 830	6 059 978 131
	Non-current	2 674 466 567	-	2 674 466 567	486 731 417
	Total	**20 269 548 640**	**22 905 264 775**	**19 470 057 397**	**6 546 709 548**

* RBZ NNCD and auction system balances refer to prefunded customer positions upon allotment of foreign currency from the Central bank. - 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.

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
11	**INVESTMENT PROPERTY**				
	Balance as at 1 January	14 356 707 923	5 406 742 677	4 176 376 848	978 507 514
	Additions	2 068 528 304	1 169 940 568	1 762 248 590	323 919 264
	Fair value adjustment	10 703 994 319	4 986 751 345	21 226 793 954	2 354 373 476
	Transfer from inventory	515 538 522	2 793 273 333	479 349 676	519 576 594
	Balance as at 31 December	**27 644 769 068**	**14 356 707 923**	**27 644 769 068**	**4 176 376 848**
	Non-current	27 644 769 068	14 356 707 923	27 644 769 068	4 176 376 848
	Total	**27 644 769 068**	**14 356 707 923**	**27 644 769 068**	**4 176 376 848**
12	**INTANGIBLE ASSETS**				
	Year ended 31 December				
	Opening net book amount	446 534 383	531 216 593	16 479 083	9 074 177
	Additions	75 803 541	43 283 061	57 618 285	10 632 127
	Amortisation charge	(98 345 002)	(127 965 271)	(7 607 855)	(3 227 221)
	Closing net book amount	**423 992 922**	**446 534 383**	**66 489 513**	**16 479 083**
	As at 31 December				
	Cost	2 210 325 181	2 134 521 640	85 975 061	28 356 776
	Accumulated amortisation	(1 786 332 259)	(1 687 987 257)	(19 456 321)	(11 848 466)
	Accumulated impairment	-	-	(29 227)	(29 227)
	Net book amount	**423 992 922**	**446 534 383**	**66 489 513**	**16 479 083**

13 PROPERTY AND EQUIPMENT

Audited Inflation Adjusted	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2021						
Opening net book amount	6 625 542 641	359 304 726	994 100 949	1 096 890 924	1 208 452 001	10 284 291 241
Additions	26 669 644	29 388 743	351 051 712	233 338 646	283 014 675	923 463 420
Revaluation of property	1 688 160 254	168 207 682	338 698 085	769 203 289	679 272 346	3 643 541 656
Adjustment to cost	-	-	(10)	-	-	(10)
Disposals	(1 897 878)	-	(1 168 433)	-	(24 020 830)	(27 087 141)
Depreciation	(88 623 428)	(28 381 768)	(250 232 945)	(276 743 917)	(250 824 861)	(894 806 919)
Closing net book amount	**8 249 851 233**	**528 519 383**	**1 432 449 358**	**1 822 688 942**	**1 895 893 331**	**13 929 402 247**
As at 31 December 2021						
Cost or valuation	8 613 713 676	571 800 711	3 010 735 794	4 178 230 390	2 843 524 765	19 218 005 336
Accumulated depreciation	(363 862 443)	(43 281 328)	(1 578 286 436)	(2 355 541 448)	(947 631 434)	(5 288 603 089)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**8 249 851 233**	**528 519 383**	**1 432 449 358**	**1 822 688 942**	**1 895 893 331**	**13 929 402 247**
Year ended 31 December 2022						
Opening net book amount	8 249 851 233	528 519 383	1 432 449 358	1 822 688 942	1 895 893 331	13 929 402 247
Additions	24 780 953	49 199 439	527 622 587	912 718 210	709 726 076	2 224 047 265
Revaluation of property	5 066 725 911	140 432 406	(415 775 897)	118 066 005	1 279 043 037	6 188 491 462
Disposals	-	-	(5 087 347)	(14 523 546)	(23 633 801)	(43 244 694)
Depreciation	(109 751 011)	(44 327 874)	(366 080 215)	(320 855 382)	(398 354 301)	(1 239 368 783)
Closing net book amount	**13 231 607 086**	**673 823 354**	**1 173 128 486**	**2 518 094 229**	**3 462 674 342**	**21 059 327 497**
As at 31 December 2022						
Cost or valuation	13 705 220 540	761 432 556	3 117 495 137	5 194 491 059	4 808 660 077	27 587 299 369
Accumulated depreciation	(473 613 454)	(87 609 202)	(1 944 366 651)	(2 676 396 830)	(1 345 985 735)	(6 527 971 872)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**13 231 607 086**	**673 823 354**	**1 173 128 486**	**2 518 094 229**	**3 462 674 342**	**21 059 327 497**
Unaudited Historical Cost						
Year ended 31 December 2021						
Opening net book amount	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 945
Additions	5 748 406	6 886 260	80 220 203	54 357 413	68 202 643	215 414 925
Revaluation of property	1 217 521 713	92 574 780	218 403 665	303 900 625	330 325 811	2 162 726 594
Disposals	(343 476)	-	(211 410)	-	(4 347 268)	(4 902 154)
Depreciation	(22 264 002)	(10 741 016)	(60 789 384)	(27 254 545)	(61 359 049)	(182 407 996)
Closing net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**
As at 31 December 2021						
Cost or valuation	2 431 007 601	164 487 692	514 091 610	565 696 432	625 981 125	4 301 264 460
Accumulated depreciation	(31 441 355)	(10 741 016)	(95 489 028)	(37 071 814)	(74 190 129)	(248 933 342)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**
Year ended 31 December 2022						
Opening net book amount	2 399 567 875	153 746 676	418 602 582	528 616 736	551 539 445	4 052 073 314
Additions	21 791 696	43 150 337	379 509 783	704 090 976	572 773 605	1 721 316 397
Revaluation of property	10 876 231 848	491 415 467	579 190 387	1 375 880 560	2 584 803 511	15 907 521 773
Disposals	-	-	(1 710 373)	(4 224 909)	(12 199 681)	(18 134 963)
Depreciation	(67 209 094)	(14 489 124)	(195 181 654)	(92 413 529)	(234 155 623)	(603 449 024)
Closing net book amount	**13 230 382 325**	**673 823 356**	**1 180 410 725**	**2 511 949 834**	**3 462 761 257**	**21 059 327 497**
As at 31 December 2022						
Cost or valuation	13 329 031 145	699 053 496	1 471 081 407	2 641 443 059	3 771 358 560	21 911 967 667
Accumulated depreciation	(98 650 449)	(25 230 140)	(290 670 682)	(129 485 343)	(308 345 752)	(852 382 366)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**13 230 382 325**	**673 823 356**	**1 180 410 725**	**2 511 949 834**	**3 462 761 257**	**21 059 327 497**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
14	**DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS**				
14.1	**Deposits from customers**				
	Demand deposits	89 978 566 760	71 955 325 922	89 978 566 760	20 931 857 002
	Promissory notes	13 623 711 838	10 405 692 421	13 623 711 838	3 027 023 545
	Other time deposits	6 977 628 719	6 874 459 233	6 977 628 719	1 999 785 225
		110 579 907 317	**89 235 477 576**	**110 579 907 317**	**25 958 665 772**
	Current	110 303 385 118	89 235 477 576	110 303 385 118	25 958 665 772
	Non-current	276 522 199	-	276 522 199	-
	Total	**110 579 907 317**	**89 235 477 576**	**110 579 907 317**	**25 958 665 772**
14.2	**Deposits from other banks**				
	Money market deposits	13 501 664 368	8 887 589 308	13 501 664 368	2 585 406 238
	Current	**13 501 664 368**	**8 887 589 308**	**13 501 664 368**	**2 585 406 238**
14.3	**Borrowings**				
	Foreign lines of credit	68 452 218 663	29 293 222 545	68 452 218 663	8 521 419 889
	Other borrowings	(290 205 544)	(204 306 272)	(290 205 544)	(59 432 844)
		68 162 013 119	**29 088 916 273**	**68 162 013 119**	**8 461 987 045**
	Current	3 617 288 100	28 955 615 196	3 617 288 100	8 423 209 664
	Non-current	64 544 725 019	133 301 077	64 544 725 019	38 777 381
	Total	**68 162 013 119**	**29 088 916 273**	**68 162 013 119**	**8 461 987 045**
	Total deposits and borrowings	**192 243 584 804**	**127 211 983 157**	**192 243 584 804**	**37 006 059 055**

		31 Dec 2022 ZWL	%	31 Dec 2021 ZWL	%
14.4	**Deposit concentration**				
	Audited Inflation Adjusted				
	Agriculture	8 811 367 732	5%	7 330 403 242	6%
	Construction	11 446 015 533	6%	7 760 711 822	6%
	Wholesale and retail trade	14 602 769 340	8%	10 579 104 679	9%
	Public sector	20 343 946 220	11%	12 655 652 302	10%
	Manufacturing	15 317 113 691	8%	10 385 422 331	8%
	Telecommunication	7 959 556 134	3%	7 015 835 997	6%
	Transport	7 727 853 177	3%	6 811 604 768	4%
	Individuals	8 744 582 948	5%	6 801 516 512	4%
	Financial services	76 099 373 646	40%	41 863 762 967	34%
	Mining	10 901 414 521	6%	13 462 476 042	11%
	Other	10 289 591 862	5%	2 545 492 495	2%
		192 243 584 804	**100%**	**127 211 983 157**	**100%**
	Unaudited Historical Cost				
	Agriculture	8 811 367 732	5%	2 132 419 671	6%
	Construction	11 446 015 533	6%	2 257 596 752	6%
	Wholesale and retail trade	14 602 769 340	8%	3 077 469 298	9%
	Public sector	20 343 946 220	11%	3 681 538 522	10%
	Manufacturing	15 317 113 691	8%	3 021 126 961	8%
	Telecommunication	7 959 556 134	3%	2 040 911 829	6%
	Transport	7 727 853 177	3%	1 981 500 815	4%
	Individuals	8 744 582 948	5%	1 978 566 134	4%
	Financial services	76 099 373 646	40%	12 178 199 303	34%
	Mining	10 901 414 521	6%	3 916 244 139	11%
	Other	10 289 591 862	5%	740 485 631	2%
		192 243 584 804	**100%**	**37 006 059 055**	**100%**

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
15	**INSURANCE LIABILITIES**				
	Gross outstanding claims	2 265 230 548	785 064 923	1 860 328 513	225 517 396
	Liability for unearned premium	3 203 909 596	1 896 406 661	2 663 841 614	455 565 879
		5 469 140 144	**2 681 471 584**	**4 524 170 127**	**681 083 275**
	Current	**5 469 140 144**	**2 681 471 584**	**4 524 170 127**	**681 083 275**
16	**TRADE AND OTHER PAYABLES**				
	Trade and other payables	22 975 361 150	13 220 162 238	21 297 813 723	3 549 007 199
	Deferred income	1 410 871 046	875 394 098	842 968 855	167 991 100
	Visa and MasterCard settlement payables	6 827 600 740	2 726 901 788	6 827 600 740	793 257 727
	TT Resdex inwards	185 312 340	226 768 972	185 312 340	65 967 260
	RBZ cash cover	19 215 508 819	10 850 294 007	19 215 508 819	3 156 358 472
	Zimswitch settlement	796 535 926	403 163 485	796 535 926	117 280 553
	Instant banking balances	463 305 567	596 135 949	463 305 567	173 416 384
	Other liabilities	1 985 571 566	1 609 563 219	1 970 404 572	468 223 119
	Intermediary tax	1 753 957 077	1 038 446 546	1 753 957 077	302 084 861
	Customer funds awaiting payment	6 634 452 132	2 895 483 736	6 634 452 132	842 298 339
		62 248 476 363	**34 442 314 038**	**59 987 859 751**	**9 635 885 014**
	Current	34 784 617 046	20 044 680 570	33 101 457 513	5 534 264 579
	Non-current	27 463 859 317	14 397 633 468	26 886 402 238	4 101 620 435
	Total	**62 248 476 363**	**34 442 314 038**	**59 987 859 751**	**9 635 885 014**
17	**SHARE CAPITAL AND SHARE PREMIUM**				
17.1	**Authorised**				
	Number of ordinary shares, with a nominal value of ZWL0,00001	800 000 000	800 000 000	800 000 000	800 000 000
17.2	**Issued and fully paid**				
	Number of ordinary shares, with a nominal value of ZWL0,00001	671 949 927	671 949 927	671 949 927	671 949 927

		Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
17.3	**Share capital movement**				
	Audited Inflation Adjusted				
	As at 1 January 2021	**671 949 927**	**1 434 127**	**3 005 945 427**	**3 007 379 554**
	Share issue	-	-	-	-
	As at 31 December 2021	**671 949 927**	**1 434 127**	**3 005 945 427**	**3 007 379 554**
	Share issue	-	-	-	-
	As at 31 December 2022	**671 949 927**	**1 434 127**	**3 005 945 427**	**3 007 379 554**
	Unaudited Historical Cost				
	As at 1 January 2021	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
	Share issue	-	-	-	-
	As at 31 December 2021	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
	Share issue	-	-	-	-
	As at 31 December 2022	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
18	**INTEREST INCOME**				
	Cash and cash equivalents	137 558 292	103 545 377	102 298 150	25 373 000
	Loans and advances to other banks	4 488 744 579	1 016 626 265	3 402 068 089	238 234 993
	Loans and advances to customers	34 800 141 976	17 038 101 923	26 180 978 991	4 004 414 634
	Banker's acceptances and tradable bills	2 053 693 109	3 076 720 127	1 470 533 686	717 323 002
	Other interest income	1 433 302 254	1 083 651 879	996 165 641	266 214 665
		42 913 440 210	**22 318 645 571**	**32 152 044 557**	**5 251 560 294**
	Credit related fees that are an integral part of the effective interest on loans and advances have been classified under interest income.				
18.1	**INTEREST EXPENSE**				
	Deposit from other banks	5 521 437 467	1 256 676 565	4 684 780 994	268 106 435
	Demand deposits	99 020 309	213 478 562	76 282 790	41 322 733
	Lines of credit from financial institutions	1 680 142 671	1 517 987 275	1 157 162 455	304 427 700
	Time deposits	6 027 913 731	1 816 541 660	4 729 547 082	417 869 895
		13 328 514 178	**4 804 684 062**	**10 647 773 321**	**1 031 726 763**
19	**FEE AND COMMISSION INCOME**				
	Retail service fees	16 660 617 623	10 662 941 065	12 039 038 699	2 508 555 829
	Credit related fees	376 789 957	341 099 884	236 412 933	83 643 951
	Investment banking fees	14 907 389	13 469 323	11 578 844	3 280 137
	Brokerage commission	452 023 950	607 944 977	330 991 719	143 914 155
		17 504 338 919	**11 625 455 249**	**12 618 022 195**	**2 739 394 072**
19.1	**FEE AND COMMISSION EXPENSE**				
	Brokerage	268 662 885	81 881 667	211 704 766	18 802 373
20	**REVENUE**				
	Property sales	30 942 783	2 071 609 763	10 786 026	345 152 838
		30 942 783	**2 071 609 763**	**10 786 026**	**345 152 838**
20.1	**COST OF SALES**				
	Property costs	17 522 546	1 176 088 607	4 038 249	214 879 887
		17 522 546	**1 176 088 607**	**4 038 249**	**214 879 887**
21	**INSURANCE PREMIUM REVENUE**				
	Gross premium written	11 911 549 021	9 206 610 142	8 755 910 519	2 066 149 970
	Change in unearned premium reserve ("UPR")	(1 922 368 749)	(238 516 921)	(2 136 981 318)	(166 306 298)
		9 989 180 272	**8 968 093 221**	**6 618 929 201**	**1 899 843 672**
22	**NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**				
	Financial assets at fair value through profit or loss (note 7), fair value gains	9 975 499 025	8 415 823 033	8 508 690 949	2 498 187 805
23	**OTHER OPERATING INCOME**				
	Rental income	233 560 387	120 100 337	176 776 256	27 606 638
	Profit / (loss) disposal of property and equipment	409 767	(13 318 268)	9 813 718	(1 327 995)
	Sundry income	1 581 606 506	713 984 617	1 240 524 727	156 199 261
	Bad debts recoveries	769 284	5 018 454	551 838	1 005 638
	Fair value adjustment on investment property	10 709 699 153	4 987 104 005	19 973 501 636	2 204 434 781
		12 526 045 097	**5 812 889 145**	**21 401 168 175**	**2 387 918 323**
24	**NET INSURANCE COMMISSION EXPENSE**				
	Commissions paid	1 751 722 966	1 068 900 459	1 189 807 153	226 134 147
	Change in technical provisions	(115 850 993)	(111 130 147)	(87 164 448)	(35 675 866)
		1 635 871 973	**957 770 312**	**1 102 642 705**	**190 458 281**
	Commission received	(519 180 261)	(584 872 495)	(392 571 715)	(136 568 007)
		1 116 691 712	**372 897 817**	**710 070 990**	**53 890 274**

25 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

Audited Inflation Adjusted	Gross ZWL	Reinsurance ZWL	Net ZWL
Year ended 31 December 2022			
Claims and loss adjustment expenses	(5 433 900 736)	902 046 919	(4 531 853 817)
Change in technical provisions	(489 289 820)	144 108 045	(345 181 775)
Total claims	**(5 923 190 556)**	**1 046 154 964**	**(4 877 035 592)**
Year ended 31 December 2021			
Claims and loss adjustment expenses	(2 825 754 204)	320 282 586	(2 505 471 616)
Change in technical provisions	(351 179 236)	9 122 150	(342 057 086)
Total claims	**(3 176 933 440)**	**329 404 736**	**(2 847 528 702)**
Unaudited Historical Cost			
Year ended 31 December 2022			
Claims and loss adjustment expenses	(4 009 312 008)	683 562 528	(3 325 749 480)
Change in technical provisions	(416 137 673)	202 999 164	(213 138 509)
Total claims	**(4 425 449 681)**	**886 561 692**	**(3 538 887 989)**
Year ended 31 December 2021			
Claims and loss adjustment expenses	(665 191 573)	64 533 335	(600 658 238)
Change in technical provisions	(76 857 356)	2 723 318	(74 134 038)
Total claims	**(742 048 929)**	**67 256 653**	**(674 792 276)**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
26	**ADMINISTRATIVE EXPENSES**				
	Administrative expenses	15 877 262 259	9 243 287 970	11 614 124 611	2 090 635 732
	Staff costs (note 26.1)	38 701 175 751	15 536 977 940	27 215 480 658	3 970 847 431
	Directors' remuneration (note 26.2)	12 946 286 910	4 590 472 669	10 201 924 298	1 057 072 464
	Audit fees:				
	- Current year fees	552 470 992	363 039 921	466 699 459	91 948 863
	- Prior year fees	16 940 851	77 380 912	10 186 419	17 137 897
	- Other services	-	-	-	-
	Depreciation	1 239 368 783	894 806 919	603 449 024	182 407 996
	Amortisation	98 345 002	127 965 271	7 607 855	3 227 221
	Leases of low value items and short term leases	121 491 158	35 256 020	70 672 859	7 991 584
		69 553 341 706	**30 869 187 622**	**50 190 145 183**	**7 421 269 188**
26.1	**Staff costs**				
	Salaries and allowances	36 765 943 492	14 818 349 543	26 039 494 230	3 808 189 512
	Social security	334 530 386	73 571 410	205 004 589	16 665 945
	Pension contribution	1 600 701 873	645 056 987	970 981 839	145 991 974
		38 701 175 751	**15 536 977 940**	**27 215 480 658**	**3 970 847 431**
26.2	**Director's remuneration**				
	Board fees	494 763 745	343 662 579	392 464 095	82 673 904
	Other emoluments	-	840 878	-	206 394
	For services as management	12 451 523 165	4 245 969 212	9 809 460 203	974 192 166
		12 946 286 910	**4 590 472 669**	**10 201 924 298**	**1 057 072 464**
27	**INCOME TAX EXPENSE:**				
	Charge for the year				
	Current income tax on income for the reporting year	3 859 806 421	4 582 655 098	3 754 788 839	1 216 227 104
	Deferred income tax	7 200 491 956	(2 483 594 731)	5 337 036 780	(371 840 812)
	Income tax expense	**11 060 298 377**	**2 099 060 367**	**9 091 825 619**	**844 386 292**
28	**EARNINGS PER SHARE**				
28.1	**Basic earnings per share**				
	Profit attributable to equity holders of the parent	12 555 216 195	14 914 793 108	40 018 317 742	6 867 849 980
	Total	**12 555 216 195**	**14 914 793 108**	**40 018 317 742**	**6 867 849 980**
	Basic earnings per share (ZWL cents)	1 996.28	2 369.27	6 362.91	1 090.98
		1 996.28	**2 369.27**	**6 362.91**	**1 090.98**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2022				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2022	671 949 927	34 530 484	637 419 443	637 419 443
Treasury shares purchased	-	26 717 921	(26 717 921)	(8 488 036)
Treasury shares sold		-	-	-
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**61 248 405**	**610 701 522**	**628 931 407**
Year ended 31 December 2021				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2021	671 949 927	44 562 161	627 387 766	627 387 766
Treasury shares purchased	-	49 640 741	(49 640 741)	(26 355 901)
Treasury shares sold	-	(59 672 418)	59 672 418	28 479 141
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**34 530 484**	**637 419 443**	**629 511 006**

28.2 Diluted earnings per share

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

		Audited Inflation Adjusted		Unaudited Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
	Diluted earnings per share				
	Profit attributable to equity holders of the parent	12 555 216 195	14 914 793 108	40 018 317 742	6 867 849 980
	Total	**12 555 216 195**	**14 914 793 108**	**40 018 317 742**	**6 867 849 980**
	Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
	Diluted earnings per share (ZWL cents)	**1 996.28**	**2 369.27**	**6 362.91**	**1 090.98**
28.3	**Headline earnings per share**				
	Profit attributable to equity holders of the parent	12 555 216 195	14 914 793 108	40 018 317 742	6 867 849 980
	Adjusted for excluded remeasurements				
	Profit on the disposal of property and equipment (note 23)	(409 767)	13 318 268	(9 813 718)	1 327 995
	Headline earnings	**12 554 806 428**	**14 928 111 376**	**40 008 504 024**	**6 869 177 975**
	Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
	Headline earnings per share (ZWL cents)	**1 996.21**	**2 371.38**	**6 361.35**	**1 091.19**
28.4	**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.				
	Profit attributable to equity holders of the parent	12 555 216 195	14 914 793 108	40 018 317 742	6 867 849 980
	Adjusted for excluded remeasurements				
	Profit on the disposal of property and equipment (note 23)	(409 767)	13 318 268	(9 813 718)	1 327 995
	Diluted headline earnings	**12 554 806 428**	**14 928 111 376**	**40 008 504 024**	**6 869 177 975**
	Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
	Diluted headline earnings per share (ZWL cents)	**1 996.21**	**2 371.38**	**6 361.35**	**1 091.19**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

29 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

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

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

AUDITED INFLATION ADJUSTED 31 December 2022	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Short term Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	37 942 556 185	1 997 079 800	3 436 019 240	35 322 873	71 950 266	592 798	-	43 483 521 162
Interest expense	(9 649 611 362)	(473 047 714)	(4 053 598 050)	-	(127 850 445)	(23 066 439)	(218 419 739)	(14 545 593 749)
Net interest income	28 292 944 823	1 524 032 086	(617 578 810)	35 322 873	(55 900 179)	(22 473 641)	(218 419 739)	28 937 927 413
Sales	-	-	30 942 783	-	-	-	-	30 942 783
Cost of sales	-	-	(17 522 546)	-	-	-	-	(17 522 546)
Gross profit	-	-	13 420 237	-	-	-	-	13 420 237
Net earned insurance premium	-	-	-	6 107 310 643	3 004 155 783	-		9 111 466 426
Net fee and commission income	15 106 598 357	111 725 912	1 692 195 145	-	-	238 966 248	30 203 835	17 179 689 497
- Retail service fees	14 982 182 599	-	1 547 383 727	-	-	-	-	
- Credit related fees	109 508 369	111 725 912	144 811 418	-	-	-	-	
- Investment banking fees	14 907 389	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	238 966 248	30 203 835	
Net trading income and other income	37 537 717 335	84 406	12 475 100 071	6 338 607 147	1 702 635 986	649 335 370	(17 306 222)	58 686 174 093
Total net income for reported segments	80 937 260 515	1 635 842 404	13 563 136 643	12 481 240 663	4 650 891 590	865 827 977	(205 522 126)	113 928 677 666
Intersegment revenue	(954 057 798)	8 328 417	(24 840 670)	(578 526 895)	(769 323 648)	(592 798)	(110 212 501)	(2 429 225 893)
Intersegment interest expense and commission	1 061 540 768	552 241 210	628 891 430	80 874 985	1 236 774 958	28 595 298	218 805 836	3 807 724 485
Net income from external customers	**81 044 743 485**	**2 196 412 031**	**14 167 187 403**	**11 983 588 753**	**5 118 342 900**	**893 830 477**	**(96 928 791)**	**115 307 176 258**
Segment profit/(loss) before income tax	**24 989 014 388**	**330 633 395**	**6 673 889 003**	**(539 521 496)**	**486 861 483**	**(131 918 904)**	**(595 652 120)**	**31 213 305 749**
Impairment allowances on financial assets	4 329 652 541	81 503 260	101 068 776	-	15 286 931	-	28 334 398	4 555 845 906
Depreciation	828 115 102	50 645 072	186 631 241	75 791 769	60 398 815	4 830 279	26 484 629	1 232 896 907
Amortisation	90 793 288	38 469	-	3 852 385	-	-	3 660 861	98 345 002
Segment assets	**272 805 461 747**	**5 736 116 870**	**38 517 109 582**	**9 115 928 776**	**6 943 303 849**	**494 637 285**	**630 389 876**	**334 242 947 985**
Total assets include :								
Additions to non-current assets	1 750 230 236	21 764 680	156 840 452	125 972 075	40 675 040	1 608 168	172 137 034	2 269 227 685
Segment liabilities	**236 569 824 290**	**5 101 207 177**	**18 894 494 485**	**6 466 397 632**	**4 547 179 764**	**337 548 086**	**1 053 246 173**	**272 969 897 607**
31 December 2021								
Total segment net income								
Interest income	19 001 404 200	1 322 308 435	2 019 323 968	4 589 201	4 072 527	545 193		22 352 243 524
Interest expense	(3 386 639 024)	(255 880 016)	(1 598 261 236)	(90 009 956)	-	(19 817 588)		(5 350 607 820)
Net interest income	15 614 765 176	1 066 428 419	421 062 732	(85 420 755)	4 072 527	(19 272 395)		17 001 635 704
Sales	-	-	2 071 609 763	-	-	-		2 071 609 763
Cost of sales	-	-	(1 176 088 607)	-	-	-		(1 176 088 607)
Gross profit	-	-	895 521 156	-	-	-		895 521 156
Net earned insurance premium	-	-	-	5 209 986 703	1 824 911 669	-		7 034 898 372
Net fee and commission income	9 761 029 578	99 410 011	1 146 632 889	-	-	555 418 086		11 562 490 564
- Retail service fees	9 633 374 888	-	1 021 284 989	-	-	-	-	
- Credit related fees	114 185 367	99 410 011	125 347 900	-	-	-	-	
- Investment banking fees	13 469 323	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	555 418 086	-	
Net trading income and other income	10 409 528 485	631 937	3 511 920 898	4 021 746 167	1 008 778 516	219 587 068		19 172 193 071
Total net income for reported segments	35 785 323 239	1 166 470 367	5 975 137 675	9 146 312 115	2 837 762 712	755 732 759		55 666 738 867
Intersegment revenue	(707 394 778)	58 194 687	(59 243 783)	(105 071 038)	(705 641 142)	(544 670)		(1 519 700 724)
Intersegment interest expense and commission	808 461 708	333 155 672	264 316 426	131 897 279	584 614 819	29 416 189		2 151 862 093
Net income from external customers	**35 886 390 169**	**1 557 820 726**	**6 180 210 318**	**9 173 138 356**	**2 716 736 389**	**784 604 278**		**56 298 900 236**
Segment profit/(loss) before income tax	**9 381 517 061**	**139 573 145**	**2 360 274 251**	**2 455 213 318**	**178 223 951**	**325 353 086**		**14 840 154 812**
Impairment allowances on financial assets	1 170 196 528	50 255 360	98 500 199	230 319 118	29 521 177	-		1 578 792 382
Depreciation	665 936 639	29 718 960	105 941 387	43 466 409	44 757 960	2 588 205		892 409 560
Amortisation	81 908 818	29 891 750	-	12 505 964	3 658 739	-		127 965 271
Segment assets	**176 152 074 736**	**1 400 802 483**	**25 344 416 789**	**8 453 534 292**	**4 106 265 026**	**582 765 508**		**216 039 858 834**
Total assets include :								
Additions to non-current assets	808 188 804	23 409 405	98 059 062	3 139 064	29 906 684	4 043 462		966 746 481
Segment liabilities	**150 044 830 641**	**961 492 183**	**13 653 910 689**	**4 584 306 339**	**2 578 688 658**	**234 989 185**		**172 058 217 695**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing		

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

29 SEGMENT REPORTING (CONTINUED)

UNAUDITED HISTORICAL COST 31 December 2022	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Short term Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	28 757 073 909	1 571 933 128	2 405 204 714	32 425 275	64 485 112	478 716	-	32 831 600 854
Interest expense	(7 808 961 553)	(369 672 383)	(3 368 472 954)	-	(78 694 385)	(22 490 427)	(210 944 304)	(11 859 236 006)
Net interest income	20 948 112 356	1 202 260 745	(963 268 240)	32 425 275	(14 209 273)	(22 011 711)	(210 944 304)	20 972 364 848
Sales	-	-	10 786 026	-	-	-	-	10 786 026
Cost of sales	-	-	(4 038 249)	-	-	-	-	(4 038 249)
Gross profit	-	-	6 747 777	-	-	-	-	6 747 777
Net earned insurance premium	-	-	-	3 609 981 926	2 259 251 005	-	-	5 869 232 931
Net fee and commission income	10 904 551 078	59 720 081	1 217 328 853	-	-	154 084 835	23 027 724	12 358 712 571
- Retail service fees	10 821 788 679	-	1 121 716 246	-	-	-	-	
- Credit related fees	71 183 555	59 720 081	95 612 607	-	-	-	-	
- Investment banking fees	11 578 844	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	154 084 835	23 027 724	
Net trading income and other income	39 883 785 462	7 663 952	17 127 900 061	1 122 209 386	656 422 594	373 495 256	(17 376 090)	59 154 100 621
Total net income for reported segments	71 736 448 896	1 269 644 778	17 388 708 451	4 764 616 587	2 901 464 326	505 568 380	(205 292 670)	98 361 158 748
Intersegment revenue	(775 327 023)	7 040 745	(16 650 544)	(523 043 034)	(486 458 157)	(448 521)	(96 320 980)	(1 891 207 514)
Intersegment interest expense and commission	723 452 176	426 150 537	547 861 227	56 727 207	950 071 068	25 871 576	211 309 362	2 941 443 153
Net income from external customers	**71 684 574 049**	**1 702 836 060**	**17 919 919 134**	**4 298 300 760**	**3 365 077 237**	**530 991 435**	**(90 304 288)**	**99 411 394 387**
Segment profit before income tax	**36 660 885 297**	**322 472 043**	**12 764 253 433**	**2 369 026 573**	**876 062 299**	**88 910 453**	**(704 095 852)**	**52 377 514 246**
Impairment allowances on financial assets	4 329 652 541	81 503 260	101 068 776	-	15 286 931	-	28 334 398	4 555 845 906
Depreciation	425 040 799	25 981 545	92 664 864	12 186 832	36 805 058	1 432 883	7 034 335	601 146 316
Amortisation	6 272 155	6 962	-	89 600	56 429	-	1 182 709	7 607 855
Segment assets	**271 990 528 833**	**5 461 558 599**	**37 836 124 284**	**8 967 711 659**	**6 930 144 460**	**494 637 285**	**576 122 180**	**332 256 827 300**
Total assets include :								
Additions to non-current assets	1 385 861 201	19 984 206	130 448 234	126 746 045	36 900 980	1 099 947	54 332 905	1 755 373 518
Segment liabilities	**235 002 134 492**	**4 965 080 317**	**18 894 494 485**	**5 623 937 373**	**4 692 094 597**	**312 773 066**	**1 051 759 822**	**270 542 274 152**
31 December 2021								
Total segment net income								
Interest income	4 452 766 517	313 089 991	478 386 259	949 139	3 001 432	124 954		5 248 318 292
Interest expense	(708 292 498)	(61 018 654)	(374 423 627)	(18 557 617)	-	(4 013 502)		(1 166 305 898)
Net interest income	3 744 474 019	252 071 337	103 962 632	(17 608 478)	3 001 432	(3 888 548)		4 082 012 394
Sales	-	-	345 152 838	-	-	-		345 152 838
Cost of sales	-	-	(214 879 887)	-	-	-		(214 879 887)
Gross profit	-	-	130 272 951	-	-	-		130 272 951
Net earned insurance premium	-	-	-	1 056 193 352	431 081 116	-		1 487 274 468
Net fee and commission income	2 297 931 198	23 911 976	271 801 810	-	-	131 293 408		2 724 938 392
- Retail service fees	2 265 089 064	-	242 135 612	-	-	-	-	
- Credit related fees	29 561 997	23 911 976	29 666 198	-	-	-	-	
- Investment banking fees	3 280 137	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	131 293 408	-	
Net trading income and other income	3 281 141 628	(1 212 559)	1 403 471 180	990 100 775	238 452 478	63 519 753		5 975 473 255
Total net income for reported segments	9 323 546 845	274 770 754	1 909 508 573	2 028 685 649	672 535 026	190 924 613		14 399 971 460
Intersegment revenue	(145 943 970)	14 293 293	(14 206 829)	(23 856 360)	(169 935 635)	(124 954)		(339 774 455)
Intersegment interest expense and commission	194 187 381	78 455 115	67 470 325	27 996 015	128 030 683	6 304 769		502 444 288
Net income from external customers	**9 371 790 256**	**367 519 162**	**1 962 772 069**	**2 032 825 304**	**630 630 074**	**197 104 428**		**14 562 641 293**
Segment profit before income tax	**4 274 927 688**	**37 604 176**	**994 486 727**	**901 251 713**	**83 554 196**	**102 057 075**		**6 393 881 575**
Impairment allowances on financial assets	340 411 027	14 619 321	28 653 780	67 000 000	8 587 732	-		459 271 860
Depreciation	126 239 559	6 546 760	35 274 980	3 555 961	9 979 090	481 909		182 078 259
Amortisation	2 900 720	146 828	-	112 000	67 673	-		3 227 221
Segment assets	**51 068 531 835**	**356 280 281**	**7 147 199 630**	**2 417 379 290**	**1 192 994 425**	**169 526 913**		**62 351 912 374**
Total assets include :								
Additions to non-current assets	187 037 356	4 800 000	25 260 888	782 925	7 329 606	836 277		226 047 052
Segment liabilities	**43 571 626 190**	**259 420 517**	**3 971 932 618**	**1 247 613 005**	**764 418 059**	**66 973 226**		**49 881 983 615**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing		

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2022

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
30 SEGMENT REPORTING				
Operating segments reconciliations				
Net income				
Total net income for reportable segments	115 307 176 258	56 298 900 236	99 411 394 387	14 562 641 293
Total net income for non reportable segments	20 196 976 973	11 827 589 762	16 235 894 598	3 124 261 755
Elimination of intersegment revenue received from the holding company	(53 893 250)	(156 797 172)	(46 453 901)	(31 448 093)
Intersegment eliminations	(16 394 663 739)	(6 409 836 112)	(7 446 468 475)	(1 330 703 443)
Group total net income	**119 055 596 242**	**61 559 856 714**	**108 154 366 609**	**16 324 751 512**
Group profit before tax				
Total profit before income tax for reportable segments	31 213 305 749	14 840 154 809	52 377 514 246	6 393 881 575
Intersegment eliminations	(7 581 230 403)	2 180 581 413	(3 237 919 302)	1 321 646 339
Profit before income tax	**23 632 075 346**	**17 020 736 222**	**49 139 594 944**	**7 715 527 914**
Group assets				
Total assets for reportable segments	334 242 947 985	216 039 858 833	332 256 827 300	62 351 912 374
Other group assets	42 323 198 927	33 104 421 938	25 505 134 833	5 628 267 928
Deferred tax asset allocated to the holding company	2 161 427 129	602 860 127	2 004 035 867	137 150 184
Intersegment eliminations	(43 350 193 825)	(32 155 936 696)	(26 812 093 980)	(5 326 088 093)
Group total assets	**335 377 380 216**	**217 591 204 202**	**332 953 904 020**	**62 791 242 393**
Group liabilities				
Total liabilities for reportable segments	272 969 897 607	172 058 217 695	270 542 274 152	49 881 983 615
Other group liabilities and elimination of intersegment payables	(470 310 368)	(3 875 755 964)	(2 648 738 933)	(1 420 984 301)
Group total liabilities	**272 499 587 239**	**168 182 461 731**	**267 893 535 219**	**48 460 999 314**

In the normal course of business, group companies trade with one another and the material intergroup transactions include:
1) Underwriting of insurance risk by the insurance subsidiary;
2) Reinsurance of the insurance subsidiary's insurance risk by the reinsurance subsidiary;
3) Borrowings from the banking subsidiary by group companies and placement of funds and operating of current accounts; and
4) Placement of funds with the Bank and the Building Society by Group companies.

These transactions result in income, expenses, assets and liabilities that are eliminated on consolidation. All these transactions are done at arms length.

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

The policies specifically cover foreign exchange risk, liquidity risk, interest rate risk , credit risk and the general use of financial instruments. Group Risk and Compliance, Group Internal audit review from time to time the intergrity of the risk control systems in place and ensure that risk policies and strategies are effectively implemented within the Group.

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

The Group's activities and operations results in exposure to the following risks:
(a) Credit risk
(b) Market risk
(b.i) Interest rate risk,
(b.ii) Currency risk
(b.iii) Price risk
(c) Liquidity risk
(d) Settlement risk
(e) Operational risk
(f) Capital risk
(g) Climate related risk

Other risks:
(h) Reputational risk
(i) Legal and Compliance risk
(j) Strategic risk

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

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

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

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

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

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

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

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

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

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

Credit terms:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2022

Provisioning policy and write offs
The Group has adopted IFRS 9 to determine expected credit losses (ECL)

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

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

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

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

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

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

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

	Audited Inflation Adjusted		Unaudited Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
31.1.1 Exposure to credit risk				
Loans and advances				
Stage 3/Grade 8:	3 682 097 530	190 947 779	3 682 097 530	55 546 849
Stage 3/Grade 9:	45 506 951	176 107 999	45 506 951	51 229 946
Stage 3/Grade 10:	499 695 095	243 346 019	499 695 095	70 789 535
Gross amount	**4 227 299 576**	**610 401 797**	**4 227 299 576**	**177 566 330**
Allowance for impairment	(1 076 288 075)	(417 905 012)	(1 076 288 075)	(121 568 874)
Carrying amount	**3 151 011 501**	**192 496 785**	**3 151 011 501**	**55 997 456**
Stage 2/Grade 4 - 7:	14 932 203 167	10 848 957 224	14 932 203 167	3 155 969 601
Stage 1/Grade 1 - 3:	135 272 746 075	71 242 792 116	135 272 079 004	20 724 388 571
Gross amount	**150 204 949 242**	**82 091 749 340**	**150 204 282 171**	**23 880 358 172**
Allowance for impairment	(3 695 611 944)	(1 385 841 664)	(3 695 611 944)	(403 142 355)
Carrying amount	**146 509 337 298**	**80 705 907 676**	**146 508 670 227**	**23 477 215 817**
Total carrying amount	**149 660 348 799**	**80 898 404 461**	**149 659 681 728**	**23 533 213 273**

Loans and advances — Audited Inflation Adjusted

Credit grade	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Investment grade	135 272 746 075	-	-	135 272 746 075	71 242 792 116	-	-	71 242 792 116
Standard monitoring	-	10 644 206 645	-	10 644 206 645	-	9 268 873 708	-	9 268 873 708
Special monitoring	-	4 287 996 522	-	4 287 996 522	-	1 580 083 516	-	1 580 083 516
Default	-	-	4 227 299 576	4 227 299 576	-	-	610 401 797	610 401 797
Gross loans and advances	**135 272 746 075**	**14 932 203 167**	**4 227 299 576**	**154 432 248 818**	**71 242 792 116**	**10 848 957 224**	**610 401 797**	**82 702 151 137**
Loss allowance	(3 032 914 976)	(662 696 968)	(1 076 288 075)	(4 771 900 019)	(871 203 176)	(514 638 488)	(417 905 012)	(1 803 746 676)
Net loans and advances	**132 239 831 099**	**14 269 506 199**	**3 151 011 501**	**149 660 348 799**	**70 371 588 940**	**10 334 318 736**	**192 496 785**	**80 898 404 461**
Analysis								
Gross amount								
Balance as at January	**71 242 792 116**	**10 848 957 224**	**610 401 797**	**82 702 151 137**	**67 254 551 894**	**7 188 788 050**	**86 945 302**	**74 530 285 246**
Effects of IAS29	(50 518 403 545)	(7 692 987 623)	(432 835 467)	(58 644 226 635)	(25 413 642 283)	(2 716 401 537)	(32 853 708)	(28 162 897 528)
Transfers	(220 575 114)	89 531 579	131 043 535	-	(87 260 702)	(32 400 320)	119 661 022	-
Stage 1	(317 787 956)	172 544 336	145 243 620		(117 783 956)	65 244 769	52 539 187	
Stage 2	79 702 275	(84 433 087)	4 730 812		29 131 171	(98 231 076)	69 099 905	
Stage 3	17 510 567	1 420 330	(18 930 897)		1 392 083	585 987	(1 978 070)	
New issue	143 271 794 625	18 840 989 385	4 029 520 634	166 142 304 644	41 119 981 203	8 597 152 577	531 586 329	50 248 720 109
Repayments	(28 502 862 007)	(7 154 287 398)	(95 202 187)	(35 752 351 592)	(11 630 837 996)	(2 188 181 546)	(74 331 270)	(13 893 350 812)
Amounts written off during the year as uncollectible	-	-	(15 628 736)	(15 628 736)	-	-	(20 605 878)	(20 605 878)
Balance as at December	**135 272 746 075**	**14 932 203 167**	**4 227 299 576**	**154 432 248 818**	**71 242 792 116**	**10 848 957 224**	**610 401 797**	**82 702 151 137**
Impairment								
Balance as at January	**871 203 176**	**514 638 488**	**417 905 012**	**1 803 746 676**	**635 278 848**	**124 143 496**	**43 799 439**	**803 221 783**
Effects of IAS29	(617 769 534)	(364 929 775)	(296 336 138)	(1 279 035 447)	(240 050 537)	(46 909 657)	(16 550 336)	(303 510 530)
Transfers	3 488 582	(1 736 298)	(1 752 284)		(10 572 538)	1 062 755	9 509 783	-
Stage 1	(1 121 964)	596 004	525 960		(13 885 647)	3 737 506	10 148 142	
Stage 2	3 007 960	(3 208 775)	200 815		2 160 864	(3 095 090)	934 229	
Stage 3	1 602 586	876 473	(2 479 059)		1 152 245	420 339	(1 572 588)	
Net change due to new issues and repayments	2 812 240 854	536 125 516	984 121 983	4 332 488 353	495 389 780	434 497 739	422 527 606	1 352 415 125
Changes in parameters	(11 360 896)	(5 662 290)	(11 146 777)	(28 169 963)	(8 842 377)	1 844 155	(20 735 279)	(27 733 501)
Amounts written off during the year as uncollectible	(24 887 206)	(15 738 673)	(16 503 721)	(57 129 600)	-	-	(20 646 201)	(20 646 201)
Balance as at December	**3 032 914 976**	**662 696 968**	**1 076 288 075**	**4 771 900 019**	**871 203 176**	**514 638 488**	**417 905 012**	**1 803 746 676**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

Loans and advances

Unaudited Historical Cost

	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	135 272 079 004	-	-	135 272 079 004	20 724 388 571	-	-	20 724 388 571
Standard monitoring	-	10 644 206 645	-	10 644 206 645	-	2 696 322 149	-	2 696 322 149
Special monitoring	-	4 287 996 522	-	4 287 996 522	-	459 647 452	-	459 647 452
Default	-	-	4 227 299 576	4 227 299 576	-	-	177 566 330	177 566 330
Gross loans and advances	**135 272 079 004**	**14 932 203 167**	**4 227 299 576**	**154 431 581 747**	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**
Loss allowance	(3 032 914 976)	(662 696 968)	(1 076 288 075)	(4 771 900 019)	(253 433 642)	(149 708 713)	(121 568 874)	(524 711 229)
Net loans and advances	**132 239 164 028**	**14 269 506 199**	**3 151 011 501**	**149 659 681 728**	**20 470 954 929**	**3 006 260 888**	**55 997 456**	**23 533 213 273**
			-					
Analysis								
Gross amount								
Balance as at January	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**
Transfers	(220 575 114)	89 531 579	131 043 535	-	(25 384 202)	(9 425 277)	34 809 479	-
Stage 1	(317 787 956)	172 544 336	145 243 620		(34 263 439)	18 979 751	15 283 688	
Stage 2	79 702 275	(84 433 087)	4 730 812		8 474 279	(28 575 492)	20 101 213	
Stage 3	17 510 567	1 420 330	(18 930 897)		404 958	170 464	(575 422)	
New issue	143 271 127 554	18 840 989 385	4 029 520 634	166 141 637 573	11 961 640 818	2 500 917 980	154 638 853	14 617 197 651
Repayments	(28 502 862 007)	(7 154 287 398)	(95 202 187)	(35 752 351 592)	(3 383 419 290)	(636 543 614)	(21 623 021)	(4 041 585 925)
Amounts written off during the year as uncollectible	-	-	(15 628 736)	(15 628 736)	-	-	(5 994 265)	(5 994 265)
Balance as at December	**135 272 079 004**	**14 932 203 167**	**4 227 299 576**	**154 431 581 747**	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**
Impairment								
Balance as at January	**253 433 642**	**149 708 713**	**121 568 874**	**524 711 229**	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**
Transfers	3 488 582	(1 736 298)	(1 752 284)	-	(3 075 559)	309 156	2 766 403	-
Stage 1	(1 121 964)	596 004	525 960		(4 039 345)	1 087 243	2 952 102	
Stage 2	3 007 960	(3 208 775)	200 815		628 597	(900 364)	271 768	
Stage 3	1 602 586	876 473	(2 479 059)		335 189	122 277	(457 467)	
Net change due to new issues and repayments	2 812 240 854	536 125 516	984 121 983	4 332 488 353	144 109 250	126 395 711	122 913 590	393 418 551
Changes in parameters	(11 360 896)	(5 662 290)	(11 146 777)	(28 169 963)	(2 572 254)	536 466	(6 031 908)	(8 067 696)
Amounts written off during the year as uncollectible	(24 887 206)	(15 738 673)	(16 503 721)	(57 129 600)	-	-	(6 005 995)	(6 005 995)
Balance as at December	**3 032 914 976**	**662 696 968**	**1 076 288 075**	**4 771 900 019**	**253 433 642**	**149 708 713**	**121 568 874**	**524 711 229**

31.1.2 Sectoral analysis of utilizations of loans and advances to customers

	Audited Inflation Adjusted 2022 ZWL	2022 %	2021 ZWL	2021 %	Unaudited Historical Cost 2022 ZWL	2022 %	2021 ZWL	2021 %
Mining	21 464 716 170	14%	9 907 704 705	12%	21 464 716 170	14%	2 882 158 554	12%
Manufacturing	10 390 218 995	7%	15 733 088 336	19%	10 390 218 995	7%	4 576 766 918	19%
Mortgage	12 179 431 246	8%	4 007 432 542	5%	12 179 431 246	8%	1 165 765 061	5%
Wholesale	114 130 197	0%	3 054 425 402	4%	114 130 197	0%	888 534 586	4%
Distribution	12 462 589 542	8%	3 821 923 160	5%	12 462 589 542	8%	1 111 800 246	5%
Individuals	9 662 125 325	6%	11 494 013 834	14%	9 662 125 325	6%	3 343 617 041	14%
Agriculture	5 362 360 550	3%	6 023 156 381	7%	5 362 360 550	3%	1 752 140 602	7%
Communication	-	0%	79 033 936	0%	-	0%	22 991 030	0%
Construction	6 605 513 013	4%	5 341 035 919	6%	6 605 513 013	4%	1 553 711 260	6%
Local authorities	116 804 566	1%	480 405 889	1%	116 804 566	0%	139 750 425	1%
Other services	76 074 359 215	49%	22 759 931 033	27%	76 073 692 144	50%	6 620 688 779	27%
	154 432 248 819	**100%**	**82 702 151 137**	**100%**	**154 431 581 748**	**100%**	**24 057 924 502**	**100%**

Reconciliation of allowance for impairment for loans and advances

	31 Dec 2022 Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL	31 Dec 2021 Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL
Audited Inflation Adjusted						
Balance at 1 January	417 905 012	1 385 841 665	1 803 746 677	43 799 439	759 422 344	803 221 783
Effects of IAS 29	(296 336 138)	(982 699 310)	(1 279 035 448)	(16 550 336)	(286 960 195)	(303 510 531)
Impairment loss allowance	971 222 922	3 333 095 468	4 304 318 390	411 302 110	913 379 516	1 324 681 626
Amounts written off during the year	(16 503 721)	(40 625 879)	(57 129 600)	(20 646 201)	-	(20 646 201)
Balance as at 31 December	**1 076 288 075**	**3 695 611 944**	**4 771 900 019**	**417 905 012**	**1 385 841 665**	**1 803 746 677**
Unaudited Historical Cost						
Balance at 1 January	121 568 874	403 142 355	524 711 229	7 926 784	137 439 585	145 366 369
Impairment loss allowance	971 222 922	3 333 095 468	4 304 318 390	119 648 085	265 702 770	385 350 855
Amounts written off during the year	(16 503 721)	(40 625 879)	(57 129 600)	(6 005 995)	-	(6 005 995)
Balance as at 31 December	**1 076 288 075**	**3 695 611 944**	**4 771 900 019**	**121 568 874**	**403 142 355**	**524 711 229**

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31.1.3 Bonds and Debentures

Audited Inflation Adjusted

	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	-	-	-	-	23 991 156	-	-	23 991 156
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**-**	**-**	**-**	**-**	**23 991 156**	**-**	**-**	**23 991 156**
Impairment loss allowance	-	-	-	-	(134 850)	-	-	(134 850)
Net Bonds and Debentures	**-**	**-**	**-**	**-**	**23 856 306**	**-**	**-**	**23 856 306**
Analysis								
Gross amount								
Balance as at January	**23 991 156**	**-**	**-**	**23 991 156**	**2 629 463 278**	**-**	**-**	**2 629 463 278**
Effects of IAS29	(17 012 111)			(17 012 111)	(993 585 850)	-	-	(993 585 850)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	-	-	-	-	-	-	-	-
Repayments	(6 979 045)	-	-	(6 979 045)	(1 611 886 272)	-	-	(1 611 886 272)
Balance as at December	**-**		**-**	**-**	**23 991 156**	**-**	**-**	**23 991 156**
Impairment								
Balance as at January	**134 850**	**-**	**-**	**134 850**	**12 148 677**	**-**	**-**	**12 148 677**
Effects of IAS29	(95 622)	-	-	(95 622)	(4 590 577)			(4 590 577)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(39 228)	-	-	(39 228)	(7 423 250)	-	-	(7 423 250)
Balance as at December	**-**	**-**	**-**	**-**	**134 850**	**-**	**-**	**134 850**

Unaudited Historical Cost

	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	-	-	-	-	6 979 045	-	-	6 979 045
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**-**	**-**	**-**	**-**	**6 979 045**	**-**	**-**	**6 979 045**
Impairment loss allowance	-	-	-	-	(39 228)	-	-	(39 228)
Net Bonds and Debentures	**-**	**-**	**-**	**-**	**6 939 817**	**-**	**-**	**6 939 817**
Analysis								
Gross amount								
Balance as at January	**6 979 045**	**-**	**-**	**6 979 045**	**475 877 942**	**-**	**-**	**475 877 942**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	-	-	-	-	-	-	-	-
Repayments	(6 979 045)	-	-	(6 979 045)	(468 898 897)	-	-	(468 898 897)
Balance as at December	**-**		**-**	**-**	**6 979 045**	**-**	**-**	**6 979 045**
Impairment								
Balance as at January	**39 228**	**-**	**-**	**39 228**	**2 198 657**	**-**	**-**	**2 198 657**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(39 228)	-	-	(39 228)	(2 159 429)	-	-	(2 159 429)
Balance as at December	**-**	**-**	**-**	**-**	**39 228**	**-**	**-**	**39 228**

31.1.4 Financial assets at amortised cost

Audited Inflation Adjusted

	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2020 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	8 164 282 150	-	-	8 164 282 150	6 808 941 870	-	-	6 808 941 870
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**8 164 282 150**	**-**	**-**	**8 164 282 150**	**6 808 941 870**	**-**	**-**	**6 808 941 870**
Impairment loss allowance	(85 464 971)	-	-	(85 464 971)	(37 820 548)	-	-	(37 820 548)
Net financial asset at amortised cost	**8 078 817 179**	**-**	**-**	**8 078 817 179**	**6 771 121 322**	**-**	**-**	**6 771 121 322**
Analysis								
Gross amount								
Balance as at January	**6 808 941 870**	**-**	**-**	**6 808 941 870**	**6 024 917 247**	**-**	**-**	**6 024 917 247**
Effects of IAS29	(4 828 215 694)			(4 828 215 694)	(2 276 613 856)	-	-	(2 276 613 856)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	9 024 946 629	-	-	9 024 946 629	4 974 201 435	-	-	4 974 201 435
Repayments	(2 841 390 655)	-	-	(2 841 390 655)	(1 912 975 941)	-	-	(1 912 975 941)
Amounts written off during the year as uncollectible	-	-	-	-	(587 015)	-	-	(587 015)
Balance as at December	**8 164 282 150**	**-**	**-**	**8 164 282 150**	**6 808 941 870**	**-**	**-**	**6 808 941 870**
Impairment								
Balance as at January	**37 820 548**	**-**	**-**	**37 820 548**	**27 200 557**	**-**	**-**	**27 200 557**
Effects of IAS29	(26 818 523)			(26 818 523)	(10 278 175)	-	-	(10 278 175)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	72 365 042	-	-	72 365 042	20 863 216	-	-	20 863 216
Amounts written off during the year as uncollectible	2 097 904	-	-	2 097 904	34 950	-	-	34 950
Balance as at December	**85 464 971**	**-**	**-**	**85 464 971**	**37 820 548**	**-**	**-**	**37 820 548**

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For the year ended 31 December 2022

Unaudited Historical Cost

	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	8 164 282 150			8 164 282 150	1 980 726 176	-	-	1 980 726 176
Standard monitoring	-			-	-	-	-	-
Special monitoring	-			-	-	-	-	-
Default	-			-	-	-	-	-
Gross financial assets at amortised cost	**8 164 282 150**	**-**	**-**	**8 164 282 150**	**1 980 726 176**	**-**	**-**	**1 980 726 176**
Impairment loss allowance	(85 464 971)			(85 464 971)	(11 002 025)	-	-	(11 002 025)
Net financial asset at amortised cost	**8 078 817 179**	**-**	**-**	**8 078 817 179**	**1 969 724 151**	**-**	**-**	**1 969 724 151**
Analysis								
Gross amount								
Balance as at January	**1 980 726 176**	**-**	**-**	**1 980 726 176**	**1 090 384 201**	**-**	**-**	**1 090 384 201**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	9 024 946 629	-	-	9 024 946 629	1 446 998 840	-	-	1 446 998 840
Repayments	(2 841 390 655)	-	-	(2 841 390 655)	(556 486 102)	-	-	(556 486 102)
Amounts written off during the year as uncollectible	-	-	-	-	(170 763)	-	-	(170 763)
Balance as at December	**8 164 282 150**	**-**	**-**	**8 164 282 150**	**1 980 726 176**	**-**	**-**	**1 980 726 176**
Impairment								
Balance as at January	**11 002 025**	**-**	**-**	**11 002 025**	**4 922 733**	**-**	**-**	**4 922 733**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	72 365 042	-	-	72 365 042	6 069 125	-	-	6 069 125
Amounts written off during the year as uncollectible	2 097 904	-	-	2 097 904	10 167	-	-	10 167
Balance as at December	**85 464 971**	**-**	**-**	**85 464 971**	**11 002 025**	**-**	**-**	**11 002 025**

31.1.5 Credit exposure on undrawn loan commitments and guarantees

Audited Inflation Adjusted

	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	13 272 991 369	-	-	13 272 991 369	15 728 147 892	-	-	15 728 147 892
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**15 728 147 892**	**-**	**-**	**15 728 147 892**
Loss allowance	(181 895 061)	-	-	(181 895 061)	(31 635 186)	-	-	(31 635 186)
Net undrawn loan commitments and guarantees	**13 091 096 308**	**-**	**-**	**13 091 096 308**	**15 696 512 706**	**-**	**-**	**15 696 512 706**
Analysis								
Gross amount								
Balance as at January	**15 728 147 889**	**-**	**-**	**15 728 147 889**	**2 335 877 688**	**-**	**-**	**2 335 877 688**
Effects of IAS29	(11 152 818 150)			(11 152 818 150)	(882 649 718)	-	-	(882 649 718)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	160 553 816 597	-	-	160 553 816 597	18 805 001 714	-	-	18 805 001 714
Repayments	(151 856 154 967)	-	-	(151 856 154 967)	(4 530 081 795)	-	-	(4 530 081 795)
Balance as at December	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**15 728 147 889**	**-**	**-**	**15 728 147 889**
Impairment								
Balance as at January	**31 635 187**	**-**	**-**	**31 635 187**	**25 191 123**	**-**	**-**	**25 191 123**
Effects of IAS29	(22 432 487)			(22 432 487)	(9 518 875)	-	-	(9 518 875)
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	172 692 361	-	-	172 692 361	15 962 939	-	-	15 962 939
Balance as at December	**181 895 061**	**-**	**-**	**181 895 061**	**31 635 187**	**-**	**-**	**31 635 187**

Unaudited Historical Cost

	31 Dec 2022 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	31 Dec 2021 ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	13 272 991 369			13 272 991 369	4 575 329 739	-	-	4 575 329 739
Standard monitoring	-			-	-	-	-	-
Special monitoring	-			-	-	-	-	-
Default	-			-	-	-	-	-
Gross undrawn loan commitments and guarantees	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**4 575 329 739**	**-**	**-**	**4 575 329 739**
Loss allowance	(181 895 061)	-	-	(181 895 061)	(9 202 700)	-	-	(9 202 700)
Net undrawn loan commitments and guarantees	**13 091 096 308**	**-**	**-**	**13 091 096 308**	**4 566 127 039**	**-**	**-**	**4 566 127 039**
Analysis								
Gross amount								
Balance as at January	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**422 745 081**	**-**	**-**	**422 745 081**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	160 553 816 597	-	-	160 553 816 597	5 470 388 769	-	-	5 470 388 769
Repayments	(151 856 154 967)	-	-	(151 856 154 967)	(1 317 804 111)	-	-	(1 317 804 111)
Balance as at December	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**4 575 329 739**	**-**	**-**	**4 575 329 739**
Impairment								
Balance as at January	**9 202 700**	**-**	**-**	**9 202 700**	**4 559 068**	**-**	**-**	**4 559 068**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	172 692 361	-	-	172 692 361	4 643 632	-	-	4 643 632
Balance as at December	**181 895 061**	**-**	**-**	**181 895 061**	**9 202 700**	**-**	**-**	**9 202 700**

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31.1.6 Trade and other receivables including insurance receivables	Audited Inflation Adjusted 31 Dec 2022 ZWL	Audited Inflation Adjusted 31 Dec 2021 ZWL	Unaudited Historical Cost 31 Dec 2022 ZWL	Unaudited Historical Cost 31 Dec 2021 ZWL
Past due and impaired	**151 732 858**	**350 254 295**	**151 732 858**	**101 889 231**
Allowance for impairment	(151 732 858)	(350 254 295)	(151 732 858)	(101 889 231)
Carrying amount	**-**	**-**	**-**	**-**
Past due but not impaired	26 247 012	589 262 243	26 247 012	171 416 818
Neither past due nor impaired	5 296 848 671	1 587 916 634	4 833 396 285	447 419 271
Gross amount, not impaired	**5 323 095 683**	**2 177 178 877**	**4 859 643 297**	**618 836 089**
Allowance for impairment	-	(326 875)	-	(95 088)
Carrying amount, not impaired	**5 323 095 683**	**2 176 852 002**	**4 859 643 297**	**618 741 001**
Total carrying amount	**5 323 095 683**	**2 176 852 002**	**4 859 643 297**	**618 741 001**

31.2 Liquidity risk

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

Management of liquidity risk

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

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

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

Audited Inflation Adjusted

Contractual maturity analysis on balance sheet items as at 31 December 2022	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	108 063 330 181	2 516 577 136	-	110 579 907 317
Deposits from other banks	13 432 023 881	57 240 487	12 400 000	13 501 664 368
Borrowings	78 334 846	9 393 058 379	71 751 731 627	81 223 124 853
Insurance liabilities	5 469 140 144	-	-	5 469 140 144
Trade and other liabilities excluding deferred income	55 266 508 454	3 527 032 657	2 044 064 206	60 837 605 317
Total liabilities - (contractual maturity)	**182 309 337 506**	**15 493 908 659**	**73 808 195 833**	**271 611 441 999**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	73 049 579 090	10 752 841 081	-	83 802 420 171
Financial assets at amortised cost	6 993 579 347	2 687 624 236	122 136 829	9 803 340 412
Loans and advances to customers	16 195 828 906	127 720 085 271	706 023 687 269	849 939 601 446
Bonds and debentures	-	-	-	-
Trade and other receivables including insurance receivables	2 650 798 530	2 638 310 186	4 706 447	5 293 815 163
Financial assets at fair value through profit or loss	12 315 524 658	-	2 283 911 355	14 599 436 013
Financial assets at fair value through other comprehensive income	212 026 146	-	-	212 026 146
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments, work in progress	13 290 764 323	387 731 847	2 792 628 874	16 471 125 044
	124 708 101 000	**144 186 592 621**	**711 227 070 774**	**980 121 764 395**
Liquidity gap	**(57 601 236 506)**	**128 692 683 962**	**637 418 874 941**	**708 510 322 397**
Cumulative liquidity gap - on balance sheet	**(57 601 236 506)**	**71 091 447 456**	**708 510 322 397**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	7 525 518 907	-	7 525 518 907
Commitments to lend	5 747 053 800	-	-	5 747 053 800
Total liabilities	**5 747 053 800**	**7 525 518 907**	**-**	**13 272 572 707**
Liquidity gap	**(5 747 053 800)**	**(7 525 518 907)**	**-**	**695 237 749 690**
Cumulative liquidity gap - on and off balance sheet	**(63 348 290 306)**	**57 818 874 749**	**695 237 749 690**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

Audited Inflation Adjusted

Contractual maturity analysis on balance sheet items as at 31 December 2021	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	35 386 075 275	53 849 402 301	-	89 235 477 576
Deposits from other banks	855 210 181	8 032 379 127	-	8 887 589 308
Borrowings	5 021 642 386	10 087 754 821	17 818 257 880	32 927 655 087
Insurance liabilities	2 681 471 584	-	-	2 681 471 584
Trade and other liabilities excluding deferred income	15 017 699 339	17 746 405 028	802 815 573	33 566 919 940
Total liabilities - (contractual maturity)	**58 962 098 765**	**89 715 941 277**	**18 621 073 453**	**167 299 113 495**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	54 486 034 672	6 151 787 618	-	60 637 822 290
Financial assets at amortised cost	3 386 631 195	5 208 941 027	637 616 583	9 233 188 805
Loans and advances to customers	8 365 833 375	25 022 950 579	139 929 322 805	173 318 106 759
Bonds and debentures	-	-	58 925 077	58 925 077
Trade and other receivables including insurance receivables	1 341 442 875	819 230 251	16 178 876	2 176 852 002
Financial assets at fair value through profit or loss	11 896 333 171	-	620 632 305	12 516 965 476
Financial assets at fair value through other comprehensive income	536 266 935	-	-	536 266 935
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	17 673 869 374	314 669 669	1 742 199 798	19 730 738 841
	97 686 411 597	**37 517 579 144**	**143 004 875 444**	**278 208 866 185**
Liquidity gap	**38 724 312 832**	**(52 198 362 133)**	**124 383 801 991**	**110 909 752 690**
Cumulative liquidity gap - on balance sheet	**38 724 312 832**	**(13 474 049 301)**	**110 909 752 690**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	13 281 809 890	-	13 281 809 890
Commitments to lend	2 446 338 001	-	-	2 446 338 001
Total liabilities	**2 446 338 001**	**13 281 809 890**	**-**	**15 728 147 891**
Liquidity gap	**(2 446 338 001)**	**(13 281 809 890)**	**-**	**95 181 604 799**
Cumulative liquidity gap - on and off balance sheet	**36 277 974 831**	**(29 202 197 192)**	**95 181 604 799**	**-**

Unaudited Historical Cost

Contractual maturity analysis on balance sheet items as at 31 December 2022	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	108 063 330 181	2 516 577 136	-	110 579 907 317
Deposits from other banks	13 432 023 881	57 240 487	12 400 000	13 501 664 368
Borrowings	78 334 846	9 393 058 379	71 751 731 627	81 223 124 852
Insurance liabilities	4 524 170 127	-	-	4 524 170 127
Trade and other liabilities excluding deferred income	53 573 794 033	3 527 032 657	2 044 064 206	59 144 890 896
Total liabilities - (contractual maturity)	**179 671 653 068**	**15 493 908 659**	**73 808 195 833**	**268 973 757 560**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	73 049 579 090	10 752 841 081	-	83 802 420 171
Financial assets at amortised cost	6 993 579 347	2 687 624 236	122 136 829	9 803 340 412
Loans and advances to customers	16 195 161 835	127 720 085 271	706 023 687 269	849 938 934 375
Bonds and debentures	-	-	-	-
Trade and other receivables including insurance	-	-	-	
receivables	2 187 346 145	2 638 310 186	4 706 447	4 830 362 778
Financial assets at fair value through profit or loss	12 703 252 389	-	2 283 911 355	14 987 163 744
Financial assets at fair value through other comprehensive income	212 026 146	-	-	212 026 146
Other assets excluding time share assets,deferred acquisition costs, stationery and prepayments, work in progress	13 532 687 604	387 731 847	2 792 628 874	16 713 048 325
	124 873 632 556	**144 186 592 621**	**711 227 070 774**	**980 287 295 951**
Liquidity gap	**(54 798 020 512)**	**128 692 683 962**	**637 418 874 941**	**711 313 538 391**
Cumulative liquidity gap - on balance sheet	**(54 798 020 512)**	**73 894 663 450**	**711 313 538 391**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	7 525 518 907	-	7 525 518 907
Commitments to lend	5 747 053 800	-	-	5 747 053 800
Total liabilities	**5 747 053 800**	**7 525 518 907**	**-**	**13 272 572 707**
Liquidity gap	**(5 747 053 800)**	**(7 525 518 907)**	**-**	**698 040 965 684**
Cumulative liquidity gap - on and off balance sheet	**(60 545 074 312)**	**60 622 090 743**	**698 040 965 684**	**-**

Contractual maturity analysis on balance sheet items as at 31 December 2021				
Liabilities				
Deposits from customers	10 293 835 210	15 664 830 562	-	25 958 665 772
Deposits from other banks	248 781 268	2 336 624 970	-	2 585 406 238
Borrowings	1 460 799 447	2 934 535 265	5 183 344 265	9 578 678 977
Insurance liabilities	681 083 275	-	-	681 083 275
Trade and other liabilities excluding deferred income	4 071 912 058	5 162 442 218	233 539 638	9 467 893 914
Total liabilities - (contractual maturity)	**16 756 411 258**	**26 098 433 015**	**5 416 883 903**	**48 271 728 176**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	15 850 027 385	1 789 559 523	-	17 639 586 908
Financial assets at amortised cost	985 173 495	1 515 284 759	185 483 131	2 685 941 385
Loans and advances to customers	2 433 435 230	7 279 194 647	40 705 542 471	50 418 172 348
Bonds and debentures	-	-	17 141 348	17 141 348
Trade and other receivables including insurance receivables	375 719 874	238 314 680	4 706 447	618 741 001
Financial assets at fair value through profit or loss	3 544 277 467	-	180 542 392	3 724 819 859
Financial assets at fair value through other comprehensive income	156 000 443	-	-	156 000 443
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	5 165 367 173	91 537 637	506 807 197	5 763 712 007
	28 510 001 067	**10 913 891 246**	**41 600 222 986**	**81 024 115 299**
Liquidity gap	**11 753 589 809**	**(15 184 541 769)**	**36 183 339 083**	**32 752 387 123**
Cumulative liquidity gap - on balance sheet	**11 753 589 809**	**(3 430 951 960)**	**32 752 387 123**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	3 863 688 223	-	3 863 688 223
Commitments to lend	711 641 516	-	-	711 641 516
Total liabilities	**711 641 516**	**3 863 688 223**	**-**	**4 575 329 739**
Liquidity gap	**(711 641 516)**	**(3 863 688 223)**	**-**	**28 177 057 384**
Cumulative liquidity gap - on and off balance sheet	**11 041 948 293**	**(8 006 281 699)**	**28 177 057 384**	**-**

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

31.3 Market risk

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

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

31.3.1 Interest rate risk

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

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

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

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

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

Scenario analysis of net interest income

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

31.3.2 Currency risk

The Group is a diversified local Company and its major trading and reporting currency is the ZWL.
The Group is exposed to various currency exposures primarily with respect to the South African rand, Botswana pula, British pound, United States Dollar and the Euro, mainly due to the cash holding and switch transactions in the banking subsidiary.

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

31.3.3 Equity Price risk

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

31.4 Settlement risk

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

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

31.5 Operating risk

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

31.6 Capital risk

31.6.1 Regulatory Capital and Financial Risk Management

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

The Group's objective when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

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

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

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

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

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

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

The Group's operations are categorised as either banking or trading book, and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels or risk attached to assets and off balance sheet exposures.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

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The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Overall, the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have always complied with all externally imposed capital requirements throughout the period.

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

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

Company As at 31 December 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	20 530 170 000	25 030 757 963	36 988 394 341
FBC Building Society	RBZ	20 000 000	13 686 780 000	15 197 288 600	18 941 629 799
FBC Reinsurance Limited	IPEC		150 000 000	3 343 774 286	3 343 774 286
FBC Securities (Private) Limited	SECZ		150 000	181 864 220	181 864 220
FBC Insurance Company (Private) Limited	IPEC		37 500 000	2 238 049 863	2 238 049 863
Microplan Financial Services (Private) Limited	RBZ	25 000	17 108 475	496 478 280	496 478 280
As at 31 December 2021					
FBC Bank Limited	RBZ	30 000 000	3 259 980 000	5 503 063 672	7 496 905 646
FBC Building Society	RBZ	20 000 000	2 173 320 000	2 433 035 168	3 175 267 012
FBC Reinsurance Limited	IPEC		150 000 000	1 169 766 287	1 169 766 287
FBC Securities (Private) Limited	SECZ		150 000	102 553 687	102 553 687
FBC Insurance Company (Private) Limited	IPEC		37 500 000	428 576 366	428 576 366
Microplan Financial Services (Private) Limited	RBZ	25 000	2 716 650	96 859 762	96 859 762

* Effective 31 December 2021.

31.7 Climate related risk

Climate-related risks' are potential negative impacts on the Group arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature have been identified and managed by the Group on an overall basis.

The Group distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Group has set up a Committee, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

The Group has developed a climate risk framework for:

- identifying risk factors and assessing their potential impact on the Group's financial statements; and
- allocating responsibilities for managing each identified risk factor.

The Group has also set out principles on how to incorporate climate-related risk into stress test scenarios.

31.8 Reputational risk

Reputational risk refers to the risk of damage to the Group's image, which may affect its ability to retain and generate business. The Group manages reputational risk by ensuring that business is conducted in accordance with the legal and regulatory requirements. In addition, the Group's corporate governance structure conforms to international standards. The Group also has systems in place to monitor customer service satisfaction levels as well as processes to resolve customer queries and complaints.

31.9 Legal and compliance risk

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

31.10 Strategic risk

Strategic risk refers to the potential for opportunity loss arising from failure to optimise the earnings potential of the Group. The Board approves the Group's strategy as formulated by top management, while the Chief Executive Officer has the overall responsibility of strategy implementation. The Board conducts a quarterly review of the strategy's performance and its continued applicability.

32 Statement of Compliance

The Group complies with the following statutes inter alia:-
The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Insurance Act (Chapter 24:07) and the Companies and Other Business Entities Act (Chapter 24:31). In addition, the Group also complies with the Reserve Bank of Zimbabwe and Insurance and Pensions Commission's directives on liquidity management, capital adequacy as well as prudential lending guidelines.

33 INTERNATIONAL CREDIT RATINGS

The Group suspended the credit ratings on some of its banking and insurance subsidiaries which have in the past reviewed annually by an international credit rating agency, Global Credit Rating due to the Covid-19 pandemic. The rating for the units with ratings that have been suspended was last done in 2019.

The last ratings for those units with suspended ratings and the ratings for those still being rated are as follows:

Subsidiary	2022	2021	2019	2018	2017	2016
FBC Bank Limited	A-	A-	BBB+	BBB+	BBB+	A-
FBC Reinsurance Limited	A-	A-	A-	A-	A-	A-
FBC Building Society	-	-	BBB-	BBB-	BBB-	BBB-
FBC Insurance Company Limited	-	-	A-	A-	A-	A-
Microplan Financial Services (Private) Limited	-	-	BBB	BBB	BBB-	BBB-

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2022

34 SUBSEQUENT EVENTS

34.1 Dividend Declared

Notice is hereby given that a final dividend of 297,64 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 28 March 2023 in respect of the year ended 31 December 2022. The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 14 April 2023. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 11 April 2023 and ex-dividend as from 12 April 2023. Dividend payment will be made to Shareholders on or about 28 April 2023.

35 CORPORATE GOVERNANCE

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

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

The Board meets regularly, with a minimum of four scheduled meetings annually. To assist the Board in the discharge of its responsibilities a number of committees have been established, of which the following are the most significant:

Board Finance and Strategy Committee Members
C. Malunga (Chairman)
D. Makwara
F. Kennedy
J. Mushayavanhu
R. Moyo

The Board Finance and Strategy Committee has written terms of reference. This committee is constituted at Group level and oversees the subsidiary companies. It is chaired by a non-executive director. Meetings of the Committee are attended by invitation, by other senior executives.

The committee meets at least four times a year to review the following amongst other activities:

- The Group's financial statements, and accounting policies,
- The Group's strategy and budget,
- The Group's performance against agreed benchmarks and
- The adequacy of the Group's management information systems.

Board Human Resources and Remuneration Committee Members
C. Msipa (Chairman)
C. Mtasa
H. Nkala
V. Nyemba

The Committee is chaired by a non-executive director and comprises mainly non-executive directors. This Committee is constituted at Group level and oversees the subsidiary companies. Meetings of the committee are attended by invitation by the Divisional Director of Human Resources.

The Committee's primary objective is to ensure that the right calibre of management is attracted and retained. To achieve this it ensures that the directors, senior managers and staff are appropriately rewarded for their contributions to the Group's performance.
The Committee is also responsible for the Group's Human Resources Policy issues, terms and conditions of service.
Non-executive directors are remunerated by fees and do not participate in any performance-related incentive schemes.

Board Audit Committee Members
C. Mtasa (Chairperson)
A. Chuma
C. Msipa
R. Moyo

The Committee is chaired by a non-executive director and comprises of non-executive directors only. The Divisional Director of Internal Audit, the Group Chief Executive, the Group Finance Director and other executives attend the committee by invitation. The Committee is constituted at Group level and oversees subsidiary companies.

The Committee meets regularly to:

- Review compliance with statutory regulations,
- Review the effectiveness of internal controls,
- Review and approve the financial statements and
- Review reports of both internal and external auditors' findings, instituting special investigation s where necessary.

Board Risk and Compliance Committee Members
R. Moyo (Chairman)
S. Ndlovu
A. Chuma
F. Kennedy

The Committee is constituted at Group level and is responsible for the group risk management function. It is chaired by a non executive director. The Committee's primary objective is to maintain oversight of the Group 's risk and regulatory compliance processes and procedures and monitor their effectiveness. The Committee keeps under review, developments and prospective changes in the regulatory environment and monitors significant risk and regulatory issues affecting the Group, noting any material compliance/ regulatory breaches and monitoring resolution of such any such breaches.

Summary of remuneration policy
Non-executive directors are remunerated by fees and do not participate in any performance-related incentive schemes. Senior Executives are remunerated in line with their contracts and participate in performance-related incentive schemes. Performance-related incentives are done on a periodic basis following an appraisal. The appraisal is based on a combination of performance indicators and non-financial metrics.

Board and Director Evaluation Process
FBC Holdings in line with regulatory requirements and best practice periodically conducts Board and Director evaluations. This process entails board members undertaking a constructive but critical review of their performance, identifying strengths, weaknesses and implementing plans for further professional development. Every Board member is expected to make an assessment of the quality of board oversight. Board members also make a peer review of each member in addition to the individual member review done by the Chairperson of the Board. Key evaluation factors include leadership and strategic planning. This evaluation process ensures the Board remains effective in terms of oversight.

Board Attendance

	Main Board				Board Audit				Board HR				Board Finance & Strategy				Board Risk & Compliance				Board Marketing and PR				Board Digitalisation and Innovations			
Board member	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Herbert Nkala**	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chipo Mtasa**	√	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Mushayavanhu*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√
Kleto Chiketsani*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aeneas Chuma**	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A
Gary Collins**	√	√	X	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	X	√	√	√	√	√
Franklin Kennedy**	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trynos Kufazvinei*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Makwara***	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√
Canada Malunga**	√	X	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√
Charles Msipa**	√	√	√	√	√	√	√	X	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rutenhuro Moyo**	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sifiso Ndlovu***	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A
Vimbai Nyemba**	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A
Webster Rusere*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Key
√ - Attended
X - Apologies
N/A - not applicable

Q1 - Quarter 1
Q2 - Quarter 2
Q3 - Quarter 3
Q4 - Quarter 4

* Executive Director
** Independent Non Executive Director
*** Non-Independent Non-Executive Director

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY

31 March 2023

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Mutual Gardens 100 The Chase (West)
Emerald Hill, Harare, Zimbabwe
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Independent Auditors' Report

To the shareholders of FBC Holdings Limited

Opinion

We have audited the inflation adjusted consolidated and separate financial statements of FBC Holdings Limited (the Group and Company) set out on pages … to …, which comprise the inflation adjusted consolidated and company statements of financial position as at 31 December 2022, and the inflation adjusted consolidated and company statement of profit or loss and other comprehensive income, the inflation adjusted consolidated and company statements of changes in equity and the inflation adjusted consolidated and company statements of cash flows for the year then ended, and the notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of FBC Holdings Limited as at 31 December 2022, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in the manner required by the Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29), and Companies and Other Business Entities Act (Chapter 24:31).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of property and investment property

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

Refer to:

- Accounting policies - the investment property accounting policy note 2.10, the property and equipment accounting policy note 2.12 and critical accounting estimates and judgements note 3.4 investment property and property and equipment valuation;
- Notes to the inflation adjusted consolidated financial statements - the investment property note 11, the property and equipment note 13 and the fair value of assets and liabilities note 35; and
- Notes to the inflation adjusted company financial statements - property and equipment note 8.

Key audit matter	How the matter was addressed in our audit
The Group and the Company hold property that is measured at fair value in accordance with IAS 16 - *Property, Plant and Equipment* (IAS 16). The Group also holds investment property which is measured at fair value in accordance with IAS 40 - *Investment Property* (IAS 40). As at reporting date the Group had property amounting to ZWL 13 billion inflation adjusted (4 percent of the Group's total assets), of which ZWL 1,8 billion inflation adjusted relates to the Company, and investment property amounting to ZWL 27,6 billion inflation adjusted which is 8 percent of the Group's total assets. Investment property and property are subject to variability in values. The fair values of the Group's and Company's properties are classified as Level 3 in the fair value hierarchy, through their use of unobservable inputs such as rental rates per square meter and capitalisation rates which have estimation uncertainty inherent in their values. Furthermore, the hyperinflationary environment make it increasingly more challenging to determine the fair values.	Our procedures included the following: • Evaluating the professional competence and capabilities, independence and objectivity of the external valuers engaged by the directors to value the properties. • Engaged our own professional independent property valuer to reperform valuations on a sample basis and compare to the valuations as determined by the directors' valuers. • Evaluating the professional competence and capabilities, independence and objectivity of our own engaged professional independent property valuer. • Our engaged independent professional property valuer evaluated whether the valuation methodologies and assumptions used by the directors' engaged valuers are appropriate, based on their knowledge of the industry and the requirements of IFRS 13 - *Fair Value Measurement* (IFRS 13);

Key audit matter	How the matter was addressed in our audit
Determination of the fair value of investment property and property is subject to significant judgement and estimation uncertainty and is significant in relation to total assets and requires the involvement of independent professionally qualified valuers. The valuation of the Group and the Company's owner occupied properties and the Group's investment property was considered a key audit matter.	• Assessing the adequacy of the disclosures in the financial statements in respect of the valuation of owner occupied and investment properties in accordance with IAS 16, IAS 40 and IFRS 13.

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

This matter relates to the inflation adjusted consolidated financial statements.

Refer to the impairment of financial assets accounting policy note 2.5.1 vi, critical accounting estimates and judgements note 3.1 impairment of financial assets, loans and advances to customers note 5.1 and financial risk management, credit risk note 34.1.

Key audit matter	How the matter was addressed in our audit
As at reporting date, the Group had net loans and advances to customers of ZWL 150 billion inflation adjusted which is 45 percent of the Group's total assets. The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances to customers. The Group's ECL model includes certain judgements and assumptions such as: • the credit grade allocated to the counterparties in the personal loans, corporate loans and mortgages categories; • the probability of a loan becoming past due and subsequently defaulting (probability of default PD); • the determination of the Group's definition of default; • the magnitude of the likely loss if there is default (loss given default LGD); • the expected exposure in the event of a default (exposure at default EAD); • the criteria for assessing significant increase in credit risk (SICR); • the rate of recovery on the loans that are past due and in default;	Our procedures included the following: • Assessing and testing the design, implementation and operating effectiveness of the key controls over credit origination and monitoring in the loan granting process; • Assessing whether the Group's credit policies are aligned with IFRS 9, *Financial Instruments* (IFRS 9); • Engaging our Financial Risk Management (FRM) specialists to evaluate the appropriateness of the Group's IFRS 9 expected credit losses model and reviewing the reasonability of the methodology updates within the Group's IFRS 9 ECL model since the prior year; • With the assistance of FRM, assessed adequacy of LGD and PD for Stage 3 ECLs • Using available external and independent information regarding macro-economic factors to challenge management's judgements and assumptions in determining expected credit losses; • Assessing the completeness, accuracy and validity of data and inputs used during the

Key audit matter	How the matter was addressed in our audit
• the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, • market values and estimated time and cost to sell collateral; and • the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, central bank policy on interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. Due to the quantitative significance of loans and advances to customers on the Group and the level of judgement and estimation uncertainty as well as the additional audit effort applied in determining the ECL, the expected credit loss on loans and advances to customers was considered a key audit matter.	development and application of the ECL model by performing test of controls over a sample of loans and advances from the loan books; • For a sample of loans and advances, we evaluated the appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of selected entities; and • Assessing the adequacy of the Group's disclosures in respect of ECL as required in terms of IFRS 7, *Financial instruments disclosures*.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FBC Holdings Limited Annual Report Consolidated and Company for the year ended 31 December 2022" and including the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical Cost", but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG

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

31 March 2023

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