



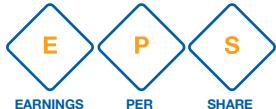





GROUP CHAIRMAN’S STATEMENT

Financial Highlights For the Half Year Ended 30 June 2023

						
	Total Income	Profit Before Tax	Profit After Tax	Cost to Income ratio	Basic Earnings Per Share (ZWL cents)	Net Asset Value per share
Inflation Adjusted	ZWL854 billion	ZWL427 billion	ZWL366 billion	51%	ZWL (c) 59 895	ZWL1 017
Historical	ZWL839 billion	ZWL527 billion	ZWL450 billion	37%	ZWL (c) 73 609	ZWL976

Group Chairman Statement

It is with great pleasure that I present to you the Group's reviewed interim results for the half year ended 30 June 2023.

Inflation-Adjusted Financial Performance Review

FBC Holdings Limited achieved a profit before tax of ZWL427 billion and a profit after tax of ZWL366 billion, a reflection of the resilience of the Group's diversified business model and ability to adapt to the challenging environment.

The Group achieved a total income of ZWL854 billion during the period under review, an outcome driven by transactional, investment and hedging activities. Net interest and related income at ZWL63.4 billion was consistent with the general lending activities across all lending portfolios. Loans and advances for the period increased by 228% to ZWL1.5 trillion. The banking subsidiaries of the Group continue to lend, in an effort to support customers across major sectors of the economy. Efforts are also underway to mobilize funding at an affordable cost through lines of credit and other institutional depositors and investors. The Group's transactions are now predominantly denominated in foreign currency in line with the general macroeconomic trends. Over 80% of the Group's assets and core revenues are in foreign currency and this position is expected to subsist until the end of the year.

Net transactional revenues amounted to ZWL56.9 billion for the half year ended 30 June 2023 on account of the Group's innovation and digitalization thrust. The Group continues to invest in digital platforms and channels to widen its product offering and enhance customer convenience in line with changes in the technological space. Automation and digitalization initiatives are being pursued to lower the cost to serve our customers.

Total other operating costs for the period under review were ZWL360.7 billion, driven partly by inflationary trends and exchange rate developments. The Group has remained prudent in its provisions, with an impairment allowance of ZWL76.2 billion over the review period.

The Group's statement of financial position as at 30 June 2023 was ZWL2.9 trillion, representing a growth of 180% from 31 December 2022 position. Shareholders' funds, improved by 208% to ZWL621 billion from 31 December 2022 position of ZWL201 billion. Focus remains on investing in assets less impacted by currency and inflation developments, to preserve capital whilst concurrently providing a base for underwriting additional business.

Operating Environment

Domestic economic prospects are projected to remain robust, with economic growth revised to 5.3% from an initial projection of 3.8% in 2023, driven by the mining, agriculture, tourism and information and communications technology (ICT) sectors. The government continues to implement a raft of monetary and fiscal policy measures aimed at stabilizing exchange rates and curbing inflation. Improvements in electricity generation will greatly enhance production, manufacturing, mining and other related activities to the benefit of the economy. There are however, downside risks which remain in the operating environment. These include exogenous factors, largely emanating from slow global macroeconomic growth, monetary policy tightening by a number of governments to contain inflation and un-ending geo-political conflicts. These may impact the country's foreign trade and foreign currency receipts. The Group in response has been adapting its strategies and seizing opportunities with particular emphasis on hedging, investments and increasing our products and services range across key sectors of the economy.

Inflation

Inflation has relatively stabilized, following a number of measures instituted by the government and the Central Bank during the second quarter of 2023. Year on year inflation peaked at 175.8% in April. It is now on a downward trend, reaching 101.3% in the month of July. The Central Bank now expects year on year inflation to close the year between 60% and 70% whilst month on month inflation is forecast to be 3% by year end, on account of contractionary monetary and fiscal policy measures. This outlook if attained will enhance business underwriting and improve profitability.

Exchange Rate

Relative stability has been witnessed towards the end of the period under review, in response to the implementation of fiscal and monetary measures announced to stabilize the economy. The local currency depreciated to USD 1: ZWL6 926.57 at its peak as at 20 June 2023 but has since recovered to USD1: ZWL4 517.14 as at 31 July 2023. Significant exchange rate shocks during the period under review were largely attributed to currency demand and supply factors, which in turn caused pass-through effects on inflation. To stabilise the exchange rate and tame run-away inflation, the government continues to institute tight monetary and fiscal policy measures to ensure stability. The Group, through its various subsidiaries, has been proactive in managing this risk by investing in various hedged assets and this has sustained the Group's balance sheet. FBC Holdings Limited has also been focusing on increasing US dollar-based business underwriting to preserve capital and achieve sustained growth.

The post reporting exchange rate developments, where the local currency has gained against major trading currencies, is expected to impact the Group's exchange profit revenue stream outturn and may necessitate a reassessment of the foreign currency hedging positions.

Banking Sector Developments

The banking sector performance remained satisfactory with adequate capitalization, strong asset quality, adequate liquidity and sustained profitability, among other key financial soundness metrics. The Central Bank is continuously making efforts to restore economic confidence, foster market discipline and strengthen local currency demand, complementary to other measures being instituted by the government.

The Central Bank also continues to issue regulatory and policy guidelines to the market, with the objective of promoting strong risk management standards across the banking sector. These initiatives ensure a safe and sound banking sector which is critical in promoting economic growth. New guidelines issued during this period include Model Risk Management Prudential Standards which guide sound development, implementation and model validation in risk management of regulated institutions. The Reserve Bank of Zimbabwe also issued Climate Risk Management Guidelines to ensure the integration of climate change and sustainability issues in the risk management practices and methodologies of regulated institutions.

Interest rates on the other hand have remained relatively unchanged. The Reserve Bank of Zimbabwe, through the Monetary Policy Committee, periodically announces Bank Policy rates which are considered consistent and aligned to macroeconomic developments. In the same vein, interest rate thresholds are also set in a bid to promote economic growth, through the provision of affordable funding for productive sectors of the economy, whilst also promoting savings in the process.

Insurance Sector Developments

The Insurance and Pensions Commission (IPEC) in partnership with the International Finance Corporation (IFC), officially launched the Agricultural Index Insurance Project in May 2023. Given the increased occurrence of climate-related calamities, this project is designed to proffer inclusive and sustainable insurance solutions to vulnerable farmers at all levels across the country.

IPEC continues to introduce innovative services and regulations with a view to promote affordability and increased awareness of insurance products. The tools and information being deployed, are intended to improve public confidence in the insurance and pension business, as well as build a resilient market.

IPEC issued Circular 25 on the 12th of August 2023, further to SI 81 of 2023, which provides guidelines on handling of insurance premiums, movement of business between insurers and treatment of legacy debtors. This new regulation will significantly bolster the industry's financial health through the prompt remittance of receipts as it adopts "no premium no policy cover" basis. Under the guidelines, brokers are supposed to pass on premiums to insurers within 7 days and all legacy debts should be cleared by 31 December 2023. This is forecast to bolster the insurance industry business model.

Property Market Developments

Demand for properties in Zimbabwe remains strong as both individuals and corporates pursue investment and hedging objectives. Notably, there has been an increased demand for residential property in both rental and purchase segments as companies migrate out of the Central Business District. For the medium density market, the Group completed 98 units under the Zvishavane Eastlea Project. In the affluent suburb of Glen Lorne, Harare, there are currently thirteen (13) housing units under construction. The Kuwadzana Fontaine Ridge housing project property portfolio currently comprises of 267 units.

Stock Market Performance

The benchmark All Share Index gained 779%, largely in response to inflation and currency developments. The stock market remains an alternative investment and hedging option for individuals and institutional investors. Market capitalization on the Victoria Stock Exchange (VSE) on the other hand, improved on the back of new listings and migration from the Zimbabwe Stock Exchange (ZSE). Activity on the stock market is expected to increase on account of improvements in investable funds post elections.

Share Price Performance

The FBC Holdings Limited share price gained 2 158%, closing the period under review at ZWL1 399.95. A total of 4 042 600 shares were traded at a volume-weighted average price of ZWL304.20. Turnover is expected to remain strong in line with general trends on the ZSE.

Our Information Technology, Digital Transformation and Innovation Focus

Cognisant of the pivotal role that technology plays in improving service delivery, the Group is continuously entering into service partnerships and integrations to enhance its digital channels in an agile manner, provide unique and seamless customer experience as well as build a sustainable digital ecosystem. As part of our digital-led strategic imperative, we are pleased to have upgraded our main data centre during the reporting period to ensure minimal service disruption and maximum customer experience. Taking into consideration the need to increase access to financial services and enhance operational efficiency, the Group also enabled digital lending for its microfinance business and intends to roll out the same service to other lending businesses in due course.

These initiatives however, also attract attendant cyber-related risks. FBC Holdings Limited remains alert to the inherent cyber-threats that come with operating a digital business as well as the essence of remaining compliant with data governance practices and relevant legislation. As such the organisation continues to invest in cyber security system and solutions. A Security Operations Centre (SOC) was introduced through the reconfiguration of resources and the upgrading of the Security Incident & Event Management system (SIEM). In addition, Artificial Intelligence (AI) was incorporated into the Group's monitoring controls, with independent and internal environmental scanning regularly conducted through Vulnerability Assessments and Penetration Testing.

Environment, Social and Governance (ESG) Priorities

The Group stands ready to be a good steward of nature and reduce the negative repercussions of climate change while fostering sustainable development initiatives to support the communities we serve as well as our customers. The Group is now actively tracking climate change-related, sustainable development metrics and this information will be key as we implement our strategic initiatives going forward.

During the period under review, the Group managed to reduce paper and electricity consumption by 12.5% and 8.9% respectively compared to the first half of 2022. FBC Holdings is making concerted efforts towards a paperless experience for its valued customers. In terms of energy management, our strategy is to rollout renewable energy solutions across all branches.

Our employees attended sixty learning programs as part of FBC Holdings' thrust to foster personal growth and enable staff members to contribute effectively to their respective communities. One hundred and two employees were capacitated on blood donation, covering topics such as blood types, blood donation frequency, and debunking myths associated with donating blood. As part of the FBCH Blood Donation drive, a total of sixty-six units of blood were collected during the period under review.

The Group welcomes the introduction of the RBZ Climate Risk Management Guideline. This policy provides the tools and strategic direction required to strengthen the resilience of the banking system against climate-related risks. The principles outlined therein are in line with international best practices and support the national strategy on transitioning to a low carbon economy. The Group is on course to build the necessary capacity and integrate environmental, social and governance (ESG) principles and safeguards in its transaction cycle. The implementation of the Sustainability Standards and Certification Initiative (SSCI) is also accelerating our compliance to the recently issued regulatory guideline.

The Government of Zimbabwe issued a Statutory Instrument (S.I.) 250 of 2023 on Carbon Credits Trading (General) Regulations, whose objective is to provide for the control and management of carbon credit trading projects and the legal framework necessary for ensuring sustainable development. The SI also accounts for the country's contribution towards global efforts to reduce or remove greenhouse gas emissions.

Our Community Impacts

In line with its commitment to the environment and sustainable development, the Group revised its Corporate Social Investment strategy to ensure that it prioritizes support for projects that create self-sustenance. As such, our community initiatives are informed by the need to create long-term benefits for vulnerable communities. The Group supports initiatives in sports, arts, culture, health, education and environmental projects.

During the period under review, the Group invested more than ZWL425 million in vulnerable communities such as Entembeni Old People's Home in Bulawayo and Shungu Dzevana Children's Home farm in Mhondoro. FBC Holdings Limited also constructed a classroom block with two classrooms at Gurungweni Secondary School in Chikombezi with the specific aim of empowering the surrounding community and promoting access to education. The Group also hosted the 2023 Zimbabwe Open Golf Championship as the title sponsor.

Our Accolades

The FBC Brand and its people continue to soar and be recognized industry-wide. FBC Reinsurance Limited was recognized as the 2023 Reassurance Company of the Year during the recently held Insurance Survey Awards, hosted by the Zimbabwe Independent. Alice Shumba, Executive Director Operations at FBC Reinsurance, was recognized as the Exceptional Insurance Leader of the year in the Zimbabwe Independent Insurance Survey.

Regulatory Developments and compliance

The regulatory environment continues to change and evolve as evidenced by a number of statutory instruments and regulatory guidelines issued during the first half of the year. The Group has a robust Legal and Compliance framework to guide the organization with respect to matters of legal and compliance. The Group is committed to complying with all applicable laws, regulations, standards and international best practices and will continue to direct the necessary human, financial and technological resources to support this objective.

Capitalisation

All of FBCH's regulated subsidiaries were compliant with the requisite minimum capital thresholds. Business growth initiatives coupled with investment and hedging activities will continue to anchor capital growth drive to enhance the Group's capacity to underwrite new business.

Acquisition of Standard Chartered Bank Zimbabwe & associated interests

During the period under review, FBC Holdings Limited and Standard Chartered Bank entered into an agreement for the acquisition of Standard Chartered's business in Zimbabwe, subject to the approval of the regulatory authorities, including the Reserve Bank of Zimbabwe (RBZ). An announcement of this acquisition was issued on the 8th of June 2023, while various cautionary statements have been issued for the benefit of shareholders and the investing public.

The Group is currently engaging with various regulators for the approvals associated with such transactions and it is the Group's intention to complete the acquisition before the end of 2023. The acquisition will result in an increase in the Group's banking market share.

Bereavement Notice

During the period under review, FBC Holdings Limited lost Mr Musa Bako who passed away on the 23rd of June 2023. He was the Managing Director at FBC Insurance Company (Private) Limited. Musa was an invaluable member of the Group and together with his family we mourn a husband, father, workmate and colleague.

Executive Appointment

Mrs Alice Shumba has been appointed as the new Managing Director of FBC Insurance with effect from 1 September, 2023, following the unfortunate passing on of Musa Bako.

Alice has for the past 11 years, held the post of Executive Director of Operations at FBC Reinsurance (Zimbabwe). She has extensive experience in the insurance and reinsurance industry, spanning over 20 years. Alice is the holder of a Bachelor of Commerce Honours Degree in Insurance and Risk Management. She also holds a Master's Degree in Business Administration as well as an Advanced Diploma in Insurance from the Chartered Insurance Institute (UK).

The Board and I take this opportunity to wish Alice a prosperous and successful tenure at FBC Insurance.

Dividend

I am pleased to advise shareholders that the company has proposed an interim dividend of US0.45 cents per share. The dividend is payable end of September 2023. The Board is committed to ensure a fair dividend return to the owners of the company whilst concomitantly preserving capital for business growth opportunities.

Outlook

The measures instituted by the Government and the RBZ in the first half of the year managed to slow down inflation whilst also addressing speculative pricing tendencies. It is our expectation that authorities will ensure that the policies in place will address some of the economic challenges whilst at the same time creating an environment conducive for economic growth. The Group remains alert to the evolving operating environment and is well positioned to sustain both the capital preservation and growth strategies to sustain shareholder value.

Appreciation

My sincere gratitude goes out to all our stakeholders, especially our valued customers, for their unwavering commitment and support to the FBC Brand in a highly fluid operating environment. Your continued support has contributed immensely to the success of the Group's subsidiaries in the affirmation of our promise "You matter Most." The Group will endeavour to deliver sustainable financial solutions for the betterment of the communities we serve. I would also want to appreciate the dedication and commitment of our staff, executive management and my fellow board members, which has ensured that the Group remains a leader in the financial services sector.



Herbert Nkala  
Group Chairman

31 August 2023





Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2023

AUDITOR'S REVIEW CONCLUSION

The Inflation Adjusted Condensed Consolidated Interim Financial Results for the six months ended 30 June 2023 have been reviewed by KPMG and a qualified review conclusion issued thereon in relation to the initial application of IFRS 17, Insurance Contracts.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Inflation Adjusted		Historical cost*	
		Reviewed 30 June 2023	Reviewed 30 June 2022 Restated**	Reviewed 30 June 2023	Reviewed 30 June 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
Interest income calculated using the effective interest method	17	106 381 445 469	46 259 640 270	57 345 262 094	6 230 595 712
Interest and related expense	18	(42 938 533 777)	(10 277 514 739)	(20 117 436 850)	(1 379 181 691)
Net interest and related income		63 442 911 692	35 982 125 531	37 227 825 244	4 851 414 021
Fee and commission income	19	57 635 394 287	22 926 014 134	30 618 903 509	3 131 743 756
Fee and commission expense		(684 674 852)	(230 869 285)	(279 076 997)	(31 948 393)
Net fee and commission income		56 950 719 435	22 695 144 849	30 339 826 512	3 099 795 363
Insurance revenue	20	39 320 714 407	10 416 334 307	14 671 119 577	1 065 999 073
Insurance service expenses	22	(48 963 068 660)	(8 037 459 841)	(23 261 459 223)	(778 194 747)
Net revenue/(expenses) from reinsurance contracts	14.1	1 297 024 948	(876 137 928)	(1 518 275 913)	(48 278 320)
Insurance service result		(8 345 329 305)	1 502 736 538	(10 108 615 559)	239 526 007
Revenue		112 048 301 822	60 180 006 918	57 459 036 197	8 190 735 391
Net foreign currency trading and dealing income		515 216 786 840	83 638 396 761	512 155 149 137	16 357 894 124
Net gains from financial assets at fair value through profit or loss		95 248 097 752	31 141 383 791	95 169 253 148	6 761 136 684
Other operating income	21	131 462 276 594	28 907 737 461	173 936 128 588	10 625 613 447
Other income		741 927 161 186	143 687 518 013	781 260 530 873	33 744 644 255
Total income		853 975 463 008	203 867 524 931	838 719 567 070	41 935 379 646
Impairment allowance		(76 226 930 331)	(7 437 927 372)	(76 226 930 331)	(1 516 355 657)
Other operating expenses	22	(360 652 241 170)	(98 700 362 081)	(235 951 385 273)	(14 732 256 502)
Monetary gain/(loss)		9 413 310 318	(38 561 168 860)	-	-
Profit before income tax		426 509 601 825	59 168 066 618	526 541 251 466	25 686 767 487
Income tax expense	23	(60 523 380 171)	(20 213 202 810)	(76 741 412 290)	(3 941 139 671)
Profit for the period		365 986 221 654	38 954 863 808	449 799 839 176	21 745 627 816
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Foreign operations- foreign currency translation differences		5 272 178 829	-	6 438 997 232	-
Tax		-	-	-	-
		5 272 178 829	-	6 438 997 232	-
Items that will not be reclassified to profit or loss					
Gain on property revaluation		63 332 711 413	9 643 387 361	91 823 270 450	4 279 499 650
Tax		(9 395 425 750)	(1 189 390 877)	(15 602 872 936)	(615 670 766)
Gain/(loss) on equity instruments at fair value through other comprehensive income		121 975 588	(5 597 410)	121 975 588	16 189 993
Tax		(1 829 634)	(1 509 020)	(1 829 634)	(307 641)
		54 057 431 617	8 446 890 054	76 340 543 468	3 679 711 236
Total comprehensive income for the period		425 315 832 100	47 401 753 862	532 579 379 876	25 425 339 052
Profit attributable to :					
Equity holders of the parent		365 754 211 555	38 934 198 612	449 500 078 512	21 733 475 997
Non-controlling interests		232 010 099	20 665 196	299 760 664	12 151 819
Total		365 986 221 654	38 954 863 808	449 799 839 176	21 745 627 816
Total comprehensive income attributable to :					
Equity holders of the parent		424 773 858 370	47 322 517 017	531 839 909 540	25 387 652 493
Non-controlling interests		541 973 730	79 236 845	739 470 336	37 686 559
Total		425 315 832 100	47 401 753 862	532 579 379 876	25 425 339 052
Earnings per share (ZWL cents)					
Basic earnings per share	26.1	59 895.36	6 109.57	73 609.45	3 410.43
Diluted earnings per share	26.2	59 895.36	6 109.57	73 609.45	3 410.43
Headline earnings per share	26.3	59 892.56	6 112.73	73 601.38	3 410.69

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	Inflation Adjusted		Audited		Historical cost*	
		Reviewed	Audited	Audited	Reviewed	Audited	Audited
		30 June 2023	31 Dec 2022	1 Jan 2022	30 June 2023	31 Dec 2022	1 Jan 2022
		ZWL	Restated**	Restated**	ZWL	Restated**	Restated**
			ZWL	ZWL		ZWL	ZWL
ASSETS							
Balances with banks and cash	4	782 568 200 490	261 777 649 461	189 417 281 209	782 568 200 490	83 802 420 171	17 639 586 908
Financial assets at amortised cost	5.3	64 036 069 289	25 236 189 686	21 151 277 257	64 036 069 289	8 078 817 179	1 969 724 151
Loans and advances to customers	5.1	1 534 540 333 940	467 501 227 842	252 706 235 950	1 534 538 243 510	149 659 681 728	23 533 213 273
Trade and other receivables	5.2	585 362 150	28 705 775	182 512 616	585 362 150	9 189 529	16 996 587
Insurance contract assets	14	13 608 184 649	12 049 518 905	5 201 704 535	9 504 094 811	3 618 725 077	484 411 552
Reinsurance contract assets	14	2 126 498 499	2 820 099 219	1 296 240 845	2 126 498 499	902 793 421	120 713 131
Bonds and debentures	6	3 330 185 803	-	74 521 090	3 330 185 803	-	6 939 817
Financial assets at fair value through profit or loss	7	132 263 350 221	45 604 960 276	39 099 846 926	133 561 862 519	14 987 163 744	3 724 819 859
Financial assets at fair value through other comprehensive income		242 337 258	662 316 267	1 675 162 811	242 337 258	212 026 146	156 000 444
Inventory	8	4 401 334 056	2 734 501 147	3 315 996 895	1 253 587 772	315 339 718	102 710 413
Prepayments and other assets	9	37 704 162 495	63 316 963 732	71 550 276 959	31 666 620 195	19 470 057 397	6 546 709 548
Current income tax asset		3 523 117 252	1 732 575 495	251 881 756	3 523 117 252	554 646 357	23 456 625
Deferred tax asset		81 500 518	7 073 026 574	2 053 593 780	1 628 627 010	2 094 242 069	149 384 316
Investment property	12	216 601 653 622	86 355 294 414	44 846 738 870	216 601 653 622	27 644 769 068	4 176 376 848
Intangible assets	10	1 508 150 474	1 324 447 078	1 394 860 923	176 821 934	66 489 513	16 479 083
Property and equipment	11	130 747 157 307	65 784 033 923	43 511 943 583	113 661 995 500	21 059 327 497	4 052 073 314
Right of use asset		2 469 930 255	1 903 253 098	1 850 551 985	785 799 665	149 280 136	75 026 793
Total assets		2 930 337 528 278	1 045 904 762 892	679 580 627 990	2 899 791 077 279	332 624 968 750	62 794 622 662
EQUITY AND LIABILITIES							
Liabilities							
Deposits from customers	13	784 319 782 088	345 423 773 633	278 749 152 121	784 319 782 088	110 579 907 317	25 958 665 772
Deposits from other banks	13	162 188 773 200	42 175 798 203	27 762 590 074	162 188 773 200	13 501 664 368	2 585 406 238
Borrowings	13	802 366 304 572	212 920 957 895	90 866 446 479	802 366 304 572	68 162 013 119	8 461 987 045
Insurance contract liabilities	14	20 288 245 464	7 467 998 436	1 840 397 134	20 288 245 464	2 128 337 685	163 023 811
Reinsurance contract liabilities	14	11 346 363 419	2 523 335 542	6 535 844 589	11 346 363 419	807 790 985	518 059 464
Trade and other payables	15	428 378 575 411	194 448 558 783	107 589 112 492	425 151 000 761	59 987 859 751	9 935 885 014
Current income tax liabilities		9 075 177 103	1 117 108 643	4 152 925 152	9 075 177 102	357 618 032	386 743 397
Deferred tax liabilities		88 130 174 778	37 353 508 415	6 975 718 990	85 711 142 076	10 557 447 797	668 583 798
Lease liability		2 325 427 652	696 141 967	887 455 597	2 325 427 652	222 854 708	82 644 775
Total liabilities		2 308 418 823 687	844 127 181 517	525 359 642 628	2 302 772 216 334	266 305 493 762	48 460 999 314
Equity							
Capital and reserves attributable to equity holders of the parent entity							
Share capital and share premium	16	9 394 296 121	9 394 296 121	9 394 296 121	14 089 892	14 089 892	14 089 892
Other reserves		127 475 759 646	68 515 190 344	55 062 878 211	99 384 476 824	17 070 518 046	4 515 727 159
Retained profits		484 046 126 672	123 407 546 488	89 548 545 397	496 748 838 909	49 102 882 066	9 784 097 859
		620 916 182 439	201 317 032 953	154 005 719 729	596 147 405 625	66 187 490 004	14 313 914 910
Non controlling interest in equity		1 002 522 152	460 548 422	215 265 633	871 455 320	131 984 984	19 708 438
Total equity		621 918 704 592	201 777 581 375	154 220 985 362	597 018 860 945	66 319 474 988	14 333 623 348
Total equity and liabilities		2 930 337 528 278	1 045 904 762 892	679 580 627 990	2 899 791 077 279	332 624 968 750	62 794 622 662

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

		Inflation Adjusted		Historical cost*	
		Reviewed	Reviewed	Reviewed	Reviewed
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
			Restated**		Restated**
	Note	ZWL	ZWL	ZWL	ZWL
<b>Cash flow from operating activities</b>					
Profit before income tax		426 509 601 825	59 168 066 618	526 541 251 466	25 686 767 487
<b>Adjustments for:</b>					
Depreciation on property and equipment		22	2 461 023 557	2 880 944 827	1 603 930 135
Amortisation		22	109 175 752	266 314 138	9 398 367
Credit impairment losses			76 226 930 331	7 437 927 372	76 226 930 331
(Profit)/loss from disposal of property and equipment		21	(17 084 596)	20 149 793	(49 306 048)
Net unrealised exchange gains and losses			(512 283 919 081)	(105 547 444 832)	(506 005 927 147)
Fair value adjustment on investment property		21	(124 804 344 770)	(27 665 740 158)	(169 147 044 193)
Fair value adjustment on financial assets					
at fair value through profit or loss			(95 248 097 752)	(31 141 383 791)	(95 169 253 148)
Net interest income			(63 442 911 692)	(35 982 125 531)	(37 227 825 244)
Interest on lease liability			1 629 285 685	(272 896 495)	2 102 572 944
Depreciation on right of use assets			(566 677 157)	100 575 668	(636 519 529)
<b>Net Cash used before changes in operating assets and liabilities</b>			<b>(289 427 017 898)</b>	<b>(130 735 612 391)</b>	<b>(201 751 792 066)</b>
(Increase)/Decrease in financial assets at amortised cost			(38 799 879 603)	8 532 137 919	(55 957 252 110)
Decrease in loans and advances			198 400 202 270	137 959 855 286	(119 439 253 414)
Decrease/(Increase) in trade and other receivables			40 227 032 275	(8 281 778 727)	28 458 665 629
(Increase)/Decrease in bonds and debentures			(3 330 185 803)	74 502 174	(3 330 185 803)
Decrease in financial assets at fair value through profit or loss			8 589 707 807	19 198 010 421	(23 405 445 627)
(Increase)/decrease in insurance contract assets			(8 244 988 624)	7 110 549 098	(8 244 988 624)
(Increase)/decrease in reinsurance contract assets			(2 126 498 499)	789 472 347	(2 126 498 499)
Increase in inventory			(2 579 959 213)	(2 937 290 470)	(1 490 877 769)
Decrease in prepayments and other assets			128 092 680 322	49 353 530 673	89 703 732 894
Increase in investment property			(2 953 151 919)	-	(1 354 763 383)
Decrease in deposits from other banks and customers			(146 534 067 580)	(118 520 137 800)	124 204 317 740
Increase/(decrease) in insurance liabilities			15 343 582 570	(8 376 241 725)	18 967 698 764
(Decrease)/Increase in trade and other payables			(18 790 288 255)	15 199 021 228	96 116 125 077
Increase in reinsurance contract liabilities			8 823 027 877	9 690 785 109	10 538 572 434
			<b>(113 309 804 273)</b>	<b>(20 943 196 858)</b>	<b>(49 111 944 757)</b>
Interest received			106 381 445 469	46 259 640 270	57 345 262 094
Income tax expense paid			(5 984 916 435)	(11 595 490 372)	(10 977 717 347)
Interest paid			(42 938 533 777)	(10 277 514 739)	(20 117 436 850)
<b>Net cash (used)/generated from operating activities</b>			<b>(55 851 809 016)</b>	<b>3 443 438 301</b>	<b>(22 861 836 860)</b>
<b>Cash flows from investing activities</b>					
Proceeds from disposal of financial assets at fair value through other comprehensive income			534 012 420	789 753 347	91 664 476
Purchase of property and equipment		11	(5 168 709 979)	(2 008 903 558)	(2 815 119 933)
Purchase of intangible assets		10	(293 422 912)	-	(119 754 295)
Proceeds from sale of property and equipment			126 186 027	7 979 666	91 988 408
<b>Net cash used in investing activities</b>			<b>(4 801 934 444)</b>	<b>(1 211 170 545)</b>	<b>(2 751 221 344)</b>
<b>Net cash flows before financing activities</b>			<b>(60 653 743 459)</b>	<b>2 232 267 756</b>	<b>(25 613 058 204)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings			58 662 218 625	-	19 160 000 000
Repayment of borrowings			-	(193 213 259)	-
Dividend paid to company's shareholders			(5 115 631 371)	(7 500 215 405)	(1 854 121 669)
Purchase of treasury shares			(59 077 513)	(654 881 186)	(25 872 251)
<b>Net cash generated/(used) in financing activities</b>			<b>53 487 509 741</b>	<b>(8 348 309 850)</b>	<b>17 280 006 080</b>
<b>Net increase in cash and cash equivalents</b>			<b>(7 166 233 718)</b>	<b>(6 116 042 094)</b>	<b>(8 333 052 123)</b>
Exchange gains and losses on cash and cash equivalents			527 956 784 747	91 743 294 609	707 098 832 442
Cash and cash equivalents at beginning of the period			261 777 649 461	189 417 281 209	83 802 420 171
<b>Cash and cash equivalents at the end of period</b>		4.1	<b>782 568 200 490</b>	<b>275 044 533 184</b>	<b>782 568 200 490</b>





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the six months ended 30 June 2023

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
Half year ended 30 June 2023												
Balance at 1 January 2023, as previously reported	4 479 853	9 389 816 268	118 164 829 539	1 716 233 095	(16 284 849 298)	43 845 689 748	35 618 050 277	2 506 163 128	1 113 903 394	196 074 316 004	340 069 346	196 414 385 350
Changes on initial application of IFRS 17	-	-	5 242 716 949	-	-	-	-	-	-	5 242 716 949	120 479 076	5 363 196 025
Restated balance at 1 January 2023	4 479 853	9 389 816 268	123 407 546 488	1 716 233 095	(16 284 849 298)	43 845 689 748	35 618 050 277	2 506 163 128	1 113 903 394	201 317 032 953	460 548 422	201 777 581 375
Profit for the period	-	-	365 754 211 555	-	-	-	-	-	-	365 754 211 555	232 010 099	365 986 221 654
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	53 627 322 032	-	-	53 627 322 032	309 963 631	53 937 285 663
Foreign operations – foreign translation differences	-	-	-	5 272 178 829	-	-	-	-	-	5 272 178 829	-	5 272 178 829
Gain on financial assets through OCI	-	-	-	-	-	-	-	120 145 954	-	120 145 954	-	120 145 954
Total other comprehensive income	-	-	-	5 272 178 829	-	-	53 627 322 032	120 145 954	-	59 019 646 815	309 963 631	59 329 610 446
Total comprehensive income	-	-	365 754 211 555	5 272 178 829	-	-	53 627 322 032	120 145 954	-	424 773 858 370	541 973 730	425 315 832 100
Transaction with owners												
Dividend paid	-	-	(5 115 631 371)	-	-	-	-	-	-	(5 115 631 371)	-	(5 115 631 371)
Treasury share purchase	-	-	-	-	(59 077 513)	-	-	-	-	(59 077 513)	-	(59 077 513)
Shareholders' equity at 30 June 2023	4 479 853	9 389 816 268	484 046 126 672	6 988 411 924	(16 343 926 811)	43 845 689 748	89 245 372 309	2 626 309 082	1 113 903 394	620 916 182 439	1 002 522 152	621 918 704 592
Half year ended 30 June 2022												
Balance at 1 January 2022, as previously stated	4 479 853	9 389 816 268	89 668 024 676	-	(11 252 841 864)	43 845 689 747	18 906 144 297	2 449 982 640	1 113 903 394	154 125 199 011	215 265 637	154 340 464 648
Changes on initial application of IFRS 17	-	-	(113 983 228)	-	-	-	-	-	-	(113 983 228)	(5 496 047)	(119 479 025)
Restated balance at 1 January 2022	4 479 853	9 389 816 268	89 554 041 448	-	(11 252 841 864)	43 845 689 747	18 906 144 297	2 449 982 640	1 113 903 394	154 011 215 783	209 769 590	154 220 985 373
Profit for the period	-	-	38 934 198 612	-	-	-	-	-	-	38 934 198 612	20 665 196	38 954 863 808
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	8 395 424 836	-	-	8 395 424 836	58 571 648	8 453 996 484
Loss on financial assets through OCI	-	-	-	-	-	-	-	(7 106 430)	-	(7 106 430)	-	(7 106 430)
Total other comprehensive income	-	-	-	-	-	-	8 395 424 836	(7 106 430)	-	8 388 318 406	58 571 648	8 446 890 054
Total comprehensive income	-	-	38 934 198 612	-	-	-	8 395 424 836	(7 106 430)	-	47 322 517 018	79 236 844	47 401 753 862
Transaction with owners												
Dividend paid	-	-	(7 500 215 405)	-	-	-	-	-	-	(7 500 215 405)	-	(7 500 215 405)
Treasury share purchase	-	-	-	-	(654 881 186)	-	-	-	-	(654 881 186)	-	(654 881 186)
Shareholders' equity at 30 June 2022	4 479 853	9 389 816 268	120 988 024 655	-	(11 907 723 050)	43 845 689 747	27 301 569 133	2 442 876 210	1 113 903 394	193 178 636 210	289 006 434	193 467 642 544
Historical cost*												
Half year ended 30 June 2023												
Balance at 1 January 2023, as previously reported	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
Changes on initial application of IFRS 17	-	-	1 230 065 422	-	-	-	-	-	-	1 230 065 422	29 040 765	1 259 106 187
Restated balance at 1 January 2023	6 719	14 083 173	49 102 882 066	549 414 693	(1 665 859 495)	1 419 826 338	16 559 562 965	205 902 874	1 670 671	66 187 490 004	131 984 984	66 319 474 988
Profit for the period	-	-	449 500 078 512	-	-	-	-	-	-	449 500 078 512	299 760 664	449 799 839 176
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	75 780 687 842	-	-	75 780 687 842	439 709 672	76 220 397 514
Foreign operations – foreign translation differences	-	-	-	6 438 997 232	-	-	-	-	-	6 438 997 232	-	6 438 997 232
Gain on financial assets through OCI	-	-	-	-	-	-	-	120 145 954	-	120 145 954	-	120 145 954
Total other comprehensive income	-	-	-	6 438 997 232	-	-	75 780 687 842	120 145 954	-	82 339 831 028	439 709 672	82 779 540 700
Total comprehensive income	-	-	449 500 078 512	6 438 997 232	-	-	75 780 687 842	120 145 954	-	531 839 909 540	739 470 336	532 579 379 876
Transaction with owners												
Dividend paid	-	-	(1 854 121 669)	-	-	-	-	-	-	(1 854 121 669)	-	(1 854 121 669)
Treasury share purchase	-	-	-	-	(25 872 251)	-	-	-	-	(25 872 251)	-	(25 872 251)
Shareholders' equity at 30 June 2023	6 719	14 083 173	496 748 838 909	6 988 411 925	(1 691 731 746)	1 419 826 338	92 340 250 807	326 048 828	1 670 671	596 147 405 625	871 455 320	597 018 860 945
Half year ended 30 June 2022												
Balance at 1 January 2022, as previously stated	6 719	14 083 173	9 780 717 590	-	(311 545 488)	1 419 826 338	3 253 383 494	152 392 146	1 670 671	14 310 534 643	19 708 438	14 330 243 081
Changes on initial application of IFRS 17	-	-	3 224 776	-	-	-	-	-	-	3 224 776	155 492	3 380 269
Restated balance at 1 January 2022	6 719	14 083 173	9 783 942 366	-	(311 545 488)	1 419 826 338	3 253 383 494	152 392 146	1 670 671	14 313 759 419	19 863 930	14 333 623 350
Profit for the period	-	-	21 733 475 997	-	-	-	-	-	-	21 733 475 997	12 151 819	21 745 627 816
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	3 638 294 144	-	-	3 638 294 144	25 534 740	3 663 828 884
Gain on financial assets through OCI	-	-	-	-	-	-	-	15 882 352	-	15 882 352	-	15 882 352
Total other comprehensive income	-	-	-	-	-	-	3 638 294 144	15 882 352	-	3 654 176 496	25 534 740	3 679 711 236
Total comprehensive income	-	-	21 733 475 997	-	-	-	3 638 294 144	15 882 352	-	25 387 652 493	37 686 559	25 425 339 052
Transaction with owners												
Dividend paid	-	-	(967 076 627)	-	-	-	-	-	-	(967 076 627)	-	(967 076 627)
Treasury share purchase	-	-	-	-	(133 509 342)	-	-	-	-	(133 509 342)	-	(133 509 342)
Shareholders' equity at 30 June 2022	6 719	14 083 173	30 550 341 736	-	(445 054 830)	1 419 826 338	6 891 677 638	168 274 498	1 670 671	38 600 825 942	57 550 489	38 658 376 431

\*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.

\*\* The is due to the initial application of IFRS 17. Refer to note 3.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS  
For the six months ended 30 June 2023

1 GENERAL INFORMATION

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

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 30 August 2023.

2 BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the half year ended 30 June 2023 have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting, the Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Insurance Act (Chapter 24:07) and the Zimbabwe Banking Act (Chapter 24:20). They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023.

3.1 Changes in significant accounting policies

The Group has initially applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. This Standard have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 are summarised below.

3.1.1 IFRS 17 Insurance Contracts

i. Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features.

It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM). Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Group no longer applies shadow accounting to insurance-related assets and liabilities. Insurance finance income and expenses, disaggregated between profit or loss and OCI for non life contracts, are presented separately from insurance revenue and insurance service expenses. The Group applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment, except for groups of acquired contracts that do not qualify for the PAA. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised. Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

ii. Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Group:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts;
- recognised any resulting net difference in equity.

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity. Due to the complexities and level of judgement involved in the implementation of IFRS 17, the IFRS 17 numbers may change as the implementation of the IFRS 17 model is still being modified and updated for adoption.

The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:

- expectations at contract inception about policyholders' shares of the returns on underlying items at contract inception required for identifying direct participating contracts;
- assumptions about discount rates, because the Group had not been subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before; and
- assumptions about the risk adjustment for non-financial risk, because the Group had not been subject to any accounting or regulatory framework that required an explicit margin for non- financial risk before.

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

3.2 Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Zimbabwean dollar ("ZWL"), which is the Group's presentation currency as at half year ended 30 June 2023 and as prescribed by statutory instrument 33 of 2019 and statutory instrument 142 of 2019. All the Group's subsidiaries operate in Zimbabwe and have the Zimbabwean dollar ("ZWL") as their functional and presentation currency as at half year ended 30 June 2023.

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

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflation economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These interim consolidated financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Standards Committee (IFRIC) 7. (Applying Restated Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Non-monetary assets and liabilities carried in the Group's financial results have been restated applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit or loss for the half year ended 30 June 2023 and the comparative period. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

As noted above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures.

The factors used in the periods under review are as follows:

Period	Indices	Conversion Factors at 30 June 2023
CPI as at 30 June 2022	8 707.4	4.9051
CPI as at 31 December 2022	13 672.9	3.1237
CPI as at 30 June 2023	42 710.7	1



Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

	Inflation Adjusted		Historical cost	
	Reviewed	Audited	Reviewed	Audited
	30 June 2023	31 Dec 2022 Restated**	30 June 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
4 BALANCES WITH BANKS AND CASH				
Balances with Reserve Bank of Zimbabwe ("RBZ")				
Statutory reserves	82 904 083 600	-	82 904 083 600	-
Current account balances	125 849 274 206	47 026 003 228	125 849 274 206	15 054 352 003
	208 753 357 806	47 026 003 228	208 753 357 806	15 054 352 003
Balances with other banks and cash				
Notes and coins	83 304 188 967	38 706 603 748	83 304 188 967	12 391 077 226
Other bank balances	490 510 653 717	176 045 042 485	490 510 653 717	56 356 990 942
	782 568 200 490	261 777 649 461	782 568 200 490	83 802 420 171
Balances with banks and cash (excluding bank overdrafts)				
	782 568 200 490	261 777 649 461	782 568 200 490	83 802 420 171
Current	704 332 006 204	261 777 649 461	704 332 006 204	83 802 420 171
Non-current	78 236 194 286	-	78 236 194 286	-
	782 568 200 490	261 777 649 461	782 568 200 490	83 802 420 171
Total	782 568 200 490	261 777 649 461	782 568 200 490	83 802 420 171

	Inflation Adjusted			Historical cost		
	Reviewed	Audited	Reviewed	Reviewed	Audited	Reviewed
	30 June 2023	31 Dec 2022 Restated**	30 June 2022	30 June 2023	31 Dec 2022	30 June 2022 Restated**
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
4.1 For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances : Balances with other banks, cash and current account balances at RBZ (excluding bank overdrafts)						
	782 568 200 490	261 777 649 461	275 044 533 184	782 568 200 490	83 802 420 171	56 188 916 940
Total cash and cash equivalents - statement of cash flows	782 568 200 490	261 777 649 461	275 044 533 184	782 568 200 490	83 802 420 171	56 188 916 940

	Inflation Adjusted		Historical cost	
	Reviewed	Audited	Reviewed	Audited
	30 June 2023	31 Dec 2022 Restated**	30 June 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
5 FINANCIAL ASSETS				
5.1 Loans and advances to customers				
Loans and advances maturities				
Maturing within 1 year	793 619 747 401	308 315 536 820	839 769 002 370	98 700 512 497
Maturing after 1 year	821 296 812 206	174 091 904 564	775 145 466 807	55 731 069 250
Gross carrying amount	1 614 916 559 607	482 407 441 384	1 614 914 469 177	154 431 581 747
Impairment allowance	(80 376 225 667)	(14 906 213 542)	(80 376 225 667)	(4 771 900 019)
	1 534 540 333 940	467 501 227 842	1 534 538 243 510	149 659 681 728

5.2 Trade and other receivables				
Trade receivables	585 362 150	28 705 775	585 362 150	9 189 529
Gross carrying amount	585 362 150	28 705 775	585 362 150	9 189 529
Impairment allowance	-	-	-	-
	585 362 150	28 705 775	585 362 150	9 189 529
Current	585 362 150	28 705 775	585 362 150	9 189 529
Non-current	-	-	-	-
	585 362 150	28 705 775	585 362 150	9 189 529

5.3 Financial assets at amortised cost				
Maturing within 1 year	64 363 784 045	25 348 697 289	64 363 784 045	8 114 834 041
Maturing after 1 year	7 411 485	154 463 436	7 411 485	49 448 109
Gross carrying amount	64 371 195 530	25 503 160 725	64 371 195 530	8 164 282 150
Impairment allowance	(335 126 241)	(266 971 039)	(335 126 241)	(85 464 971)
	64 036 069 289	25 236 189 686	64 036 069 289	8 078 817 179

5.4 Movement in impairment allowance				
Balance at beginning of period	15 741 378 930	6 946 985 097	5 039 260 051	646 941 750
Effects of IAS 29	(10 702 118 879)	(4 926 102 045)	-	-
Impairment loss allowance	76 226 930 331	14 293 232 596	76 226 930 331	4 575 667 503
Reversal of impairment	-	(53 874 515)	(17 246 754)	-
Amounts (recovered)/written off during the year as uncollectible	(90 428 663)	(44 886 979)	(90 428 663)	(14 369 590)
Effects of IFRS 17	-	(473 975 224)	-	(151 732 858)
	81 175 761 719	15 741 378 930	81 175 761 719	5 039 260 051

6 BONDS AND DEBENTURES				
Maturing within 1 year	-	-	-	-
Maturing after 1 year	3 362 126 000	-	3 362 126 000	-
Gross carrying amount	3 362 126 000	-	3 362 126 000	-
Impairment allowance	(31 940 197)	-	(31 940 197)	-
	3 330 185 803	-	3 330 185 803	-
Current	-	-	-	-
Non-current	3 330 185 803	-	3 330 185 803	-
	3 330 185 803	-	3 330 185 803	-

The Group invested in bonds and debentures belonging to Zimgold.

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities at market value	104 757 068 940	28 740 058 290	106 055 581 238	9 588 232 226
Unlisted securities (Afreximbank class B shares)	27 506 281 281	16 864 901 986	27 506 281 281	5 398 931 518
	132 263 350 221	45 604 960 276	133 561 862 519	14 987 163 744
Current	132 263 350 221	45 604 960 276	133 561 862 519	14 987 163 744
Non-current	-	-	-	-
	132 263 350 221	45 604 960 276	133 561 862 519	14 987 163 744

8 INVENTORY				
Raw materials	91 237 255	122 376 874	20 969 850	33 710 789
Work in progress	4 310 096 801	2 612 124 273	1 232 617 922	281 628 929
	4 401 334 056	2 734 501 147	1 253 587 772	315 339 718
Current	4 401 334 056	2 734 501 147	1 253 587 772	315 339 718
Non-current	-	-	-	-
	4 401 334 056	2 734 501 147	1 253 587 772	315 339 718

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

	Inflation Adjusted		Historical cost	
	Reviewed	Audited	Reviewed	Audited
	30 June 2023	31 Dec 2022 Restated**	30 June 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
9 PREPAYMENTS AND OTHER ASSETS				
Prepayments	6 477 564 467	6 975 514 651	1 144 332 416	1 786 728 185
Deferred acquisition costs	-	2 639 422 677	-	691 848 944
Refundable deposits for MasterCard and Visa transactions	11 735 417 109	8 354 359 815	11 735 417 109	2 674 466 567
Stationery stock and other consumables	-	60 785 729	-	11 393 277
Time- share asset	1 420 200 000	576 331 522	1 420 200 000	184 500 000
Zimswitch receivables	3 834 790 064	3 480 523 089	3 834 790 064	1 114 213 757
Bill payments receivables	867 512 105	605 940 661	867 512 105	193 978 722
RBZ NNCD and auction system balances	7 525 664 053	25 848 895 688	7 525 664 053	8 274 961 678
Capital work in progress	1 613 263 856	1 613 263 853	82 538 665	82 538 666
Deferred employee benefit on staff loan	4 069 945 831	12 713 485 492	4 069 945 831	4 069 945 831
Other	159 805 010	448 440 555	986 219 952	385 481 770
	37 704 162 495	63 316 963 732	31 666 620 195	19 470 057 397
Current	33 968 745 386	54 962 603 917	27 931 203 086	16 795 590 830
Non-current	3 735 417 109	8 354 359 815	3 735 417 109	2 674 466 567
Total	37 704 162 495	63 316 963 732	31 666 620 195	19 470 057 397

10 INTANGIBLE ASSETS				
As at end of period				
Opening net book amount	1 324 447 078	1 394 860 924	66 489 513	16 479 083
Additions	293 422 912	236 791 166	119 754 295	57 618 285
Adjustment to cost	(543 764)	-	(23 508)	-
Amortisation charge	(109 175 752)	(307 205 012)	(9 398 367)	(7 607 855)
	1 508 150 474	1 324 447 078	176 821 934	66 489 513
As at end of period				
Cost	7 197 378 198	6 904 499 050	205 705 849	85 975 061
Accumulated amortisation	(5 689 227 724)	(5 580 051 972)	(28 854 688)	(19 456 321)
Accumulated impairment	-	-	(29 227)	(29 227)
Net book amount	1 508 150 474	1 324 447 078	176 821 934	66 489 513

11 PROPERTY AND EQUIPMENT						
Inflation Adjusted						
Half year ended 30 June 2023						
	Freehold premises ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and Office equipment ZWL	Motor vehicles ZWL	Total ZWL
Opening net book amount at January 2023	41 332 207 286	2 104 854 411	3 664 557 861	7 865 892 024	10 816 522 341	65 784 033 923
Additions	40 978 011	247 045 437	1 064 624 562	1 986 575 250	1 829 486 719	5 168 709 979
Revaluation	60 975 760 035	-	433 002 633	178 836 072	776 939 652	62 364 538 392
Disposals	-	-	(30 713 504)	(3 073 755)	(75 314 171)	(109 101 430)
Depreciation	(241 809 233)	(85 254 021)	(755 459 809)	(549 281 991)	(829 218 503)	(2 461 023 557)
Closing net book amount at June 2023	102 107 136 099	2 266 645 827	4 376 011 743	9 478 947 600	12 518 416 038	130 747 157 307

Year ended 31 December 2022 Restated**						
Opening net book amount at January 2022	25 770 456 984	1 650 961 410	4 474 610 938	5 693 621 091	5 922 293 161	43 511 943 584
Additions	77 409 454	153 686 653	1 648 160 045	2 851 101 760	2 217 005 470	6 947 363 382
Revaluation	15 827 175 358	438 675 459	(1 298 779 162)	368 808 457	3 995 408 236	19 331 288 348
Disposals	-	-	(15 891 590)	(45 367 899)	(73 826 041)	(135 085 530)
Depreciation	(342 834 510)	(138 469 111)	(1 042 542 370)	(1 002 271 385)	(1 244 358 485)	(3 871 475 861)
Closing net book amount at December 2022	41 332 207 286	2 104 854 411	3 664 557 861	7 865 892 024	10 816 522 341	65 784 033 923

Historical cost						
Half year ended 30 June 2023						
Opening net book amount at January 2023	13 230 382 325	673 823 356	1 180 410 725	2 511 949 834	3 462 761 257	21 059 327 497
Additions	13 317 400	111 402 900	573 912 149	1 604 567 711	511 919 773	2 815 119 933
Revaluation	98 985 179 744	-	584 000 904	398 556 117	1 466 423 801	91 434 160 566
Disposals	-	-	(12 113 281)	(1 180 946)	(29 388 134)	(42 682 361)
Depreciation	(125 678 214)	(27 236 434)	(335 797 333)	(225 206 084)	(890 012 070)	(1 603 930 135)
Closing net book amount at June 2023	102 103 201 255	757 989 822	1 990 413 164	4 288 686 632	4 521 704 627	113 661 995 500

Year ended 31 December 2022 Restated**						
Opening net book amount at January 2022	2 399 567 875	153 746 676	418 602 582	528 616 736	551 539 445	4 052 073 314
Additions	21 791 696	43 150 337	379 509 783	704 090 976	572 773 605	1 721 316 397
Revaluation	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 at December 2022	13 230 382 325	673 823 356	1 180 410 725	2 511 949 834	3 462 761 257	21 059 327 497

Freehold premises was revalued at half year ended 30 June 2023.

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

		Inflation Adjusted		Historical cost	
		Reviewed	Audited	Reviewed	Audited
		30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
			Restated**		Restated**
		ZWL	ZWL	ZWL	ZWL
2	INVESTMENT PROPERTY				
	Opening balance	86 355 294 414	44 846 738 870	27 644 769 068	4 176 376 848
	Additions	2 953 151 919	6 461 561 327	1 354 763 383	1 762 248 590
	Fair value adjustment	126 863 661 490	33 436 581 747	187 197 970 627	21 226 793 954
	Disposals	(483 580 507)	-	(148 479 171)	-
	Transfers from inventory	913 126 306	1 610 412 470	552 629 715	479 349 676
	Closing balance	216 601 653 622	86 355 294 414	216 601 653 622	27 644 769 068
	Non-current	216 601 653 622	86 355 294 414	216 601 653 622	27 644 769 068
	Total	216 601 653 622	86 355 294 414	216 601 653 622	27 644 769 068





Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

		Inflation Adjusted		Historical cost	
		Reviewed 30 June 2023	Audited 31 Dec 2022 Restated**	Reviewed 30 June 2023	Audited 31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
13	DEPOSITS FROM OTHER BANKS AND CUSTOMERS				
13.1	DEPOSITS FROM CUSTOMERS				
	Demand deposits	586 204 895 630	281 070 375 536	586 204 895 630	89 978 566 760
	Promissory notes	102 045 830 134	42 557 043 754	102 045 830 134	13 623 711 838
	Other time deposits	96 069 056 324	21 796 354 343	96 069 056 324	6 977 628 719
		784 319 782 088	345 423 773 633	784 319 782 088	110 579 907 317
13.2	DEPOSITS FROM OTHER BANKS				
	Money market deposits	162 188 773 200	42 175 798 203	162 188 773 200	13 501 664 368
	Bank borrowings and lines of credit	802 366 304 572	212 920 957 895	802 366 304 572	68 162 013 119
		964 555 077 772	255 096 756 098	964 555 077 772	81 663 677 487
	Total deposits	1 748 874 859 860	600 520 529 731	1 748 874 859 860	192 243 584 804
	Current	906 488 326 282	398 035 282 918	906 488 326 282	127 422 337 586
	Non-current	842 386 533 578	202 485 246 813	842 386 533 578	64 821 247 218
	Total	1 748 874 859 860	600 520 529 731	1 748 874 859 860	192 243 584 804
13.3	Deposits concentration				
	Inflation Adjusted	Reviewed 30 June 2023 ZWL	%	Audited 31 Dec 2022 ZWL	%
	Agriculture	26 729 501 941	2%	27 524 493 072	5%
	Construction	57 799 906 255	3%	35 754 469 093	6%
	Wholesale and retail trade	62 449 974 304	4%	45 615 372 750	8%
	Public sector	263 693 327 120	15%	63 549 363 030	11%
	Manufacturing	137 773 987 386	8%	47 846 804 548	8%
	Telecommunication	44 417 397 280	3%	24 863 648 225	3%
	Transport	20 469 179 134	1%	24 139 866 557	3%
	Individuals	104 725 939 781	6%	27 315 874 231	5%
	Financial services	780 624 625 352	45%	237 715 272 636	40%
	Mining	127 015 659 352	7%	34 053 272 725	6%
	Other	123 175 361 955	7%	32 142 092 864	5%
		1 748 874 859 860	100%	600 520 529 731	100%
	Historical cost				
	Agriculture	26 729 501 941	2%	8 811 367 732	5%
	Construction	57 799 906 255	3%	11 446 015 533	6%
	Wholesale and retail trade	62 449 974 304	4%	14 602 769 340	8%
	Public sector	263 693 327 120	15%	20 343 946 220	11%
	Manufacturing	137 773 987 386	8%	15 317 113 691	8%
	Telecommunication	44 417 397 280	3%	7 959 556 134	3%
	Transport	20 469 179 134	1%	7 727 853 177	3%
	Individuals	104 725 939 781	6%	8 744 582 948	5%
	Financial services	780 624 625 352	45%	76 099 373 646	40%
	Mining	127 015 659 352	7%	10 901 414 521	6%
	Other	123 175 361 955	7%	10 289 591 862	5%
		1 748 874 859 860	100%	192 243 584 804	100%

There are material concentration of deposits to the following sectors; Financial services 45%, public sector 15%, manufacturing 8%, mining 7% and other 7%.

		Inflation Adjusted		Historical cost*	
		Reviewed 30 June 2023	Audited 31 December 2022 Restated**	Reviewed 30 June 2023	Audited 31 December 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
14	INSURANCE AND REINSURANCE CONTRACTS				
	Insurance contracts				
	Insurance contract liabilities				
	Insurance contract balances				
	- Life risk	-	-	-	-
	- Non-Life	20 288 245 464	7 467 998 436	20 288 245 464	2 128 337 685
		20 288 245 464	7 467 998 436	20 288 245 464	2 128 337 685
	Assets for insurance acquisition cash flows				
	- Life risk	-	-	-	-
	- Non-Life	-	-	-	-
		-	-	-	-
	Net Insurance contract liabilities	20 288 245 464	7 467 998 436	20 288 245 464	2 128 337 685
	Insurance contract assets				
	Insurance contract balances				
	- Life risk	-	-	-	-
	- Non-Life	13 608 184 649	12 049 518 905	9 504 094 811	3 618 725 077
		13 608 184 649	12 049 518 905	9 504 094 811	3 618 725 077
	Assets for insurance acquisition cash flows				
	- Life risk	-	-	-	-
	- Non-Life	-	-	-	-
		-	-	-	-
	Net Insurance contract assets	13 608 184 649	12 049 518 905	9 504 094 811	3 618 725 077
	Reinsurance contracts				
	Reinsurance contract assets				
	- Life risk	-	-	-	-
	- Non-Life	2 126 498 499	2 820 099 219	2 126 498 499	902 793 421
		2 126 498 499	2 820 099 219	2 126 498 499	902 793 421
	Reinsurance contract liabilities				
	- Life risk	-	-	-	-
	- Non-Life	11 346 363 419	2 523 335 542	11 346 363 419	807 790 985
		11 346 363 419	2 523 335 542	11 346 363 419	807 790 985
	The following sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled more than 12 months after the reporting date				
	Insurance contract assets	-	-	-	-
	Insurance contract liabilities	-	-	-	-
	Reinsurance contract assets	-	-	-	-
	Reinsurance contract liabilities	-	-	-	-
	Maximum exposure to credit risk from Insurance contracts	8 244 988 624	12 163 502 133	8 244 988 624	3 615 500 301
	Maximum exposure to credit risk from Reinsurance contracts	924 171 389	2 820 099 219	924 171 389	902 793 421

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

14.1 The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

Movement in insurance and reinsurance contract balances

Reviewed 30 June 2023	INFLATION ADJUSTED					
Non-life	Liability for incurred claims					
Insurance contracts	Contracts under PAA					Total ZWL
Analysis by remaining coverage and incurred claims	Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Contracts not under PAA ZWL	Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	
Net opening assets/(liabilities)	7 355 033 482	-	-	(2 659 529 784)	-	4 695 503 698
Net opening balance	7 355 033 482	-	-	(2 659 529 784)	-	4 695 503 698
Changes in the statement of profit or loss and OCI						
Insurance revenue	39 320 714 407	-	-	-	-	39 320 714 407
	39 320 714 407	-	-	-	-	39 320 714 407
Insurance service expense						
Incurred claims and other insurance service expenses	(20 023 489 055)	-	-	(7 318 006 810)	-	(27 341 495 865)
Amortisation of insurance acquisition cash flows	(8 926 060 461)	-	-	-	-	(8 926 060 461)
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-
Adjustment to liabilities for incurred claims	-	-	-	(12 695 512 334)	-	(12 695 512 334)
	(28 949 549 516)	-	-	(20 013 519 144)	-	(48 963 068 660)
Premium refunds	-	-	-	-	-	-
Insurance service result	10 371 164 891	-	-	(20 013 519 144)	-	(9 642 354 253)
Net finance expenses from insurance contracts	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	10 371 164 891	-	-	(20 013 519 144)	-	(9 642 354 253)
Cash flows						
Premiums received	(12 255 725 935)	-	-	-	-	(12 255 725 935)
Claims and other insurance service expenses paid	(3 518 814 874)	-	-	7 318 006 810	-	3 799 191 936
Insurance acquisition cash flows	6 723 323 739	-	-	-	-	6 723 323 739
Total cash flows	(9 051 217 069)	-	-	7 318 006 810	-	(1 733 210 260)
Transfer to other items in the statement of financial position	-	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-	-
Net closing balance	8 674 981 303	-	-	(15 355 042 117)	-	(6 680 060 815)

Reviewed 30 June 2023	HISTORICAL COST					
Non-life	Liability for incurred claims					
Insurance contracts	Contracts under PAA					
Analysis by remaining coverage and incurred claims	Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Contracts not under PAA ZWL	Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	Total ZWL
Net opening assets/(liabilities)	2 338 553 225	-	-	(851 390 609)	-	1 487 162 616
Net opening balance	2 338 553 225	-	-	(851 390 609)	-	1 487 162 616
Changes in the statement of profit or loss and OCI						
Insurance revenue	14 671 119 577	-	-	-	-	14 671 119 577
	14 671 119 577	-	-	-	-	14 671 119 577
Insurance service expense						
Incurred claims and other insurance service expenses	(3 333 824 403)	-	-	(4 656 819 519)	-	(7 990 643 922)
Amortisation of insurance acquisition cash flows	(4 037 167 794)	-	-	-	-	(4 037 167 794)
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-
Adjustment to liabilities for incurred claims	-	-	-	(11 233 647 507)	-	(11 233 647 507)
	(7 370 992 197)	-	-	(15 890 467 026)	-	(23 261 459 223)
Premium refunds	-	-	-	-	-	-
Insurance service result	7 300 127 380	-	-	(15 890 467 026)	-	(8 590 339 646)
Net finance expenses from insurance contracts	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	7 300 127 380	-	-	(15 890 467 026)	-	(8 590 339 646)
Cash flows						
Premiums received	(7 613 928 415)	-	-	-	-	(7 613 928 415)
Claims and other insurance service expenses paid	(3 518 814 873)	-	-	4 656 819 519	-	1 138 004 646
Insurance acquisition cash flows	2 794 950 147	-	-	-	-	2 794 950 147
Total cash flows	(8 337 793 141)	-	-	4 656 819 519	-	(3 680 973 622)
Transfer to other items in the statement of financial position	-	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-	-
Net closing balance	1 300 887 463	-	-	(12 085 038 116)	-	(10 784 150 652)



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

Audited  
31 December 2022  
Restated\*\*  
Non-life  
Insurance contracts  
Analysis by remaining coverage and incurred claims

	INFLATION ADJUSTED					
	Liability for incurred claims					
	Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Contracts not under PAA ZWL	Contracts under PAA		Total ZWL
				Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	
Net opening assets/(liabilities)	(69 038 448)	-	-	(1 771 358 685)	-	(1 840 397 133)
Net opening balance	(69 038 448)	-	-	(1 771 358 685)	-	(1 840 397 133)
Changes in the statement of profit or loss and OCI						
Insurance revenue	32 144 445 448	-	-	-	-	32 144 445 448
Insurance service expense						
Incurred claims and other insurance service expenses	(5 662 097 949)	-	-	(12 212 130 946)	-	(17 874 228 895)
Amortisation of insurance acquisition cash flows	(1 223 717 716)	-	-	-	-	(1 223 717 716)
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-
Adjustment to liabilities for incurred claims	-	-	-	(2 892 872 283)	-	(2 892 872 283)
	(6 885 815 665)	-	-	(15 105 003 229)	-	(21 990 818 894)
Premium refunds	-	-	-	-	-	-
Insurance service result	25 258 629 783	-	-	(15 105 003 229)	-	10 153 626 554
Net finance expenses from insurance contracts	-	-	-	-	-	-
Effect of movement in exchange rates	8 341 687 536	-	-	-	-	8 341 687 536
Total changes in the statement of profit or loss and OCI	33 600 317 319	-	-	(15 105 003 229)	-	18 495 314 090
Cash flows						
Premiums received	(19 096 039 577)	-	-	-	-	(19 096 039 577)
Claims and other insurance service expenses paid	(5 970 471 325)	-	-	14 216 832 131	-	8 246 360 805
Insurance acquisition cash flows	(1 223 717 716)	-	-	-	-	(1 223 717 716)
Total cash flows	(26 290 228 618)	-	-	14 216 832 131	-	(12 073 396 488)
Transfer to other items in the statement of financial position	-	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-	-
Net closing balance	7 241 050 252	-	-	(2 659 529 783)	-	4 581 520 469

Audited  
31 December 2022  
Restated\*\*  
Non-life  
Insurance contracts  
Analysis by remaining coverage and incurred claims

	HISTORICAL COST					
	Liability for incurred claims					
	Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Contracts not under PAA ZWL	Contracts under PAA		Total ZWL
				Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	
Net opening assets/(liabilities)	1 934 812	-	-	(164 958 623)	-	(163 023 811)
Net opening balance	1 934 812	-	-	(164 958 623)	-	(163 023 811)
Changes in the statement of profit or loss and OCI						
Insurance revenue	7 581 169 546	-	-	-	-	7 581 169 546
Insurance service expense						
Incurred claims and other insurance service expenses	(1 812 597 494)	-	-	(2 252 781 148)	-	(4 065 378 642)
Amortisation of insurance acquisition cash flows	(391 746 608)	-	-	-	-	(391 746 608)
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-
Adjustment to liabilities for incurred claims	-	-	-	(926 104 390)	-	(926 104 390)
	(2 204 344 102)	-	-	(3 178 885 538)	-	(5 383 229 640)
Premium refunds	-	-	-	-	-	-
Insurance service result	5 376 825 444	-	-	(3 178 885 538)	-	2 197 939 906
Net finance expenses from insurance contracts	-	-	-	-	-	-
Effect of movement in exchange rates	2 158 013 707	-	-	-	-	2 158 013 707
Total changes in the statement of profit or loss and OCI	7 534 839 151	-	-	(3 178 885 538)	-	4 355 953 613
Cash flows						
Premiums received	(2 234 923 666)	-	-	-	-	(2 234 923 666)
Claims and other insurance service expenses paid	(1 552 358 819)	-	-	1 476 486 683	-	(75 872 136)
Insurance acquisition cash flows	(391 746 608)	-	-	-	-	(391 746 608)
Total cash flows	(4 179 029 094)	-	-	1 476 486 683	-	(2 702 542 411)
Transfer to other items in the statement of financial position	-	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-	-
Net closing balance	3 357 744 870	-	-	(1 867 357 478)	-	1 490 387 392

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

Reviewed  
30 June 2023  
Non-Life  
Reinsurance contracts  
Analysis by remaining coverage and incurred claims

	INFLATION ADJUSTED				HISTORICAL COST			
	Assets for remaining coverage				Assets for remaining coverage			
	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL
Net opening assets/(liabilities)	(296 763 676)	-	-	(296 763 676)	(95 002 436)	-	-	(95 002 436)
Net opening balance	(296 763 676)	-	-	(296 763 676)	(95 002 436)	-	-	(95 002 436)
Changes in the statement of profit or loss and OCI								
Allocation of reinsurance premiums paid	10 955 602 565	-	-	10 955 602 565	4 239 821 592	-	-	4 239 821 592
Amounts recoverable from reinsurers								
Amortisation of reinsurance acquisition cash flows	(1 261 202 438)	-	-	(1 261 202 438)	(495 277 027)	-	-	(495 277 027)
Recoveries of incurred claims and other insurance service expenses	(10 991 425 075)	-	-	(10 991 425 075)	(2 226 268 652)	-	-	(2 226 268 652)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-	-	-
Adjustment to assets for incurred claims	-	-	-	-	-	-	-	-
	(12 252 627 513)	-	-	(12 252 627 513)	(2 721 545 679)	-	-	(2 721 545 679)
Premium refunds	-	-	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	-	-
Net (revenue)/expenses from reinsurance contracts	(1 297 024 948)	-	-	(1 297 024 948)	1 518 275 913	-	-	1 518 275 913
Net finance expenses from insurance contracts	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	(3 310 988 295)	-	-	(3 310 988 295)	(8 729 371 687)	-	-	(8 729 371 687)
Total changes in the statement of profit or loss and OCI	(4 608 013 243)	-	-	(4 608 013 243)	(7 211 095 774)	-	-	(7 211 095 774)
Cash flows								
Premiums paid	(5 576 290 439)	-	-	(5 576 290 439)	(2 409 043 737)	-	-	(2 409 043 737)
Amounts received	1 261 202 438	-	-	1 261 202 438	495 277 027	-	-	495 277 027
Total cash flows	(4 315 088 001)	-	-	(4 315 088 001)	(1 913 766 710)	-	-	(1 913 766 710)
Contracts derecognised on disposal of subsidiary	-	-	-	-	-	-	-	-
Closing assets	(9 219 864 920)	-	-	(9 219 864 920)	(9 219 864 920)	-	-	(9 219 864 920)

Audited  
31 December 2022  
Restated\*\*  
Non-Life  
Reinsurance contracts  
Analysis by remaining coverage and incurred claims

	INFLATION ADJUSTED				HISTORICAL COST			
	Assets for remaining coverage				Assets for remaining coverage			
	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL
Net opening assets/(liabilities)	1 296 240 845	-	-	1 296 240 845	120 713 131	-	-	120 713 131
Net opening balance	1 296 240 845	-	-	1 296 240 845	120 713 131	-	-	120 713 131
Changes in the statement of profit or loss and OCI								
Allocation of reinsurance premiums paid	2 749 814 307	-	-	2 749 814 307	592 232 695	-	-	592 232 695
Amounts recoverable from reinsurers								
Amortisation of reinsurance acquisition cash flows	-	-	-	-	-	-	-	-
Recoveries of incurred claims and other insurance service expenses	(3 477 992 726)	-	-	(3 477 992 726)	(1 113 403 716)	-	-	(1 113 403 716)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	-	-	-	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-	-	-
Adjustment to assets for incurred claims	-	-	-	-	-	-	-	-
	(3 477 992 726)	-	-	(3 477 992 726)	(1 113 403 716)	-	-	(1 113 403 716)
Premium refunds	-	-	-	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	-	-
Net (revenue)/expenses from reinsurance contracts	(728 178 419)	-	-	(728 178 419)	(521 171 021)	-	-	(521 171 021)
Net finance expenses from insurance contracts	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	704 343 547	-	-	704 343 547	807 790 985	-	-	807 790 985
Total changes in the statement of profit or loss and OCI	(23 834 872)	-	-	(23 834 872)	286 619 964	-	-	286 619 964
Cash flows								
Premiums paid	(3 484 968 508)	-	-	(3 484 968 508)	(1 115 636 862)	-	-	(1 115 636 862)
Amounts received	1 915 798 859	-	-	1 915 798 859	613 301 331	-	-	613 301 331
Total cash flows	(1 569 169 649)	-	-	(1 569 169 649)	(502 335 531)	-	-	(502 335 531)
Contracts derecognised on disposal of subsidiary	-	-	-	-	-	-	-	-
Closing assets	(296 763 676)	-	-	(296 763 676)	(95 002 436)	-	-	(95 002 436)





Reviewed Condensed Consolidated Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

	Inflation Adjusted		Historical cost	
	Reviewed	Audited	Reviewed	Audited
	30 June 2023	31 December 2022 Restated**	30 June 2023	31 December 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
15	TRADE AND OTHER PAYABLES			
Trade and other payables	142 277 020 616	71 769 240 376	142 227 485 213	21 297 813 723
Deferred income	8 976 570 398	4 407 205 727	7 861 238 509	842 968 855
Mastercard and Visa prepayments	68 945 367 021	21 327 704 731	68 945 367 021	6 827 600 740
TT Resdex inwards	8 574 162 754	578 869 067	8 574 162 754	185 312 340
RBZ cash cover	61 193 719 693	60 024 408 860	61 193 719 693	19 215 508 819
Zimswitch settlement	2 057 022 690	2 488 177 573	2 057 022 690	796 535 926
Instant banking balances	1 283 282 764	1 447 249 877	1 283 282 764	463 305 567
Intermediary tax	5 899 906 433	5 478 920 059	5 899 906 433	1 753 957 077
Other liabilities	75 901 893 624	6 202 425 375	73 839 186 266	1 970 404 572
Customer funds awaiting payment	53 269 629 418	20 724 357 138	53 269 629 418	6 634 452 132
	428 378 575 411	194 448 558 783	425 151 000 761	59 987 859 751
Current	347 598 266 668	108 658 380 857	322 939 458 136	33 101 457 513
Non-current	80 780 308 743	85 790 177 926	102 211 542 625	26 886 402 238
Total	428 378 575 411	194 448 558 783	425 151 000 761	59 987 859 751
16	SHARE CAPITAL AND SHARE PREMIUM			
Authorised				
Number of ordinary shares, with a nominal value of ZWL0.00001	800 000 000	800 000 000	800 000 000	800 000 000
Issued and fully paid				
Number of ordinary shares, with a nominal value of ZWL0.00001	671 949 927	671 949 927	671 949 927	671 949 927
Share capital movement				
	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
Inflation adjusted				
As at 1 January 2023	671 949 927	4 479 853	9 389 816 268	9 394 296 121
Share issue	-	-	-	-
As at 30 June 2023	671 949 927	4 479 853	9 389 816 268	9 394 296 121
Historical cost				
As at 1 January 2023	671 949 927	6 719	14 083 173	14 089 892
Share issue	-	-	-	-
As at 30 June 2023	671 949 927	6 719	14 083 173	14 089 892
The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.				
	Inflation Adjusted		Historical cost	
	Reviewed	Reviewed	Reviewed	Reviewed
	30 June 2023	30 June 2022 Restated**	30 June 2023	30 June 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
17	INTEREST AND RELATED INCOME			
Cash and cash equivalents	6 066 977 802	1 165 676 495	2 251 558 322	159 783 445
Loans and advances to other banks	11 410 021 984	5 946 300 291	6 312 245 312	815 895 065
Loans and advances to customers	83 109 376 805	34 841 937 946	46 141 580 386	4 688 240 454
Bankers acceptances and tradable bills	5 795 069 078	4 305 725 538	2 639 878 074	566 676 748
	106 381 445 469	46 259 640 270	57 345 262 094	6 230 595 712
18	INTEREST AND RELATED EXPENSE			
Deposit from other banks	14 315 298 244	3 907 438 809	6 360 509 287	524 823 473
Demand deposits	1 035 143 569	247 141 446	526 350 189	31 995 811
Afreximbank	23 156 614 478	3 218 386 015	11 495 197 447	442 654 021
Time deposits	4 431 477 486	2 904 548 469	1 735 379 927	379 708 386
	42 938 533 777	10 277 514 739	20 117 436 850	1 379 181 691
19	FEE AND COMMISSION INCOME			
Retail service fees	55 474 521 861	21 668 730 434	29 554 056 410	2 961 191 618
Credit related fees	822 611 726	721 537 004	405 433 532	87 316 834
Investment banking fees	551 715 963	18 000 566	227 159 444	2 807 793
Brokerage	786 544 937	517 746 130	432 254 123	80 427 511
	57 635 394 287	22 926 014 134	30 618 903 509	3131 743 756
20	INSURANCE REVENUE			
Contracts measured under PAA				
Life risk	-	-	-	-
Non-life	39 320 714 407	10 416 334 307	14 671 119 577	1 065 999 073
	39 320 714 407	10 416 334 307	14 671 119 577	1 065 999 073
21	OTHER OPERATING INCOME			
Rental income	1 772 045 864	255 645 038	1 018 368 565	36 490 440
Profit/(loss) on disposal of property and equipment	17 084 596	(20 149 793)	49 306 048	(1 664 643)
Sundry income	4 849 231 122	1 002 730 618	3 712 907 413	251 136 139
Bad debts recovered	19 570 242	3 771 440	8 502 369	376 132
Fair value adjustment investment property	124 804 344 770	27 665 740 158	169 147 044 193	10 339 275 379
	131 462 276 594	28 907 737 461	173 936 128 588	10 625 613 447
22	OPERATING EXPENSES			
Insurance service expenses				
Claims and benefits	40 037 008 199	5 705 352 910	19 224 291 428	570 081 379
Amortisation of insurance acquisition cash flows	8 926 060 461	2 332 106 931	4 037 167 794	208 113 368
	48 963 068 660	8 037 459 841	23 261 459 222	778 194 747
Other operating expenses				
Administration expenses	55 916 931 582	20 884 792 746	24 403 614 450	2 912 340 427
Staff costs	297 580 139 865	73 844 875 873	206 763 332 976	11 450 575 494
Directors' remuneration	1 432 463 400	324 253 065	973 533 924	42 095 690
Audit fees:				
- current year fees	1 882 461 879	231 172 719	1 684 594 597	31 299 189
- prior year fees	640 490 727	267 695 579	263 361 464	38 922 812
- other services	-	-	-	-
Depreciation	2 461 023 557	2 880 944 827	1 603 930 135	253 841 491
Amortisation	109 175 752	266 314 138	9 398 367	2 159 612
Operating lease payment	629 554 408	313 134	249 619 360	1 021 787
	360 652 241 170	98 700 362 081	235 951 385 273	14 732 256 502
Total	409 615 309 830	106 737 821 922	259 212 844 495	15 510 451 249
23	INCOME TAX EXPENSE			
Current income tax on income for the half year	15 455 446 931	8 174 378 440	10 147 585 567	1 666 494 491
Deferred tax	45 067 933 240	12 038 824 370	66 593 826 723	2 274 645 180
	60 523 380 171	20 213 202 810	76 741 412 290	3 941 139 671
24	CAPITAL COMMITMENTS			
Capital expenditure authorized but not yet contracted for	31 730 120 031	32 677 575 092	31 730 120 031	6 661 913 107
25	CONTINGENT LIABILITIES			
Guarantees and letters of credit	62 754 139 832	52 633 372 675	62 754 139 832	10 730 262 398
26	EARNINGS PER SHARE			
26.1	Basic earnings per share			
Profit attributable to equity holders of the parent	365 754 211 555	38 934 198 612	449 500 078 512	21 733 475 997
Total	365 754 211 555	38 934 198 612	449 500 078 512	21 733 475 997
Basic earnings per share				
Basic earnings per share (ZWL cents)	59 895.36	6 109.57	73 609.45	3 410.43
	59 895.36	6 109.57	73 609.45	3 410.43

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

	Shares issued	Treasury shares	Shares outstanding	Weighted
Weighted average number of ordinary shares Half Year ended 30 June 2023				
Issued ordinary shares as at 1 January 2023	671 949 927	(61 248 405)	610 701 522	610 701 522
Treasury shares purchased	-	(158 500)	(158 500)	(46 157)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 30 June	671 949 927	(61 406 905)	610 543 022	610 655 365
Weighted average number of ordinary shares Half Year ended 30 June 2022				
Issued ordinary shares as at 1 January 2022	671 949 927	(34 530 484)	637 419 443	637 419 443
Treasury shares purchased	-	(1 868 136)	(1 868 136)	(153 967)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 30 June	671 949 927	(36 398 620)	635 551 307	637 265 476
26.2	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.				
	Inflation Adjusted		Historical cost	
	Reviewed	Reviewed	Reviewed	Reviewed
	30 June 2023	30 June 2022 Restated**	30 June 2023	30 June 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Profit attributable to equity holders of the parent	365 754 211 555	38 934 198 612	449 500 078 512	21 733 475 997
Total	365 754 211 555	38 934 198 612	449 500 078 512	21 733 475 997
Weighted average number of ordinary shares at 30 June	610 655 365	637 265 476	610 655 365	637 265 476
Diluted earnings per share (ZWL cents)	59 895.36	6 109.57	73 609.45	3 410.43
Diluted earnings per share (ZWL cents)	59 895.36	6 109.57	73 609.45	3 410.43
26.3	Headline earnings per share			
Profit attributable to equity holders	365 754 211 555	38 934 198 612	449 500 078 512	21 733 475 997
Adjusted for excluded remeasurements				
Profit on the disposal of property and equipment	(17 084 596)	20 149 793	(49 306 048)	1 664 643
Other	-	-	-	-
Headline earnings	365 737 126 959	38 954 348 405	449 450 772 464	21 735 140 640
Weighted average number of ordinary shares at 30 June	610 655 365	637 265 476	610 655 365	637 265 476
Headline earnings per share (ZWL cents)	59 892.56	6 112.73	73 601.38	3 410.69
26.4	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.				
	Inflation Adjusted		Historical cost	
	Reviewed	Reviewed	Reviewed	Reviewed
	30 June 2023	30 June 2022 Restated**	30 June 2023	30 June 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Headline earnings	365 737 126 959	38 954 348 405	449 450 772 464	21 735 140 640
Weighted average number of ordinary shares at 30 September	610 655 365	637 265 476	610 655 365	637 265 476
Diluted earnings per share (ZWL cents)	59 892.56	6 112.73	73 601.38	3 410.69
27	FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES			
FAIR VALUE HIERARCHY				
IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.				
Quoted market prices - Level 1				
Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets in active markets where the quoted price is readily available.				
Valuation technique using observable inputs - Level 2				
Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).				
Valuation technique using significant observable inputs - Level 3				
Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.				
The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique:				
Valuation technique using;	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	ZWL	ZWL	ZWL	
Recurring fair value measurements				
Inflation Adjusted				
As at 30 June 2023				
Investment property	-	-	216 601 653 620	
Financial assets at amortised cost	-	-	64 036 069 289	
Financial assets at fair value through profit or loss	132 263 350 221	-	-	
Financial assets at fair value through other comprehensive income	242 337 258	-	-	
Land and buildings	-	-	102 107 136 099	
As at 31 December 2022, restated**				
Investment property	-	-	86 355 294 414	
Financial assets at amortised cost	-	-	25 236 189 686	
Financial assets at fair value through profit or loss	45 604 960 276	-	-	
Financial assets at fair value through other comprehensive income	662 316 267	-	-	
Land and buildings	-	-	41 332 207 286	
Historical cost				
As at 30 June 2023				
Investment property	-	-	216 601 653 622	
Financial assets at amortised cost	-	-	64 036 069 289	
Financial assets at fair value through profit or loss	133 561 862 519	-	-	
Financial assets at fair value through other comprehensive income	242 337 258	-	-	
Land and buildings	-	-	102 103 201 255	
As at 31 December 2022, restated**				
Investment property	-	-	27 644 769 068	
Financial assets at amortised cost	-	-	8 078 817 179	
Financial assets at fair value through profit or loss	14 987 163 744	-	-	
Financial assets at fair value through other comprehensive income	212 026 146	-	-	
Land and buildings	-	-	13 230 382 325	
There were no transfers between levels 1 and 2 during the period				



NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)  
For the six months ended 30 June 2023

28 CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

	Financial assets at amortised cost ZWL	Financial assets at fair value through profit or loss ZWL	Financial assets at fair value through other comprehensive income ZWL	Loans and receivables ZWL	Financial liabilities at amortised cost ZWL
<b>Inflation Adjusted As at 30 June 2023</b>					
<b>Trading assets</b>					
Balances with other banks and cash	-	-	-	782 568 200 490	-
Financial assets at amortised cost	64 036 069 289	-	-	-	-
Loans and advances to customers	-	-	-	1 534 540 333 940	-
Insurance contract assets	-	-	-	13 608 184 649	-
Reinsurance contract assets	-	-	-	2 126 498 499	-
Trade and other receivables	-	-	-	585 362 150	-
Bonds and debentures	3 330 185 803	-	-	-	-
Financial assets at fair value through profit or loss	-	132 263 350 221	-	-	-
Financial assets at fair value through other comprehensive income	-	-	242 337 258	-	-
	<b>67 366 255 092</b>	<b>132 263 350 221</b>	<b>242 337 258</b>	<b>2 328 065 383 703</b>	<b>-</b>
<b>Trading liabilities</b>					
Deposits and borrowings from other banks and customers	-	-	-	-	802 366 304 572
Insurance contract liabilities	-	-	-	-	20 288 245 464
Reinsurance contract liabilities	-	-	-	-	11 346 363 419
Trade and other payables	-	-	-	-	428 378 575 411
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 262 379 488 866</b>
	Financial assets at amortised cost ZWL	Financial assets at fair value through profit or loss ZWL	Financial assets at fair value through other comprehensive income ZWL	Loans and receivables ZWL	Financial liabilities at amortised cost ZWL
<b>As at 31 December 2022, restated**</b>					
<b>Trading assets</b>					
Balances with other banks and cash	-	-	-	261 777 649 461	-
Financial assets at amortised cost	25 236 189 686	-	-	-	-
Loans and advances to customers	-	-	-	467 501 227 842	-
Insurance contract assets	-	-	-	12 049 518 905	-
Reinsurance contract assets	-	-	-	2 820 099 219	-
Trade and other receivables	-	-	-	28 705 775	-
Bonds and debentures	-	-	-	-	-
Financial assets at fair value through profit or loss	-	45 604 960 276	-	-	-
Financial assets at fair value through other comprehensive income	-	-	662 316 267	-	-
	<b>25 236 189 686</b>	<b>45 604 960 276</b>	<b>662 316 267</b>	<b>744 291 184 430</b>	<b>-</b>
<b>Trading liabilities</b>					
Deposits and borrowings from other banks and customers	-	-	-	-	212 920 957 895
Insurance contract liabilities	-	-	-	-	7 467 998 436
Reinsurance contract liabilities	-	-	-	-	2 523 335 542
Trade and other payables	-	-	-	-	194 448 558 783
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417 360 850 656</b>
	Financial assets at amortised cost ZWL	Financial assets at fair value through profit or loss ZWL	Financial assets at fair value through other comprehensive income ZWL	Loans and receivables ZWL	Financial liabilities at amortised cost ZWL
<b>Historical cost As at 30 June 2023</b>					
<b>Trading assets</b>					
Balances with other banks and cash	-	-	-	782 568 200 490	-
Financial assets at amortised cost	64 036 069 289	-	-	-	-
Loans and advances to customers	-	-	-	1 534 538 243 510	-
Insurance contract assets	-	-	-	9 504 094 811	-
Reinsurance contract assets	-	-	-	2 126 498 499	-
Trade and other receivables	-	-	-	585 362 150	-
Bonds and debentures	3 330 185 803	-	-	-	-
Financial assets at fair value through profit or loss	-	133 561 862 519	-	-	-
Financial assets at fair value through other comprehensive income	-	-	242 337 258	-	-
	<b>67 366 255 092</b>	<b>133 561 862 519</b>	<b>242 337 258</b>	<b>2 328 063 293 273</b>	<b>-</b>
<b>Trading liabilities</b>					
Deposits and borrowings from other banks and customers	-	-	-	-	802 366 304 572
Insurance contract liabilities	-	-	-	-	20 288 245 464
Reinsurance contract liabilities	-	-	-	-	11 346 363 419
Trade and other payables	-	-	-	-	425 151 000 761
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 259 151 914 216</b>
	Financial assets at amortised cost ZWL	Financial assets at fair value through profit or loss ZWL	Financial assets at fair value through other comprehensive income ZWL	Loans and receivables ZWL	Financial liabilities at amortised cost ZWL
<b>As at 31 December 2022, restated**</b>					
<b>Trading assets</b>					
Balances with other banks and cash	-	-	-	83 802 420 171	-
Financial assets at amortised cost	8 078 817 179	-	-	-	-
Loans and advances to customers	-	-	-	149 659 681 728	-
Insurance contract assets	-	-	-	3 618 725 077	-
Reinsurance contract assets	-	-	-	902 793 421	-
Trade and other receivables	-	-	-	9 189 529	-
Bonds and debentures	-	-	-	-	-
Financial assets at fair value through profit or loss	-	14 987 163 744	-	-	-
Financial assets at fair value through other comprehensive income	-	-	212 026 146	-	-
	<b>8 078 817 179</b>	<b>14 987 163 744</b>	<b>212 026 146</b>	<b>237 989 585 150</b>	<b>-</b>
<b>Trading liabilities</b>					
Deposits and borrowings from other banks and customers	-	-	-	-	68 162 013 119
Insurance contract liabilities	-	-	-	-	2 128 337 685
Reinsurance contract liabilities	-	-	-	-	807 790 985
Trade and other payables	-	-	-	-	59 987 859 751
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131 086 001 540</b>

29 RELATED PARTIES

The Group carried out banking, insurance and investment related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking and insurance regulations. The full list of related party transactions are provided in the Group's annual report for the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)  
For the six months ended 30 June 2023

30 SEGMENT REPORTING

Segment information is presented in respect of business segments.

Segment revenue, expenses, results and assets are items that are directly attributable to the business segment or which can be allocated on a reasonable basis to a business segment. The Group comprises seven business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short-term insurance and stockbroking.

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

Inflation Adjusted	Head Office ZWL	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Insurance Broking ZWL	Stockbroking ZWL	Intersegment eliminations ZWL	Consolidated ZWL
30 June 2023										
Total segment revenue										
Interest income	5 272 910 974	82 551 760 266	15 500 987 208	8 294 105 692	363 794 680	376 701 708	-	1 182 157	(5 979 997 216)	106 381 445 469
Interest expense	(3 188 024 820)	(28 936 412 307)	(1 237 807 669)	(14 431 724 512)	-	-	(1 026 450 190)	(98 111 495)	5 979 997 216	(42 938 533 777)
Net interest income	2 084 886 154	53 615 347 959	14 263 179 538	(6 137 618 820)	363 794 680	376 701 708	(1 026 450 190)	(96 929 338)	-	63 442 911 692
Turnover	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-	-
Insurance service result	-	-	-	-	(6 377 521 956)	(1 960 248 966)	-	-	(7 558 384)	(8 345 329 305)
Net fee and commission income	145 451 510	51 703 290 523	77 455 781	5 975 466 387	-	-	(10 361 383)	341 811 716	(1 282 395 100)	56 950 719 435
Net trading income and other income	92 221 478 492	466 117 861 438	4 755 766 984	131 824 627 746	45 638 677 324	12 533 082 070	420 671 208	2 350 947 735	(13 935 951 811)	741 927 161 186
Total income	94 451 816 157	571 436 499 920	19 096 402 304	131 662 475 313	39 624 950 048	10 949 534 813	(616 140 365)	2 595 830 113	(15 225 905 294)	853 975 463 008
Intersegment revenue	(3 909 256 195)	(2 897 813 560)	(9 726 492)	(272 453 627)	(416 594 418)	(3 826 478 972)	(383 639 798)	(1 182 157)	11 717 145 218	-
Intersegment interest expense and commission	77 717 636	3 735 819 709	2 868 837 125	1 859 066 171	239 547 639	1 662 642 504	1 026 708 929	115 942 129	(11 586 281 841)	-
Other operating expenses	-	57 794	93 473 363	37 332 220	-	-	-	-	(130 863 377)	-
Revenue from external customers	90 620 277 598	572 274 563 863	22 048 986 300	133 286 420 077	39 447 903 269	8 785 698 345	26 928 766	2 710 590 085	(15 225 905 295)	853 975 463 008
Segment profit before income tax	36 462 197 295	263 477 654 532	6 164 744 747	102 391 826 445	25 024 557 462	6 157 956 638	(624 550 103)	1 328 378 610	(13 873 163 801)	426 509 601 825
Impairment losses on financial assets	-	72 940 230 579	2 520 545 912	728 839 597	-	24 583 414	12 730 829	-	-	76 226 930 331
Depreciation	15 952 303	1 398 162 042	104 314 911	330 172 510	136 100 656	398 554 740	67 175 744	10 590 650	-	2 445 071 253
Amortisation	-	102 333 280	60 083	-	-	-	6 782 389	-	-	109 175 752
Segment assets	236 893 063 979	2 428 609 668 916	58 621 426 470	327 149 797 532	64 558 911 169	50 040 017 242	1 772 038 812	3 515 813 341	(240 823 409 183)	2 930 337 528 278
Total assets includes : Additions to property and equipment	16 750 644	3 611 525 037	186 663 811	289 139 120	1 032 202 991	27 001 321	-	5 427 057	-	5 168 709 979
Investment in associates	-	-	-	-	-	-	-	-	-	-
Segment liabilities	137 888 854 977	2 084 366 434 129	50 489 946 353	151 447 106 511	37 262 593 825	30 773 073 469	3 206 539 008	2 083 682 703	(51 210 554 311)	2 308 418 823 686
30 June 2022, restated										
Total segment revenue										
Interest income	979 411 846	39 467 208 297	2 259 314 905	4 722 669 151	2 220 043	9 098 155	-	34 413 053	(1 214 695 180)	46 259 640 270
Interest expense	(580 809 687)	(7 683 027 075)	(515 884 805)	(2 712 488 351)	-	-	-	-	1 214 695 179	(10 277 514 739)
Net interest income	398 602 158	31 784 181 222	1 743 430 100	2 010 180 800	2 220 043	9 098 155		34 413 053	(0)	35 982 125 531
Turnover	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-	-
Insurance service result	-	-	-	-	7 322 697 191	3 484 349 257	-	-	(9 304 309 910)	1 502 736 538
Net fee and commission income	-	19 993 155 696	302 695 436	2 227 570 567	(12 868 986)	-	-	470 911 263	(286 319 127)	22 695 144 849
Net trading income and other income	34 949 319 444	135 323 350 607	2 098 398 519	29 005 647 674	21 750 586 972	8 021 698 925	-	1 924 212 706	(89 385 696 835)	143 687 518 012
Total income	35 347 921 603	187 100 687 525	4 144 524 055	33 243 399 041	29 062 635 220	11 515 146 337		2 429 537 022	(98 976 325 873)	203 867 524 930
Intersegment revenue	(10 488 990 091)	(1 043 970 156)	155 269 175	(39 198 216)	(278 281 523)	(698 404 012)	-	(638 178)	12 394 213 002	-
Intersegment interest expense and commission	33 112 126	960 629 139	466 665 319	285 210 525	179 189 585	1 151 200 277	-	11 876 249	(3 087 883 220)	-
	-	5 772 391 718	7 640 759	2 631 128 171	833 434 829	-	-	61 734 308	(9 306 329 785)	-
Revenue from external customers	24 892 043 637	192 789 738 226	4 774 099 308	36 120 539 521	29 796 978 111	11 967 942 602	-	2 502 509 401	(98 976 325 875)	203 867 524 930
Segment profit before income tax	2 454 869 824	51 467 806 130	(531 854 402)	13 649 161 374	1 731 942 876	891 417 991		538 441 012	(11 033 718 187)	59 168 066 618
Impairment losses on financial assets	-	7 227 298 557	28 415 062	177 022 717	-	5 191 037	-	-	1	7 437 927 374
Depreciation	6 690 720	2 243 469 472	72 003 690	331 623 946	126 190 946	93 023 160	-	7 942 893	0	2 880 944 827
Amortisation	-	255 862 516	60 083	-	10 391 539	-	-	-	-	266 314 138
Segment assets	125 187 528 523	751 540 405 502	5 100 287 756	96 019 578 877	25 717 142 978	17 367 563 027		1 724 610 207	(109 020 325 486)	913 636 791 384
Total assets includes : Additions to non-current assets	-	1 656 638 353	7 036 347	130 449 100	206 940 623	7 839 136	-	-	-	2 008 903 559
Investment in associates	-	-	-	-	-	-	-	-	-	-
Segment liabilities	55 187 483 245	642 531 336 679	4 264 864 914	41 820 071 004	15 610 042 730	10 873 259 118		708 412 454	(51 933 129 638)	719 262 340 506
Type of revenue generating activity	Head office	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Short-term insurance broking	Equity market dealing		





NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

30

SEGMENT REPORTING (CONTINUED)

Historical cost	Head Office ZWL	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Insurance Broking ZWL	Stockbroking ZWL	Intersegment eliminations ZWL	Consolidated ZWL
30 June 2023										
Total segment revenue										
Interest income	1 815 241 262	45 669 233 803	8 679 493 451	3 760 972 173	128 742 068	199 663 654	-	459 598	(2 908 543 916)	57 345 262 094
Interest expense	(1 075 247 235)	(15 099 512 821)	(420 733 173)	(5 988 630 542)	-	-	(403 089 291)	(38 767 704)	2 908 543 916	(20 117 436 850)
Net interest income	739 994 028	30 569 720 982	8 258 760 278	(2 227 658 369)	128 742 068	199 663 654	(403 089 291)	(38 308 106)	(0)	37 227 825 244
Turnover	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-	-
Insurance service result	-	-	-	-	(11 477 505 330)	1 412 120 976	-	-	(43 231 206)	(10 108 615 559)
Net fee and commission income	63 210 871	27 464 129 452	31 328 501	3 159 785 680	-	-	50 230 690	169 079 163	(597 937 846)	30 339 826 512
Net trading income and other income	82 857 260 922	481 022 105 822	4 730 269 561	157 238 484 744	45 635 164 664	12 320 567 873	258 586 766	2 237 578 331	(5 039 487 810)	781 260 530 873
Total income	83 660 465 820	539 055 956 257	13 020 358 340	158 170 612 055	34 286 401 403	13 932 352 504	(94 271 835)	2 368 349 369	(5 680 656 862)	838 719 567 070
Intersegment revenue	(1 835 779 536)	(1 393 552 501)	(2 196 775)	(213 209 096)	(63 349 426)	(1 467 340 858)	(223 492 212)	(459 598)	5 199 380 003	-
Intersegment interest expense and commission	47 986 429	1 430 460 322	1 473 766 836	907 975 981	12 080 659	772 244 610	403 239 735	47 447 647	(5 095 202 218)	-
Other operating expenses	-	22 696	86 692 997	17 462 093	-	-	-	-	(104 177 785)	-
Revenue from external customers	81 872 672 713	539 092 896 774	14 578 621 397	158 882 941 033	34 235 132 636	13 237 256 255	85 475 688	2 415 337 437	(5 680 656 862)	838 719 567 070
Segment profit before income tax	30 918 670 702	323 602 554 886	6 591 684 453	134 306 647 474	27 545 846 965	8 476 634 853	(1 455 483 837)	1 565 352 178	(5 010 656 207)	526 541 251 466
Impairment losses on financial assets	-	72 940 230 579	2 520 545 912	728 839 597	-	24 583 414	12 730 829	-	-	76 226 930 331
Depreciation	4 298 825	1 216 856 624	99 219 644	160 780 073	53 429 610	54 759 640	11 642 343	2 943 376	-	1 603 930 135
Amortisation	-	8 644 167	3 481	-	44 800	-	705 919	-	-	9 398 367
Segment assets	181 682 477 503	2 408 485 085 583	58 614 449 758	320 571 178 105	64 555 156 785	50 012 748 488	1 540 011 853	3 443 944 042	(169 113 974 839)	2 899 791 077 279
Total assets includes : Additions to property and equipment	5 736 051	1 936 396 534	81 516 149	125 360 929	654 485 567	9 082 380	-	2 542 323	-	2 815 119 933
Investment in associates	-	-	-	-	-	-	-	-	-	-
Segment liabilities	134 397 832 780	2 086 635 642 878	51 286 529 294	150 630 930 857	32 059 787 067	31 699 274 240	3 077 945 787	2 063 662 703	(54 701 576 493)	2 302 772 216 334
30 June 2022, restated										
Total segment revenue										
Interest income	136 170 870	5 413 646 609	244 349 611	598 008 144	207 609	1 854 823	-	4 972 031	(168 613 985)	6 230 595 712
Interest expense	(82 490 523)	(1 049 617 348)	(55 879 446)	(359 808 349)	-	-	-	-	168 613 985	(1 379 181 691)
Net interest income	53 680 337	4 364 029 261	188 470 165	238 199 795	207 609	1 854 823	-	4 972 031	0	4 851 414 021
Turnover	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-	-
Insurance service result	-	-	-	-	781 546 738	474 088 982	-	-	(1 016 109 713)	239 526 007
Net fee and commission income	-	2 734 575 087	33 152 615	300 689 069	(2 503 513)	-	-	72 912 067	(99 029 962)	3 099 795 363
Net trading income and other income	5 775 945 501	26 564 515 164	232 210 129	8 114 727 413	3 279 471 343	1 397 121 647	-	259 425 952	(11 878 772 893)	33 744 644 255
Total income	5 829 625 838	33 663 119 511	453 832 906	8 653 616 277	4 058 722 177	1 873 065 452	-	337 310 050	(12 933 912 568)	41 935 379 646
Intersegment revenue	(1 449 387 829)	(219 225 440)	47 303 501	(5 073 293)	(35 047 047)	(77 721 908)	-	(82 212)	1 739 234 228	-
Intersegment interest expense and commission	4 611 605	144 583 430	59 762 639	38 605 657	24 352 008	125 101 331	-	1 492 189	(398 508 856)	-
Other operating expenses	-	804 159 555	1 127 762	406 814 712	120 523 100	-	-	8 100 241	(1 340 725 369)	-
Revenue from external customers	4 384 649 613	34 392 637 057	562 026 809	9 093 963 352	4 168 550 238	1 920 444 875	-	346 820 268	(12 933 912 567)	41 935 379 646
Segment profit before income tax	3 151 864 250	15 953 142 059	(67 834 053)	5 566 241 667	1 871 879 996	394 008 404	-	145 965 356	(1 328 500 192)	25 686 767 487
Impairment losses on financial assets	-	1 473 415 174	5 792 923	36 089 274	-	1 058 286	-	-	-	1 516 355 657
Depreciation	426 316	191 357 314	6 798 375	37 409 143	3 370 211	13 803 331	-	676 800	-	253 841 490
Amortisation	-	2 079 511	3 481	-	44 800	31 820	-	-	-	2 159 612
Segment assets	14 452 497 242	151 361 733 850	825 519 508	18 586 154 826	5 059 109 494	3 451 223 983	-	342 284 961	(11 861 176 973)	182 217 346 913
Total assets includes : non-current assets	-	234 756 305	731 700	23 333 556	22 820 324	822 822	-	-	-	282 464 707
Investment in associates	-	-	-	-	-	-	-	-	-	-
Segment liabilities	9 025 565 644	130 816 321 815	774 941 253	8 516 856 466	2 623 990 033	2 203 374 602	-	144 422 657	(10 587 505 216)	143 517 967 253

Type of revenue generating activity	Head office	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term general classes of insurance	Underwriting general classes of short term insurance	Short-term insurance broking	Equity market dealing
-------------------------------------	-------------	-------------------------------	--------------	--------------------	--	--	------------------------------	-----------------------

31

FINANCIAL RISK MANAGEMENT

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

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

- (a) Credit risk
- (b) Market risk
- (b.i) Interest rate risk,
- (b.ii) Currency risk, and
- (b.iii) Price risk
- (c) Liquidity risk
- (d) Settlement risk
- (e) Operational risk
- (f) Capital risk

Other risks:

- g) Reputational risk
- h) Legal and Compliance risk
- i) Strategic risk

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

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

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

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

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

Credit policies, procedures and limits

The Group has sound and well-defined policies, procedures and limits which are reviewed annually and approved by the Board of Directors of the subsidiary companies and strictly implemented by management. Credit risk limits include delegated approval and write-off limits to advances managers, management, board credit committees and the Board. In addition there are counterparty limits, individual account limits, group limits and concentration limits.

Credit risk mitigation and hedging

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

Creditworthiness for the guarantor is established in line with the credit policy.

Credit risk stress testing

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

Impairments

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

Credit terms:

Default

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

Past due loans

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

Impaired loans

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

Provisioning policy and write offs

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

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

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

Expected Credit Losses (ECL)

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

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

Probability of Default (PD)

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

Exposure at Default (EAD)

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

Loss Given Default (LGD)

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



# Reviewed Condensed Consolidated Financial Results

## FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

For the six months ended 30 June 2023

#### 31.1.1 Exposure to credit risk

##### Loans and advances

Stage 3/Grade 8:  
1 388 721 516  
Stage 3/Grade 9:  
4 470 492 967  
**Gross amount**  
Credit impairment loss allowance

##### Carrying amount

Stage 2/Grades 4 - 7:

Stage 1/Grades 1 - 3:

**Gross amount**  
Credit impairment loss allowance

##### Carrying amount

##### Total carrying amount

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

##### Inflation Adjusted

	Reviewed 30 June 2023 ZWL	%	Audited 31 December 2022 ZWL	%
Mining	212 464 770 219	13%	67 050 366 014	14%
Manufacturing	204 815 468 997	13%	32 456 426 680	7%
Mortgage	77 248 617 379	5%	38 045 475 021	8%
Wholesale	29 130 613 287	2%	356 513 984	0%
Distribution	160 333 902 545	10%	38 929 990 206	8%
Individuals	104 040 667 668	6%	30 182 045 473	6%
Agriculture	132 911 721 436	8%	16 750 663 495	3%
Communication	1 009 842 151	0%	-	0%
Construction	59 776 858 261	4%	20 633 958 620	4%
Local Authorities	1 541 466	0%	364 868 039	0%
Other services	633 182 556 197	39%	237 637 133 854	50%

##### Gross loans and advances

Less credit impairment loss allowance

##### Carrying amount

##### Historical cost

	Reviewed 30 June 2023 ZWL	%	Audited 31 December 2022 ZWL	%
Mining	212 464 770 219	13%	21 464 716 170	14%
Manufacturing	204 815 468 997	13%	10 390 218 995	7%
Mortgage	77 248 617 379	5%	12 179 431 246	8%
Wholesale	29 130 613 287	2%	114 130 197	0%
Distribution	160 333 902 545	10%	12 462 589 542	8%
Individuals	104 040 667 668	6%	9 662 125 325	6%
Agriculture	132 911 721 436	8%	5 362 360 550	3%
Communication	1 009 842 151	0%	-	0%
Construction	59 776 858 261	4%	6 605 513 013	4%
Local Authorities	1 541 466	0%	116 804 566	0%
Other services	633 180 465 767	39%	76 073 692 143	50%

##### Gross loans and advances

Less credit impairment loss allowance

##### Carrying amount

There are material concentration of loans and advances to the following sectors; other services 39%, mining 13%, distribution 10% and manufacturing 13%.

#### 31.1.3 Loans and advances

	Inflation Adjusted				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 249 399 269 835	-	-	1 249 399 269 835	422 557 981 396	-	-	422 557 981 396
Standard monitoring	-	310 613 830 452	-	310 613 830 452	-	33 249 820 115	-	33 249 820 115
Special monitoring	-	32 121 792 988	-	32 121 792 988	-	13 394 620 921	-	13 394 620 921
Default	-	-	22 781 666 332	22 781 666 332	-	-	13 205 018 952	13 205 018 952
Gross loans and advances	1 249 399 269 835	342 735 623 440	22 781 666 332	1 614 916 559 607	422 557 981 396	46 644 441 036	13 205 018 952	482 407 441 384
Credit impairment loss allowance	(54 157 227 332)	(11 480 951 261)	(14 738 047 074)	(80 376 225 667)	(9 474 062 346)	(2 070 098 384)	(3 362 052 812)	(14 906 213 542)
Net loans and advances	1 195 242 042 503	331 254 672 179	8 043 619 258	1 534 540 333 940	413 083 919 050	44 574 342 652	9 842 966 140	467 501 227 842

##### Loans and advances

	Historical cost				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 249 397 179 405	-	-	1 249 397 179 405	135 272 079 004	-	-	135 272 079 004
Standard monitoring	-	310 613 830 452	-	310 613 830 452	-	10 644 206 645	-	10 644 206 645
Special monitoring	-	32 121 792 988	-	32 121 792 988	-	4 287 996 522	-	4 287 996 522
Default	-	-	22 781 666 332	22 781 666 332	-	-	4 227 299 576	4 227 299 576
Gross loans and advances	1 249 397 179 405	342 735 623 440	22 781 666 332	1 614 914 469 177	135 272 079 004	14 932 203 167	4 227 299 576	154 431 581 747
Credit impairment loss allowance	(54 157 227 332)	(11 480 951 261)	(14 738 047 074)	(80 376 225 667)	(3 032 914 976)	(662 696 968)	(1 076 288 075)	(4 771 900 019)
Net loans and advances	1 195 239 952 073	331 254 672 179	8 043 619 258	1 534 538 243 510	132 239 164 028	14 269 506 199	3 151 011 501	149 659 681 728

#### 31.1.4 Reconciliation of credit impairment allowance for loans and advances

	Inflation Adjusted		Historical cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 Restated** ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 Restated** ZWL
Balance at 1 January	14 906 213 543	5 634 450 227	4771 900 019	524 711 229
Effects of IAS 29	(10 134 313 525)	(3 995 384 530)	-	-
Increase in impairment loss allowance	75 688 593 759	13 445 606 325	75 688 593 758	4 304 318 390
Write off	(84 268 111)	(178 458 478)	(84 268 111)	(57 129 600)
	<b>80 376 225 666</b>	<b>14 906 213 544</b>	<b>80 376 225 666</b>	<b>4 771 900 019</b>

#### 31.1.5 Trade and other receivables

Past due and impaired  
Allowance for impairment

##### Carrying amount

Past due but not impaired

Niether past due nor impaired

**Gross amount**  
Allowance for impairment  
Changes on initial application of IFRS 17  
**Carrying amount**

##### Total carrying amount

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

For the six months ended 30 June 2023

#### 31.1.6 Financial assets at amortised cost

	Inflation Adjusted				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	64 371 195 530	-	-	64 371 195 530	25 503 160 725	-	-	25 503 160 725
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	64 371 195 530	-	-	64 371 195 530	25 503 160 725	-	-	25 503 160 725
Credit impairment loss allowance	(335 126 241)	-	-	(335 126 241)	(266 971 039)	-	-	(266 971 039)
Net financial asset at amortised cost	64 036 069 289	-	-	64 036 069 289	25 236 189 686	-	-	25 236 189 686

	Historical cost				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	64 371 195 530	-	-	64 371 195 530	8 164 282 150	-	-	8 164 282 150
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	64 371 195 530	-	-	64 371 195 530	8 164 282 150	-	-	8 164 282 150
Credit impairment loss allowance	(335 126 241)	-	-	(335 126 241)	(85 464 971)	-	-	(85 464 971)
Net financial asset at amortised cost	64 036 069 289	-	-	64 036 069 289	8 078 817 179	-	-	8 078 817 179

#### 31.1.7 Bonds and debentures

	Inflation Adjusted				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	3 362 126 000	-	-	3 362 126 000	-	-	-	-
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross bonds and debentures	3 362 126 000	-	-	3 362 126 000	-	-	-	-
Credit impairment loss allowance	(31 940 197)	-	-	(31 940 197)	-	-	-	-
Net bonds and debentures	3 330 185 803	-	-	3 330 185 803	-	-	-	-

	Historical cost				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	3 362 126 000	-	-	3 362 126 000	-	-	-	-
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross bonds and debentures	3 362 126 000	-	-	3 362 126 000	-	-	-	-
Credit impairment loss allowance	(31 940 197)	-	-	(31 940 197)	-	-	-	-
Net bonds and debentures	3 330 185 803	-	-	3 330 185 803	-	-	-	-

#### 31.1.8 Credit exposure on undrawn loan commitments and guarantees

	Inflation Adjusted				Audited 31 Dec 2022 Restated**			
	Reviewed 30 June 2023				31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	62 754 139 832	-	-	62 754 139 832	41 461 481 361	-	-	41 461 481 361
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	62 754 139 832	-	-	62 754 139 832	41 461 481 361	-	-	41 461 481 361
Credit impairment loss allowance	(333 781 944)	-	-	(333 781 944)	(568 194 347)	-	-	(568 194 347)
Net undrawn loan commitments and guarantees	62 420 357 888	-	-	62 420 357 888	40 893 287 014	-	-	40 893 287 014

	Historical cost							
	Reviewed 30 June 2023				Audited 31 Dec 2022 Restated**			
	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total  ZWL	ECL staging Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total  ZWL
Credit grade								
Investment grade	62 754 139 832	-	-	62 754 139 832	13 272 991 369	-	-	13 272 991 369
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	62 754 139 832	-	-	62 754 139 832	13 272 991 369	-	-	13 272 991 369
Credit impairment loss allowance	(333 781 944)	-	-	(333 781 944)	(181 895 061)	-	-	(181 895 061)
Net undrawn loan commitments and guarantees	62 420 357 888	-	-	62 420 357 888	13 091 096 308	-	-	13 091 096 308





NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

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 treat liquidity risk in isolation as it is often triggered by consequences of other financial risks such as credit risk and market risk. The Group's liquidity risk management framework is therefore designed to ensure that its subsidiaries have adequate liquidity to withstand any stressed conditions. To achieve this objective, the Board of Directors of the subsidiary companies through the Board Asset Liability Committees of the Bank, Microplan and the Building Society and Board Risk and Compliance Committees is ultimately responsible for liquidity risk management. The responsibility for managing the daily funding requirements is delegated to the Heads of Treasury Divisions for banking entities and Finance Directors for non-banking entities with independent day to day monitoring being provided by Group Risk Management.

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

31.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

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

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

31.3.2 Currency risk

The Group operates locally and the majority of its customers transact in ZWL, the functional currency of the Group and its subsidiaries. The Group is exposed to various currency exposures primarily with respect to the United States dollar, South African rand, Botswana pula, British pound and the Euro, mainly due to the cash holding and switch transactions in the banking subsidiary.

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

31.3.3 Price risk

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

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 its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Group Risk.

31.5 Operational risk

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

To ensure that essential functions of the Group are able to continue in the event of adverse circumstances, the Group Business Continuity Plan is reviewed annually and approved by the Board. The Group Business Continuity Committee is responsible for ensuring that all units and branches conduct tests half yearly in line with the Group policy. The Group continues to conduct its business continuity tests in the second and fourth quarters of each year and all the processes are well documented.

31.6 Capital risk

31.6.1 Regulatory Capital and Financial Risk Management

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

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

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

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

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

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

• Tier 1 capital, which includes ordinary share capital and premium, retained profits, non distributable reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

• Tier 2 capital, which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

• Tier 3 capital or market and operational risk capital includes market risk capital and operational risk capital. Operational risk includes legal risk. Market risk capital is allocated to the risk of losses in the on and off balance sheet position arising from movements in market prices.

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the six months ended 30 June 2023

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 of risk attached to assets and off balance sheet exposures.

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

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

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

Company As at 30 June 2023	Regulatory Authority	Minimum capital required US\$	Minimum capital required ZWL	Net Regulatory Capital ZWL	Total Equity ZWL
FBC Bank Limited	RBZ	30 000 000	201 727 500 000	324 467 654 842	321 849 442 708
FBC Building Society	RBZ	20 000 000	134 485 000 000	149 503 936 075	169 940 247 248
FBC Reinsurance Limited	IPEC		150 000 000	32495 369 717	32 495 369 717
FBC Securities (Private) Limited	SECZ		150 000	1360 261 339	1 360 261 339
FBC Insurance Company (Private) Limited	IPEC		37 500 000	18 313 474 248	18 313 474 248
Microplan Financial Services (Private) Limited	RBZ	25 000	168 106 250	7327 920 463	7 327 920 463

31.7 Compliance risk

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

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

32 STATEMENT OF COMPLIANCE

The Group complied with the following statutes inter alia:-  
The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Statutory Instrument 33 of 2019; Statutory Instrument 33 of 1999; Statutory Instrument 62 of 1996; Statutory Instrument 142 of 2019 and the Companies and Other Business Entities Act (Chapter - 24:31).

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

33 INTERNATIONAL CREDIT RATINGS

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

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

Subsidiary	2023	2022	2021	2019	2018
FBC Bank Limited	A-	A-	A-	BBB+	BBB+
FBC Reinsurance Limited	A-	A-	A-	A-	A-
FBC Building Society	-	-	-	BBB-	BBB-
FBC Insurance Company Limited	-	-	-	A-	A-
Microplan Financial Services	-	-	-	BBB-	BBB-

34 INTERIM DIVIDEND PAID

Notice is hereby given that an interim dividend of 0.45 US cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 31 August 2023 in respect of the half year ended 30 June 2023.

The dividend is payable to shareholders registered in the books of the the company at the close of business on Friday 22 September 2023. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 18 September 2023 and ex-dividend as from 19 September 2023. Dividend payment will be made to Shareholders on or about 29 September 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: (i) Board Audit Committee, (ii) Board Human Resources and Remuneration Committee, (iii) Board Finance and Strategy (iv) Board Risk Committee.

Board Attendance

Board member	Main board		Board Audit		Board Human Resources		Board Finance and Strategy		Board Risk and Compliance		Board Marketing and Public Relations	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Herbert Nkala	✓	✓	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
Chipo Mtasa	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
John Mushayavanhu	✓	✓	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	✓
Kleto Chiketsani	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aeneas Chuma	✓	✓	✓	✓	N/A	N/A	N/A	N/A	✓	✓	✓	✓
Gary Collins	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓
Franklin Kennedy	✓	✓	N/A	N/A	N/A	N/A	✓	✓	✓	✓	N/A	N/A
Trynos Kufazvinei	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Makwara	✓	✓	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A
Canada Malunga	✓	✓	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A
Charles Msipa	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
Rutenhuro Moyo	✓	✓	✓	X	N/A	N/A	✓	X	✓	✓	N/A	N/A
Sifiso Ndllovu	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	✓
Vimbai Nyemba	✓	✓	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	X	✓
Webster Rusere	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend

Not a member - N/A  
Apologies - X

Attended - ✓  
Quarter - Q

By order of the Board

Tichaona K. Mabeza  
GROUP COMPANY SECRETARY

31 August 2023



KPMG  
Mutual Gardens 100 The Chase (West)  
Emerald Hill, Harare, Zimbabwe  
Telephone +263 430 2600  
Internet [www.kpmg.com/zw](http://www.kpmg.com/zw)

## **Independent auditors' report on review of interim inflation adjusted condensed consolidated financial results**

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

---

#### **Introduction**

We have reviewed the accompanying inflation adjusted consolidated statement of financial position of FBC Holdings Limited and its subsidiaries ("together the Group") as at 30 June 2023, the inflation adjusted consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and notes, comprising significant accounting policies and other explanatory information ("the interim inflation adjusted condensed consolidated financial results").

The directors are responsible for the preparation and presentation of these inflation adjusted condensed consolidated financial results in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Insurance Act (Chapter 24:07) and the Zimbabwe Banking Act (Chapter 24:20). Our responsibility is to express a conclusion on these interim inflation adjusted condensed consolidated financial results based on our review.

#### **Scope of Review**

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

#### **Basis for Qualified Conclusion**

With effect from 1 January 2023, the Group has adopted IFRS 17, Insurance Contracts (IFRS 17) which requires a fully retrospective approach. The Group has restated comparative amounts for the six months ended 30 June 2022, as at 31 December 2022 and presented a third statement of financial position as at 1 January 2022.





As indicated in note 3.1 to the inflation adjusted condensed consolidated results, the Group is still finalising the model used in their adoption of IFRS 17 and accordingly has not fully adopted IFRS 17 as at 30 June 2023 and for the six months then ended. Accordingly, we were unable to obtain sufficient appropriate evidence to support the amounts disclosed in the inflation adjusted condensed consolidated financial results related to the adoption of IFRS 17 in respect of the initial application as at 1 January 2022, the comparative financial information in respect of the six months ended 30 June 2022 and as at 31 December 2022 and as at 30 June 2023 and for the six months then ended. Accordingly, we were not able to determine whether any adjustments might be necessary in respect of the inflation adjusted condensed consolidated financial results related to the adoption of IFRS 17.

### **Qualified Conclusion**

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim inflation adjusted condensed consolidated financial results as at 30 June 2023, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Insurance Act (Chapter 24:07) and the Zimbabwe Banking Act (Chapter 24:20).

KPMG

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

31 August 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