FBC Holdings Limited

2021

Annual Report

Contents

FBC Holdings | 2021 Annual Report

About This Report

This integrated annual report was prepared for FBC Holdings Limited and its subsidiaries.

This annual report can be viewed at

www.fbc.co.zw

Group Structure

FBC Holdings Limited

Consumer and Investment Banking Services

FBC Bank Limited (Registered Commercial Bank) strength • diversity • service	100%	Commercial Banking + Advisory Services + Factoring Services + Custodial Services
FBC Building Society (Registered Building Society)	100%	Mortgage Finance + Property Development
MicroPlan Financial Services (Pvt) Limited (A registered microfinance institution)	100%	Micro Finance Services
FBC Securities (Private) Limited	100%	Equities Trading + Sponsoring Broker

Insurance Services

FBC Reinsurance Limited	100%	Short Term Reinsurance + Life & Health Re-Assurance
FBC Insurance Company Limited	95%	Non-Life Insurance + Medical Insurance

FBCH Footprint

Our Pillars of Strength

CORE VALUES	GOVERNANCE	OUR TEAM	SOCIAL IMPACT AND FINANCIAL INCLUSION
Integrity	7 Boards of Directors in the Group	+/- 565 Permanent Employees	+ 550 000 Mobile Banking Subscribers
Teamwork	Independent Chairpersons	+79% of Staff < 45years	+99 Construction Jobs
Commitment	25 Non-Executive Directors	43% Female Employees	26 Micro-Finance Institution branches nationwide
Communication	16 Executive Directors	288 Contract Employees	
Life-long learning and Entrepreneurship			

Our Promise to Our Stakeholders

Clear Purpose	**To be Trendsetters in Financial & Risk Management**		
Strategic Priorities	New Business Development	Risk Management & Compliance	e-Commerce & Operational Efficiencies
Strong Foundation	Adequate Capital	Appropriate Skills Mix	Robust IT Systems
Responsible Corporate Citizen	Environmental Management	Social Impact Management	Strong Governance

Strong Earnings Capacity
+
Stable & Sustainable ROE
+
Consistent Dividend Pay-out
+
Consistent Sustainability & Growth Strategy

General Information

Registered Office
6th Floor FBC Centre
45 Nelson Mandela Avenue
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Zimbabwe

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Independent Auditors
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Costa & Madzonga Legal Practitioners
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Fax	: +263-067-26162

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	: +263-029-76371
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	: +263-039-264415-6
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	: +263-020-62114
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General Information (continued)

FBC Bank Limited (Continued)

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Msasa Branch
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Bulawayo Private Branch
Asbestos Harare
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Report Profile

FBC Holdings Limited is once again pleased to present its annual integrated financial statements including sustainability reporting on the Group's non-financial performance for the period ended 31 December 2021. The reporting cycle is annual with the last report having been published in June 2021.

The sustainability report is FBC Holdings Limited's third report prepared with reference to the Global Reporting Initiative Standards. The report captures the Group's material issues for the business and its stakeholders in the following impact categories: social, environmental and economic performance. The Group will continue to improve and strengthen its sustainability strategy and reporting framework in accordance with the Group's broader strategic objectives that seek to promote a sustainable business model and unlock long term value for its stakeholders and future generations.

The Group welcomes the opinions of all its stakeholders both within and outside the Group and believes in proactive stakeholder engagement in order to appreciate fundamental stakeholder needs and desires. This approach enhances its ability to proffer tailored market leading service delivery solutions to its diverse stakeholders. Engagements with our stakeholders are done through various platforms including client networking events, customer surveys, formal meetings and text chats via Facebook, WhatsApp and Twitter.

If you would like to provide the Group with further feedback regarding the contents of this report please feel free to contact the company secretary Tichaona Mabeza via email on: **tichaona.mabeza@fbc.co.zw.**

Financial Highlights

For the year ended 31 December 2021

Consolidated statement of profit or loss

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Profit before income tax	4 951 344 631	2 564 155 399	7 715 527 914	3 614 265 026
Profit for the year	4 340 726 433	2 437 236 129	6 871 141 622	3 213 377 674

Consolidated statement of financial position

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Total equity	14 373 039 366	8 180 721 295	14 330 243 079	4 916 703 427
Total assets	63 297 440 641	52 081 798 821	62 791 242 393	31 959 274 260

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Share statistics				
Shares in issue - actual (m)	672	672	672	672
Shares in issue - weighted (m)	630	621	630	621
Basic earnings per share - (ZWL cents)	689.22	391.96	1 090.98	517.10
Diluted earnings per share - (ZWL cents)	689.22	391.96	1 090.98	517.10
Headline earnings per share - (ZWL cents)	689.84	404.75	1 091.19	519.11
Dividend per share - ordinary (ZWL cents)	99.24	76.42	77.74	34.28
Closing share market price - (ZWL cents)	3 385.4	1 501.4	3 385.4	1 501.4
Ratios				
Return on shareholders equity	30%	30%	48%	65%
Cost to income ratio	58%	64%	53%	50%

> I am pleased to advise shareholders that the company has proposed a final dividend of 148.82 ZWL cents per share amounting to ZWL1 billion.

Herbert Nkala
Group Chairman

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

Group Chairman's Statement

Introduction

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

Financial Performance Review –Inflation Adjusted

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

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

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

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

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

Operating Environment

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

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

Foreign Exchange

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

While the ZWL/USD exchange rate closed the year at ZWL108.666 per US$1 compared to ZWL81.787 at the end of December 2020, the alternative market premiums continued to exert significant pressure on inflation. A premium of between 40% and 90% was recorded during the course of 2021. However, while we appreciate the efforts by the regulators and fiscal authorities to stabilise the foreign currency exchange market, as well as enhancing domestic use of the local currency, there is still a strong need to bolster and strengthen this framework.

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

Inflation

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

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

Financial Services Sector

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

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

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

The Insurance Sector

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

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

The Group continues to grow and is contributing significantly to the wellbeing of the general economy.

Property Market

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

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

Stock Market Performance

The Zimbabwe Stock Exchange's (ZSE) main All Share Index (ALSI) rose by 310.51% for the year, closing at a peak of 10 822.36 percentage points against an annual inflation rate of 60.7%. Investors seeking instruments with hedge characteristics in light of inflationary pressures and exchange rate dynamics spurred the bullish trends. Market capitalisation surged 314% in 2021 to trade at ZWL1.317 trillion.

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

Share Price Performance

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

Dividend

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

FBC in the Community

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

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

FBC Trendsetting

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

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

Digital Transformation and Innovation

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

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

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

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

Environmental, Social and Governance (ESG) Priorities

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

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

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

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

Purpose Statement

Promote Sustainable Economic and Inclusive Development

High Impact Goals

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

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

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

FBCH Covid-19 Response Approach

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

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

Compliance

The Group is committed to complying with all applicable laws, regulations, standards and international best practices. We understand that any breach of the applicable laws and regulations exposes the Group to legal, regulatory and reputational risks, which may result in de-risking and financial abandonment that can ultimately impair FBCH's ability to serve its clients. As such, the Group has adopted a policy of zero tolerance to non-compliance. For the year ended 31 December 2021, there are no material non-compliance issues to laws and regulations.

Directorate

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

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

Outlook

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

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

Appreciation

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

Herbert Nkala
Group Chairman

31 March 2022

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

Dr. John Mushayavanhu
Group Chief Executive

Introduction

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

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

Operating Environment

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

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

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

Financial Performance Review

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

FBCH Group Performance

For the twelve months ended 31 December 2021, FBC Holdings recorded a profit before tax of ZWL5 billion, which was 93% ahead of prior year's profit of ZWL2.6 billion. Group profitability was achieved on the back of a 37% growth in total income of ZWL17.9 billion, against ZWL13.1 billion recorded for the 2020 corresponding period. Total expenses were recorded at ZWL10.4 billion representing an increase of 25% on prior year inflation adjusted expenses. The cost to income ratio for the review period was 58% compared to 64% achieved in the previous year. FBC Holdings continues to implement cost control measures to maintain operating expenses within levels sustainable to the business.

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

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

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

FBC Bank Limited (FBC Bank)

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

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

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

FBC Building Society (FBC BS/Society)

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

Group Chief Executive's Report (Continued)

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

Microplan Financial Service (Pvt) Limited (Microplan)

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

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

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

FBC Insurance Company Limited (FBC Insurance)

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

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

FBC Reinsurance Limited (FBC Reinsurance)

The Group's reinsurance company achieved a profit before tax of ZWL714 million attributable to improved cost containment measures and consistent underwriting business capabilities. The Covid-19 pandemic induced growth in insurance claims triggering widespread discomfort relating to insurance coverage and insurance aggregation. As a result, global insurance trends have witnessed increased provision and demand for parametric insurance, which focusses on the payment of insurance based on the magnitude of event as opposed to the magnitude of losses as contained in traditional indemnity policies. Looking ahead, FBC Reinsurance will research and assess the feasibility of parametric insurance adoption and application in the local market.

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

FBC Securities (Pvt) Limited (FBC Securities)

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

Capitalisation

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

In line with the Group's digital and innovation strategy, the institution has been developing digitally inclined products and services

Compliance and Regulatory Developments

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

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

The Group remains committed to the adherence to all applicable laws, regulations, standards and international best practices. FBC Holdings cannot over emphasise the serious impact of non-compliance and as such will continue to commit resources towards measures to mitigate the same. For the year ended 31 December 2021, there are no material non-compliance issues to laws and regulations.

Our Approach to Risk Management

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

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

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

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

Information Technology, Digital Transformation and Innovation

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

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

Group Chief Executive's Report (Continued)

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

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

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

FBC Holdings Response to Covid-19

The Group instituted a number of health and safety measures to protect its employees, customers and the wider community. These measures are summarised as follows:

- Creation of an internal covid-19 taskforce to quickly respond to any emergent heightened risks and to implement appropriate mitigatory measures, policies and practices.
- The adoption of Group wide vaccinations as a key mitigation measure resulting in a 100% vaccination level among employees and zero mortality in 2021.
- Raising awareness and dissemination of Covid-19 related information as guided by the WHO and the Ministry of Health and Child Care.
- The adoption of risk based company-wide testing across all business units and provision of treatment drugs and medical support services where needed by employees.
- Adherence to Covid-19 hygiene protocols such as social distancing, sanitisation of persons, disinfection of offices, wearing of masks and other safety related practices.
- Introduction of work from home (WFH) or remote working arrangements where employee office presence is restricted to limited numbers.
- Provision of company transport to ferry staff to and from work to avoid them being subjected to community infections through use of public transport.

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

Our Approach to Human Capital Development

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

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

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

Our Environment, Social and Governance (ESG) Priorities

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

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

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

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

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

Outlook

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

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

Appreciation

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

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

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

Dr. John Mushayavanhu
Group Chief Executive

31 March 2022

Sustainability Report

Reporting scope, boundary and framework

This Sustainability Report highlights FBC Holdings Limited (FBCH) non-financial performance over the period from 1 January 2021 to 31 December 2021. Any notable or material events after this date and up to the approval date of this 2021 Sustainability Report are also included. The information contained herein covers the Group and its subsidiaries within the Zimbabwean jurisdiction.

This report outlines how the Group has navigated through the uncertain economic, social, regulatory and environmental conditions in 2021 as it deepened its sustainability drive. It also sought to highlight FBC Holdings' sustainability strategy, its footprints and responses to the dynamic environmental concerns and stakeholder needs. In coming up with the Report, we were guided by Zimbabwe Stock Exchange Listing requirements. We also took direction from Global Reporting Initiative – Core option.

Assurance

Our aim is to ensure accountability to our valued stakeholders by providing transparency on issues relating to our positive and negative impacts to the communities we serve. A combined risk-based approach was applied to this report by our Group Audit and Risk Management divisions to ensure accuracy of both quantitative and qualitative information in this report.

Oversight & Strategy

Through Board recommendations, the Group deliberately chose to make sustainability the lenses through which strategic decisions are made. FBC Holdings adopted an Integrated Sustainability Approach which incorporates aspects of both Corporate Social Responsibility-focused and Risk-based sustainability strategies.

Our Sustainability Strategy is informed by the evolving stakeholder needs and forms the basis of the overall Business Strategy and Policy Framework of FBCH. The Group's Vision, Mission, Pay-off line and Business Principles are carefully designed to ensure that our impact is monitored and managed, stakeholder needs are prioritised and investments are sustainably deployed. It is our primary aim to deepen sustainability within FBCH Group and also contribute towards national, regional and global priorities.

Message from the Group CEO

Dear Stakeholders,
The effects of Covid-19 have highlighted our vulnerability and have been extremely detrimental to livelihoods. Economies shrank, systemic disparities grew, and climate change's financial impact accelerated quicker than expected. The Covid-19 pandemic has deepened the need for an urgent climate paradigm shift. Financial institutions are warming up to the pricing of climate risk which has in turn triggered capital reallocation in financial markets. Individuals, governments as well as private and public companies are taking heed of the renewed consciousness and a global call to increase the address of social, environmental and economic safeguards. Understanding that sustainability has become a key business enabler, the FBCH Board and Management have re-strategized and deeply engaged on sustainability matters.

During the year, the Group adopted the FBCH Climate Positive Agenda, which seeks to institutionalise sustainability and align all operations to the Nationally Determined Contributions (NDCs), National Development Strategy 1 of 2020-2025, other national priorities and Sustainable Development Goals. The Group understands that climate resilience at institutional level is achievable only in the presence of relevant strategic and policy framework at organizational level. As such, we are continuously developing a policy framework which promotes the adoption of a Group-wide climate-proof business model that is carefully designed to springboard FBC Holdings to be a future-ready financial services player.

To ensure thorough mainstreaming of climate change issues and smooth implementation of the sustainability drive, FBC Holdings worked hand in hand with developmental partners and Ministry of Environment, Climate Change, Tourism and Hospitality Industry to set-up a fully-fledged and dedicated Climate Finance Department. This team was instrumental in coming up with and launching the Group's Climate Positive Agenda which is driven from the Group Chief Executive's office and supported by Group Marketing, Public Relations and Group Risk Management.

The journey towards building a green organisation requires a shared understanding and team work. Regardless of the numerous challenges brought about by Covid-19 restrictions in the year 2021, we managed to pull through and put in place appropriate in-house capacity building initiatives to enlighten staff members on emerging climate risks, the holistic vulnerability of FBCH's portfolios as well as the management of financial and economic implications (risks and opportunities) of climate change. We launched our first ever Sustainability and Climate Finance Workshop where climate change and climate finance experts from the government, local and regional development finance networks led the discussions. An internal quarterly magazine was also introduced to ensure that every staff member has an understanding of this drive. The Group continues to make concerted efforts to maintain the momentum as it seeks to take everyone on-board.

Taking cognisance of Zimbabwe's revised Nationally Determined Contributions and greenhouse gas (GHG) emissions reduction target, the Group has deliberately positioned itself to reduce negative societal, environmental and economic footprint in its portfolios as well as to promote impact-driven financing. We have also taken heed of the world-wide call to increase climate action and feel compelled to adopt proactive approaches in deploying funding and enlightening the market.

We are pleased to have been part of the second World Development Finance Forum where discussions around how social, economic and environmental challenges are rapidly reshaping every sector of the economy throughout the world were held by reserve banks, development finance institutions, commercial banks and European Organisation for Sustainable Development (EOSD). Through lessons and experiences shared in this and other climate change forums, FBCH is determined to foster partnerships and collaborations (i.e. local, regional and global) with a view to accelerate adoption of sustainable business practices across all its identified stakeholder Groups as well as to fast-track sustainable development through revolutionizing mobilization and deployment of capital. I am delighted to announce that we have already cemented some impact financing partnerships and will continue to expand our network as we contribute towards accelerated and inclusive economic growth.

It has been a year of transformational change and the Group wishes to maintain the winning momentum built during the course of 2021. We understand that government alone cannot shoulder the huge responsibility of sustainable economic development and are committed to make our respective contribution to the actualisation of climate change priorities. With support from the government, regulators and developmental partners, we are confident that FBC Holdings can deliver impactful and lasting change to the communities we serve in particular and the nation at large.

Dr John Mushayavanhu
Group Chief Executive

Sustainability Report (Continued)

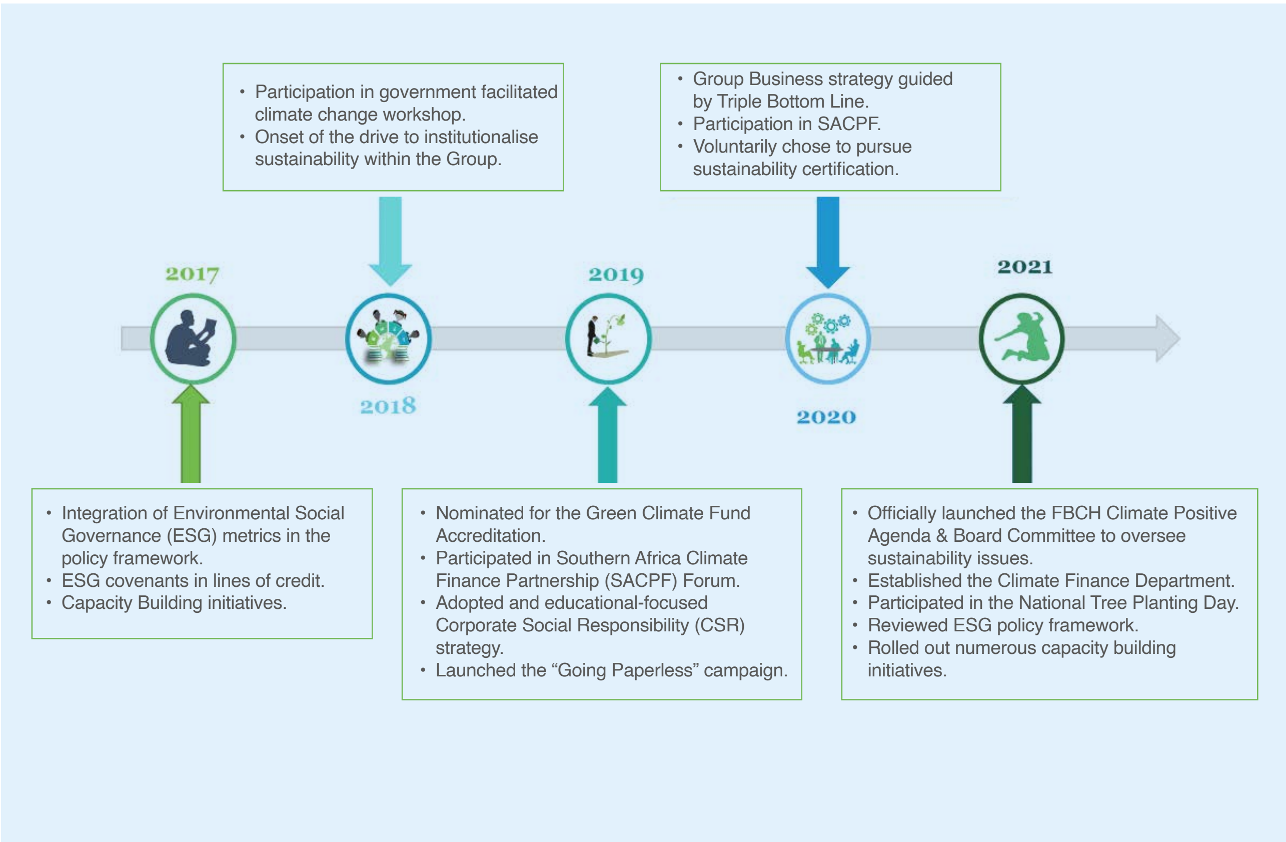
Our Sustainability Strategy

There is a lot happening locally, regionally and internationally, the effects of climate change coupled with Covid-19 has exposed our global lack of preparedness. In one way or the other, our lives are being affected and we cannot afford to remain as corporate bystanders. We have a pertinent role to play! Our planet is fragile and needs lasting solutions. We need to stand up and be part of the paradigm shift! **- Webster Rusere - FBC Bank Managing Director.**

Our Journey

The sustainability landscape is constantly changing and staying on top of it has proved to be a hurdle due to the emergence of new challenges such as the Covid-19 global pandemic which has made navigation across this landscape even more complex. Despite the myriad of sustainability challenges bedevilling countries and many businesses around the world, the year 2021 has been a significant year for FBCH in our sustainability transformation and value creation journey.

Over the past six years, the Group has made remarkable strides in adopting sustainability practices and operationalizing them. FBC Holding's sustainability strategy is centred around the creation of resilient, values-driven, innovative and responsible business fit for a sustainable future. The diagram below provides a quick roundup of our accomplishments to date.



Our Strategic Direction

To materialize the sustainability aspirations of the Group, FBC Holdings launched a five-year strategic plan which is motivated by the commitment to promote social coherence, safeguard the environment, immensely contribute to economic growth and ensure sound corporate governance. Our strategy encompasses aspects of both the Corporate Social Responsibility (CSR) focused and Risk-based approaches with a laser focus on resource mobilization as well as impactful and purposeful deployment of funding, transformation of communities and realignment of internal processes and systems. This strategic plan also includes a clearly defined Greenhouse gas (GHG) Management Strategy and resonates well with the aspirations of the Paris Agreement.

The Group has also incorporated the sustainability certification of its flagship subsidiary, FBC Bank Limited, as part of the overall strategy but with a subsidiary-specific focus. We are proud to have been given the greenlight, by Reserve Bank of Zimbabwe and European Organization for Sustainable Development, to adopt the following Purpose Statement (PS) and High Impact Goals (HIGS) as part of our guiding principles under Sustainability Standards and Certification Initiative (SSCI):

Purpose Statement

Promote Sustainable Economic and Inclusive Development.

High Impact Goals

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

In coming up with the five-year strategy, FBCH Climate Positive Agenda, we were guided by the National Development Strategy, National Climate Change Policy, revised Nationally Determined Contributions (NDCs) as well as selected Sustainable Development Goals (SDGs). The Board Governance, Nominations and Sustainability Committee will ensure that the FBCH Climate Positive Agenda is regularly reviewed to incorporate changes in the regulatory environment as well as local and global environmental policy frameworks. There are many areas which still need improvement and we are making concerted efforts to be a true beacon of sustainability.

National and Global Development Priorities

We understand that governments cannot achieve all set climate targets by themselves. As FBC Holdings, we have stepped up, selected SDGs that resonate with our business and are in the process of integrating them into our corporate strategy and operations. We firmly believe that SDGs provide a clear call to action and a definitive policy framework foundation to all sustainability focused companies regardless of jurisdiction, political divide or religion.

The Group deliberately chose to actively track its performance in line with the following selected SDGs and NDS priorities.

Our SDG Impact

SDGs	NDS1 Priorities
2 ZERO HUNGER	Food Security and Nutrition
3 GOOD HEALTH AND WELL-BEING	Health and Well-being
4 QUALITY EDUCATION	Human Capital Development
5 GENDER EQUALITY	Governance
7 AFFORDABLE AND CLEAN ENERGY	Transport, Infrastructure and Utilities Environmental Protection, Climate Resilience and Natural Resource Management
8 DECENT WORK AND ECONOMIC GROWTH	Economic Growth and Stability
11 SUSTAINABLE CITIES AND COMMUNITIES	Housing Delivery Transport, Infrastructure and Utilities
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environmental Protection, Climate Resilience and Natural Resource Management
13 CLIMATE ACTION	Environmental Protection, Climate Resilience and Natural Resource Management
15 LIFE ON LAND	Environmental Protection, Climate Resilience and Natural Resource Management
17 PARTNERSHIPS FOR THE GOALS	Image-building and International Engagement and Re-engagement

Our Valued Stakeholders

Stakeholder Engagement

One of the key objectives of FBC Holdings is to promote a positive corporate image through sound stakeholder relations, delivering excellent service to all customers and promoting good corporate citizenship. The Group is always seeking to proactively and responsibly consult, engage and partner with relevant stakeholders with a view to improve its communication efforts, strengthen relations and timely address stakeholder concerns.

We employ a variety of open and participatory channels through which we extensively interact with all stakeholders and feel their pulse at every point in time. We believe in listening to all stakeholder concerns and our corporate strategy is informed by stakeholder needs and expectations. This enables the Group to enhance its brand and create long-term sustainable value.

In coming up with engagement channels, FBCH carefully considers the diversity of its stakeholder base through a stakeholder mapping exercise which is done on an annual basis. During the year ended 31 December 2021, the Group identified a total of nine stakeholder Groups as outlined below.

Our Stakeholder Groups

Our Stakeholder Engagement Channels

Stakeholder Groups	Approach to Stakeholder Engagement	Frequency of Engagement
Employees	Virtual meetings Employee surveys Training webinars Performance appraisal interviews Dedicated intranet Workers committees	As the need arises
Customer Communities	Training webinars 24/7 Toll-free call centre Social media handles Customer satisfaction surveys Branch network Relationship managers site visits Email and SMS Webchat –website interactions	Regular
Investors/Shareholders	Annual & extraordinary general meetings Investors conference calls & virtual meetings Corporate action	Regular
Suppliers & Service Providers	Emails & phone calls Virtual meetings Onsite visits and inspection	As the need arises
Financial Institutions (Equity & Debt Analysts)	Quartely, interim and annual reports	
Government/Regulators	Performance reports Visits and consultations Compliance & performance reporting	Regular
Media	Social medial channels Press releases Interviews Website	As the need arises
Non-Governmental Organizations (ESG Analysts)	Meetings	As the need arises

Key Concerns & Our Response

Our communication efforts always follow a structured and continuous dialogue which allows FBC Holdings to have an intimate understanding of stakeholder needs, gather feedback and respond accordingly. From the various engagement platforms outlined above, we identified the following material issues and have made great strides in either incorporating them in our business strategy or addressing them instantly.

Sustainability Report (Continued)

Identified Material Issues	FBCH Response
Operational resilience during the Covid-19 pandemic Health, safety and wellness	• The Group operationalised the Work from Home (WFH) arrangement to decongest offices as a health safeguard against Covid-19. The policy framework was duly updated to incorporate the new working arrangement. • Covid-19 related health hazards are covered by the FBC Health for all staff members, both contract and permanent. • Mandatory abandonment of physical meetings (both internal and external) in favour of virtual interactions.
Cost of living adjustment Compensation, benefits and job security	• The Group introduced monthly ex gratia (cushion allowance) payments and quarterly grocery allowances to cushion all employees from the rising of cost of living. • Provision of free transport for employees was maintained throughout 2021.
Training and development	• Educational loan facility in place to support all employees who wish to further their studies. • A fully fledged training department is in place to assess skills gaps and facilitate appropriate trainings. • Graduate traineeship and internship to equip recent graduates and students with practical experience.
Dependable financial services provider	• The Group introduced capacity building workshops for clients. • 30-day notice before any change in business conditions. • Stipulated a 24-hour turnaround time to address all tabled queries and complaints as per regulator's guidelines. • Top management direct engagements with clients. • 24/7 fully fledged Call Centre with increased media presence and interactions. • Complaints and grievances are addressed as per regulator's guidelines.
Capital preservation and value creation Financial performance in the midst of the Covid-19 pandemic and complex business environment	• Adopted hedging strategies as part of our corporate strategy. • Expedited implementation of our digitalization strategy for the benefit of our customers (enhanced our mobile apps, internet banking).
Price reviews in line with volatile exchange rates Disruptions of supply chains due to Covid-19 restrictions	• All payments were pegged against the official auction exchange rate. • The Group quickly increased its list of vetted suppliers to ensure prevalence of enough alternatives in the event of shortages. • The Group increased purchasing lead time for Information Technology equipment to enable suppliers to order and restock accordingly.
Value creation Sustainable financing	• The Group established a dedicated Climate Finance Department with blended skills to ensure that all key sustainability issues are sufficiently monitored and proactively addressed. • The Environmental, Social and Governance policy framework was reviewed and updated in line with local, regional and global climate priorities. • The Group is realigning its portfolios taking cognisance of the global climate change call to action. • FBC Holdings is targeting investments in renewable energy as part of its impact financing strategy.

The FBCH Social Footprint

By understanding what people want from the places they live and work, we seek to facilitate the creation of a healthy, liveable and conducive environment for the current and future generations. We aim to provide workplace equity and diversity, fair labour practices, positive community interconnectedness as well as propagate a good quality of life where human rights are respected. **- Dr Israel Murefu - Group Human Resources Director.**

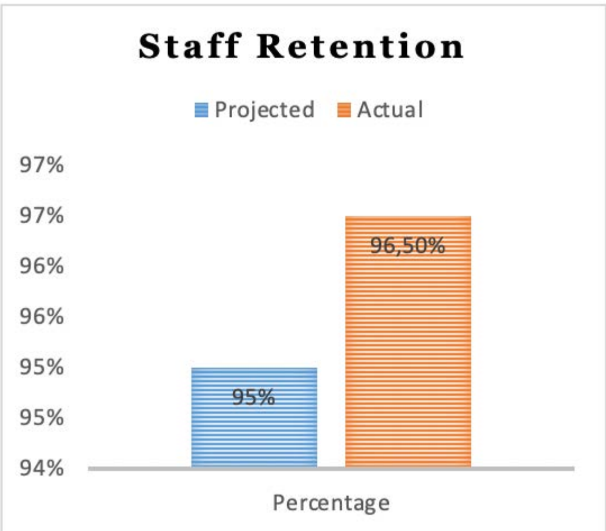
Our People

The Group's Human Resources Strategy is premised around a unique proposition that affords our valued employees a flexible work environment that brings out their best potential. FBCH aims to continuously cultivate a Human Resources philosophy that provides a supportive, inclusive, safe and healthy working environment where diversity is valued and people at every level are empowered to effectively play their respective roles. We firmly believe that our success as an organisation is function of our staff members' determination, passion, hard work and training.

Talent Acquisition and Retention

Hiring and retention of talent remains an integral component of our organisation's drive towards building a resilient and future-ready institution that fosters sustainability, innovation and where everyone is valued and celebrated. The Group has an employee-centric Human Resources strategy with a target to recruit, train, retain and develop a future-fit staff complement.

FBC Holdings is an equal opportunity employer and its recruitment is purely based on aptitude and attitude. Our philosophy allows self-starters to experiment and get the relevant support they require.



The talent resourcing and staff development strategy is guided by frameworks in the Group's resourcing policy in conjunction with learning and staff development policy. As part of our hiring and retention strategy, we believe in nurturing talent within the Group through a combination of staff development initiatives and retaining it through competitive merit-based remuneration rates.

Learning and Development

Training and development has always remained at the heart of HR strategies of different institutions. For an organisation to materialise its ambitions and flourish, talent should be nurtured right from recruitment. At FBCH, we are cognisant of the ever-changing skills requirements and the need to build a future-ready organisation. Staff members form the basis of the Group's competitive edge and should be upskilled regularly.

Despite the evident Covid-19 related challenges, the Group Training department made concerted efforts throughout 2021 to ensure continuity of upskilling training sessions across the Group. The Covid-19 pandemic, on other hand, also heightened the need for agility within our staff complement.

In the past year, our learning and development expense for FBC Holdings as a percentage (%) of staff costs was 1% which amounts to ZWL14 748 420 against a budgeted target of ZWL5 410 675. The Group's training spend was slightly lower as training sessions transitioned from face-to-face to virtual.

Training Statistics split by Gender

	2021	2020	2019
Female	261	137	397
Male	332	217	412

Sustainability Report (Continued)

	Male	Female	Total training hours	Average per employee
Board	55	18	1168	16 hours
Management	164	117	2810	10 hours
Permanent Employees	214	208	4 220	10 hours
Contract Employees	48	59	1 070	7 hours

From the above statistics, 593 employees representing 83% of the total staff complement received training during the year under review.

Staff Compensation and Employee Benefits

To keep our staff motivated and to ensure that they work at an optimal rate, we have fostered a culture of recognition and reward based on periodic appraisal. Our appraisals are based on a blend of key performance indicators and other non-financial metrics. This appraisal combination is the means by which we identify and reward performance accordingly across all subsidiaries.

FBC Holdings also recognises the essence of staff benefits and fair compensation in creating a satisfied and motivated workforce. Benefits such as medical insurance and free transportation for all staff members have, at no time in history, been more relevant than they are now in the trying times of the Covid-19 pandemic.

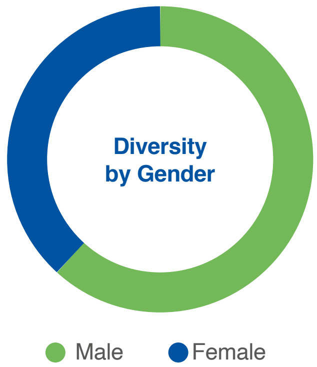
Inclusivity, Diversity and Human Rights

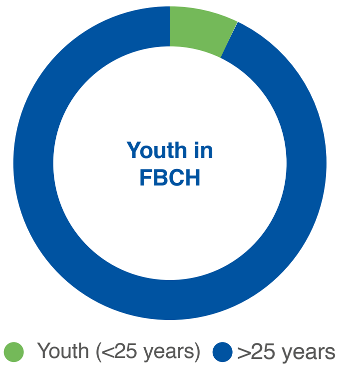
The Group's way of doing business has evolved over the years and continues to change in line with the dynamic global and regulatory terrain. FBC Holdings has stepped up to the challenge and has since incorporated issues of representation, human rights and inclusiveness in its sustainability drive.

The Group is proud to have built a policy driven working environment that shuns discrimination, advocates for human rights, encourages freedom of association and enables collective bargaining both within FBCH and in the communities we serve. Through our recently adopted sustainability strategy and the supporting policy framework, we reaffirm our commitment to championing diversity and social inclusivity of people from minority and marginalised communities throughout our sphere of influence.

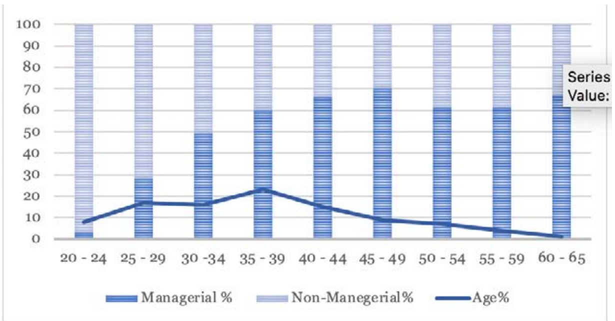
To enable us to monitor, record the impacts of our investments and engender market adoption of sustainable practices, we have adopted a sustainable and responsible investment approach that allows our officers to make sustainability issues a screening criteria for both debt and equity investments. Our sole intention is to motivate our client communities to also incorporate issues of inclusivity and diversity in their operations.

Demographic Highlights





Diversity by Age Distribution & Managerial Level



Affordable Housing

Through our subsidiary, FBC Building Society, we provide competitively priced mortgage loans to help meet the exponential increase in accommodation. In a bid to assist our valued customers and staff members realise the dream of being proud home owners, the Group has different mortgage loan facilities to make that dream a possibility. To this end, our latest high density housing project in Kuwadzana has more than eight hundred housing units still under construction. The schematic below outlines cumulative housing units constructed by FBCH from 2016 to date;

Project type	Target Market	Total Units	Project Uptake
Housing Units	Low Density	186	100%
		13	Under construction
	Medium Density	134	100%
	High Density	858	Under construction
Stands	Low Density	8	100%
	Medium Density	10	100%
Total		**1209**	

Clean Energy Facility

The country has been experiencing frequent power outages lately. Regardless of the government's efforts to manage the situation by importing electricity, the responsible parastatal has had to effect load-shedding to balance demand and supply. This immensely contradicts with our Work from Home Arrangement and the Group has had to quickly intervene to capacitate its employees. A structured solar scheme was rolled out to allow staff members to have an alternative clean energy supply. The schematic below summarises solar beneficiaries by gender;

	Representation	Total (ZWL)
Female	53%	19 003 074.70
Male	47%	16 391 305.83
Total		35 394 380.53

Health, Safety and Staff Wellness

Covid-19 exposed our lack of preparedness and increased our awareness of the need for solid health, safety and wellness programs within the Group. The Group prioritises health and safety at the workplace. To ensure adherence to laid down procedures and safeguards by all employees, we have a clearly defined Occupational Health and Safety (OHS) Policy in place which is regularly updated. The following activities are conducted regularly to test and ensure preparedness of the Group;

- Daily toolbox meetings at the construction sites
- Site safety refreshers by National Social Security Association (NSSA)
- Defensive driving refresher workshops
- Employee wellness programmes
- Workplace inspections
- Health & safety awareness bulletins and circular

The diagram below summarises Occupational Health and Safety Statistics as at 31 December 2021.

Occupational Health and Safety Statistics

Incident	Count
First Aid Cases	0
Lost Time Injuries	0
Fatalities	0
Lost Time Injury Frequency Rate (LTIFR)	0
Man Hours Works without a Fatality	2496
Contractors injured	1
Safety Training Days	313
Contractor Fatalities	0

Occupational Health, Safety and Wellness Training Statistics

	Number of Participants		
	Male	Female	Total
Mental Health Awareness	255	201	456
Drug & Substance Abuse	280	220	500
Covid-19 Awareness	313	247	560
Gender-Based Violence & Harassment Awareness	317	243	552
Family Law – Wills, Trust & Deceased Estate Administration	131	103	234

Covid-19 Response Strategy

Guided by Statutory Instrument SI 228B of 2021 on Covid-19 and subsequent government addresses, FBC Holdings instituted several measures to ensure prevention, containment and treatment of Covid-19. Amongst others the following measures were put in place;

- Covid-19 vaccination awareness workshops for all staff.
- Offices and branches were duly decongested and the work from home arrangement was operationalised.
- Any flu-like symptoms were treated as Covid-19 until tested and employees were encouraged to stay at home.
- The entire staff complement had and still have medical insurance fully paid by the Group.
- Restriction of staff movement (interdepartmental and intercity).
- Transition from face to face to virtual meetings.
- Covid-19 testing for existing and new staff.
- Mandatory temperature screening, hand and foot sanitization at all points of entry.
- Revision of elevator carrying capacity to 3 at any given point.
- Workplace disinfection programme – twice a week.
- Staff transportation using staff buses and pool vehicles.

Our Community Impact

It is not about how much profit we make as an organization, but what matters most is how much our people and communities benefit from our business operations. The responsibility of making the world a better place for the present and future generations lies within us as an institution –

Trynos Kufazvinei - Deputy Group Chief Executive & Group Finance Director

Educational Support

Supporting education remains a key priority area within the Group. We understand that a bright and dependable future generation is built by empowering youths today. Our commitment to supporting education remains absolute and continual. We have, through the years, invested in e-learning equipment, scholarships and grants. For the past 10 years, we have been supporting selected five (5) underprivileged students annually under the FBC-Midlands State University (MSU) Scholarship. The Group also launched an international scholarship in 2021 and fifteen (15) students are currently benefitting. It is our target to exponentially grow the number of beneficiaries of this international scholarship over the coming years.

We are proud to have witnessed the completion of two FBCH sponsored classroom blocks at Charleswood Primary School which have capacity to accommodate 180 students.

Completed FBCH sponsored Classroom block at Charleswood Primary School

Health

The Group is passionate about charitable events that contribute to the health of our communities. This year, we donated USD$10 000 (ZWL equivalent) towards the Zimpapers Cancer Power Walk held on the 13th of November. The walk was meant to raise awareness about cancer and raise funds for initiatives by Island Hospice which offers health care services and support for patients with life threatening illnesses. Twelve (12) staff members from FBCH participated in the 5km walk.

Overall Community Impact

Building sustainable relationships with our valued communities is the mainstay of our business principles. In the year 2021, we invested in various critical areas with a view to create sustainable and resilient communities. The two tables below summarise our CSR initiatives during the period under review.

Sponsorship Category	Description	Amount (ZWL)
Agriculture	• Agricultural capacity building forums	875 000
Education	• Tertiary education scholarships	12 979 333
Health	• Cancer Power Walk • Medical awards trust	616 281
Social Welfare and Community Initiatives	• Trust donations • Social tournaments and awards • Covid-19 related support	5 739 622
Sports	• Sports tournaments sponsorship	4 179 522
Total		**24 389 758**

Environmental Stewardship

We strongly believe that a sound and strong environmental management policy framework supported by modern digital and practical implementation tools is critical in delivering sustainable profits whilst minimizing the organisation's environmental impact -

Mudzingwa Nhiwatiwa - Group Risk Management Divisional Director.

Management Approach

At FBC Holdings, we are conscious that a strong business thrives in a healthy environment and therefore, we endeavour to be an environmentally responsible business which promotes the protection of biodiversity. By virtue of being at the centre of capital allocation, we are compelled to play a significant role in influencing and promoting environmentally sound practices amongst our clients, customers and stakeholders. Our ESG policy was duly updated to capture issues relating to climate change and guide implementation of environmental safeguards.

While the Group is committed to reducing its environmental and ecological footprint, it is also working on playing its part in resolving the general environmental challenges. FBC Holdings strives to make a notable contribution in providing a safe and clean environment by managing its direct and indirect environmental footprint.

Environmental Compliance

Compliance to local environmental legislation and regulations is critical in the protection of natural ecosystems and ensuring environmental sustainability. Through FBC Building Society, the Group directly interacts with the environment at its construction sites and is expected to abide by the laws and regulations governing environmental management in Zimbabwe.

The Group remains devoted to its value of zero-tolerance to non-compliance and has never, during the course of 2021, recorded violation of environmental laws and regulations. Prior to commencement of any Group project that has a direct impact to the environment, we ensure that relevant legal licenses, certificates and clearances are duly obtained.

Monitoring Our Direct Impact

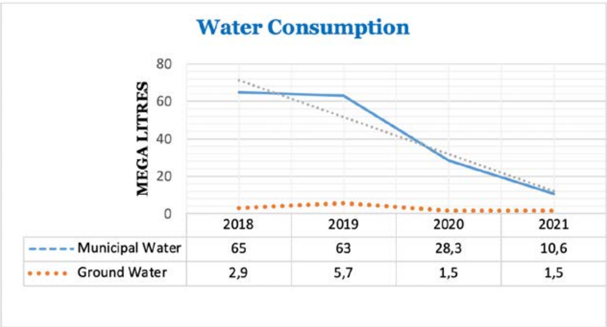
In line with global expectations relating to climate change mitigation, the Group embraced the call to religiously monitor, sufficiently disclose and devise ways to reduce its footprint in terms of water, energy and paper consumption. Our environmental footprint derives from the services we offer that make use of natural resources and the materials required for our daily operations. During the period under review, FBC Holdings' key focus areas were water, energy (electricity and fuel) as well as paper usage. Our aim is to have minimal environmental impact in terms of greenhouse gas emissions as well as waste water and paper. The Group is targeting to continuously mitigate its direct environmental footprint by using clean or resource efficient alternatives.

Water Usage

Water is a critical shared natural resource with an increasingly threatened availability and quality. Numerous factors like climate change, agriculture, pollution as well as over harvesting for industrial and mining purposes tend to pose the deadly repercussions to global water bodies. The World Economic Forum has listed water as one of the top global risks with the number of people without access to clean water and sanitation exponentially increasing. The Group is devoted to use water responsibly and sparingly and ensuring sustainable disposal of waste water.

Our Water Performance Review

Through continuous improvement of our water monitoring strategy over the years, we are proud to disclose a significant reduction in the amount of water used within our facilities. This is mostly attributed to the working from home arrangement that we recently adopted. We will continue to identify and implement water conservation measures such as water recycling and reusing.

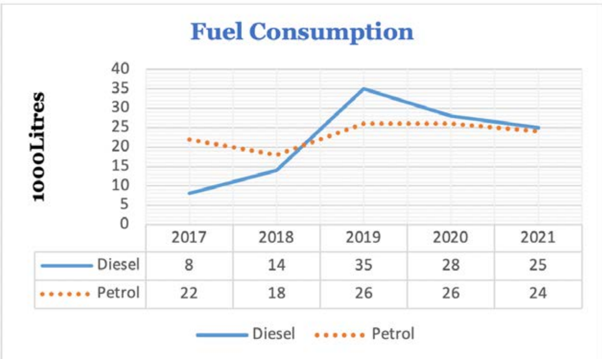


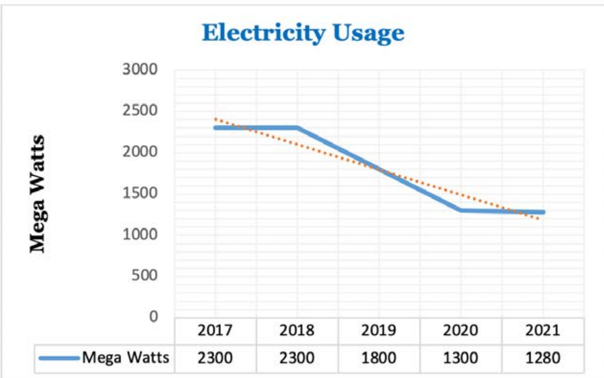
Energy Consumption

Energy is a key driver to socio-economic development and very vital in our day-to-day operations. FBCH recognizes the essence of efficient use of energy and is actively making efforts to save energy through clean, sustainable and green alternatives. For any organization to transit towards a net-zero objective, there is need for a well-structured strategy to reduce energy intensity in its operations. The Group is working on the appropriate policy framework to ensure a gradual decline in energy usage. We have already introduced solar photovoltaic in some branches and look forward to replicating the same model across our branch network. The Group is also pursuing renewable energy investments as a way of aligning its portfolios to climate positive expectations.

Our Energy Consumption

During the year under review, the Group recorded a drop in energy usage largely owing to the covid-19 induced short working hours and the Work from Home arrangement. We are, however, making concerted efforts to quickly remove fuel powered generators as an alternative source of energy supply.

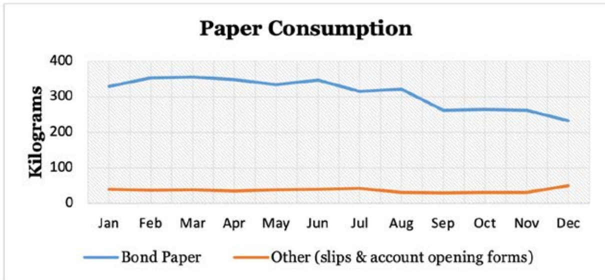




Paper

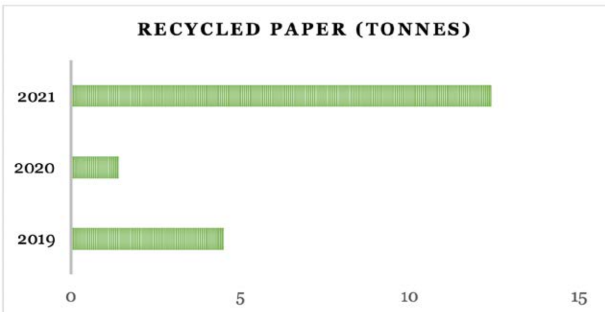
The Group is targeting to reduce physical paper requirements and manual processes. We appreciate that we can contribute to sustainable forests by digitizing our processes and consequently reducing our paper consumption. During the course of 2021, we deepened our paperless ambition by enhancing our applications and supporting digital interactions. Through an extensive digital thrust, we are continuously making it easier for clients to find us and access our services.

Paper Usage Statistics



Paper Waste

The Group's waste paper normally carries very private and confidential information which requires sustainable disposal. FBC Holdings' waste management approach places emphasis on reuse, reduce and recycle. To ensure compliance with all environmental laws, waste paper generated within the Group is disposed through a registered company which ensures that any confidential information is sustainably destroyed in the presence of our officers.



Supporting Environmental Initiatives

The nation commemorates Tree Planting Day every first Saturday of December. Each year the date is set aside to motivate and educate the nation on the importance of planting and conserving trees. In 2021, FBC Holdings staff members joined the rest of the nation by participating in the tree planting at one of the FBC Building Society housing project site; Fountaine Ridge situated in Kuwadzana, a high density area. The team planted 70 fruit trees and 10 theme year trees (musekesa) at the site.

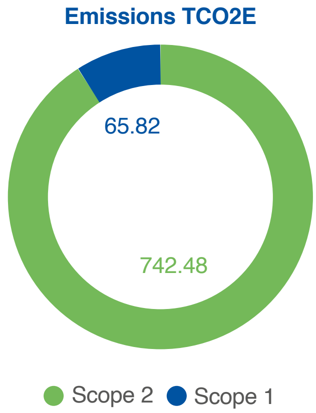
To deliver a green and sustainable future, our building society subsidiary also adopted a model where a fruit tree is planted in front of every house built. We understand that we excavate and remove vegetation as we erect our properties hence the need to replace vegetation.

Our Climate Change Strategy

Climate change is a global issue which has come to the fore of pressing development issues threatening the creation of a better life for the current and future generations. A world-wide consensus is that collective action and efforts are crucial in solving the greatest economic challenge of the 21st Century. We understand the science behind climate change, the main driver which is human socio-economic development, the benefits of addressing climate change and the risk of inaction. As such, the Group is stepping up actions to tackle the climate crisis by rethinking, reshaping and remodelling its business operations towards a more climate positive business approach. The urgent need to address climate change requires a collaborative approach between Government and private sector. FBCH recognizes the important role it has in flattening the emissions curve and commits to mainstreaming sustainable business practices in all operations.

Our Carbon Footprint

To accelerate action towards tackling climate change, countries are submitting more ambitious climate targets. Zimbabwe's revised Nationally Determined Contributions increased the initial emission reduction target from 33% to 40% and now covers all economic sectors. The attainment of this set target is hinged upon a nationwide collaborative approach to reduce emissions from individual, private sector players up to government ministries.

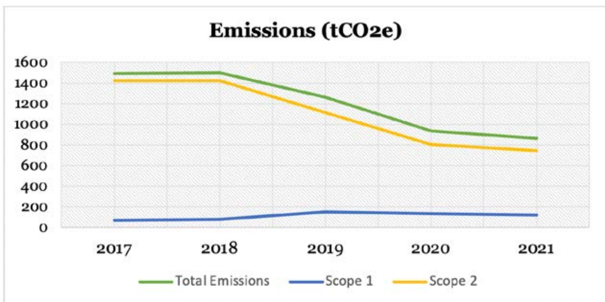


As an organization, we are compelled to play our role towards achieving the newly set emissions targets. As a starting point, we sought to understand, monitor and track our carbon footprint. Guided by the Greenhouse Gas (GHG) Protocol and the Department for Environment, Food and Rural Affairs (DEFRA), the Group has estimated its Scope 1 and Scope 2 emissions.

Scope 1 emissions refer to direct emissions resulting from combustion of fuel for the generation of electricity using generators and business travel in FBCH owned vehicles. Scope 2 emissions relate to the indirect emissions resulting from the consumption of purchased electricity within FBCH premises.

Emission Trend

In absolute terms, the overall GHG emissions of the Group have been declining since 2017. From 2019 to 2020, GHG emissions declined significantly by 25% as a result of the new normal of working from home. The Group is also carrying out several initiatives to reduce its carbon footprint as outlined within this section.



Our contribution to a sustainable and inclusive economy

Climate change has become a defining factor in reshaping modern finance. Investors are now compelled to recognise the far reaching effects of climate change more than ever before. Armed with an understanding of evolving stakeholders needs, the Group deliberately placed sustainability at the centre of its strategy. A flawless transition to a green, inclusive and sustainable economy cannot happen without the capital allocation role of the financial services sector. We have an obligation to design and deploy impactful financial solutions that address climate change.

Patricia Nyazenga - Divisional Director - Group Credit Management.

Our Portfolio

A lasting climate paradigm shift is hinged on the existence of sustainable and inclusive economy. Essential to this transition is a transformed and digitalized financial services sector which takes cognisance of stakeholder needs. The achievement of a sustainable and inclusive economic growth is critical in reducing poverty and eliminating systemic inequalities. The Group is committed to lead a financial services sector transformation which is stakeholder-centric and inclusive. We believe that it is our role to build a sustainable future for everyone through climate-aware debt and equity investments and ensuring availability, accessibility, awareness, adequacy as well as affordability of our product offering.

The Group is taking bold steps in realigning its business model to the modern, sustainable and profitable ways of doing business. With a revised and clear business strategy, FBC Holdings is committed to growing a resilient business that focusses on promoting even distribution of capital as well as reshaping livelihoods and business across the Zimbabwean populace. We have been broadening our reach to the under-served communities, particularly in the remote and rural areas of the country by reinventing our funding deployment models and criteria. To this end, the Group has the following products and services in place;

Agency Banking

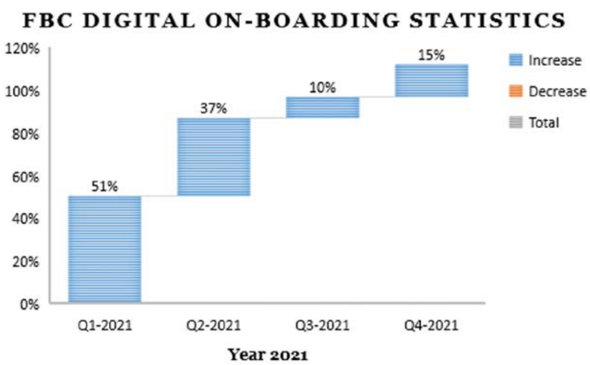
Physical representation remains a critical driver of the financial inclusion agenda. We increased our distribution network through well vetted and FBC registered agents to enhance access of our products and services particularly in the rural and marginalized areas. As at end of 2021, we had more than 600 registered agents in small towns and growth points across the nation. Our aim is to bring the services to the people, hand-hold them and listen to their concerns whilst on the ground.

KYC-Lite Account- Instant Cards

The Group continues to innovate as it seeks to make its services available to people regardless of varying income levels. The Instant Card is a low know-your-customer (KYC) account which is designed to specifically meet the financial needs of low income earners. This KYC-lite account has no maintenance charges making it affordable and convenient for the unemployed, youths and women. Currently, the Group has opened 174 399 (one hundred and seventy four thousand three hundred and ninety-nine) instant cards and has managed to keep the momentum of banking the unbanked.

Virtual Banking

The world is going digital and FBCH strives to be a digitally driven organization. The Group, launched a Virtual Unit which enables one to open different classes of personal bank accounts remotely and at any time. It our aim to give clients the convenience they need as well as to broaden the reach of financial services to all Zimbabweans regardless of location. The diagram below illustrates the quarterly percentage increases in the number of customers virtually on-boarded in the year 2021;



Zero-rated Mobile Applications

In the period under review, FBC Holdings recorded an increase in both downloads and usage of mobile applications. This is largely attributable to the zero-rated status of FBC applications as the Group sought to improve convenience to its valued customers. This move allows clients to use the following applications without using mobile data or Wi-Fi connection at any time of the day;

- FBC Mobile Moola
- FBC Internet Banking OBDX
- FBC Zipit Smart/Mobile Moola Merchant
- FBC Health
- FBC Mastercard
- FBC yakO! Agent Portal
- FBC yakO!

During 2021, the following application downloads and transactions volumes were made;

Application	Active Users	Number of Transaction/ Total Value	% increase in downloads
FBC Mobile Moola	501 856	39 714 860	101%
FBC Internet Banking OBDX		522 2227	25 %
FBC yakO!	11 538	1 530	32 %
FBC Prepaid App - MasterCard	39 550	405 706	28%
FBC Health	2 606	ZWL59.4 million (Gross Written Premium)	51%
FBC Zipit Smart/ Mobile Moola Merchant	50	ZWL2.7 million (sales)	N/A

Internet Banking

The Group is aware of how Covid-19 global pandemic has significantly impacted on the traditional ways of doing business and caused a shift from physical interface to digital services. In response to the new reality, the demand to access products and services through digital channels has dramatically increased. We upgraded internet banking to allow customers to easily and conveniently transact in the comfort of their homes without being exposed to Covid-19. The launch of “Noku” a digital online assistance bot helped provide 24/7 support to our valued clients.

Toll free Call Centre

The Group has a 24/7 call centre which can be accessed through the zero-rated mobile moola application or toll-free number. The Group’s toll free call centre allows clients from all walks of life to get real-time assistance from our call centre agencies.

Women Empowerment Fund

Women and youths are the most disadvantaged and excluded Group of people when it comes to accessing loans and financial services. To cater for women, the Reserve Bank of Zimbabwe in 2017 established a Women Empowerment Fund to support women-owned and managed projects. As one of the selected financial institution, the Group, through FBC Bank, received its fair share for onward disbursement and had a US$300 000 debt portfolio which expired in 2021.

Rural Financing Facility

Rural households face a lot of constraints when it comes to accessing lines of credit as they are perceived to be high risk clients without any collateral. However, in a country where agriculture is the backbone of the economy and subsistence farming contributes significantly to the livelihoods of rural communities, access to finance remains critical in enhancing livelihoods and financial well-being. In light of the aforementioned issues, our microfinance subsidiary modelled a loan product to cater for rural subsistence farmers.

The FBCH Digital Transformation Thrust

At FBCH, we view digital transformation as a state of perpetual agility which enables us to timely and proactively respond to stakeholder needs. Through digitalisation, the Group aims to create a change-ready organisation that embraces and responds to market dynamics. For us to build a resilient and dependable institution, we need to keep reinventing and pivoting our systems and processes. We have been walking the journey for the past 4 years, encountered stumbling blocks but emerged victorious, we are here today stronger than ever before and with a renewed momentum.

The core digital transformation objectives of cost compression, improving customer experience and driving inclusion internally and externally as well as complement national efforts to contain the spread of Covid-19. The Group is continually capacitating Xarani, the Fintech business unit, as it strategically repositions itself in the wake of Covid-19.

Fintech Development

The advent of Covid-19 accelerated the adoption and demand of relevant solutions which in turn increased the speed at which solutions were developed, accepted and improved on. Key innovations, during the period under review were in the following areas:

Retail Digital On-boarding

Following the enablement of digital on-boarding on the primary banking accounts in 2021, the Group expanded the set of products that use the platform. These developments necessitated the upgrade of the core digital on-boarding backend. Digital on-boarding through the FBC Virtual business brand will improve the Group's reach and customer convenience which are key to driving financial inclusion.

Retail Digital Loan On-boarding

The Group has enabled an end-to-end digital loan on-boarding across its lending subsidiaries namely FBC Bank, FBC Building Society and Microplan is due for launch. With the reduction in information asymmetry the Group should be able to improve loan underwriting especially for previously excluded segments.

Digital Identity and KYC

Our Fintech business is the leading identity and KYC provider in the local market having enabled various key application programming interfaces (APIs). The financial service and adjacent markets are already accessing these and related technology services from Xarani to the benefit of the whole economy. We are proud to have supported the verification of Covid-19 cash grants beneficiaries.

Internal Process Automation

Apart from various optimization initiatives on the transformation programme, many other internal and external processes were spontaneously automated and or digitized in one form or another in response to the lockdown limitations and general transmission precaution. The Group managed to enable digitalized leave management as the first deliverable of many towards a digital human resource management system. Board evaluation processes are set for dematerialization in early 2022, complimenting the Group efforts to cut paper usage and related costs.

The Group is broadening the access to stock market investment through adding functionality via the mobile platform, a development that is expected to increase the share of retail placements to meaningful levels. Only 1% of the adult population are involved in share trading, leaving 99% excluded. Using the low cost and wide reach channel will be inclusive whilst keeping the carbon generation low. The service should commercially go live by mid-year 2022.

Information Security

The highly digitalised operating environment, in the context of digital transformation and the response to Covid-19, has seen Cyber Security changing and cyber-attacks continuing to expand in scale and scope heightened by the introduction of remote working. As such the viability and profitability of FBC Holdings is in strict connection to the ability to tackle and update information asset protection on an on-going basis. This has seen FBC Holdings reorganise the duty of care around cyber security by adjusting its Information Security portfolio to have more dedicated and specialised teams that provide better response to the ever evolving threat-landscape.

The proposed organizational dynamics for Information Security aim to strengthen the organization's capacity to assure holistic protection of customer data against malicious cyber activities. The revised model, takes into consideration the basic security principles, practical realities and the challenges of digital transformation matching it to the information security program, enterprise strategy and digital business requirements.

Admittedly, evidence at hand has shown a growing trend in cyber risk threats in the financial services sector. The increasing sophistication, frequency and persistence of cyber risks remains a growing concern to authorities and key stakeholders as it threatens to reverse the positive achievements to date. As such, we are seeing more and more regulations and guidelines being adopted at national level which seek to outline the minimum requirements that financial institutions shall build upon in the development and implementation of their cyber security strategies. We are pleased to advise of the improved compliance levels around the frameworks coming from the central bank. FBC Holdings is prepared to incorporate guidelines the newly introduced Data Protection Act into its digital operations. Already, the Group has implemented Data Leakage Protection technical tools amongst other Some prescribed processes.

As more of cloud native services and solutions were being adopted, FBCH introduced its third party risk management framework to guide the increasing business partnership, from a cyber-security perspective. The framework is complimented by automated security monitoring tools that include log management.

Impact of Covid-19 on Fintech Development

For the longest time digitalization has been at an inflection point without taking the critical leap for scale. Covid-19 has been the unfortunate but effective trigger for change in the way people work and do business across the whole world. The financial service sector has had to embrace financial technology as the only realistic option to mitigate the spread of Covid-19 and stay competitive in the long-term. This development has resulted in more bank-fintech collaborations unlike prior to the pandemic. Below is summary of the key trends observed during the 2021 reporting period;

- Accelerated demand, adoption and commercialisation of relevant e-solutions.
- The pandemic necessitated the establishment of a collaboration framework by the regulator which saw the launch of a regulator-led Fintech Sandbox Guideline.
- The market quickly switched to contactless payments to limit the transmission of the virus.
- There was and still an urgency to recruit and develop digital and related skills across the board.
- The is a considerable flow of capital towards sustainable digital ways of doing business.

The Group had a fair share of its challenges as it sought to quickly adapt to the Covid-19 driven changes in the business environment. Due to the global technical skills shortage and the subsequent migration of skilled labour to other countries, we experienced some turnover especially in the technical departments. However, the Group quickly stepped up and implemented various staff retention strategies as it sought to ensure continued delivery of these critical services.

Our Digital Roadmap

As any organization that aims to deliver sustainable impact and returns, we are committed to stay true to our purpose, be adaptable and focus on the long-term. Understanding that digitalisation created new market segments, increased global reach and diversification of current product lines, the Group targets to increase collaboration through an ecosystem approach which is anticipated to have a greater economic and social impact.

Corporate Governance, Risk and Compliance

''Without a strong policy framework and appropriate controls, bribery and corruption become a foundation upon which societal imbalances are born. They bring in decay in moral fibre and operations of any organisation, and negatively affect the organisation itself, the society and the country. It is always pertinent for every organisation to embed ethical business principles in their policies and corporate strategy for sustainability. **- Dr Matsvimbo Dida - Senior Forensic Auditor.**

Corporate Governance

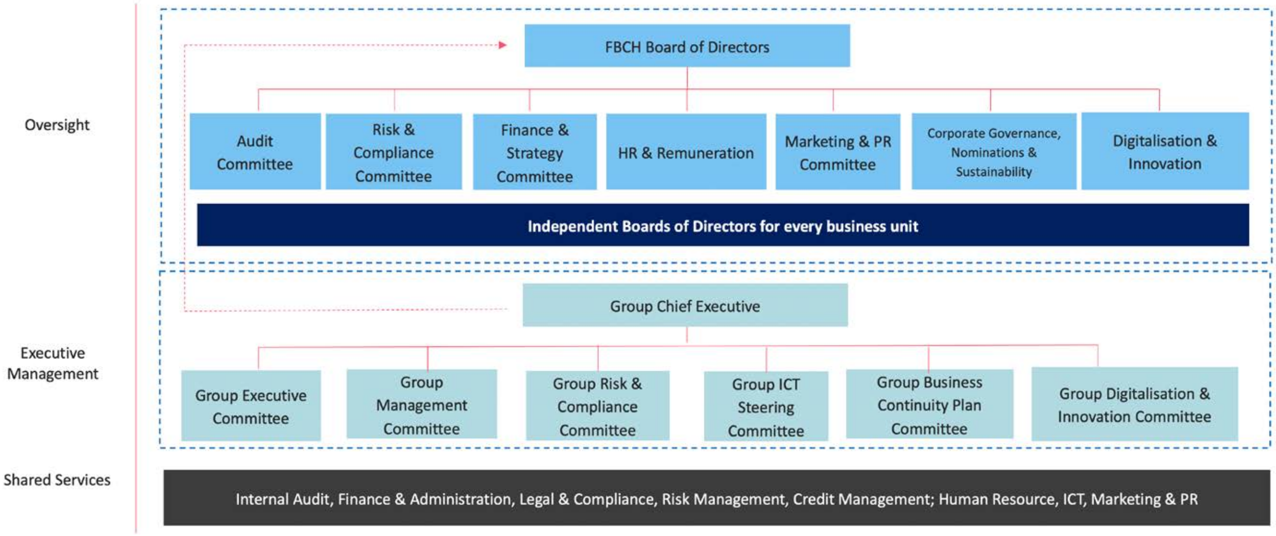
FBC Holdings' corporate governance philosophy is premised around three key pillars namely integrity, transparency and accountability. The Board, Management and staff are committed to uphold exceptional standards of moral strength. The Board is the ultimate decision making body and reserves specific powers to delegate some of its roles to the management. Amongst the FBCH Board's mandate is to ensure the following:

- Compliance with the law and principles of corporate governance.
- Business is done with integrity, honesty, fairness and respect for human rights.
- Sustainability is considered as a basis for policy formulation.
- Diverse cultures and traditions are respected.

The Board has recommended the adoption of an integrated sustainability strategy which is driven from the Group Chief Executive's office. The Group deliberately chose to have a risk-based and corporate social responsibility (CSR) focus as part of its sustainability strategy. The overall Group business strategy is informed by this sustainability strategy going forward.

Our overall strategy is guided by clear, compelling and ESG aligned mission, vision, payoff line and business principles which is at the heart of FBCH's efforts to environmental and societal enrichment.

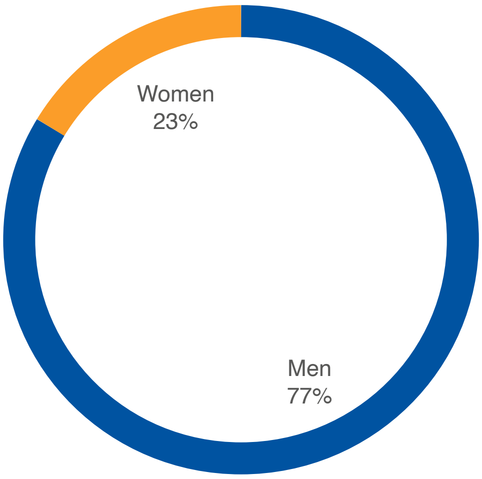
FBC Holdings Corporate Governance Structure



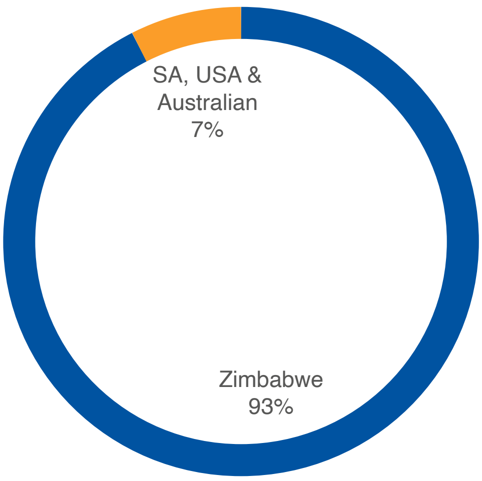
Board Effectiveness

At FBCH, we believe that effectiveness of the Board is informed by diversity of genre, personality, opinion, gender, experience and even geography. Diversity enhances the quality of the Board as it always brings together specific expertise and potential for innovation. The Group has a diversified architecture and we have made efforts to ensure that we have the right representation in our Board to better reflect stakeholder interests. The statistics below relate to all directors within the Group and its subsidiaries;

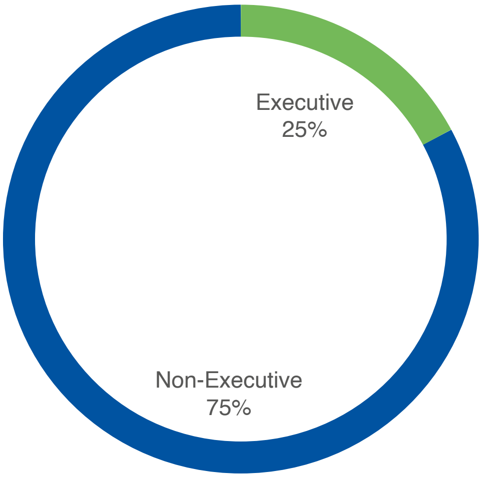
Composition by Gender



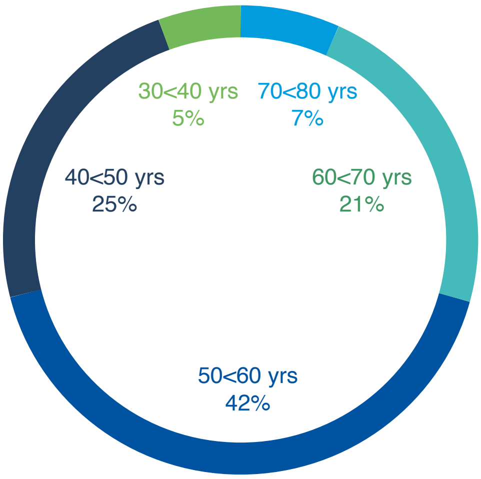
Composition by Geography



Executive & Non-executive Directors



Age



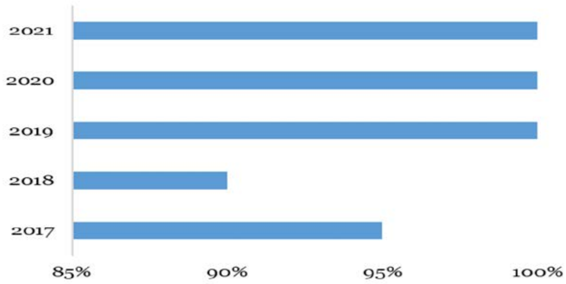
Whilst independence is a critical component of the FBCH Board, structured access to information is equally fundamental. We have an independent Board with an independent non-executive director chairmanship and have also carefully designed our engagement channels to ensure that the same Board is well-informed of the Group's key value drivers and strategy. By allowing Board-senior management interactions, we propagated a culture where discussions are always rich and challenging. Our Board has the mandate to intimately track risks and opportunities, stakeholder evolution, regulatory changes as well as any other market dynamics so as to have any independent judgement and proactively provide strategic direction.

Anti-bribery & Corruption

The Group recognizes that bribery and corruption adversely affect communities wherever they occur. The repercussions of bribery and corruption have the ability to impede economic development and undermine accountability, threaten laws, democratic processes and basic human freedoms as well as impoverish communities.

The FBCH Anti-Fraud & Corruption Policy ensures that we maintain zero tolerance to fraud, bribery, collusion, extortion and any other unethical conduct. The principles outlined in this policy extend to all staff members, contractors, agents, suppliers, service providers and other third parties acting on behalf of FBC Holdings. The Group is committed to identifying potential and suspected cases through the implementation of a robust policy framework.

Fraud Awareness Statistics (as % of total staff complement)



Whistle Blowing

The Group encourages all employees to report any suspicious or actual policy breaches without fear of being victimized. It has an established robust policy framework and appropriate channels where employees can disclose unethical conduct and criminal behaviour at the workplace and reviews are done regularly.

Deloitte, as one of our partners in whistle-blowing, offers completely independent and confidential reporting hotline services that operate 24 hours a day, seven days a week and 365 days a year. The FBCH Whistle Blowing guidelines, as outlined in the Group Anti-Fraud, Bribery & Corruption policy, together with the Deloitte Tip-Off Anonymous platform promotes anonymity and employee disclosure protection. Employees are also guaranteed protection against victimisation. The Group ensures that all employees are conversant with whistle blowing principles and the policy is always readily available for reference. The same principles are communicated to our clients, service providers, suppliers and other stakeholders. Apart from anonymous tip-offs made through Deloitte, the Group also has an internal whistleblowing platform where informants can contact Internal Audit directly. Their confidentiality is also guaranteed and the Group is satisfied by staff confidence in utilizing both systems as depicted on platforms utilisation statistics below.

Reporting Mechanism

	Frequency of Reports Received			
	2021	2020	2019	2018
Internal Whistleblowing	5	6	3	3
Deloitte's Tip-Offs Anonymous	5	3	13	9
Total	**10**	**9**	**16**	**12**

Compliance

The period under review continued to see the promulgation of various Statutory Instruments induced by the onset of the Covid-19 pandemic and other market trends. The Group maintains its zero-tolerance to non-compliance philosophy and ensures that all legal and regulatory developments are closely tracked and relevant implementation are timeously rolled out. Below is a summary of major compliance issues in 2021.

Act/Notice/Statutory Instrument	Description
General Notice 371A of 2021 being the Exchange Control (Suspension of Fungability of Shares) Order 2021	This notice relates to the suspension of the fungability of shares namely for Old Mutual and PPC Limited for twelve (12) months.
SI 127 of 2021 the Presidential Powers (Temporary Measures) (Financial Laws Amendment Regulations)	SI 127 amended the Exchange Control Act and Bank Use Promotion and Suppression of Money Laundering Act and introduced civil penalties to be administered by the RBZ and FIU with a view to stabilize the exchange rate.
Data Protection Act of 2021 [Chapter 11:22]	Fosters the creation of a technological driven business environment and lawful use of technology
SI 228B of 2021 Public Health (Covid-19 Prevention, Containment & Treatment) (National Lockdown) (No.2) (Amendment) Order, 2021	Sought to outline Covid-19 prevention, containment and treatment procedures and safeguards at national level.

Sustainability Report (Continued)

Act/Notice/Statutory Instrument	Description
Finance Act Number 7 of 2021	The Finance Act was amended to detail the review of income tax brackets, levying of penalties for entities and individuals who abuse foreign currency obtained from the RBZ Foreign Currency Auction System. It also covered the resolution on blocked funds for legacy debts which now fall under the purview of the Minister of Finance instead of RBZ.
Increase in Minimum Deposit Rates for Savings and Time Deposits	A resolution was passed by the Monetary Policy Committee to review minimum deposit rates for ZWL savings and time deposits from 5% and 10% per annum to 7.5% to 20% per annum respectively.
Securities Settlement Procedures	The Securities and Exchange Commission of Zimbabwe (SECZ) issued a directive with reviewed procedures focussed on facilitating an effective and efficient securities settlement system.

Financial Crime Compliance - Zimbabwe Grey Listing

In 2019, the country made a commitment to work with the Financial Action Task Force (FATF) as well as Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to strengthen the effectiveness its regime to counter money laundering, terrorist financing, and proliferation financing and address any related technical deficiencies.

Zimbabwe has had its first plenary session with FATF in October 2021 with FAFT highlighting an initial determination that Zimbabwe has substantially completed its action plan and warrants an on-site assessment to verify that the implementation of Zimbabwe's AML/CFT reforms. The conclusive onsite inspections, expected to be conducted later this year, will determine if the country is still subject to further increased monitoring or not. As the regulator works on implementing risk-based supervision for financial institutions, ensuring development of adequate risk mitigation measures and other targets as outlined Zimbabwe's action plan, the Group has been and is committed to continue complying with all requirements.

Financial crime is continually evolving. From time to time, the expectations of regulators and global investment partners are increasing and this requires a similarly proactive and agile approach from FBC Holdings. Our fully-fledged Compliance and Legal Department monitors legal and regulatory compliance across all subsidiaries. In addition, the Group relies on all employees to manage compliance risk. FBCH has deliberately adopted a philosophy which makes everyone a risk manager.

External Recognition & Awards

FBC Holdings Limited strives to achieve excellence in all its business operations and ensure that all products and services are fit for the intended purpose. In 2021, the Group received external corporate recognition from various organisations and industry associations as well as several business awards ranging from innovation, Corporate Social Responsibility (CSR), Governance, resilience among other categories. These awards bear testimony to FBCH's commitment towards provision of quality, seamless and relevant products and services to the communities we serve. They are also an endorsement of the hard work and dedication of our employees in delivering an exciting experience to our stakeholders and the confidence our customers have in the FBCH brand. For the sterling work done by FBCH in the year under review, the following recognitions and awards were accorded:

- FBC Holdings - Top Covid-19 Supporting Organisation of the Year - Zimbabwe National Environment, Responsible Business & CSR Awards.
- FBC Bank - Best Digital Innovation of the Year Award - Banks and Banking Survey.
- FBC Bank - Best Digital Bank - Digital Banker Africa.
- FBC Bank - Best Mobile Banking App - Digital Banker Africa.
- FBC Bank- 1st Runner Up -Overall Best Corporate Governance Disclosure in Banking Institutions.
- FBC Bank - 1st Runner Up Overall Best Board Corporate Governance Practices.
- FBC Bank - 1st Runner Up Best Risk Management Disclosure.
- FBC Re-Reassurance Company of the Year Award - Zimbabwe Independent Insurance Survey and Awards.

- Microplan - 1st Runner Up Most Resilient MFI of the Year Award - The Zimbabwe Association of Microfinance Institutions (ZAMFI).
- Microplan - 1st Runner Up Service Excellence Award in the Microfinance Sector Contact Centre Association of Zimbabwe (CCAZ).
- FBC Building Society - Best Private Infrastructure Funding Institution - Renaissance Global.

Our Business Associations

We appreciate the prevalence of challenges and obstacles that we cannot address alone. In this context, the Group does not operate in isolation. FBC Holdings has a number of business associations which exist in the form of regional and local partnerships as well as sectoral business associations. Through these associations we can easily grow businesses locally, expand into new markets and remain competitive in an increasingly evolving and complex global marketplace. Amongst others, these business associations include;

- Bankers Association of Zimbabwe (BAZ)
- Zimbabwe Association of Reinsurance Offices (ZARO)
- Organization of Eastern and Southern Africa Insurers (OESAI)
- Stock Brokers Association of Zimbabwe (SBOAZ)
- African Union for Housing Finance (AUHF)
- Zimbabwe Association of Micro-Finance Institutions (ZAMFI)
- Southern Africa Climate Finance Partnership

By supporting our employees as they pursue various professional qualifications, we gain representation through their associations. Our employees are members to the following institutions;

- The Southern African Climate Finance Partnership (SACFP)
- Institute of Bankers Zimbabwe (IOBZ)
- Chartered Institute of Management Accountants (“CIMA”)
- CFA Institute (“CFA”)
- Institute of Chartered Accountants Zimbabwe (“ICAZ”)
- Association of Chartered Certified Accountants (“ACCA”)
- Institute of Chartered Secretaries and Administration of Zimbabwe (“ICSAZ”)
- Institute of Chartered Tax Accountants (“ICTA”)
- Institute of Personnel Management of Zimbabwe (“IPMZ”)
- Marketers Association of Zimbabwe (“MAZ”)
- Institute of Insurance of Zimbabwe (“IIZ”)
- Institute of Internal Auditors of Zimbabwe (“IIAZ”)
- Project Management Institute of Zimbabwe (“PMIZ”)
- Law Society of Zimbabwe (“LSZ”)
- Institute and Faculty of Actuaries (“IFoA”)
- Banking Working Group - International Actuarial Association(“IAA”)
- Actuarial Society of Zimbabwe (“ASZ)

Sustainability Report (Continued)

Our Value Creation Pillars

Human Capital

FBCH fully recognises the role that is played by our Human Capital in achieving and realizing our business goals and targets.

Purpose	Impact	SDG
Hiring and Talent Retention	• Staff retention rate of 96.5% against a projected 95% over the past year.	8 DECENT WORK AND ECONOMIC GROWTH
Training and Development	• 1% of staff cost amounting to ZWL14.7 million against the budget of ZWL5.4 million.	8 DECENT WORK AND ECONOMIC GROWTH
Diversity and Inclusivity	• 42% female employees across FBCH, FBC Insurance leading the line with 56%. • We have streamlined meritocracy in our appraisals whereby recognition and reward are based on nothing other than value added to the Group by the individual.	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Wellness and Health initiatives	• A holistic approach to employee Health, Safety and Wellness remained key to our strategy with a number of trainings focusing on mental and physical wellness during this tough pandemic. • Employee Health and Safety throughout all our operations remains a core focus of FBCH and provision of adequate personal protective equipment/ clothing is key to achieving this. • To avert the risk of Covid-19, regular fumigation exercises were carried at all our premises to create a safe working space for our employees.	3 GOOD HEALTH AND WELL-BEING

Technological Capital

The Group continuously adopts and develops modern digital tools in a journey to offer unbeatable financial services.

Purpose	Impact	SDG
Incorporation of a Fintech subsidiary- Xarani	• The introduction of Xarani accelerated technological developments within the Group to increase our reach and accessibility across multiple platforms improving our customer experience.	8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS
Increasing access through attaining Zero-Rating status for all FBCH mobile applications.	• Achieving Zero rated status allowed our digital presence to grow as an organization. We achieved greater reach through multiple banking platforms. • Cumulative digital on-boarding numbers in excess of 80 000 new customers.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Digitalisation of key internal processes	• Digitalisation of key internal processes increased business efficiency during the pandemic, resulting in increased productivity and customer satisfaction.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Sustainability Report (Continued)

Social Capital

The Group is committed to protecting and developing its valued communities, towards attaining sustainability.

Purpose	Impact	SDG
Taking responsibility for our communities	• Invested more than ZW$24 million in CSR initiatives. • Sponsored and participated in the Zimpapers Cancer Power Walk. • More than 800 high density housing units developed in Kuwadzana.	11 SUSTAINABLE CITIES AND COMMUNITIES
Commitment to youth education and development	• The Group offers scholarships to tertiary underprivileged students across the regions to pursue their studies in local and external Universities. • FBCH offers employment for student attachés and graduate trainees to equip them with professional skills.	4 QUALITY EDUCATION
Ensuring wellness for our staff members	• Frequent hosting of wellness virtual workshops which are open for every staff member. • Introduction of quarterly cost of living adjustments for members of staff.	3 GOOD HEALTH AND WELL-BEING

Natural Capital

Purpose	Impact	
Limiting our direct environmental footprint	• Significant reduction in banking transaction paper usage which is attributed to the Going Paperless Initiative. • Intensification of the waste paper recycling programme through a licensed waste paper recycling company (12.4 tonnes in 2021, 1.4 tonnes in 2020 & 4.5 tonnes in 2019).	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Mainstreaming Climate Finance	• Adoption of the Purpose Statement and High Impact Goals which focussed on creating a clean, inclusive and habitable planet. • Review of the ESG policy in line with the climate change requirements and expectations. • Launch of a quarterly internal magazine(The green Bulletin) meant to keep staff members equipped with relevant climate information.	13 CLIMATE ACTION
Responsible investment	• Debt and Equity investments in renewable energy. • Installation of solar geysers at the Fountaine Ridge Housing Project. • Installation of a 22KW rooftop solar system at Chinhoyi branch. • Development of the solar energy loan facility to offer home owners an alternative to the unreliable national grid electricity.	7 AFFORDABLE AND CLEAN ENERGY
Environmental Stewardship	• Participation in the national tree planting day. Senior Management and staff members planted 70 fruit trees and 10 indigenous trees.	15 LIFE ON LAND

As FBCH we prioritise responsible utilization of our natural environment throughout our business operations.

Sustainability Report (Continued)

Intellectual Capital

FBCH thrives to continuously develop its human and technological assets which offer improved convenience to our valued customers.

Purpose	Impact	SDG
Support & nurture young talent	• Completion of 2 classroom blocks at Charleswood Primary School . • 20 student Bursaries in 2021 (local and international).	11 SUSTAINABLE CITIES AND COMMUNITIES
Developing talent within the organisation	• Continuous development through virtual training workshops. All employees received training in various fields during the period under review.	4 QUALITY EDUCATION
Responsible lending and investment	• Alignment of the Group credit policy with Sustainable Development Goals and the reviewed ESG policy. • Establishment of the Climate Finance Department meant to spearhead ESG practices across the organisation. • Training of the EXCO, MANCO and staff member on ESG related issues.	17 PARTNERSHIPS FOR THE GOALS

Financial Capital

Value Added Statement

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Net interest income	5 094 824 228	2 738 536 612	4 219 833 531	1 156 490 988
Net fee and commission income	3 358 034 008	1 961 991 198	2 720 591 699	838 656 018
Net income from property sales	260 507 760	7 742 532	130 272 951	3 863 887
Net earned insurance premium	1 777 441 058	1 357 532 804	1 266 689 518	469 151 403
Total other income	7 417 000 343	7 030 341 331	7 987 363 813	4 740 552 062
Economic value generated	**17 907 807 397**	**13 096 144 477**	**16 324 751 512**	**7 208 714 358**
Administrative expenses	(4 433 167 566)	(3 921 673 290)	(3 429 152 072)	(1 543 745 342)
Employee wages and benefits	(4 519 718 260)	(3 280 879 375)	(3 970 847 431)	(1 540 908 574)
Commissions and claims paid	(936 824 433)	(887 707 783)	(728 682 550)	(356 200 375)
Income tax expense	(610 618 198)	(126 919 270)	(844 386 292)	(400 887 352)
Community investments	(26 983 458)	(34 310 586)	(21 269 685)	(16 134 522)
Economic value distributed	**(10 527 311 915)**	**(8 251 490 304)**	**(8 994 338 030)**	**(3 857 876 165)**
Economic value retained	**7 380 495 482**	**4 844 654 173**	**7 330 413 482**	**3 350 838 193**

Directors' Report

The Directors have pleasure in submitting the annual report and financial statements, for the financial year ended 31 December 2021, for FBC Holdings Limited.

ACTIVITIES AND INCORPORATION

FBC Holdings Limited (''the Company'') and its subsidiaries (together "the Group") are incorporated and domiciled in Zimbabwe. The Group comprises of five wholly-owned subsidiaries and one subsidiary controlled 95%. The Group, through its subsidiaries, provides a wide range of commercial banking, mortgage financing, short term reinsurance, short term insurance, stockbrocking, micro financing and other related financial services.

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital of the Company was 800 000 000 ordinary shares of a nominal value of ZWL0.00001 each as at 31 December 2021. The issued and fully paid ordinary shares remained at 671 949 927 ordinary shares of ZWL0.00001 with no movements during the year. The details of the authorized and issued share capital are set out in note 19.3 of the consolidated financial statements.

RESERVES

The Group's total shareholders' equity attributable to equity holders of the parent as at 31 December 2021 was ZWL14 352 992 638 (2020: ZWL8 165 708 353).

FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
The results reflected a profit before income tax for the year of	4 951 344 631	2 564 155 399	7 715 527 914	3 614 265 026
Income tax expense	(610 618 198)	(126 919 270)	(844 386 292)	(400 887 352)
Profit for the year	**4 340 726 433**	**2 437 236 129**	**6 871 141 622**	**3 213 377 674**
Equity holders of the parent	4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
Non-controlling interest	2 002 196	2 810 250	3 291 642	1 684 288
	4 340 726 433	**2 437 236 129**	**6 871 141 622**	**3 213 377 674**

DIRECTORS' INTERESTS

As at 31 December 2021, the Directors' interest in the issued shares of the Company directly or indirectly is shown below:

Directors' shareholding Number of shares	**Direct holding**	**Indirect holding**	**Total**
H. Nkala (Group Chairman)	-	410 339	410 339
J. Mushayavanhu (Group Chief Executive)	142 241	44 998 925	45 141 166
T. Kufazvinei (Executive Director)	35 114	22 756 547	22 791 661
W. Rusere (Executive Director)	5 000	8 500 519	8 505 519
C. Mtasa (Non-Executive Director)	10 000	-	10 000
	192 355	**76 666 330**	**76 858 685**

The other directors have no shareholding in the Company.

Directors' Report (Continued)

CAPITAL ADEQUACY

The following subsidiaries have their capital regulated by the regulatory authorities:
FBC Bank Limited, FBC Building Society and Microplan Financial Services (Private) Limited are all regulated by the Reserve Bank of Zimbabwe ("RBZ"). 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 capital position for these subsidiaries is detailed in the table below;

Company	Regulatory Authority	Minimum capital required US$	Minimum capital required ZWL	Discounted capital ZWL	Total equity ZWL
As at 31 December 2021					
FBC Bank Limited	RBZ	30 000 000	3 259 980 000	5 503 063 672	7 496 905 646
FBC Building Society	RBZ	20 000 000	2 173 320 000	2 433 035 168	3 175 267 012
FBC Reinsurance Limited	IPEC		150 000 000	1 169 766 287	1 169 766 287
FBC Securities (Private) Limited	SECZ		150 000	102 553 687	102 553 687
FBC Insurance Company (Private) Limited	IPEC		37 500 000	428 576 366	428 576 366
Microplan Financial Services (Private) Limited	RBZ	25 000	25 000	96 859 762	96 859 762
As at 31 December 2020					
FBC Bank Limited	RBZ	30 000 000	2 453 598 000	1 998 606 121	3 069 555 765
FBC Building Society	RBZ	20 000 000	1 635 732 000	368 187 450	726 841 681
FBC Reinsurance Limited	IPEC	-	150 000 000	503 092 516	503 092 516
FBC Securities (Private) Limited	SECZ	-	150 000	12 456 815	12 456 815
FBC Insurance Company (Private) Limited	IPEC	-	37 500 000	211 048 135	211 048 135
Microplan Financial Services (Private) Limited	RBZ	25 000	2 044 665	35 900 135	35 900 135

At 31 December 2021, the banking subsidiary's capital adequacy ratio computed under the Reserve Bank of Zimbabwe regulations was 19% and that of the building society was 40%, against the statutory minimum ratios of 12%. The respective capital adequacy ratios are determined as illustrated below.

FBC Bank Limited capital adequacy ratio	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Ordinary share capital	1 148 818 480	1 148 818 480	18 502 313	18 502 313
Share premium	819 451 459	819 451 459	13 197 687	13 197 687
Retained profits	4 682 658 207	2 592 834 225	5 746 945 751	2 275 235 687
General reserve	-	-	-	-
Capital allocated for market and operational risk	(1 710 686 203)	(1 556 841 151)	(1 710 686 203)	(968 563 174)
Advances to insiders	(275 582 079)	(495 600 257)	(275 582 079)	(308 329 567)
Tier 1 Capital	4 664 659 864	2 508 662 756	3 792 377 469	1 030 042 946
Other reserves	943 688 279	415 311 700	1 718 259 895	762 620 077
Tier 1 and 2 Capital	5 608 348 143	2 923 974 456	5 510 637 364	1 792 663 023
Tier 3 capital allocated for market and operational risk	1 710 686 203	1 556 841 151	1 710 686 203	968 563 174
	7 319 034 346	**4 480 815 607**	**7 221 323 567**	**2 761 226 197**
Risk weighted assets	**38 304 907 355**	**37 175 385 043**	**38 304 907 355**	**23 128 055 736**
Tier 1 ratio (%)	12%	7%	10%	4%
Tier 2 ratio (%)	2%	1%	4%	3%
Tier 3 ratio (%)	4%	4%	4%	4%
Capital adequacy ratio (%)	**18%**	**12%**	**18%**	**11%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

Directors' Report (Continued)

FBC Building Society capital adequacy ratio	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
Share capital and share premium	1 769 910 128	699 549 136	1 081 627 589	11 266 599
Accumulated surplus	1 231 232 425	544 626 917	1 351 407 579	356 920 851
Capital allocated for market and operational risk	(169 902 112)	-	(140 880 690)	-
Tier 1 Capital	2 831 240 441	1 244 176 053	2 292 154 478	368 187 450
Revaluation reserves	399 634 232	258 955 211	742 231 844	358 654 231
Tier 1 and 2 Capital	3 230 874 673	1 503 131 264	3 034 386 322	726 841 681
Tier 3 capital allocated for market and operational risk	169 902 112	-	140 880 690	-
	3 400 776 785	**1 503 131 264**	**3 175 267 012**	**726 841 681**
Risk weighted assets	**8 510 016 037**	**3 760 805 589**	**7 091 680 031**	**2 100 291 145**
Tier 1 ratio (%)	33%	33%	32%	18%
Tier 2 ratio (%)	5%	7%	10%	17%
Tier 3 ratio (%)	2%	0%	2%	0%
Capital adequacy ratio (%)	**40%**	**40%**	**44%**	**35%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

On the 22nd of January 2020, the Reserve Bank of Zimbabwe released a statement containing resolutions made by the Monetary Policy Committee (MPC). One of the resolutions concerned revised minimum capital requirements for banking institutions. The MPC noted the need for banks to hold sufficient capital to ensure continued stability and soundness of the financial services sector, as well as ensuring that banks continue to be able to underwrite financial transactions that are necessary for improving production and productivity. In this regard, minimum capital requirements for banking institutions were reviewed by the Reserve Bank of Zimbabwe to ZWL equivalent of the US$ 30 000 for FBC bank and US$20 000 for FBC building society. Compliance with these new capital levels was expected by 31 December 2021. As at 31 December 2021 both the bank and the building society met these prescribed capital levels using the exchange rate prevailing as at 31 December 2021.

DIVIDEND

Final dividend of 148,82 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 31 March 2022 in respect of the year ended 31 December 2021. The dividend is payable to Shareholders registered in the books of Company at the close of business on Wednesday 14 April 2022. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of Monday 11 April 2022 and ex-dividend as from 12 April 2022. Dividend payment will be made to Shareholders on or about 22 April 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Group and Company financial statements in accordance with applicable laws and regulations. Companies and Other Business Entities Act (Chapter 24:31) requires the directors to prepare Group and Company financial statements for each financial year. The Group and Company financial statements are required by law and International Financial Reporting Standards (IFRSs) to present a true and fair view of the financial position of the Group and the parent Company and the performance for that period; the Companies and Other Business Entities Act (Chapter 24:31) provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation. In preparing each of the Group and Company financial statements, the directors are required to:

* select suitable accounting policies and then apply them consistently;
* make judgments and estimates that are reasonable and neutral;
* state whether they have been prepared in accordance with IFRSs; and
* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at anytime the financial position of the Group and the Company and enable them to ensure that its financial statements comply with the applicable legislation. They have general responsibility for taking such steps as are reasonably open to them to safe guard the assets of the Group and to prevent and detect fraud and other irregularities. The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

1. Compliance with legislation

These financial statements, which have been prepared under the historical cost convention (except for fair value measurements where applicable), are in agreement with the underlying books and records and have been properly prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07) Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29) the Companies and Other Business Entities Act (Chapter 24:31) and the relevant regulations made thereunder, and the relevant Statutory Instruments (SI) SI 62/96, SI 33/99,SI 33/19 and SI 142/19.

2. Compliance with IFRSs

The financial statements are prepared in full compliance with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC). Complying with IFRSs achieves consistency with the financial reporting framework adopted. Using a globally recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

3. Going concern

The Board has satisfied itself that the group and company have adequate resources to continue in operation for the foreseeable future despite the advent of Covid-19 pandemic.

The Group has taken several steps to further strengthen its financial position and maintain liquidity and flexibility. The Group is undertaking the following initiatives to manage the challenges brought about by this pandemic: suspending unnecessary capital expenditure, reviewing operating expenses, concentrating on digital delivery channels, revamping agency banking, restructuring of previous performing facilities taking into account the extent clients are secured and have been affected by the Covid-19 outbreak, adjusted certain aspects of our operations to protect our employees and customers while still meeting customers' needs for financial services. The Group's e-commerce business and delivery channels have not been affected in terms of delivering service to our customers although the volume of transactions and revenues are expected to continue being disrupted by the countrywide lockdowns which continue to limit business activity.

As at the end of February 2022, our Group operations were in line with the Budget and had adequate liquidity for operations. The Group is leveraging on its Group financial position which had adequate cash resources as the end of February 2022 to preserve its financial flexibility in the uncertain environment. The Group currently believes that it has adequate liquidity and business plans to continue operating using e-commerce to mitigate some of the risks associated with COVID-19.

The Group continues to evaluate the potential short-term and long-term implications on the consolidated financial statements. The potential impacts include, but not limited to: impairment of loans and advances, impairment of property and equipment and operating lease right of use assets related to the company's branches, fair value of financial assets and other investments, valuation of inventory, capacity to meet foreign obligations, net interest income, levels of non-funded income and expenses.

As a result of this satisfaction, the group and company financial statements have accordingly been prepared on a going concern basis. The annual financial statements for the year ended 31 December 2021 set out on pages 75 to 204 were approved by the Board of Directors on 31 March 2022.

Independent Auditor

Messrs. KPMG have expressed their willingness to continue in office and shareholders will be asked to confirm their re-appointment at the forthcoming Annual General Meeting.

By order of the Board

Tichaona K. Mabeza
SECRETARY

31 March 2022

Preparer of Financial Statements

These annual financial statements have been prepared under the supervision of Trynos Kufazvinei (Group Finance Director) and have been audited in terms of the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe.

Trynos Kufazvinei CA(Z)
PAAB Number : 00293

Company Secretary's Certification

Tichaona K. Mabeza
Group Company Secretary

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by a public company in terms of the Companies and Other Business Entities Act (Chapter 24:31) of the Republic of Zimbabwe, and that all such returns are true, correct and up to date.

Tichaona K. Mabeza
Group Company Secretary

31 March 2022

Board of Directors

HERBERT NKALA
B.Sc. Hons, MBA
(CHAIRMAN)

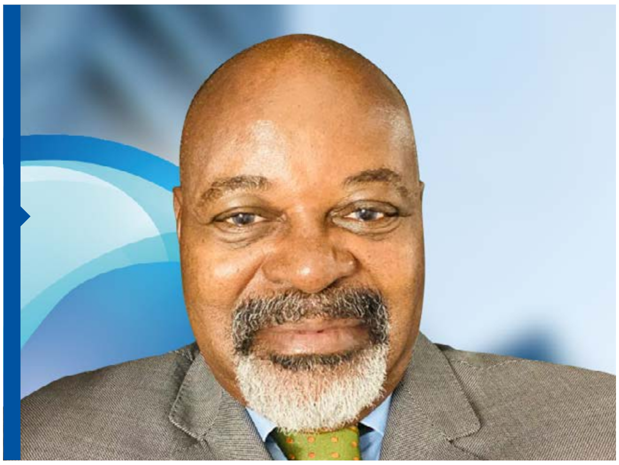
Appointed to the FBC Holdings Limited Board in November 2002. He is a Chairman and director of several other companies, which are listed on the Zimbabwe Stock Exchange.

CHIPO MTASA
B.Acc (Hons), CA(Z)
(DEPUTY CHAIRPERSON)

Chipo, is a Chartered Accountant (Zimbabwe) who completed her articles with Coopers & Lybrand. She has wide experience in various sectors of commerce and industry in Zimbabwe. She is the former Group Chief Executive for the Rainbow Tourism Group and is currently the Managing Director of Telone and director of several other companies. She was appointed to the Board of FBC Holdings Limited on the 3rd of July 2012.

DR. JOHN MUSHAYAVANHU
AIBZ, DIP MANAGEMENT, MBA, DBA
(GROUP CHIEF EXECUTIVE)

John is an Associate of the Institute of Bankers in Zimbabwe ("AIBZ"), and holds a Diploma in Management from Henley Management College, United Kingdom, as well as a Masters degree in Business Administration from Brunel University, United Kingdom and a Doctorate in Business Administration from Binary University, Malaysia. A career banker, John has over 41 years in the financial services sector. He has previously held senior positions in corporate and retail banking with a local multinational bank. John is a former President of the Bankers Association of Zimbabwe ("BAZ"). John joined FBC Bank as an Executive Director in the Corporate Banking division in October 1997. He became Managing Director in 2004 and was appointed Chief Executive of FBC Holdings on the 1st of June 2011.



AENEAS CHUMA
Msc in Applied Economics
(NON-EXECUTIVE DIRECTOR)

Aeneas has in excess of 31 years diverse experience in development work with the United Nations in various countries and is a holder of an Msc in Applied Economics.

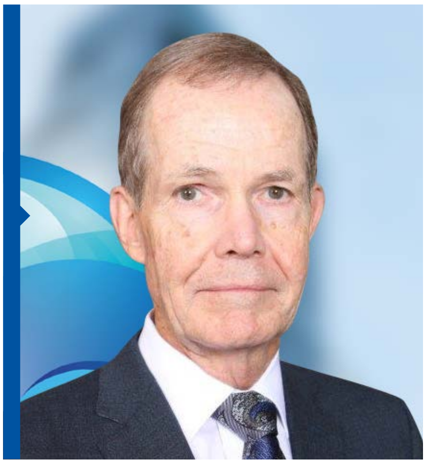
Board of Directors (Continued)

KLETO CHIKETSANI
Bachelor of Business Studies (Honours) (UZ), AIISA
(EXECUTIVE DIRECTOR)

Kleto has over 28 years experience in reinsurance gathered with two leading reinsurers in Zimbabwe. He is one of the founder members of FBC Reinsurance Limited, having joined the company (then Southern Africa Reinsurance Company Limited) on 1 January 1995 as Senior Underwriter and rose through the ranks to become Executive Director, Operations of FBC Reinsurance Limited in 2006. He holds a Bachelor of Business Studies (Honours) Degree from the University of Zimbabwe and is also an Associate of the Insurance Institute of South Africa. He was appointed Managing Director for FBC Reinsurance Limited on 1 March 2012.

GARY COLLINS
PGD JMC
(NON EXECUTIVE DIRECTOR)

Gary is a deep subject matter expert on the nexus between digital innovation, leading edge technologies and core business value in banking and diversified financial services. He is Founder and Chief Executive Officer of Solveworx (Pty) Limited, Australia and holds a Post Graduate Diploma in Journalism and Media Studies.



FRANKLIN HUGH KENNEDY
Business Administration (Honours)
(NON EXECUTIVE DIRECTOR)

Franklin is currently the President of Equator Capital Partners LLC and is director of several other companies. He is a holder of a Bachelor of Business Administration (Honours) degree from the University of Western Ontario, Canada. He was appointed to the Board of FBC Holdings Limited on 18 December 2013.

TRYNOS KUFAZVINEI
B Acc (Hons), CA(Z), MBA
(DEPUTY GROUP CHIEF EXECUTIVE AND GROUP FINANCE DIRECTOR)

Trynos is a Chartered Accountant (Zimbabwe) who completed his articles with PriceWaterhouse and holds a Masters degree in Business Administration from the University of Manchester, United Kingdom. Trynos is responsible for the finance and administration matters of FBC Holdings Limited. He has over 30 years experience in finance and administration. Trynos joined FBC Bank Limited in January 1998 as Head of Finance and Administration and was appointed to the board in October 2003. He became Group Finance Director in 2004 following the consolidation of the FBC Group and was appointed the Deputy Chief Executive of the FBC Group on the 1st of June 2011.

DAVID MAKWARA
Ms BA, Bachelor of Commerce (Economics and Finance)
(NON-EXECUTIVE DIRECTOR)

David is the current Director of Corporate Affairs at NSSA, having previously worked as the Acting Chief Executive of NSSA. He has previously held various executive positions within and outside Zimbabwe including being the Managing Director of Trust Finance and Trust Securities Malawi.

Board of Directors (Continued)

CANADA MALUNGA
B.Acc (Hons), CA(Z)
(NON-EXECUTIVE DIRECTOR)

Canada, a Chartered Accountant (Zimbabwe) by training who completed his articles with Pricewaterhouse, has wide experience in various sectors of commerce and industry in Zimbabwe. He is the Managing Director of Masimba Holdings Limited. He was appointed to the Board of FBC Holdings Limited on the 8th of June 2011.

RUTENHURO MOYO
MSIO
(NON-EXECUTIVE DIRECTOR)

Has a Masters in Industrial and Occupational Psychology and has post graduate qualifications in Business and Finance. An entrepreneur par excellence, Rute has wide experience and has held senior positions in international corporations such as Anglo – American, Old Mutual and Coca Cola Central Africa. He is director of several other companies.

CHARLES MSIPA
Bachelor of Law, LLB
(NON-EXECUTIVE DIRECTOR)

Mr Msipa is a lawyer by profession with years of experience at a senior level in various organizations, and is currently Group Managing Director of Schweppes Holdings Africa Limited.

DR. SIFISO NDLOVU
Dr of Philosophy (ZOU, Zimbabwe) Ms BA (AU, USA) Post Graduate Degree in Labour Policy Studies (CCU, Ghana) Bachelor of Business Administration (NU, USA) Certification in Education (UZ, Zimbabwe) Certificate in Performance Management (ZIPAM, Zimbabwe) Certificate in Workers' Rights in a Global Economy (GLU, Germany)
(NON-EXECUTIVE DIRECTOR)

Dr Sifiso is currently the Chief Executive Officer of Zimbabwe Teachers Association and is an accomplished writer and academic. He previously held several positions within the education sector. He is a board member of the Gwanda State University and Seke Teachers College amongst others.

VIMBAI NYEMBA
Bachelor of Laws Honours Degree (University of Zimbabwe)
(NON-EXECUTIVE DIRECTOR)

Vimbai is a registered legal practitioner and founding and managing partner of V Nyemba and Associates legal practitioners, a firm she established in 1997. She is a member of the Law Society of Zimbabwe, SADC Lawyers Association and African Bar Association amongst others. Vimbai is the current chairperson of the Procurement Regulatory Authority of Zimbabwe and board member of the Deposit Protection Corporation, Zimbabwe Asset Management Corporation and Star Africa Corporation. She has previously served as the President of the Law Society of Zimbabwe from 2015 to 2016.

WEBSTER RUSERE
AIBZ, MBA
(EXECUTIVE DIRECTOR)

Webster commenced his banking career in 1982 and rose through the corporate and retail banking ranks to become Head of Global Trade Finance and Cash Management Services in 1995 of a local multinational bank. He also served in other senior positions covering Local and Foreign Treasury Management, International Trade Finance, Correspondent Banking and Fund Management. He joined FBC Bank Limited in March 2000 as Project Manager. He was appointed Head of Retail Banking Division in 2004. He held the position of Managing Director at FBC Building Society for four years and was appointed Managing Director for FBC Bank Limited on the 1st of June 2011.

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.

Guidelines issued by the Reserve Bank of Zimbabwe from time to time are strictly adhered to and compliance check lists are continuously reviewed. The Board of Directors comprises of four executive directors and eleven non-executive directors. The composition of the Board of FBC Holdings Limited shows a good mix of skill, experience a s well as succession planning. The Group derives tremendous benefit from the diverse level of skills and experience of its Board of Directors.

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.

Board Attendance

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

Key

√ - Attended

x - Apologies   Q1 - Quarter 1   Q3 - Quarter 3

n/a - not applicable   Q2 - Quarter 2   Q4 - Quarter4

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

Board Finance and Strategy Committee Members

C. Malunga (Chairman)
D. Makwara
F. Kennedy
J. Mushayavanhu
R. Moyo

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

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

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

Board Human Resources and Remuneration Committee Members

C. Msipa (Chairman)
C. Mtasa
H. Nkala
V. Nyemba

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

The Committee's primary objective is to ensure that the right calibre of management is attracted and retained. To achieve this it ensures that the directors, senior managers and staff are appropriately rewarded for their contributions to the Group's performance.

The Committee is also responsible for the Group's Human Resources Policy issues, terms and conditions of service.

Non-executive directors are remunerated by fees and do not participate in any performance-related incentive schemes.

Board Audit Committee Members

C. Mtasa (Chairperson)
A. Chuma
C. Msipa
R. Moyo

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

The Committee meets regularly to:

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

Board Risk and Compliance Committee Members

R. Moyo (Chairman)
S. Ndlovu
A. Chuma
F. Kennedy

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

Board Credit Committee Members

M. Machingaidze (Chairperson)
F. Makoni
W. Rusere

This committee falls directly under the Bank. It sets the Bank's credit policy and also approves credit applications above management's discretionary limits. The committee is responsible for the overall quality of the Bank's credit portfolio. The committee is chaired by a non-executive director. The Heads of Credit and Risk Management attend the committee meetings by invitation.

Corporate Governance (Continued)

Board Loans Review Committee Members

P. Moyo (Chairman)
Y. Halimana
C. Mathonzi
M. Nzwere
J. Mushayavanhu

The committee falls directly under the Bank, has terms of reference and comprises non-executive directors only. Meetings of the committee are attended by invitation, by the Managing Director of the Bank, the Head of Credit and Risk and the Group Chief Executive.

The committee is responsible for ensuring that the Bank's loan portfolio and lending activities abide by the Bank's credit policy as approved by the Board of Directors and is in compliance with RBZ requirements. It also ensures that problem loans are properly identified, classified and placed on non-accrual in accordance with the Reserve Bank guidelines. The committee also ensures that adequate impairment allowances are made for potential losses and write-offs of losses identified are made in the correct period.

Board Assets and Liabilities Committee Members

F. Makoni (Chairman)
T. Mutseyekwa
J. Mushayavanhu
M. Nzwere
W. Rusere

The committee falls directly under the Bank, draws its members from the Bank's Board and is chaired by a non executive director. It is responsible for the continuous monitoring of the Bank's assets and liabilities.

Internal Controls

The Directors are responsible for the Group's internal control system, which incorporates procedures that have been designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliably reported.

The key procedures which the Board considers essential to provide effective control include:

i) Decentralized organisational structure with strong management working within defined limits of responsibility and authority.
ii) An annual budgeting process with quarterly re-forecasts to reflect changing circumstances, and the identification of key risks and opportunities.
iii) Detailed monthly management accounts with comparisons against budget through a comprehensive variance analysis.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these internal control procedures and systems has occurred during the year under review.

Executive Committee

The operational management of the Group is delegated to the executive committee, which is chaired by the Group Chief Executive. The executive committee is the chief operating decision maker for the Group.

The executive committee comprises:
The Group Chief Executive
Deputy Group Chief Executive and Group Finance Director
Managing Director (FBC Bank Limited)
Managing Director (FBC Reinsurance Limited)
Managing Director (FBC Building Society)
Managing Director (FBC Securities (Private) Limited)
Managing Director (FBC Insurance Company (Private) Limited)
Managing Director (Microplan Financial Services (Private) Limited)
Group Company Secretary
Divisional Director Human Resources

It meets monthly or more frequently if necessary and acts on behalf of the Board.

Internal Audit

The internal audit department examines and evaluates the Group's activities with the aim of assisting management with the effective discharge of their responsibilities. It reviews the reliability and integrity of financial and operating information, the systems of internal control, the efficient management of the Group's resources, the conduct of operations and the means of safeguarding assets. The Divisional Director of Internal Audit reports to the Chairman of the Audit Committee.

Risk Management and Control

Introduction and overview

Managing risk effectively in a diverse and complex institution requires a comprehensive risk management governance structure that promotes the following elements of a sound risk management framework:

- Sound board and senior management oversight,
- Adequate policies, procedures and limits,
- Adequate risk monitoring and management information systems ("MIS"), and
- Adequate internal controls.

FBC Holdings Limited manages risk through a comprehensive framework of risk principles, organisational structure and risk processes that are closely aligned with the activities of the entities in the Group.

The most important risks that the Group is exposed to are listed below:

- Credit risk,
- Market risk,
- Liquidity risk,
- Reputational risk,
- Strategic risk,
- Operational risk and
- Compliance risk.

In addition to the above, there are also specific business risks that arise from the Group's reinsurance and insurance subsidiaries' core activities.

Risk management framework

In line with the Group's risk strategy, size and complexity of its activities, the Board established a risk governance structure and responsibilities that are adequate to meet the requirements of a sound risk management framework.

The Group's Board of Directors has the ultimate responsibility for ensuring that an adequate and effective system of internal controls is established and maintained. The Board delegates its responsibilities to the following Committees through its respective Board Committees:

- Group Risk and Compliance Committee,
- Group Audit Committee,
- Group Human Resources and Remuneration Committee,
- Group Finance and Strategy Committee,
- Credit Committees for the Bank and Building Society,
- Loans Review Committees for the Bank and Building Society and
- Assets and Liabilities Committees ("ALCO") for the Bank and Building Society.

The specific duties delegated to each committee of the Board and its respective Management Committee are outlined in the terms of reference for the specific committees.

In addition to the above Committees, the following three risk related functions are directly involved in Group-wide risk management:

- Group Risk Management,
- Group Internal Audit and
- Group Compliance.

Group Risk Management Division assumes a central role in oversight and management of all risks that the Group is exposed to in its various activities. The Head of Group Risk Management is responsible for recommending to the Group Risk and Compliance Committee and the Board Risk and Compliance Committee a framework that ensures the effective management and alignment of risk within the Group. The Head of Group Risk Management is responsible for the process of identifying, quantifying, communicating, mitigating and monitoring risk.

Group compliance is an independent compliance management activity that is headed by the Group Compliance Manager who reports administratively to the Group Chief Executive and directly to the Group Risk and Compliance Committee. The Group Compliance Manager has unrestricted access to the Chairman of the Group Risk Compliance Committee.

Group Internal Audit independently audits the adequacy and effectiveness of the Group's risk management, control and governance processes. The Divisional Director of Group Internal Audit who reports administratively to the Group Chief Executive and functionally to the Chairman of the Audit Committee, provides independent assurance to the Group Audit Committee and has unrestricted access to the Chairman of the Group Board Audit Committee.

The principal risks to which the Group is exposed to and which it continues to manage are detailed in note 34 under Financial Risk Management.

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 major risks including operational risks. This Committee serves as the oversight body in the application of the Group's operational risk management framework, including business continuity management. Subsidiaries have board committees responsible for ensuring robust operational risk management frameworks. Other Group management committees which report to Group Executive Committee include the Group New Product Committee, Group IT Steering Committee and Group Business Continuity Committee.

The management and measurement of operational risk

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

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

Business continuity management

To ensure that 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 Management 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.

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 Group'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.

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), the Companies and Other Business Entities Act (Chapter 24:31), the relevant Statutory Instruments ("SI") SI 33/99, SI 33/19 and SI 62/96, The Income Tax Act (Chapter 23:06), The Capital Gains Act (Chapter 23:01), the Value Added Tax Act (Chapter 23:12), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Zimbabwe Microfinance Act (Chapter 24:29)

Corporate Governance (Continued)

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.

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 remainder of the Group remains unrated in 2021.

Subsidiary	2021	2019	2018	2017	2016	2015	2014	2013	2012
FBC Bank Limited	A-	BBB+	BBB+	BBB+	BBB+	A-	A-	A-	A-
FBC Reinsurance Limited	A-	A-	A-	A-	A-	A-	A-	A-	A-
FBC Building Society	-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
FBC Insurance Company Limited	-	A-	A-	A-	A-	A-	BBB	BBB-	BB+
Microplan Financial Services Limited	-	BBB	BBB	BBB	BBB-	N/A	N/A	N/A	N/A

Herbert Nkala
(Group Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Group Company Secretary)

Group **Financial Statements**

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Independent Auditors' Report

To the shareholders of FBC Holdings Limited

Opinion

We have audited the inflation adjusted consolidated and separate financial statements of FBC Holdings Limited (the Group and Company) set out on pages 75 to 204, which comprise;

- the inflation adjusted consolidated and company statements of financial position as at 31 December 2021;
- the inflation adjusted consolidated and company statements of profit or loss and other comprehensive income for the year then ended;
- the inflation adjusted consolidated and company statements of changes in equity for the year then ended;
- the inflation adjusted consolidated and company statements of cash flows for the year then ended; and
- the notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of FBC Holdings Limited as at 31 December 2021, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31], the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29) and the Insurance Act (Chapter 24:07).

Basis for opinion

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

Key audit matters

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

Independent Auditors’ Report (Continued)

1. Valuation of owner-occupied property and investment property

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

Refer to:

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

Key audit matter	How the matter was addressed in our audit
The Group and the Company hold owner occupied properties that are measured at fair value in accordance with IAS 16 - Property, Plant and Equipment (IAS 16). The Group also holds investment property which is measured at fair value in accordance with IAS 40 - Investment Property (IAS 40). As at reporting date the Group had owner occupied properties amounting to ZWL 2,404 billion inflation adjusted, of which ZWL 370 million inflation adjusted relates to the Company, and investment properties amounting to ZWL 4,176 billion inflation adjusted relating to the Group. In the current year there was a change to the basis of determining the fair value estimate, in that property valuations were performed, by an independent professionally qualified valuer, directly in ZWL currency, compared to prior periods where valuations were in USD and translated to the local currency at the auction (official) rate. The key inputs and assumptions used in the valuations, such as, comparable market prices, rental rates per squaremeter and capitalisation rates are determined in an environment where there is limited market activity in the local currency. Given the change in basis for determining the fair value (from USD to ZWL valuation), the degree of complexity involved in determining the fair value of the owner occupied and investment properties, the significant judgement and estimation required in determining the key inputs and assumptions used in determining the fair values in the local property market with significant uncertainty arising from limited transactions activity, the valuation of the Group and the Company’s owner occupied properties and the Group’s investment properties was considered a key audit matter.	Our procedures included the following: • Evaluating the professional competence and objectivity of the external valuers engaged by the directors to value the properties and specifically evaluating the independence of the external valuers by enquiring about their interests and relationship with the Group and Company and validating their membership to professional associations; • Evaluating the appropriateness of the valuation methodologies used by the valuers, specifically in relation to the change in basis, based on our knowledge of the industry and the requirements of IFRS 13 - Fair Value Measurement (IFRS 13); and challenging and interrogating the valuers over the inputs used to value properties including requesting market support in respect of the 2021 values in ZWL; • Validating the valuation inputs used by the independent professionally qualified valuer, engaged by management, by comparing the valuation inputs against valuation inputs from a second independent valuer engaged by management for a sample of property valuations. Where there were significant differences between the valuers we evaluated the appropriateness of the fair value used by management; • Consulting with our property valuations specialists with regards to the appropriateness of performing valuations in the local currency; and • Assessing the adequacy of the disclosures in the financial statements in respect of the valuation of owner occupied and investment properties in accordance with IAS 16, IAS 40 and IFRS 13.

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

This matter relates to the inflation adjusted consolidated financial statements.

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

Key audit matter	How the matter was addressed in our audit
The Group provides loans and advances to individuals, corporates and, small and medium enterprises (SMEs). As at reporting date, the Group had loans and advances to customers of ZWL 24 billion inflation adjusted. The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables. The Group's ECL model includes certain judgements and assumptions such as: the credit grade allocated to the counterparties in the retail and corporate banking category; • the probability of a loan becoming past due and subsequently defaulting (probability of default PD); • the determination of the Group's definition of default; • the magnitude of the likely loss if there is default (loss given default LGD); • the expected exposure in the event of a default (exposure at default EAD); • the criteria for assessing significant increase in credit risk (SICR); • the rate of recovery on the loans that are past due and in default; • the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral; and • the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, central bank interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. Due to the significance of the loans and advances to customers on the Group and the level of judgement applied in determining the ECL, the expected credit loss on loans and advances was considered a key audit matter.	Our procedures included the following: • Assessing and testing the design, implementation and operating effectiveness of the key controls over credit origination and monitoring; • Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments (IFRS 9); • Engaging our Financial Risk Management specialists to evaluate the appropriateness of the Group's IFRS 9 expected credit losses model by using our own independent models to recompute the ECL and reviewing the reasonability of the methodology updates within the Group's IFRS 9 ECL model since the prior year; • Using available external and independent information to challenge management's judgements and assumptions in determining expected credit losses; • Assessing the completeness, accuracy and validity of data and inputs used during the development and application of the ECL model; • For a sample of loans and advances, we evaluated the appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of selected entities; and • Assessing the adequacy of the Group's disclosures in respect of ECL as required in terms of IFRS 9.

Independent Auditors' Report (Continued)

3. Valuation of gross insurance liabilities

This matter relates to the inflation adjusted consolidated financial statements.

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

Key audit matter	How the matter was addressed in our audit
The Group holds gross insurance liabilities which, on an inflation adjusted basis, comprise of incurred but not reported ("IBNR") of ZWL 168 million (note 16.1), gross outstanding claims of ZWL 61 million (note 16.1), and the gross liability for unearned premium of ZWL 552 million (note 16.2). The directors engaged an actuarial expert to assess the adequacy of the valuation of the IBNR, outstanding claims and liability for unearned premium. The determination of the insurance liabilities, is an area that makes use of significant qualitative and quantitative judgments and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as at the end of the reporting period. Because of the inherent susceptibility of the insurance liabilities to estimation uncertainty, we considered the valuation of the insurance liabilities to be a key audit matter.	Our procedures included the following: • Evaluating the appropriateness of the methodology applied and assumptions used by the Group to determine the insurance liabilities using our knowledge and industry experience; • Engaging our own actuarial specialist to interrogate the methodology and assumptions used in the determination of the insurance liabilities by testing the principles and integrity of the data and models used by management and their actuaries; • Re-computing, from date of origination of premium, the allocation of premiums received between current year and future periods based on time allocation, with the amounts for future periods being recognized as UPR; • Assessing the disclosures in the financial statements in terms of IFRS 4, Insurance Contracts (IFRS 4), paying particular attention to the disclosure of the assumptions used and judgements made relating to the insurance liabilities; and • Assessing the disclosures regarding the sensitivity of the IBNR and the related factors that influence the sensitivities in terms of IFRS 4.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FBC Holdings Limited Annual Report for the year ended 31 December 2021" and including the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical Cost", but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

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

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

Independent Auditors’ Report (Continued)

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

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

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

KPMG

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

31 March 2022

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

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

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST* 31 Dec 2021 ZWL	HISTORICAL COST* 31 Dec 2020 ZWL
ASSETS					
Balances with banks and cash	4	17 639 586 908	16 972 840 615	17 639 586 908	10 559 374 255
Financial assets at amortised cost	5.5	1 969 724 151	1 744 740 175	1 969 724 151	1 085 461 468
Loans and advances to customers	5.1	23 533 405 098	21 447 256 750	23 533 213 273	13 342 940 672
Trade and other receivables including insurance receivables	5.2	633 247 842	835 132 449	618 741 001	485 619 884
Bonds and debentures	6	6 939 817	761 378 734	6 939 817	473 679 285
Financial assets at fair value through profit or loss	7	3 641 194 423	1 240 486 282	3 724 819 859	808 232 947
Financial assets at fair value through other comprehensive income	8	156 000 444	61 706 761	156 000 444	38 389 849
Inventory	9	308 804 007	478 540 019	102 710 413	126 312 625
Prepayments and other assets	10	6 663 158 296	3 498 144 971	6 546 709 548	2 042 880 343
Current income tax asset		23 456 625	14 712 286	23 456 625	9 153 007
Deferred tax assets	18.4	191 242 033	161 146 319	149 384 316	101 657 053
Investment property	11	4 176 376 848	1 572 825 404	4 176 376 848	978 507 514
Intangible assets	12	129 897 179	154 531 296	16 479 083	9 074 177
Property and equipment	13	4 052 073 314	2 991 707 853	4 052 073 314	1 861 241 945
Right of use asset	29.3	172 333 656	146 648 907	75 026 793	36 749 236
Total assets		**63 297 440 641**	**52 081 798 821**	**62 791 242 393**	**31 959 274 260**
EQUITY AND LIABILITIES					
Liabilities					
Deposits from customers	14.1	25 958 665 772	17 620 673 186	25 958 665 772	10 962 412 658
Deposits from other banks	14.2	2 585 406 238	734 485 922	2 585 406 238	456 948 363
Borrowings	15	8 461 987 045	14 552 530 417	8 461 987 045	9 053 617 984
Insurance liabilities	16	780 042 048	787 103 018	681 083 275	402 454 943
Trade and other payables	17	10 019 294 375	8 680 824 526	9 635 885 014	5 353 987 092
Current income tax liability		386 743 404	219 551 246	386 743 397	136 590 205
Deferred tax liability	18.4	649 617 610	1 251 551 064	668 583 798	642 741 559
Lease liability	29.3	82 644 783	54 358 147	82 644 775	33 818 029
Total liabilities		**48 924 401 275**	**43 901 077 526**	**48 460 999 314**	**27 042 570 833**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	19.3	874 848 915	874 848 915	14 089 892	14 089 892
Other reserves	20	5 127 760 359	2 654 474 475	4 515 727 159	1 490 651 987
Retained profits		8 350 383 364	4 636 384 963	9 780 717 590	3 402 259 409
Total equity, excluding non controlling interest		**14 352 992 638**	**8 165 708 353**	**14 310 534 641**	**4 907 001 288**
Non controlling interest in equity		20 046 728	15 012 942	19 708 438	9 702 139
Total equity		**14 373 039 366**	**8 180 721 295**	**14 330 243 079**	**4 916 703 427**
Total equity and liabilities		**63 297 440 641**	**52 081 798 821**	**62 791 242 393**	**31 959 274 260**

The consolidated financial statements on pages 75 to 188 were authorised for issue by the board of directors on 15 March 2022 and were signed on its behalf.

Herbert Nkala
(Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Company Secretary)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Note	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST* 31 Dec 2021 ZWL	HISTORICAL COST* 31 Dec 2020 ZWL
Interest income calculated using the effective interest method	21	6 492 510 340	4 189 961 515	5 251 560 294	1 762 265 737
Interest and related expense	21.1	(1 397 686 112)	(1 451 424 903)	(1 031 726 763)	(605 774 749)
Net interest related income		**5 094 824 228**	**2 738 536 612**	**4 219 833 531**	**1 156 490 988**
Fee and commission income	22	3 381 853 445	1 989 666 183	2 739 394 072	849 278 703
Fee and commission expense	22.1	(23 819 437)	(27 674 985)	(18 802 373)	(10 622 685)
Net fee and commission income		**3 358 034 008**	**1 961 991 198**	**2 720 591 699**	**838 656 018**
Revenue from property sales	23	602 632 797	44 580 715	345 152 838	10 812 476
Cost of property sales	23.1	(342 125 037)	(36 838 183)	(214 879 887)	(6 948 589)
Net income from property sales		**260 507 760**	**7 742 532**	**130 272 951**	**3 863 887**
Insurance premium revenue	24	2 608 824 885	1 943 480 932	1 899 843 672	749 282 711
Premium ceded to reinsurers and retrocessionaires		(831 383 827)	(585 948 128)	(633 154 154)	(280 131 308)
Net earned insurance premium		**1 777 441 058**	**1 357 532 804**	**1 266 689 518**	**469 151 403**
Revenue		**10 490 807 054**	**6 065 803 146**	**8 337 387 699**	**2 468 162 296**
Net foreign currency dealing and trading income		3 277 857 551	5 560 868 597	3 101 257 685	3 153 911 932
Net gain from financial assets at fair value through profit or loss	25	2 448 169 083	1 151 768 416	2 498 187 805	752 575 545
Other operating income	26	1 690 973 709	317 704 318	2 387 918 323	834 064 585
Total other income		**7 417 000 343**	**7 030 341 331**	**7 987 363 813**	**4 740 552 062**
Total net income		**17 907 807 397**	**13 096 144 477**	**16 324 751 512**	**7 208 714 358**
Impairment allowance	5.4	(459 271 860)	(220 950 165)	(459 271 860)	(137 460 519)
Insurance commission expense	27	(278 616 085)	(446 303 581)	(190 458 281)	(171 381 719)
Insurance commission recovered from reinsurers	27	170 139 837	150 468 928	136 568 007	74 908 190
Insurance claims and loss adjustment expenses	28	(924 172 264)	(760 882 828)	(742 048 929)	(332 365 872)
Insurance claims and loss adjustment expenses recovered from reinsurers	28	95 824 079	169 009 698	67 256 653	72 639 026
Administrative expenses	29	(8 979 869 284)	(7 236 863 251)	(7 421 269 188)	(3 100 788 438)
Monetary loss		(2 580 497 189)	(2 186 467 879)	-	-
Profit before income tax		**4 951 344 631**	**2 564 155 399**	**7 715 527 914**	**3 614 265 026**
Income tax expense	30.1	(610 618 198)	(126 919 270)	(844 386 292)	(400 887 352)
Profit for the year		**4 340 726 433**	**2 437 236 129**	**6 871 141 622**	**3 213 377 674**

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Note	INFLATION ADJUSTED		HISTORICAL COST*	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains/(loss) on property and equipment revaluation		1 064 278 257	(279 979 622)	2 172 804 063	1 308 825 402
Tax		(116 649 119)	105 427 318	(374 803 696)	(204 497 453)
		947 629 138	**(174 552 304)**	**1 798 000 367**	**1 104 327 949**
Items that may be subsequently reclassified to profit or loss					
Gain on financial assets at fair value through other comprehensive income		117 610 595	55 652 653	117 610 595	34 623 385
Tax		(1 954 992)	(1 190 625)	(1 954 992)	(740 728)
		115 655 603	**54 462 028**	**115 655 603**	**33 882 657**
Total other comprehensive income/(loss), net income tax		**1 063 284 741**	**(120 090 276)**	**1 913 655 970**	**1 138 210 606**
Total comprehensive income for the year		**5 404 011 174**	**2 317 145 853**	**8 784 797 592**	**4 351 588 280**
Profit attributable to:					
Equity holders of the parent		4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
Non - controlling interest		2 002 196	2 810 250	3 291 642	1 684 288
Profit for the year		**4 340 726 433**	**2 437 236 129**	**6 871 141 622**	**3 213 377 674**
Total comprehensive income attributable to:					
Equity holders of the parent		5 398 977 388	2 314 109 655	8 774 791 293	4 344 033 188
Non - controlling interest		5 033 786	3 036 198	10 006 299	7 555 092
Total comprehensive income for the year		**5 404 011 174**	**2 317 145 853**	**8 784 797 592**	**4 351 588 280**
Earnings per share (ZWL cents)					
Basic earnings per share	33.1	689.22	391.96	1 090.98	517.10
Diluted earnings per share	33.2	689.22	391.96	1 090.98	517.10
Headline earnings per share	33.3	689.84	404.75	1 091.19	519.11

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Retained profits ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2020, as previously reported	417 189	874 431 726	2 676 593 372	(634 023 388)	2 274 041 632	1 912 299 247	58 038 329	103 732 857	7 265 530 964	11 976 744	7 277 507 708
Prior period error on revaluation of intangible assets	-	-	-	-	-	(921 473 615)	-	-	(921 473 615)	-	(921 473 615)
Balance as at 1 January 2020	417 189	874 431 726	2 676 593 372	(634 023 388)	2 274 041 632	990 825 632	58 038 329	103 732 857	6 344 057 349	11 976 744	6 356 034 093
Profit for the year	-	-	2 434 425 879	-	-	-	-	-	2 434 425 879	2 810 250	2 437 236 129
Other comprehensive income;											
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	(174 778 252)	-	-	(174 778 252)	225 948	(174 552 304)
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	54 462 028	-	54 462 028	-	54 462 028
Total other comprehensive income	-	-	-	-	-	(174 778 252)	54 462 028	-	(120 316 224)	225 948	(120 090 276)
Total comprehensive income	-	-	2 434 425 879	-	-	(174 778 252)	54 462 028	-	2 314 109 655	3 036 198	2 317 145 853
Transaction with owners:											
Dividend declared and paid	-	-	(474 634 288)	-	-	-	-	-	(474 634 288)	-	(474 634 288)
Treasury share sale	-	-	-	26 390 174	48 972 407	-	-	-	75 362 581	-	75 362 581
Treasury share purchase	-	-	-	(93 186 944)	-	-	-	-	(93 186 944)	-	(93 186 944)
Total transactions with owners recognised directly in equity	-	-	(474 634 288)	(66 796 770)	48 972 407	-	-	-	(492 458 651)	-	(492 458 651)
Balance as at 31 December 2020	417 189	874 431 726	4 636 384 963	(700 820 158)	2 323 014 039	816 047 380	112 500 357	103 732 857	8 165 708 353	15 012 942	8 180 721 295
Balance as at 1 January 2021	417 189	874 431 726	4 636 384 963	(700 820 158)	2 323 014 039	816 047 380	112 500 357	103 732 857	8 165 708 353	15 012 942	8 180 721 295
Profit for the year	-	-	4 338 724 237	-	-	-	-	-	4 338 724 237	2 002 196	4 340 726 433
Other comprehensive income											
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	944 597 548	-	-	944 597 548	3 031 590	947 629 138
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	115 655 603	-	115 655 603	-	115 655 603
Total other comprehensive income	-	-	-	-	-	944 597 548	115 655 603	-	1 060 253 151	3 031 590	1 063 284 741
Total comprehensive income	-	-	4 338 724 237	-	-	944 597 548	115 655 603	-	5 398 977 388	5 033 786	5 404 011 174
Transaction with owners:											
Dividend declared and paid	-	-	(624 725 836)	-	-	-	-	-	(624 725 836)	-	(624 725 836)
Treasury share sale	-	-	-	3 757 39 399	1 760 139 568	-	-	-	2 135 878 967	-	2 135 878 967
Treasury share purchase	-	-	-	(722 846 234)	-	-	-	-	(722 846 234)	-	(722 846 234)
Total transactions with owners recognised directly in equity	-	-	(624 725 836)	(347 106 835)	1 760 139 568	-	-	-	788 306 897	-	788 306 897
Balance as at 31 December 2021	417 189	874 431 726	8 350 383 364	(1 047 926 993)	4 083 153 606	1 760 644 928	228 155 960	103 732 857	14 352 992 638	20 046 728	14 373 039 366

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

HISTORICAL COST*

	Share capital ZWL	Share premium ZWL	Retained profits ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2020, as previously reported	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	1 670 671	948 322 424	2 147 047	950 469 471
Prior period error on revaluation of intangible assets	-	-	-	-	-	(144 162 525)	-	-	(144 162 525)	-	(144 162 525)
Balance as at 1 January 2020	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	363 640 639	2 853 886	1 670 671	804 159 899	2 147 047	806 306 946
Profit for the year	-	-	3 211 693 386	-	-	-	-	-	3 211 693 386	1 684 288	3 213 377 674
Other comprehensive income;											-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 098 457 145	-	-	1 098 457 145	5 870 804	1 104 327 949
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	33 882 657	-	33 882 657	-	33 882 657
Total other comprehensive income	-	-	-	-	-	1 098 457 145	33 882 657	-	1 132 339 802	5 870 804	1 138 210 606
Total comprehensive income	-	-	3 211 693 386	-	-	1 098 457 145	33 882 657	-	4 344 033 188	7 555 092	4 351 588 280
Transaction with owners:											
Dividend declared and paid	-	-	(212 941 453)	-	-	-	-	-	(212 941 453)	-	(212 941 453)
Treasury share sale	-	-	-	7 284 034	13 517 027	-	-	-	20 801 061	-	20 801 061
Treasury share purchase	-	-	-	(49 051 407)	-	-	-	-	(49 051 407)	-	(49 051 407)
Total transactions with owners recognised directly in equity	-	-	(212 941 453)	(41 767 373)	13 517 027	-	-	-	(241 191 799)	-	(241 191 800)
Balance as at 31 December 2020	6 719	14 083 173	3 402 259 409	(59 994 649)	50 141 638	1 462 097 784	36 736 543	1 670 671	4 907 001 288	9 702 139	4 916 703 427
Balance as at 1 January 2021	6 719	14 083 173	3 402 259 409	(59 994 649)	50 141 638	1 462 097 784	36 736 543	1 670 671	4 907 001 288	9 702 139	4 916 703 427
Profit for the year	-	-	6 867 849 980	-	-	-	-	-	6 867 849 980	3 291 642	6 871 141 622
Other comprehensive income											
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 791 285 710	-	-	1 791 285 710	6 714 657	1 798 000 367
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	115 655 603	-	115 655 603	-	115 655 603
Total other comprehensive income	-	-	-	-	-	1 791 285 710	115 655 603	-	1 906 941 313	6 714 657	1 913 655 970
Total comprehensive income	-	-	6 867 849 980	-	-	1 791 285 710	115 655 603	-	8 774 791 293	10 006 299	8 784 797 592
Transaction with owners:											
Dividend declared and paid	-	-	(489 391 799)	-	-	-	-	-	(489 391 799)	-	(489 391 799)
Treasury share sale	-	-	-	304 665 239	1 369 684 700	-	-	-	1 674 349 939	-	1 674 349 939
Treasury share purchase	-	-	-	(556 216 080)	-	-	-	-	(556 216 080)	-	(556 216 080)
Total transactions with owners recognised directly in equity	-	-	(489 391 799)	(251 550 841)	1 369 684 700	-	-	-	628 742 060	-	628 742 060
Balance as at 31 December 2021	6 719	14 083 173	9 780 717 590	(311 545 490)	1 419 826 338	3 253 383 494	152 392 146	1 670 671	14 310 534 641	19 708 438	14 330 243 079

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST** 31 Dec 2021 ZWL	HISTORICAL COST** 31 Dec 2020 ZWL
Cash flow from operating activities					
Profit before income tax		4 951 344 631	2 564 155 399	7 715 527 914	3 614 265 026
Adjustments for non cash items:					
Depreciation	13	260 299 988	258 638 618	182 407 996	59 590 697
Amortisation charge	12	37 225 191	90 956 539	3 227 221	2 535 404
Credit impairment losses	5.4	459 271 860	220 950 165	459 271 860	137 460 519
Net unrealised exchange gains and losses		4 763 213 429	(5 528 557 654)	(1 650 252 931)	(3 966 691 318)
Fair value adjustment on investment property	11	(1 450 649 618)	(279 136 817)	(2 354 373 476)	(818 937 884)
Fair value adjustment on financial assets at fair value through profit or loss	25	(2 448 169 083)	(1 151 768 416)	(2 498 187 805)	(752 575 545)
Profit on disposal of property and equipment	26	3 874 294	79 447 765	1 327 995	12 494 316
Net cash generated/(used) before changes in operating assets and liabilities		**6 576 410 692**	**(3 745 314 401)**	**1 858 948 774**	**(1 711 858 785)**
Increase in financial assets at amortised cost		(143 931 539)	(369 491 434)	(803 210 246)	(894 731 202)
Decrease in loans and advances		602 352 876	9 977 833 869	(7 501 771 377)	(2 719 441 876)
Decrease/(increase) in trade and other receivables		206 066 060	(3 544 551)	(128 939 664)	(327 820 321)
Decrease/(increase) in bonds and debentures		754 438 917	114 766 149	466 739 468	(352 168 651)
Decrease/(increase) in financial assets at fair value through profit or loss		47 460 942	307 370 302	(418 399 107)	2 103 229
Decrease in financial assets at fair value through other comprehensive income		23 316 912	101 164 895	-	11 103 507
Decrease/(increase) in inventory		169 736 012	(2 919 489)	23 602 212	(112 787 049)
(Increase)/Decrease in prepayments and other assets		(3 047 664 498)	695 328 168	(4 380 772 232)	(746 553 119)
Increase in investment property		(1 152 901 826)	(188 023 976)	(843 495 858)	(15 342 264)
Increase/(decrease) in deposits from customers		4 982 253 060	(4 508 261 758)	11 640 513 588	4 253 679 140
Increase/(decrease) in deposits from other banks		1 785 562 803	(672 566 065)	2 063 100 362	261 807 374
(Decrease)/increase in insurance liabilities		(7 060 970)	61 502 099	278 628 332	351 121 711
Increase in trade and other payables		969 421 456	82 076 584	3 912 849 529	3 087 203 939
		11 765 460 897	**1 849 920 392**	**6 167 793 781**	**1 086 315 633**
Income tax paid		(1 202 803 657)	(433 610 264)	(1 007 180 431)	(183 744 069)
Net cash generated from operating activities		**10 562 657 240**	**1 416 310 128**	**5 160 613 350**	**902 571 564**
Cash flows from investing activities					
Right of use asset		(25 684 749)	14 552 661	(38 277 557)	(28 883 683)
Purchases of intangible assets	12	(12 591 074)	(5 077 932)	(10 632 127)	(2 777 332)
Purchase of property and equipment	13	(268 636 185)	(330 715 403)	(215 414 925)	(162 835 474)
Proceeds from sale of property and equipment		4 005 375	1 876 861	3 574 159	1 088 680
Net cash used in investing activities		**(302 906 633)**	**(319 363 813)**	**(260 750 450)**	**(193 407 809)**
Cash flows from financing activities					
Lease liabilities		28 286 636	(3 140 567)	48 826 746	25 843 657
Proceeds from borrowings	15	2 001 513 696	943 718 720	1 716 718 100	250 064 743
Repayment of borrowings	15	(9 939 612 689)	631 298 794	(4 155 904 659)	610 109 170
Dividend paid to company's shareholders		(624 725 836)	(474 634 288)	(489 391 799)	(212 941 453)
Purchase of treasury shares		(722 846 234)	(93 186 944)	(556 216 080)	(49 051 407)
Sale of treasury shares		2 135 878 967	75 362 579	1 674 349 939	20 801 061
Net cash (used in)/generated from financing activities		**(7 121 505 460)**	**1 079 418 294**	**(1 761 617 753)**	**644 825 771**
Net increase in cash and cash equivalents		**3 138 245 147**	**2 176 364 609**	**3 138 245 147**	**1 353 989 526**
Cash and cash equivalents at beginning of the year		16 972 840 615	13 756 842 667	10 559 374 255	1 907 906 680
Effects of changes in exchange rates*		3 941 967 506	11 729 760 573	3 941 967 506	7 297 478 049
Effects of inflation on cash and cash equivalents*		(6 413 466 360)	(10 690 127 234)	-	-
Cash and cash equivalents at the end of year	4.2	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**

*The effects of inflation on cash and cash equivalents has been disaggregated from the effects of changes in exchange rates line, the comparatives have been restated.

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

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage financing, micro lending, reinsurance, short-term insurance, and 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 consolidated financial statements were approved for issue by the Board of Directors on 31 March 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied by the Group and the Company to all the years presented unless stated otherwise.

2.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the relevant Statutory Instruments ("SI") SI 62/96, SI 33/99, SI 142/19 and SI 33/19.

The consolidated financial statements have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income, investment property and property and equipment.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

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

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

The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried in the financial statements have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit or loss for the year ended 31 December 2021 and the comparative period. Comparative amounts in the Group financial statements 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 31 December 2021
CPI as at 31 December 2019	551.63	7.2103
CPI as at 31 December 2020	2 474.51	1.6073
CPI as at 31 December 2021	3 977.40	1

The main procedures applied for the above-mentioned restatement are as follows:

i. All corresponding figures as of and for the year ended 31 December 2020 are restated by applying the change in the index from 31 December 2020 to 31 December 2021.
ii. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.
iii. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2021. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.
iv. Property, plant and equipment that is not current at the statement of financial position date is restated from the date of initial application of hyperinflation conditions, that is, 1 January 2018 or from the transaction date if purchased after 1 January 2018. Depreciation and amortization amounts are based on restated costs. Owner occupied buildings are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not restated. The depreciation amounts are based on the opening restated amounts.
v. Deferred tax is calculated on restated carrying amounts.
vi. Profit or loss items/transactions, except the depreciation and amortization charges explained above, are restated by applying the change in the index from the date of the transaction to 31 December 2021.
vii. The effect of inflation on the net monetary position of the entity is included in the income statement as loss or gain on monetary position.
viii. All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

The inflation adjusted figures forms the primary set of financial statements and the unadjusted historical figures are supplimentary information.

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

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

In order to comply with SI 33, issued on 22 February 2019, the Group changed its functional currency to the ZWL with effect from 23 February 2019. Guidance issued by the Public Accountants and Auditors Board (PAAB) notes the requirements of SI 33 were contrary of the provisions of IAS 21.

2.1.1 Changes in accounting policy and disclosures

Application of new and revised International Financial Reporting Standards (IFRSs)

2.1.1.1 New and amended standards and interpretations

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing at 31 December 2021 will be completed before the amendments become effective.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. As at 31 December 2021, the taxable temporary difference in relation to the right-of-use asset is ZWL76 million and the deductible temporary difference in relation to the lease liability is ZWL83 million, resulting in a net deferred tax asset of ZWL1.8 million. Under the amendments, the Group will present a separate deferred tax liability of ZWL18,7 million and a deferred tax asset of ZWL20.5 million. There will be no impact on retained earnings on adoption of the amendments.

2.1.1.2 Future accounting developments

2.1.1.2.1 The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
Annual Improvements to IFRS Standards 2018-2020.
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
Reference to Conceptual Framework (Amendments to IFRS 3).
Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
Definition of Accounting Estimates (Amendments to IAS 8).
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12).
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

2.1.1.2.2 The following new and amended standard is expected to have a significant impact on the Group's consolidated financial statements. The Group has not yet assessed the extent of the impact as at 31 December 2021.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

2.1.2 Going concern

The Group's forecasts and projections, taking account of COVID-19 pandemic, reasonably possible changes in trading environment and performance, show that the Group should be able to operate within the level of its current financing. After a detailed assessment, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future despite the advent of the pandemic.

The Group's business operations has been and will continue to be affected by the outbreak of the COVID-19 (coronavirus) which in March 2020, the World Health Organization (WHO) declared as a pandemic and the country declared as a national disaster and ordered lockdowns and the closure of borders, non-essential services and businesses among other significant interventions. The ongoing national, regional and global response to the COVID-19 pandemic has and will overall continue to negatively affect the Group's business operations, the country, continental and global economies. The overall disruption and financial effect on the Group's businesses cannot be determined with certainty due to the nature of the complexity, the unknown duration and severity of the COVID-19 pandemic and dynamic responses continued to be implemented by the country to counteract the material negative impact on the economy. As a result of the still many unknowns relating to the current pace, spread and containment of the COVID-19 pandemic it may result in a material adverse impact on the Group's financial position, operations, financial results and cash flows. The duration of the business disruption and the related financial effect and impact cannot be reasonably estimated at this time and updates will be provided in the quarterly trading updates.

It is however, apparent that the Covid-19 pandemic has adversely impacted commercial activity and contributed to significant declines and volatility in financial markets and the government responses are creating disruption in national, regional and global supply chains and adversely impacting many industries and ultimately the Group's customers. This may materially affect all our revenues streams, operating costs and liquidity position. The future is dependent on future national and global developments, which are highly uncertain and are impossible to predict. The response by the regulatory authorities to introduce a stimulus package to ameliorate the impact of the Covid-19 continues to determine the financial effect and impact on the Group's operations.

The Group has taken several steps to further strengthen its financial position and maintain liquidity and flexibility. The Group has been undertaking the following initiatives to manage the challenges brought about by this pandemic: suspending unnecessary capital expenditure, reviewing operating expenses, not allowing new facility draw downs, concentrating on digital delivery channels, revamping agency banking, restructuring of previous performing facilities taking into account the extent clients are secured and have been affected by the Covid-19 outbreak, adjusted certain aspects of our operations to protect our employees and customers while still meeting customers' needs for financial services. The Group's e-commerce business and delivery channels have not been affected in terms of delivering service to our customers although the volume of transactions and revenues are expected to be disrupted due the countrywide lockdowns which continue to limit business activity.

As at the end of February 2022, our Group operations were in line with the Budget and had adequate liquidity for operations. The Group is leveraging on its Group financial position which had adequate cash resources as the end of February 2022 to preserve its financial flexibility in the uncertain environment. The Group currently believes that it has adequate liquidity and business plans to continue operating using e-commerce to mitigate some of the risks associated with COVID-19.

However, the COVID-19 pandemic is complex and rapidly evolving; the Group's plans above may change. At this point we cannot reasonably estimate the duration and severity of this pandemic, which could have a continued material adverse impact on our businesses, results of operations, financial position and cash flows.

The Group continues to evaluate the potential short-term and long-term implications on the consolidated financial statements. The potential impacts include, but not limited to: impairment of loans and advances, impairment of property and equipment and operating lease right of use assets related to the company's branches, fair value of financial assets and other investments, valuation of inventory, capacity to meet foreign obligations, net interest income, levels of non-funded income and expenses.

The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.1.3 Use of judgements and estimates

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Impairment of financial assets, note 3.1
- Insurance claims, note 3.2
- Inventory valuation, note 3.3
- Investment property and property and equipment valuation, note 3.4
- Valuation of unlisted equities, note 3.5
- Gain or loss on the monetary position, note 3.6

2.2 Basis of consolidation

(a) Subsidiaries

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus their share of subsequent changes in equity.

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

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

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

There were no business combinations in the current year.

(b) Subsidiaries

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

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Non controlling interest

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

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

(e) Loss in control

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

(f) Transactions eliminated on consolidation

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised profits or losses are also eliminated.

(g) Separate financial statements of the Company

The Company recognises investments in subsidiaries at cost, less accumulated impairment allowances in the separate financial statements of the Company.

2.3 Segment reporting

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

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

The Group's operating segments have been aggregated based on the nature of the products and services on offer and the nature of the regulatory environment. The CODM is responsible for allocating resources and assessing performance of the operating segments. In accordance with IFRS 8, Operating segments, the Group has the following business segments: commercial banking, microlending, mortgage financing, reinsurance, short-term insurance and stockbroking.

2.3.1 Commercial banking

The principal activities of this segment consist of dealing in the money and foreign exchange markets, retail, corporate and international banking and corporate finance.

2.3.2 Microlending

The principal activities of this segment consist of short-term lending to the informal market.

2.3.3 Mortgage financing

The principal activities of this segment consist of housing development, mortgage lending, savings deposit accounts and other money market investment products.

2.3.4 Reinsurance

The principal activities of this segment consist of underwriting the following classes of reinsurance business; fire, engineering, motor, miscellaneous accident classes and marine.

2.3.5 Short - term insurance

The principal activities of this segment consist of underwriting the following classes of insurance business; fire, engineering, motor, miscellaneous accident classes and marine.

2.3.6 Stockbroking

The principal activities of this segment consist of dealing in the equities market and offering advisory services.

2.4 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges. Economic hedging is applied where hedging is being referred to in these financial statements.

Foreign exchange gains or losses are presented in the statement of profit or loss within 'net trading income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non monetary financial assets, such as equities classified as fanacial assets at fair value through other comprehensive income, are included in other comprehensive income.

2.5 Financial assets and liabilities

2.5.1 Financial assets Classification

Financial instruments include cash and cash equivalents, loans and advances to customers, financial investments, investment securities, derivative assets and liabilities, financial assets and liabilities included in other assets and liabilities, deposits and current accounts. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss (FVTPL) where transaction costs are recognised immediately in profit or loss.

Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by instrument basis) to be presented at fair value through other comprehensive income (OCI). The Group has an equity investment in Zimbabwe Stock Exchange and Turnall Holdings which are measured at fair value through OCI.

i. Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of that transaction.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level a because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Group's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Group Central Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Certain other debt securities are held by the Group Central Treasury in separate portfolios to meet everyday liquidity needs. The Group Central Treasury seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group originates certain loans and advances to customers and investment securities for sale to securitisation vehicles that are not consolidated by the Group. Such financial assets are held within a business model whose objective is to realise cash flows through sale.

Certain non-trading loans and advances to customers held by the Group's investment banking business and debt securities held by the Group Treasury are managed with an objective of realising cash flows through sale. The Group primarily focuses on fair value information and uses that information to assess the asset's performance and to make decisions.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:
- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Group's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Group will benefit from any upside from the underlying assets.

Contractually linked instruments

The Group has some investments in securitisations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:
- the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;
- the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and
- the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitises various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitisation vehicles and in the Group transferring substantially all of the risks and rewards of ownership. The securitisation vehicles in turn issue securities to investors. Interests in the securitised financial assets are generally retained in the form of senior or subordinated tranches, or other residual interests (retained interests). Retained interests are recognised as investment securities and measured as explained.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities
The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.a Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

v. Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

vi. Fair value measurement
Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

(a) The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vii. Impairment

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as ‘Stage 1 financial instruments’. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as ‘Stage 2 financial instruments’. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as ‘Stage 3 financial instruments’.

Determining a significant increase in credit risk since initial recognition:
The Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test
The annualised lifetime probability of default (PD) has increased by more than an agreed threshold relative to the equivalent at origination.
PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed ‘significant’, is based upon analysis of the portfolios’ risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate.

ii) Qualitative test
Relevant for accounts that meet the portfolio’s ‘high risk’ criteria and are subject to closer credit monitoring.
High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria
Relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum: all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. They are measured as follows:
- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the following discount rates are used:
- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;

- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market’s assessment of creditworthiness as reflected in bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

POCI financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition.
Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:
- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial guarantee contracts held
The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:
- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:
- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Group presents a gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

viii. Designation at fair value through profit or loss

Financial assets

On initial recognition, the Group has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, that would otherwise arise.

Financial liabilities

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:
- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2.5.2 Deposits from customers and other banks

Customer deposits and deposits from other banks are recognized initially at fair value, net of transaction costs incurred. Deposits are subsequently shown at amortised costs using the effective interest method.

2.5.3 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.5.4 Financial guarantees

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee.

Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of the:
• ECL calculated for the financial guarantee
• unamortised premium.

2.5.5 Legacy debt

Foreign currency legacy debts or blocked funds refer to foreign currency denominated external payments that were outstanding as at 22 February 2019, when the Central bank introduced the RTGS local currency. The Central bank committed to providing foreign currency at rate of USD1: RTGS 1 or ZWL 1, to settle registered legacy debts or blocked funds.

In June 2019 the Central bank directed authorised dealers to transfer to the Central bank, Zimbabwe Dollar balances at an exchange rate of ZWL1:US$1 in relation to foreign currency legacy debts to be registered. During the course of 2019 and 2020, the Group made applications relating to foreign currency obligations incurred in USD between 2018, when the functional currency was USD and prior to promulgation of S.I. 33 of February 2019, to providers of offshore lines of credit.

FBC Holdings the company and the building society, during 2019, registered for US$15,5m owing mostly to loan repayments for offshore lines of credit of which the full amount was approved and registered with the Central Bank.

The ZWL paid to the Central Bank gives rise to an asset since FBC expects future economic benefits in the form of the ability to participate in a programme to facilitate settlement of the approved legacy debts, at preferential exchange rates. FBC became a party to the contractual provisions of the instrument on the day that it deposited money with the Central bank.

With the approval and registration of the legacy debts with the Central bank, receivable has been recognised in the Group. The receivable from the Central bank was recognised as USD denominated asset and converted to local currency at the ruling exchange rate. The Central bank confirmed in writing that they will be paying the USD equivalent amounts of interest and capital on the legacy debts. This creates a contractual right to receive cash and hence the legacy debt deposit made to RBZ meets the definition of a financial asset which will be measured at amortised cost. The respective foreign currency obligations in respect of which legacy debt had been applied for and approved remain as USD liabilities in the financial statements and converted at the interbank exchange rate, at each reporting date. The resulting exchange gains & losses as well as credit losses will be recognised in the statement of profit or loss.

2.5.6 Settlement of Financial assets and liabilities

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.6 Balances with other banks and cash

Cash and bank balances include cash on hand, deposits held at call with other banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown as liabilities. Cash and bank balances are carried at amortised cost in the statement of financial position.

2.7 Trade and other receivables including insurance receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. For further information of insurance receivables please refer to note 2.8.

2.8 Insurance contracts

Classification of insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (“the policyholder”) by agreeing to compensate the policyholder or other beneficiary in the event of loss are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

Recognition and measurement

Revenue

Gross premiums written reflect business written during the year, and exclude any taxes or duties charged on premiums. Premiums written include estimates for ‘pipeline’ premiums and adjustments to estimates of premiums written in previous years.

The earned proportion of premiums is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of the risks underwritten.

Unearned premium provision

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the subsequent financial year, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

Claims
Claims incurred comprise the settlement and handling costs paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims' provisions.

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all the claims incurred but unpaid at the statement of financial position date whether reported or not, and related internal and external claims handling expenses. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior years are reflected in the financial statements of the period in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Unexpired risk provision
Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premiums provision in relation to such policies after the deduction of any deferred acquisition costs. The provision of unexpired risk is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and unexpired claims provision.

Reinsurance assets
The reinsurance subsidiary cedes reinsurance to another reinsurer (hereafter a retrocessonaire) and the short-term insurance subsidiary cedes insurance risk to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities, income and expenses arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense of the related insurance contract because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contract. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of ceded reinsurance premiums is included in the reinsurance assets.

Reinsurance assets (contracts)
The net amounts paid to the reinsurer at the inception of a contract may be less than the reinsurance assets recognised by the Group in respect of rights under contracts. Any difference between the premium due to the reinsurer and the reinsurance asset recognized is included in the statement of comprehensive income in the period in which the reinsurance premium is due.

The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts.

Reinsurance assets include recoveries due from reinsurance companies in respect of claims paid. These are classified as loans and receivables and are included within trade and other receivables in the statement of financial position.

Reinsurance assets are assessed for impairment at each statement of financial position date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the retrocessionaire.

Reinsurance liabilities
Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised when the obligation arises.

Deferred acquisition costs

Costs incurred in acquiring insurance contracts are deferred to the extent that they are recoverable out of future margins. Acquisitions costs include direct cost such as commission and indirect costs such as administrative expenses connected with the processing of proposals and issuing of policies.

Deferred acquisition costs are amortised over the period in which the costs are expected to be recoverable out of future margins in the revenue from the related contracts.

For insurance contracts the deferred acquisition cost represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written which is unearned at the statement of financial position date.

2.9 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the first in, first-out ("FIFO") method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Investment property

Investment property is recognised as an asset when it is probable that future economic benefits that are associated with the investment property will flow to the Group and the cost of the property can be reliably measured. Investment property is initially measured at cost and subsequently measured at fair value.

Investment property is property held to earn rentals and/or for capital appreciation. It is stated at its fair value at the reporting date as determined by independent professional valuers. Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss in the period in which they arise. The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to market evidence of most recent proceeds achieved in arms length transactions of similar properties.

Transfers from investment property are made when there is a change in use, evidenced by commencement of owner-occupation for a transfer from investment property to owner-occupied property. The property's deemed cost for subsequent accounting is its fair value at the date of change in use.

Investment property is derecognised on disposal or when the property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses from disposal is determined as the difference between the net proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of disposal.

2.11 Intangible assets

Software licences

Separately acquired software licences are at historical cost amounts less accumulated amortisation at each reporting date. Amortisation on carrying amounts is calculated using the straight-line method to allocate the cost of licences over the remaining estimated useful lives not exceeding 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives ranging from three to five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.12 Property and equipment

(a) Recognition and measurement

The cost of an item of property and equipment is recognised as an asset if, and only if; it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Land and buildings comprise mainly retail banking branches and offices occupied by the Group. Land and buildings are shown at fair value, based on yearly valuations by external independent valuers, less subsequent accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All property and equipment is stated at revalued amounts less accumulated depreciation and impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property or equipment have different useful lives, they are accounted for (major components) as separate property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss within 'administrative expenses' during the financial period in which they are incurred. Subsequent costs can also be recognised as separate assets.

Increases in the carrying amount arising on revaluation of property and equipment are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income. The revaluation surplus is transferred from revaluation reserve' to 'retained profits' on disposal of the revalued asset. Accumulated depreciation is eliminated at revaluation date.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land and buildings	50 years
Computer equipment	3 - 5 years
Motor vehicles	5 years
Office equipment	5 - 10 years
Furniture and fittings	10 years
Machinery	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income within other 'operating income'.

The carrying amounts of the Group's items of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment allowance is recognised whenever the carrying amount exceeds its recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount (note 2.14)

(c) Derecognition

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

2.13 Time - share asset

The time - share asset comprises a house boat jointly owned with external entities and the Group has a majority share. The boat is recognised as an asset for owner use. The boat is stated at revalued amount less impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost or to the residual values over the estimated useful life of 10 years.

2.14 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment allowance is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows or cash generating units ("CGUs"). The impairment test can also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in 'other expenses'.

2.15.1 Current tax

Tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

2.15.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of income tax, from the proceeds. Repurchase of share capital (“treasury shares”), where any group company purchases the Company’s share capital (“treasury shares”), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s shareholders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s shareholders.

When the Zimbabwean economy dollarized in 2009, a Financial Reporting Guidance was used to determine a foreign currency opening statement of financial position on the date of change in functional currency from ZWD$ to US$. The Group used the Guidance to translate the financial statements at the normalisation date to US$ to be used as the deemed costs in the opening statements of financial position at 1 January 2009. The surplus on the restatement of the assets and liabilities was credited to non-distributable reserves in equity. The reserve is not available for distribution to shareholders.

2.18 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s consolidated financial statements in the period in which the dividends are declared by the Company’s directors.

2.19 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.20 Derivative

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Group's other income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives have been used to hedge foreign currency and exchange rate risk related to non-trading positions. All derivative instruments are held at fair value through profit or loss.

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial asset contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

2.21 Revenue recognition

Revenue is derived substantially from the business of banking and related activities, provision of insurance services and rendering of stock broking services.

From the business of banking and related services; revenue comprises interest income, fees and commission income, net trading income and dividend income.

2.21.1 Interest income and interest expense

Interest income and interest expense are recognised in the statement of profit or loss for all interest instruments on an accrual basis using the effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Interest income excludes fair value adjustments on interest-bearing financial instruments. Fair value adjustments are reported under other income.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

2.21.2 Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission income – including retail service fees, credit related fees, investment banking fees and brokerage commission – is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual where revenue is recognised when a performance obligation is satisfied, i.e. when control of the services underlying the particular performance obligation is transferred to the customer.

2.21.3 Net trading income

Net trading and dealing income includes gains or losses arising from disposals and changes in fair values of financial assets and liabilities held for trading. Net trading income also includes gains or losses arising from changes in foreign currency exchange rates.

Income from equity investments and other non-fixed income investments is recognised as income on an accrual basis.

2.21.4 Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is at the ex-dividend date for equity securities. Dividends are reflected as a component of non-interest income based on the underlying classification of the equity instruments.

2.21.5 Sale of goods - property sales

The Group is involved in the construction of houses for sale through a structured mortgage transaction as part of its trading activities. The Group uses the following steps in recognising revenue from sale of houses:

Upon an offer to purchase a property from the Group with the client meeting all the terms and conditions an agreement of sale is signed making the identification of a contract with a customer together with stating the performance obligations in the signed contract. The offer of a structured mortgage facility then determines the transaction price. Revenue is then measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised when a performance obligation is satisfied and in this case when control and title of the property is transferred to the customer.

Revenue on the land portion is recognized in full on execution of the sale agreement.

2.21.6 Insurance premiums (including reinsurance premiums)

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business. An estimate is made at the statement of financial position date to recognise retrospective adjustments to premiums or commissions.

The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance service received. A portion of outwards reinsurance premiums are treated as prepayments.

2.22 Employee benefits

(a) Termination benefits

Termination benefits are benefits payable as a result of the Group's decision to terminate employment before the normal retirement date (or contractual date) or whenever an employee accepts voluntary redundancy in exchange of those benefits. Termination benefits are recognised as an expense at the earlier of the following dates : (a) when the Group can no longer withdraw the offer for these benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, contingent liabilities and contingent assets' and involves the payment of terminal benefits. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(b) Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render service. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(c) Post employment benefits

Post employment benefits are employee benefits (other than termination benefits) which are payable after completion of employment. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Pension obligation

The Group provides for retirement benefit obligation in respect of its employees as follows;

- FBCH Pension Fund - Defined Contribution Fund,
- National Social Security Authority ("NSSA") - a Statutory Defined Contribution Fund. Contributions to NSSA are made in terms of statutory regulations and are charged against income as incurred.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(d) Profit sharing and bonus plans

The Group recognises a liability and an expense for profit sharing and bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after an independent audit. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Share-based payment transactions

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs within operating expenses in the statement of profit or loss.

(f) Long service awards

The net present value of the amount payable to employees in respect of long service awards, which are paid in cash, is recognised as an expense, with a corresponding increase in liabilities. The liability is re-measured at each reporting date and at settlement date. Any changes in the net present value of the liability are recognised as staff costs within operating expenses in the statement of profit or loss.

(g) Annual leave provision

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave.

2.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the year excluding ordinary shares purchased by the Company, held as treasury shares.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and then dividing by the weighted average number of outstanding shares during the year excluding ordinary shares purchased by the Company, held as treasury shares but taking into consideration, for the effects of all potential dilutive factors.

2.24 Headline earnings per share

The Group presents headline earnings per share ("HEPS") for its ordinary shares. Headline earnings are calculated by excluding the following from the profit or loss attributable to ordinary shareholders of the Company; impairment/ subsequent reversal of impairment of property, plant and equipment and intangible assets; gains or losses on disposal of such assets; any remeasurements of investment property; remeasurement of goodwill impairment; the recognised gain on bargain purchase; gains or losses on disposals of financial assets classified as financial assets at fair value through other comprehensive income or associates and gains or losses in the loss of control or a subsidiary.

These adjusted earnings are then divided by the weighted average number of ordinary shares during the year excluding ordinary shares purchased by the Company and held as treasury shares.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3.1 Impairment of financial assets

The Group adopted the Expected Credit Loss (ECL) model and this applies to financial assets measured at amortised cost (for example mandatory reserve deposits with central banks, reinsurers' share of policyholder liabilities, loans and advances, trade and other receivables, cash and cash equivalents, and corporate debt securities held by the Group) as well as financial assets measured at FVOCI, but not to investments in equity instruments.

The ECL impairment loss allowance is an unbiased, probability - weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD).

Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects the Group's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group should also consider observable market information about the credit risk of the financial instrument or similar financial instruments. In the absence of sufficient data, management apply expert judgment within an established governance framework to determine the required parameters. The expert judgement process is based on available internal and external information.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

3.2 Insurance claims

The Group's estimates for reported and unreported losses and establishing provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of comprehensive income. The process is based on the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. Additional information is disclosed in note 16.

3.3 Inventory valuation

The process for evaluating inventory obsolescence or market value often requires the Group to make subjective judgments and estimates concerning future sales levels, quantities and prices at which such inventory will be sold in the normal course of business. The Group adjusts the inventory by the difference between the estimated market value and the actual cost of the inventory to arrive at net realizable value. The Group's estimates for market value are reviewed at least annually and updated. Any write down resulting from this review is reflected in the statement of profit or loss in 'cost of sales'.

3.4 Investment property and property and equipment valuation

The key inputs and assumptions used in the valuations, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity due to illiquidity in the market. Fair valuation of properties is difficult to ascertain as market comparable sales are not as readily available as a result of depressed economic activity which has resulted in a limited number of open market sales. Furthermore, the hyperinflationary environment make it increasingly difficult to determine the fair values.

The qualified valuers determined property fair values in ZWL. In the current year, there was a change in the basis of determining the estimate, in that property valuations were performed directly in ZWL currency compared to the prior year periods where valuations were in USD and translated to the local currency at the auction rate. This was necessitated by the need to do valuations in our own reporting and functional currency. Additional information is disclosed in note 13.

3.5 Valuation of unlisted equities

The fair values of unlisted equities are classified and accounted for in accordance with the IFRS 9. Since the prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realized under current market conditions.

The translation of the foreign currency denominated assets and liabilities to local currency is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used. This is after assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid.

3.6 The gain or loss on the net monetary position

The gain or loss on the net monetary position can be determined as follows:

1. derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of profit or loss and OCI and the adjustment of index linked assets and liabilities (Approach 1); or

2. Estimated by applying the change in the general price index to the weighted average for the period of the net amounts of monetary assets and liabilities (Approach 2).

The Group has elected to use Approach 1.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
4	**BALANCES WITH BANKS AND CASH**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
4.1	**Balances with Reserve Bank of Zimbabwe ("RBZ")**				
	Current account balances	1 887 336 428	1 031 166 659	1 887 336 428	641 523 415
	Balances with banks and cash				
	Notes and coins	4 771 363 461	5 468 069 505	4 771 363 461	3 401 869 708
	Other bank balances	10 980 887 019	10 473 604 451	10 980 887 019	6 515 981 132
		15 752 250 480	**15 941 673 956**	**15 752 250 480**	**9 917 850 840**
	Balances with banks and cash (excluding bank overdrafts)	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
	Current	17 639 586 908	16 972 840 615	17 639 586 908	10 559 374 255
	Non-current	-	-	-	-
	Total	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
4.2	**Cash and cash equivalents**				
	Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
	Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1)	1 887 336 428	1 031 166 659	1 887 336 428	641 523 415
	Balances with banks and cash (note 4.1)	15 752 250 480	15 941 673 956	15 752 250 480	9 917 850 840
		17 639 586 908	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
	Per cash flow statement	**17 639 586 908**	**16 972 840 615**	**17 639 586 908**	**10 559 374 255**
	There are no restrictions pertaining to the use of cash by the Reserve Bank of Zimbabwe				
5	**FINANCIAL ASSETS**				
5.1	**Loans and advances to customers**				
	Loans and advance maturities				
	Maturing within 1 year	8 250 556 169	10 956 400 560	8 250 556 169	6 816 226 654
	Maturing after 1 year	15 807 560 158	10 724 513 995	15 807 368 333	6 672 080 387
	Gross carrying amount	**24 058 116 327**	**21 680 914 555**	**24 057 924 502**	**13 488 307 041**
	Impairment allowance	(524 711 229)	(233 657 805)	(524 711 229)	(145 366 369)
		23 533 405 098	**21 447 256 750**	**23 533 213 273**	**13 342 940 672**

The maturity analysis of loans and receivables is based on contractual maturity from year end.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

INFLATION ADJUSTED

Reconciliation of impairment allowance by nature of loans and advance	Mortgages ZWL	Personal loans ZWL	Corporate loans ZWL	Total ZWL
As at 1 January 2020	44 176 825	91 914 595	173 695 801	309 787 221
Effects of IAS29	(34 328 799)	(71 424 726)	(134 975 025)	(240 728 550)
Charge for the year	25 973 118	5 924 660	133 692 297	165 590 075
Increase in impairment allowances	25 973 118	5 924 660	133 692 297	165 590 075
Reversal of impairment	-	-	-	-
Amount written off during the year and uncollectible	(14 079)	(976 862)	-	(990 941)
As at 31 December 2020	**35 807 065**	**25 437 667**	**172 413 073**	**233 657 805**
As at 1 January 2021	35 807 065	25 437 667	172 413 073	233 657 805
Effects of IAS29	(13 530 287)	(9 612 040)	(65 149 109)	(88 291 436)
Charge for the year	48 162 158	151 034 334	175 011 313	374 207 805
Increase in impairment allowances	49 015 864	154 778 342	175 011 313	378 805 519
Reversal of impairment	(853 706)	(3 744 008)	-	(4 597 714)
Amount written off during the year and uncollectible	1 606 802	638 010	2 892 243	5 137 055
As at 31 December 2021	**72 045 738**	**167 497 971**	**285 167 520**	**524 711 229**

HISTORICAL COST

Reconciliation of impairment allowance by nature of loans and advance	Mortgages ZWL	Personal loans ZWL	Corporate loans ZWL	Total ZWL
As at 1 January 2020	6 126 788	12 747 436	24 089 494	42 963 718
Charge for the year	16 158 749	3 685 930	83 174 470	103 019 149
Increase in impairment allowances	16 158 749	3 685 930	83 174 470	103 019 149
Reversal of impairment	-	-	-	-
Amount written off during the year and uncollectible	(8 759)	(607 739)	-	(616 498)
As at 31 December 2020	**22 276 778**	**15 825 627**	**107 263 964**	**145 366 369**
As at 1 January 2021	22 276 778	15 825 627	107 263 964	145 366 369
Charge for the year	48 162 158	151 034 334	175 011 313	374 207 805
Increase in impairment allowances	49 015 864	154 778 342	175 011 313	378 805 519
Reversal of impairment	(853 706)	(3 744 008)	-	(4 597 714)
Amount written off during the year and uncollectible	1 606 802	638 010	2 892 243	5 137 055
As at 31 December 2021	**72 045 738**	**167 497 971**	**285 167 520**	**524 711 229**

Loans of ZWL5 137 055 (2020 - ZWL990 941) written off during the year are still subject to enforcement activity.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

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

5.3 Irrevocable commitments

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

5.4 Movement in credit impairment losses

INFLATION ADJUSTED	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at at armotised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Balance at 1 January 2020	4 500 990	24 722 922	309 787 220	6 960 536	1 143 015	347 114 683
Effects of IAS 29	(3 497 617)	(19 211 617)	(240 728 551)	(5 408 875)	(888 211)	(269 734 871)
Impairment loss allowance	2 530 686	39 395 091	165 590 075	6 360 999	7 073 314	220 950 165
Amounts written off /reversals during the year	-	-	(990 939)	-	-	(990 939)
Impairment reversal	-	(1 848 695)	-	-	-	(1 848 695)
Balance as at 31 December 2020	**3 534 059**	**43 057 701**	**233 657 805**	**7 912 660**	**7 328 118**	**295 490 343**
Balance at 1 January 2021	3 534 059	43 057 701	233 657 805	7 912 660	7 328 118	295 490 343
Effects of IAS 29	(1 335 402)	(16 270 059)	(88 291 436)	(2 989 927)	(2 769 050)	(111 655 874)
Impairment loss allowance	(2 159 429)	76 329 799	374 207 805	6 250 054	4 643 631	459 271 860
Amounts written off /reversals during the year	-	17 013	5 137 055	-	-	5 154 068
Impairment reversal	-	(1 147 885)	-	(170 760)	-	(1 318 645)
Balance as at 31 December 2021	**39 228**	**101 986 569**	**524 711 229**	**11 002 025**	**9 202 699**	**646 941 750**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

5.4 Movement in credit impairment losses

HISTORICAL COST	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at at amortised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Balance at 1 January 2020	624 232	3 428 768	42 963 718	965 342	158 522	48 140 582
Impairment loss allowance	1 574 425	24 509 009	103 019 148	3 957 391	4 400 546	137 460 519
Amounts written off /reversals during the year	-	-	(616 497)	-	-	(616 497)
Impairment reversal	-	(1 150 135)	-	-	-	(1 150 135)
Balance as at 31 December 2020	**2 198 657**	**26 787 642**	**145 366 369**	**4 922 733**	**4 559 068**	**183 834 469**
Balance at 1 January 2021	2 198 657	26 787 642	145 366 369	4 922 733	4 559 068	183 834 469
Impairment loss allowance	(2 159 429)	76 329 799	374 207 805	6 250 054	4 643 631	459 271 860
Amounts written off /reversals during the year	-	17 013	5 137 055	-	-	5 154 068
Impairment reversal	-	(1 147 885)	-	(170 762)	-	(1 318 647)
Balance as at 31 December 2021	**39 228**	**101 986 569**	**524 711 229**	**11 002 025**	**9 202 699**	**646 941 750**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
5.5 Financial assets at amortised cost				
Maturing within 1 year	1 943 045 023	1 721 095 547	1 943 045 023	1 070 751 350
Maturing after 1 year	37 681 153	31 557 288	37 681 153	19 632 851
Gross carrying amount	**1 980 726 176**	**1 752 652 835**	**1 980 726 176**	**1 090 384 201**
Impairment allowance	(11 002 025)	(7 912 660)	(11 002 025)	(4 922 733)
Total	**1 969 724 151**	**1 744 740 175**	**1 969 724 151**	**1 085 461 468**

Financial assets at amortised cost comprises Treasury bill.

6 BONDS AND DEBENTURES

	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
Maturing within 1 year	-	754 411 593	-	469 344 792
Maturing after 1 year	6 979 045	10 501 200	6 979 045	6 533 150
Gross carrying amount	**6 979 045**	**764 912 793**	**6 979 045**	**475 877 942**
Impairment allowance	(39 228)	(3 534 059)	(39 228)	(2 198 657)
Total	**6 939 817**	**761 378 734**	**6 939 817**	**473 679 285**

Bonds have fixed interest rates of 7%.
They mature on 31 March 2024

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
Listed securities at market value	3 260 344 951	833 773 871	3 343 970 387	555 203 495
Unlisted securities	380 849 472	325 059 533	380 849 472	202 230 454
Suspended securities	-	81 652 878	-	50 798 998
	3 641 194 423	**1 240 486 282**	**3 724 819 859**	**808 232 947**
Current	3 641 194 423	1 240 486 282	3 724 819 859	808 232 947
Total	**3 641 194 423**	**1 240 486 282**	**3 724 819 859**	**808 232 947**

Unlisted securities comprises of Afreximbank class B shares and Society for Worldwide Interbank Financial Telecommunication ("SWIFT") shares.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Listed securities at market value	**156 000 444**	**61 706 761**	**156 000 444**	**38 389 849**
Current	156 000 444	61 706 761	156 000 444	38 389 849
Non-current	-	-	-	-
Total	**156 000 444**	**61 706 761**	**156 000 444**	**38 389 849**
9 INVENTORY				
Raw materials	20 565 225	33 055 963	19 801 554	15 486 307
Work in progress	288 238 782	445 484 056	82 908 859	110 826 318
Finished goods	-	-	-	-
	308 804 007	**478 540 019**	**102 710 413**	**126 312 625**
Current	308 804 007	478 540 019	102 710 413	126 312 625
Non-current	-	-	-	-
Total	**308 804 007**	**478 540 019**	**102 710 413**	**126 312 625**

Included in work in progress is ZWL288 238 782 (2020: ZWL445 484 056) inflation adjusted and ZWL82 908 859 (2020: ZWL110 826 318) in historical terms relating to residential properties for sale which are under construction. The cost of inventory recognised as an expense and included in the cost of sales amounted to ZWL9 235 191 (2020: ZWL 36 838 182) inflation adjusted and in historical terms ZWL7 549 174 (2020:ZWL6 948 589). Raw materials relates to construction materials and finished goods relate to finished residential properties.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
10 PREPAYMENTS AND OTHER ASSETS				
Prepayments	624 578 298	975 447 125	595 766 209	515 326 835
Deferred acquisition costs	115 862 149	88 632 147	74 570 505	38 894 642
Refundable deposits for Mastercard and Visa transactions	486 731 417	453 608 982	486 731 417	282 205 384
Stationery stock and other consumables	5 007 902	8 049 561	2 334 661	1 503 300
Time - share asset	27 787 500	27 374 643	27 787 500	17 030 685
Legacy debt assets	-	1 657 750 138	-	1 031 342 044
Zimswitch receivables	294 129 087	133 344 027	294 129 087	82 957 798
Bill payments receivables	14 725 210	31 884 218	14 725 210	19 836 243
RBZ NNCD and auction system balances*	4 839 194 228	-	4 839 194 228	-
Capital work in progress	150 236 070	95 488 305	82 538 666	41 874 266
Other	104 906 435	26 565 825	128 932 065	11 909 146
	6 663 158 296	**3 498 144 971**	**6 546 709 548**	**2 042 880 343**
Current	6 176 426 880	1 945 032 513	6 059 978 131	1 187 919 497
Non-current	486 731 416	1 553 112 458	486 731 417	854 960 846
Total	**6 663 158 296**	**3 498 144 971**	**6 546 709 548**	**2 042 880 343**

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
11	**INVESTMENT PROPERTY**				
	Balance as at 1 January	1 572 825 404	1 112 445 527	978 507 514	154 282 658
	Additions	340 336 568	188 023 976	323 919 264	15 342 264
	Fair value adjustments	1 450 649 618	279 136 817	2 354 373 476	818 937 884
	Disposal	-	(25 765 205)	-	(12 688 182)
	Transfer from property and equipment	-	18 984 289	-	2 632 890
	Transfer from inventory	812 565 258	-	519 576 594	-
	Balance as at 31 December	**4 176 376 848**	**1 572 825 404**	**4 176 376 848**	**978 507 514**
	Non-current	4 176 376 848	1 572 825 404	4 176 376 848	978 507 514
	Total	**4 176 376 848**	**1 572 825 404**	**4 176 376 848**	**978 507 514**
	Investment property comprises the following:				
	Residential houses, Harare	3 358 014 848	1 182 436 045	3 358 014 848	735 633 181
	Residential stands, Harare	130 491 600	99 317 703	130 491 600	61 788 879
	Residential stand, Seke	8 160 000	4 732 231	8 160 000	2 944 080
	Residential houses, out of Harare	69 172 000	40 854 930	69 172 000	25 417 224
	Commercial stands, Harare	610 538 400	245 484 495	610 538 400	152 724 150
		4 176 376 848	**1 572 825 404**	**4 176 376 848**	**978 507 514**

The fair value of the investment property as at 31 December 2021 was arrived at on the basis of a valuation carried out by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued using the open market value method. This valuation has been carried out in accordance with the latest edition of the Royal Institute of Chartered Surveyors Valuation-Professional Standards ['The Red Book'] incorporating the International Valuation Standards [IVS] 2017. Management engaged a second independent professional valuer to colaborate this valuation. The comparison basis for residential properties and the investment method for commercial properties are the main approaches used in coming up with this valuation. The comparative principle has been applied in the valuation for rent of common types of premises and valuation for sale or purchase of common types of premises. This has also been applied in the comparison of investment yields from sale of investments and sale of underdeveloped land. The comparison basis considers evidence on transactions from similar properties in terms of size, standard of finishes and age in the same locality.

The investment principle establishes market rentals for the properties being valued. These monthly market rentals are annualized and then capitalized using the market capitalization rates in the market to establish the values.

No liabilities are guaranteed by investment property. Refer to note 35 for further fair value disclosures on investment property.

Included in other operating income is rental income of ZWL6 296 973 (2020: ZWL3 976 731) in inflation adjusted terms and ZWL5 034 151 (2020: ZWL1 532 794) in historical cost terms relating to investment property.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Sensitivity analysis on investment property fair values	ZWL	ZWL	ZWL	ZWL
If the market prices are to increase by the following percentages, investment property fair values will be as follows				
25%	5 220 471 060	1 966 031 755	5 220 471 060	1 223 134 393
50%	6 264 565 272	2 359 238 106	6 264 565 272	1 467 761 271
100%	8 352 753 696	3 145 650 808	8 352 753 696	1 957 015 028

12 INTANGIBLE ASSETS (Software licences)

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

The amortisation charge is included in the profit or loss under administrative expenses.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

13 PROPERTY AND EQUIPMENT

INFLATION ADJUSTED	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2020						
Opening net book amount	1 816 538 204	-	994 825 035	160 874 244	331 896 214	3 304 133 697
Additions	8 762 838	79 051 819	74 935 014	15 047 360	152 918 372	330 715 403
Revaluation of property	145 471 787	6 980 816	(668 852 338)	208 140 914	(1 698 100)	(309 956 921)
Transfer to investment	(18 984 289)	-	-	-	-	(18 984 289)
Adjustment to cost	-	22 823 666	(1 993)	-	(22 823 666)	(1 993)
Disposals	-	-	(619 018)	(1 863)	(54 938 545)	(55 559 426)
Depreciation	(24 413 334)	(4 334 293)	(111 102 006)	(64 974 282)	(53 814 703)	(258 638 618)
Closing net book amount	**1 927 375 206**	**104 522 008**	**289 184 694**	**319 086 373**	**351 539 572**	**2 991 707 853**
As at 31 December 2020						
Cost or valuation	2 007 442 437	108 856 301	675 516 427	923 810 097	554 241 114	4 269 866 376
Accumulated depreciation	(80 067 231)	(4 334 293)	(386 331 733)	(604 723 724)	(202 701 542)	(1 278 158 523)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**1 927 375 206**	**104 522 008**	**289 184 694**	**319 086 373**	**351 539 572**	**2 991 707 853**
Year ended 31 December 2021						
Opening net book amount	1 927 375 206	104 522 008	289 184 694	319 086 373	351 539 572	2 991 707 853
Additions	7 758 219	8 549 207	102 121 200	67 878 383	82 329 176	268 636 185
Revaluation of property	491 087 054	48 931 738	98 527 521	223 761 800	197 600 823	1 059 908 936
Adjustment to cost	-	-	(3)	-	-	(3)
Disposals	(552 094)	-	(339 898)	-	(6 987 677)	(7 879 669)
Depreciation	(25 780 620)	(8 256 277)	(72 792 947)	(80 505 008)	(72 965 136)	(260 299 988)
Closing net book amount	**2 399 887 765**	**153 746 676**	**416 700 567**	**530 221 548**	**551 516 758**	**4 052 073 314**
As at 31 December 2021						
Cost or valuation	2 505 735 616	166 337 246	875 825 247	1 215 450 280	827 183 436	5 590 531 825
Accumulated depreciation	(105 847 851)	(12 590 570)	(459 124 680)	(685 228 732)	(275 666 678)	(1 538 458 511)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**2 399 887 765**	**153 746 676**	**416 700 567**	**530 221 548**	**551 516 758**	**4 052 073 314**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

HISTORICAL COST	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2020						
Opening net book amount	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 138
Additions	4 398 288	32 861 570	34 230 463	4 857 653	86 487 500	162 835 474
Revaluation of property	952 143 844	11 978 788	38 290 331	173 297 799	111 890 227	1 287 600 989
Adjustment to cost	-	20 186 294	113	-	(14 753 112)	5 433 295
Adjustment to accumulated depreciation	2 929 781	1 699 850	1 264 425	489 081	3 864 313	10 247 450
Transfer to investment property	(2 632 890)	-	-	-	-	(2 632 890)
Disposals	-	-	(9 970)	(30)	(884 814)	(894 814)
Depreciation	(9 865 533)	(1 699 850)	(30 765 981)	(3 342 561)	(13 916 772)	(59 590 697)
Closing net book amount	**1 198 905 234**	**65 026 652**	**180 979 508**	**197 613 243**	**218 717 308**	**1 861 241 945**
As at 31 December 2020						
Cost or valuation	1 208 080 958	65 026 652	215 679 152	207 438 394	231 799 939	1 928 025 095
Accumulated depreciation	(9 177 353)	-	(34 699 644)	(9 817 269)	(12 831 080)	(66 525 346)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**1 198 905 234**	**65 026 652**	**180 979 508**	**197 613 243**	**218 717 308**	**1 861 241 945**
Year ended 31 31 December 2021						
Opening net book amount	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 945
Additions	5 748 406	6 886 260	80 220 203	54 357 413	68 202 643	215 414 925
Revaluation of property	1 217 521 713	92 574 780	218 403 665	303 900 625	330 325 811	2 162 726 594
Disposals	(343 476)	-	(211 410)	-	(4 347 268)	(4 902 154)
Depreciation	(22 264 002)	(10 741 016)	(60 789 384)	(27 254 545)	(61 359 049)	(182 407 996)
Closing net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**
As at 31 December 2021						
Cost or valuation	2 431 007 601	164 487 692	514 091 610	565 696 432	625 981 125	4 301 264 460
Accumulated depreciation	(31 441 355)	(10 741 016)	(95 489 028)	(37 071 814)	(74 190 129)	(248 933 342)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

If property and equipment was stated on historical cost basis, the amount would be as follows;

	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
INFLATION ADJUSTED						
2021						
Cost	1 428 582 988	110 424 692	697 368 429	1 123 259 326	432 867 553	3 792 502 988
Accumulated depreciation	(255 083 336)	-	(275 229 727)	(539 769 995)	(149 542 727)	(1 219 625 785)
Net book amount	**1 173 499 652**	**110 424 692**	**422 138 702**	**583 489 331**	**283 324 826**	**2 572 877 203**
2020						
Cost	1 421 376 863	101 875 485	595 587 130	1 055 380 943	357 526 054	3 531 746 475
Accumulated depreciation	(255 084 965)	-	(275 229 727)	(539 762 113)	(149 291 176)	(1 219 367 981)
Net book amount	**1 166 291 898**	**101 875 485**	**320 357 403**	**515 618 830**	**208 234 878**	**2 312 378 494**
HISTORICAL COST						
2021						
Cost	30 907 257	59 934 124	132 424 017	75 808 887	141 543 980	440 618 265
Accumulated depreciation	(13 835 608)	(10 741 016)	(95 489 028)	(37 071 814)	(74 190 129)	(231 327 595)
Net book amount	**17 071 649**	**49 193 108**	**36 934 989**	**38 737 073**	**67 353 851**	**209 290 670**
2020						
Cost	25 502 327	53 047 864	52 415 224	21 451 474	77 688 605	230 105 494
Accumulated depreciation	(11 609 208)	-	(34 699 644)	(9 817 269)	(12 831 080)	(68 957 201)
Net book amount	**13 893 119**	**53 047 864**	**17 715 580**	**11 634 205**	**64 857 525**	**161 148 293**

Fair values of property and equipment

An independent valuation of the Group's property and equipment was performed by valuers to determine the fair value of property and equipment as at 31 December 2021. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserves' as part of shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

INFLATION ADJUSTED

Recurring fair value measurements of property and equipment	Fair value measurements at 31 December 2021 using Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	1 799 764 589	1 799 764 589
- Land and residential properties	-	599 803 286	599 803 286
- Other property and equipment	-	1 652 505 439	1 652 505 439
	-	**4 052 073 314**	**4 052 073 314**

Recurring fair value measurements for land and buildings	Fair value measurements at 31 December 2020 using Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	1 445 386 087	1 445 386 087
- Land and residential properties	-	481 700 401	481 700 401
- Other property and equipment	-	1 064 621 365	1 064 621 365
	-	**2 991 707 853**	**2 991 707 853**

HISTORICAL COST

Recurring fair value measurements of property and equipment	Fair value measurements at 31 December 2021 using Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	1 799 764 589	1 799 764 589
- Land and residential properties	-	599 803 286	599 803 286
- Other property and equipment	-	1 652 505 439	1 652 505 439
	-	**4 052 073 314**	**4 052 073 314**

Recurring fair value measurements for land and buildings	Fair value measurements at 31 December 2020 using Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	899 223 234	899 223 234
- Land and residential properties	-	299 682 000	299 682 000
- Other property and equipment	-	662 336 711	662 336 711
	-	**1 861 241 945**	**1 861 241 945**

There were no level 1 assets or transfers between levels 1 and 2 during 2021

Valuation techniques used to derive fair values

The valuation technique for office buildings, residential property and land is both the investment and comparison approach. The following key inputs were used to determine the fair value;

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

The valuation of other property and equipment was derived using the sales comparison approach. Sales prices of comparable property and equipment of a simillar nature was adjusted for differences in key attributes such as property size, age and general condition.

INFLATION ADJUSTED

Property and equipment	Level 3 2021 ZWL	Level 3 2020 ZWL	Level 2 2021 ZWL	Level 2 2020 ZWL
Opening balance	**2 991 707 853**	**3 304 133 697**	**-**	**-**
Depreciation recognised	(260 299 988)	(258 638 618)	-	-
Revaluation gains recognised	1 059 908 936	(309 956 921)	-	-
Transfers from/(to) level 2	-	-	-	-
Additions	268 636 185	330 715 403		-
Transfers to Investment properties	-	(18 984 289)		-
Period adjustments	(3)	(1 993)		-
Disposals	(7 879 669)	(55 559 426)		-
Closing balance	**4 052 073 314**	**2 991 707 853**	**-**	**-**

HISTORICAL COST

Property and equipment	Level 3 2021 ZWL	Level 3 2020 ZWL	Level 2 2021 ZWL	Level 2 2020 ZWL
Opening balance	**1 861 241 945**	**458 243 138**	**-**	**-**
Depreciation recognised	(182 407 996)	(59 590 697)	-	-
Revaluation gains recognised	2 162 726 594	1 287 600 989	-	-
Transfers from/(to) level 2	-	-	-	-
Additions	215 414 925	162 835 474	-	-
Transfers to Investment properties	-	(2 632 890)	-	-
Period adjustments	-	15 680 745	-	-
Disposals	(4 902 154)	(894 814)	-	-
Closing balance	**4 052 073 314**	**1 861 241 945**	**-**	**-**

Valuation processes of the Group

On a yearly basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's property and equipment. As at 31 December 2021, the fair values of property and equipment was determined by Bard Real Estate (Private) Limited. There was a limited number of sales in the market for commercial property and therefore the valuations were performed using unobservable inputs. The external valuers determined these inputs based on the size, age and condition of the property and equipment, the state of the local economy and comparable rental rates. In the current year, there was a change in the basis of determining the estimate, in that property valuations were performend directly in ZWL currency compared to the prior year periods where valuations were in USD and translated to the local currency at the auction rate.

Refer to note 35 for further fair value disclosures on property and equipment.

Sensitivity analysis on property and equipment fair values

Property and equipment valued using comparison menthod

If market prices are to gone up by the following percentages, the values will be as follows

	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
25%	2 723 236 170	2 010 607 016	2 723 236 170	1 250 866 160
50%	3 267 883 403	2 412 728 419	3 267 883 403	1 501 039 392
100%	4 357 177 871	3 216 971 225	4 357 177 871	2 001 385 855

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Property and equipment valued using the investment method				
If capitalization rates change as follows, the values will be as follows				
Up by 50%	1 251 277 612	922 822 177	1 251 277 612	574 118 674
drop by 50%	3 753 824 095	2 768 460 083	3 753 824 095	1 722 352 011
If rental charges change as follows, the values will be as follows				
Up by 50%	2 825 300 766	2 083 670 464	2 825 300 766	1 296 321 387
drop by 50%	955 599 214	704 758 191	955 599 214	438 453 744

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
14 DEPOSITS				
14.1 Deposits from customers				
Demand deposits	20 931 857 002	14 574 403 941	20 931 857 002	9 067 226 238
Promissory notes	3 027 023 545	1 993 051 285	3 027 023 545	1 239 944 150
Other time deposits	1 999 785 225	1 053 217 960	1 999 785 225	655 242 270
	25 958 665 772	**17 620 673 186**	**25 958 665 772**	**10 962 412 658**
Current	25 958 665 772	17 553 673 481	25 958 665 772	10 920 729 891
Non-current	-	66 999 705	-	41 682 767
Total	**25 958 665 772**	**17 620 673 186**	**25 958 665 772**	**10 962 412 658**
14.2 Deposits from other banks				
Money market deposits	**2 585 406 238**	**734 485 922**	**2 585 406 238**	**456 948 363**
Current	2 585 406 238	734 485 922	2 585 406 238	456 948 363
Non-current	-	-	-	-
Total	**2 585 406 238**	**734 485 922**	**2 585 406 238**	**456 948 363**

INFLATION ADJUSTED	31 Dec 2021 ZWL	%	31 Dec 2020 ZWL	%
14.3 Deposit concentration				
Agriculture	2 132 419 671	7%	1 534 943 697	8%
Construction	2 257 596 752	8%	842 750 187	5%
Wholesale and retail trade	3 077 469 298	11%	1 772 162 268	10%
Public sector	3 681 538 522	13%	3 261 632 775	18%
Manufacturing	3 021 126 961	11%	2 368 513 601	13%
Telecommunication	2 040 911 829	7%	1 588 189 352	9%
Transport	1 981 500 815	7%	1 083 273 662	6%
Individuals	1 978 566 134	7%	1 590 706 999	9%
Financial services	3 716 212 258	13%	1 325 064 629	7%
Mining	3 916 244 139	14%	1 916 843 564	10%
Other	740 485 631	2%	1 071 078 374	5%
	28 544 072 010	**100%**	**18 355 159 108**	**100%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

HISTORICAL COST	31 Dec 2021 ZWL	%	31 Dec 2020 ZWL	%
Deposit concentration				
Agriculture	2 132 419 671	7%	954 940 032	8%
Construction	2 257 596 752	8%	524 303 199	5%
Wholesale and retail trade	3 077 469 298	11%	1 102 521 673	9%
Public sector	3 681 538 522	13%	2 029 171 306	18%
Manufacturing	3 021 126 961	11%	1 473 531 868	13%
Telecommunication	2 040 911 829	7%	988 065 942	9%
Transport	1 981 500 815	7%	673 940 932	6%
Individuals	1 978 566 134	7%	989 632 255	9%
Financial services	3 716 212 258	13%	824 367 214	7%
Mining	3 916 244 139	14%	1 192 532 767	10%
Other	740 485 631	2%	666 353 833	6%
	28 544 072 010	**100%**	**11 419 361 021**	**100%**

Deposits are classified as financial liabilities at amortised cost. Deposits due to customers primarily comprise amounts payable on demand.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
15 BORROWINGS				
Opening	14 552 530 417	12 418 766 415	9 053 617 984	1 722 331 786
Additions	2 001 513 696	943 718 720	1 716 718 100	250 064 743
Repayments	(9 939 612 689)	631 298 794	(4 155 904 659)	610 109 170
Non cash movements	1 847 555 621	558 746 488	1 847 555 620	6 471 112 285
Closing balance	**8 461 987 045**	**14 552 530 417**	**8 461 987 045**	**9 053 617 984**
Current	8 423 209 664	6 536 033 532	8 423 209 664	4 066 286 002
Non-current	38 777 381	8 016 496 885	38 777 381	4 987 331 982
Total	**8 461 987 045**	**14 552 530 417**	**8 461 987 045**	**9 053 617 984**

These loans are analysed as follows:
Shelter Afrique - US$5 000 000 being repaid quarterly over 10 years ending 31 December 2022, 2 years capital repayment grace period and bears interest at a rate of 11% per annum.

Norsad Finance Limited- US$ 10 million facility. The facility was availed from December 2021 and has an effective interest rate of 7.5% per annum with a tenure of 3 years.

RBZ productive sector facility of ZWL49 million over 2 years with interest of 30% p.a. Effective Date was September 2021

African Export-Import Bank- US$ 60 million. The facility was availed from May 2018 and has an effective interest rate 8.7% per annum with a tenure of 3 years.

African Export-Import Bank- US$ 8 million. The facility was availed from February 2021 and has an effective interest rate of 8.7% per annum with a tenure of 1 years.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
16	**INSURANCE LIABILITIES**				
	Gross outstanding claims (note 16.1)	228 375 961	219 324 599	225 517 396	113 175 075
	Liability for unearned premium (note 16.3)	551 666 087	567 778 419	455 565 879	289 279 868
		780 042 048	**787 103 018**	**681 083 275**	**402 454 943**
	Current	780 042 048	787 103 018	681 083 275	402 454 943
	Non-current	-	-	-	-
	Total	**780 042 048**	**787 103 018**	**681 083 275**	**402 454 943**
16.1	**Movement in gross outstanding claims**				
	Gross outstanding claims at the beginning of the year	81 064 525	207 265 048	45 765 792	11 976 523
	Incurred but not reported at beginning of the year	105 184 803	34 685 684	65 438 999	21 579 129
		186 249 328	**241 950 732**	**111 204 791**	**33 555 652**
	Change in liability for claims during the period	(20 443 301)	(108 671 136)	51 742 671	26 087 936
	Change in incurred but not reported during the period	62 569 934	86 045 004	62 569 934	53 531 487
	Gross outstanding claims at the end of the year	60 621 224	98 593 912	97 508 463	38 064 459
	Incurred but not reported at the end of the year	167 754 737	120 730 688	128 008 933	75 110 616
		228 375 961	**219 324 599**	**225 517 396**	**113 175 075**
16.2	**Net outstanding claims**				
	Gross outstanding claims at the beginning of the year	81 064 525	207 265 048	45 765 792	11 976 523
	Incurred but not reported at beginning of the year	105 184 803	34 685 684	65 438 999	21 579 129
	Reinsurer's share of technical liabilities	(40 646 727)	(88 238 676)	(21 157 023)	(15 628 928)
	Net outstanding claims at the beginning of the year	**145 602 601**	**153 712 056**	**90 047 768**	**17 926 724**
	Change in liability for claims	(20 443 301)	(108 671 136)	51 742 671	26 087 936
	Change in incurred but not reported	62 569 934	86 045 004	62 569 934	53 531 487
	Reinsurer's share of technical liabilities at the end of the year	180 014 748	14 204 534	163 383 608	(7 156 077)
	Net outstanding claims at the end of the year	**367 743 982**	**145 290 458**	**367 743 981**	**90 390 070**
16.3	**Net liability for unearned premium**				
	Gross liability for unearned premium	551 666 087	567 778 419	455 565 879	289 279 868
	Reinsurer's share of the provision for unearned premium	(88 666 455)	(171 309 307)	(77 018 178)	(95 907 334)
	Balance at end of the year	**462 999 632**	**396 469 112**	**378 547 701**	**193 372 534**

Assumptions and sensitivities for general insurance liabilities

The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market prices or other published information. There is more emphasis on current trends, and where in early years there is insufficient information to make a reliable best estimate of claims development, prudent assumptions are used. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The liabilities are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

The impact of many of the items affecting the ultimate costs of the loss are difficult to estimate. The provision estimation difficulties also differ by class of business due to a difference in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which if identified, can be allowed for by modifying the methods. Such reasons include:

- changes in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political and social trends;
- changes in mix of business;
- random fluctuations, including the impact of large losses.

Gross outstanding claims includes incurred but not yet reported ("IBNR") losses and is provided for at 15% (2020: 16%) of net written premium for the reinsurance subsidiary and 5% (2020: 5%) of net written premium for the insurance subsidiary. The 15% and 5% were arrived at after consideration of past experience. A separate calculation is carried out to estimate the size of reinsurance recoveries. The Group is covered by a variety of reinsurance programmes with sufficiently high retentions for only relatively few, large claims to be recoverable. The method used by the Group takes historical data, gross IBNR estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. The Group believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

The Directors engaged an independent actuarial expert to assess the adequacy of the valuation of the IBNR, outstanding claims and liability for unearned premiums.

The below summarises the impact of increases or decreases of percentages used to estimate IBNR on the Group's post-tax profit for the year. The analysis is based on the assumption that the percentages have increased or decreased by 10% based on past experience with all other variables held constant.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Impact of 10% increase in the percentage used to estimate IBNR				
Incurred but not yet reported ("IBNR") losses	9 171 596	7 004 869	6 536 118	2 420 821

17 TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Trade and other payables	3 845 754 876	1 403 542 512	3 549 007 199	873 190 941
Deferred income	254 652 784	499 479 469	167 991 100	264 097 525
Visa and MasterCard settlement payables	793 257 727	821 128 444	793 257 727	510 851 586
TT Resdex inwards	65 967 260	73 416 878	65 967 260	45 675 106
RBZ cash cover	3 156 358 472	4 284 379 529	3 156 358 472	2 665 456 415
Zimswitch settlement	117 280 553	70 836 550	117 280 553	44 069 797
Instant banking balances	173 416 384	90 139 971	173 416 384	56 079 104
Legacy debt interest payable	-	389 914 969	-	242 579 199
Intermediary tax	302 084 861	175 139 537	302 084 861	108 960 189
Customer funds awaiting payment	842 298 339	26 962 568	842 298 339	16 774 319
Other liabilities	468 223 119	845 884 099	468 223 119	526 252 911
	10 019 294 375	**8 680 824 526**	**9 635 885 014**	**5 353 987 092**
Current	5 831 012 256	8 060 280 685	5 534 264 579	5 014 571 355
Non-current	4 188 282 119	620 543 841	4 101 620 435	339 415 737
Total	**10 019 294 375**	**8 680 824 526**	**9 635 885 014**	**5 353 987 092**

18 DEFERRED INCOME TAX ASSET AND LIABILITY

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority. Deferred income taxes are calculated on all temporary differences under the liability method using an effective corporate tax rate of 24.72% (2020: 24.72%) and capital gains tax rate of 20% (2020: 20%).

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
The movement on the deferred tax account is as follows:	ZWL	ZWL	ZWL	ZWL
As at 1 January	1 090 404 745	1 679 652 492	541 084 506	242 774 296
Statement of profit or loss charge (note 30)	(722 479 526)	(411 458 406)	(371 840 812)	96 362 796
Tax charge relating to components of other comprehensive income	118 604 111	(104 236 693)	376 758 688	205 238 181
Rate change	-	-	-	-
Other	(3 694 957)	9 674 006	(26 802 900)	(3 290 767)
Effects of IAS29	(24 458 796)	(83 226 654)	-	-
As at 31 December	**458 375 577**	**1 090 404 745**	**519 199 482**	**541 084 506**

18.1 Analysis of charge in the statement of profit or loss

	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
The deferred tax charge in the statement of profit or loss comprises the following temporary differences:				
Allowance for loan impairment	(75 935 719)	(10 378 952)	(75 935 719)	(6 457 094)
Property and equipment allowances	168 810 470	126 947 374	339 395 567	70 698 028
Unrealised gains on foreign exchange and equities	(123 694 088)	961 425 292	(125 253 971)	598 134 968
Financial assets at fair value through other comprehensive income	(981 384)	80 278 794	(981 384)	49 944 134
Accrual for leave pay	(13 122 994)	(72 225 761)	(11 529 994)	(44 934 072)
Deferred acquisition costs	7 693 954	13 817 686	7 693 954	8 596 447
Unearned premium reserve and deferred income	(2 550 227)	(2 802 884)	(2 550 227)	(417 672)
Prepayments and other assets	12 582 127	(7 987 982)	9 770 013	(3 243 681)
Other liabilities	(695 281 665)	(1 500 531 973)	(512 449 051)	(575 958 262)
Total	**(722 479 526)**	**(411 458 406)**	**(371 840 812)**	**96 362 796**

18.2 Analysis of charge in the statement of comprehensive income

	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
Property and equipment revaluations	116 649 119	(105 427 318)	374 803 696	204 497 453
Investment in securities at FVOCI	1 954 992	1 190 625	1 954 992	740 728
	118 604 111	**(104 236 693)**	**376 758 688**	**205 238 181**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
18.3	**Deferred income tax assets and liabilities**				
	Deferred tax assets and liabilities are attributable to the following items:				
	Allowance for loan impairment	(549 211 827)	(473 276 108)	(95 079 629)	(19 143 910)
	Financial assets at fair value through other comprehensive income	182 043 403	183 024 787	63 409 114	64 390 498
	Property and equipment allowances	837 350 866	668 540 396	436 099 625	96 704 058
	Unrealised gains on foreign exchange and equities	2 471 508 662	2 476 598 639	1 305 919 104	1 054 414 387
	Accrual for leave pay	(151 494 312)	(138 371 318)	(63 925 428)	(52 395 434)
	Deferred acquisition costs	39 449 645	31 755 691	17 661 224	9 967 270
	Unearned premium reserve and deferred income	(50 462 974)	(47 912 747)	(4 956 871)	(2 406 644)
	Prepayments and other assets	51 754 641	39 172 514	4 199 663	(5 570 350)
	Other provisions	(2 343 344 786)	(1 619 909 368)	(1 143 474 959)	(604 223 008)
	Net outstanding claims	(29 217 741)	(29 217 741)	(652 361)	(652 361)
		458 375 577	**1 090 404 745**	**519 199 482**	**541 084 506**
18.4	**Timing of reversal temporary differences**				
	Deferred income tax assets				
	Deferred tax asset to be recovered after more than 12 months	191 242 033	161 146 319	149 384 316	101 657 053
	Total	**191 242 033**	**161 146 319**	**149 384 316**	**101 657 053**
	Deferred income tax liabilities				
	Deferred tax liability to be recovered after more than 12 months	649 617 610	1 251 551 064	668 583 798	642 741 559
	Net deferred income tax liability/(asset)	**458 375 577**	**1 090 404 745**	**519 199 482**	**541 084 506**

The deferred tax arising from property and equipment allowances has been determined using income tax values that the Group has ascertained with the aid of guidance issued by the Zimbabwe Revenue Authority ("ZIMRA").

Deferred tax assets arise from allowances for loan impairments which are disclosed for tax purposes. Deduction for loans written off are allowable for tax purposes.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
19	**SHARE CAPITAL AND SHARE PREMIUM**				
19.1	**Authorised**				
	Number of ordinary shares, with a nominal value of ZWL0,00001	800 000 000	800 000 000	800 000 000	800 000 000
19.2	**Issued and fully paid**				
	Number of ordinary shares, with a nominal value of ZWL0,00001	671 949 927	671 949 927	671 949 927	671 949 927

19.3 Share capital movement

	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
INFLATION ADJUSTED				
As at 31 December 2020	671 949 927	417 189	874 431 726	874 848 915
As at 31 December 2021	671 949 927	417 189	874 431 726	874 848 915
HISTORICAL COST				
As at 31 December 2020	671 949 927	6 719	14 083 173	14 089 892
As at 31 December 2021	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 Zimbabwe 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	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
20 OTHER RESERVES				
Revaluation reserve	1 760 644 928	816 047 380	3 253 383 494	1 462 097 784
Non distributable reserve	4 083 153 607	2 323 014 039	1 419 826 338	50 141 638
Financial assets at fair value through other comprehensive income reserve	228 155 960	112 500 357	152 392 146	36 736 543
Treasury share reserve	(1 047 926 993)	(700 820 158)	(311 545 490)	(59 994 649)
Changes in ownership reserve	103 732 857	103 732 857	1 670 671	1 670 671
	5 127 760 359	**2 654 474 475**	**4 515 727 159**	**1 490 651 987**

The definitions of the reserves are as follows;
The revaluation reserve consists of increases in the value of property and equipment on revaluation.

Non-distributable reserves are the net result of the restatement of assets and liabilities that could be recovered or settled in a currency other than the Zimbabwe dollar (“ZWL”) or could be reasonably translated into a currency other than the ZWL as at 1 January 2009, less deferred income tax and net of amounts subsequently transfered to share capital and share premium.

Financial assets at fair value reserve comprises the changes in the fair value of financial assets at fair value through other comprehensive income, net of tax.

Treasury share reserve represents shares the Group has issued and subsequently reacquired.

Change in ownership reserve represents the net expense or gain resulting in a step acquisition of a subsidiary.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
21	**INTEREST AND RELATED INCOME**				
	Cash and cash equivalents	30 121 426	41 552 878	25 373 000	21 292 203
	Loans and advances to other banks	295 737 325	335 173 650	238 234 993	142 093 101
	Loans and advances to customers	4 956 396 326	3 113 434 666	4 004 414 634	1 301 664 012
	Banker's acceptances and tradable bills	895 020 138	608 476 670	717 323 002	258 302 254
	Other interest income	315 235 125	91 323 651	266 214 665	38 914 167
		6 492 510 340	**4 189 961 515**	**5 251 560 294**	**1 762 265 737**
	Credit related fees that are an intergral part of the effective interest on loans and advances have been classified under interest income.				
	No interest earned was at nominal rates				
21.1	**INTEREST AND RELATED EXPENSE**				
	Deposit from other banks	365 568 133	160 670 844	268 106 435	65 753 122
	Demand deposits	62 101 070	75 245 042	41 322 733	32 181 524
	Lines of credit from financial institutions	441 583 610	1 091 486 228	304 427 700	452 343 586
	Time deposits	528 433 299	124 022 789	417 869 895	55 496 517
		1 397 686 112	**1 451 424 903**	**1 031 726 763**	**605 774 749**
22	**FEE AND COMMISSION INCOME**				
	Retail service fees	3 101 857 364	1 769 484 135	2 508 555 829	740 138 361
	Credit related fees	99 226 206	180 308 422	83 643 951	92 499 369
	Investment banking fees	3 918 236	8 886 482	3 280 137	3 845 333
	Brokerage commission	176 851 639	30 987 144	143 914 155	12 795 640
		3 381 853 445	**1 989 666 183**	**2 739 394 072**	**849 278 703**
22.1	**FEE AND COMMISSION EXPENSE**				
	Brokerage	**23 819 437**	**27 674 985**	**18 802 373**	**10 622 685**
23	**REVENUE FROM PROPERTY SALES**				
	Property sales	**602 632 797**	**44 580 715**	**345 152 838**	**10 812 476**
23.1	**COST OF PROPERTY SALES**				
	Property costs	**342 125 037**	**36 838 183**	**214 879 887**	**6 948 589**
24	**INSURANCE PREMIUM REVENUE**				
	Gross premium written	2 678 209 632	2 168 287 098	2 066 149 970	983 441 058
	Change in unearned premium reserve ("UPR")	(69 384 747)	(224 806 166)	(166 306 298)	(234 158 347)
		2 608 824 885	**1 943 480 932**	**1 899 843 672**	**749 282 711**

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
25	**NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**				
	Financial assets at fair value through profit or loss (note 7), fair value loss	2 448 169 083	1 151 768 416	2 498 187 805	752 575 545
26	**OTHER OPERATING INCOME**				
	Rental income	34 937 276	30 522 256	27 606 638	10 827 170
	Loss on disposal of property and equipment	(3 874 294)	(79 447 765)	(1 327 995)	(12 494 316)
	Sundry income	207 698 648	94 117 545	156 199 261	29 742 221
	Bad debts recoveries	1 459 872	25 803 079	1 005 638	5 549 444
	Fair value adjustment on investment property	1 450 752 207	246 709 203	2 204 434 781	800 440 066
		1 690 973 709	**317 704 318**	**2 387 918 323**	**834 064 585**
27	**NET INSURANCE COMMISSION EXPENSE**				
	Commissions paid	310 943 926	454 267 936	226 134 147	204 561 116
	Change in technical provisions	(32 327 841)	(7 964 355)	(35 675 866)	(33 179 397)
		278 616 085	**446 303 581**	**190 458 281**	**171 381 719**
	Commission received	(170 139 837)	(150 468 928)	(136 568 007)	(74 908 190)
		108 476 248	**295 834 653**	**53 890 274**	**96 473 529**

28 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	INFLATION ADJUSTED			HISTORICAL COST		
	Gross ZWL	Reinsurance ZWL	Net ZWL	Gross ZWL	Reinsurance ZWL	Net ZWL
Year ended 31 December 2021						
Claims and loss adjustment expenses	822 013 967	(93 170 439)	728 843 528	665 191 573	(64 533 335)	600 658 238
Change in technical provisions	102 158 297	(2 653 640)	99 504 657	76 857 356	(2 723 318)	74 134 038
Total claims	**924 172 264**	**(95 824 079)**	**828 348 185**	**742 048 929**	**(67 256 653)**	**674 792 276**
Year ended 31 December 2020						
Claims and loss adjustment expenses	650 016 020	(165 333 950)	484 682 070	266 421 613	(60 776 501)	205 645 112
Change in technical provisions	110 866 808	(3 675 748)	107 191 060	65 944 259	(11 862 525)	54 081 734
Total claims	**760 882 828**	**(169 009 698)**	**591 873 130**	**332 365 872**	**(72 639 026)**	**259 726 846**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
29 ADMINISTRATIVE EXPENSES				
Marketing	102 272 428	63 793 543	79 916 255	26 650 397
Premises	154 706 266	146 175 924	114 522 599	45 612 651
Computer	517 179 563	466 576 666	409 290 126	199 199 988
Insurance	273 974 423	37 434 724	211 487 981	17 367 965
Travel	94 844 266	45 952 383	75 848 341	12 501 381
Security	33 366 039	85 064 727	120 428 720	37 676 008
Communication	192 787 948	138 887 683	153 055 803	60 553 664
Donations	32 301 568	16 978 055	22 651 433	6 973 114
Subscriptions	84 663 934	47 042 144	66 679 716	19 155 799
Operational losses	(16 940 881)	5 553 852	(15 008 626)	2 839 005
Mastercard and Visa expenses	225 954 873	212 876 720	179 753 759	87 636 752
Other administration expenses	993 768 812	860 610 882	672 009 625	336 069 485
Staff costs (note 29.1)	4 519 718 260	3 280 879 375	3 970 847 431	1 540 908 574
Directors' remuneration (note 29.2)	1 335 371 861	1 363 029 199	1 057 072 464	603 809 185
Audit fees:				
- Current year fees	105 608 579	48 417 477	91 948 863	20 013 380
- Prior year fees	22 510 164	33 988 004	17 137 897	11 339 395
- Other services	-	-	-	-
Depreciation	260 299 988	258 638 618	182 407 996	59 590 697
Impairment of property and equipment	-	-	-	-
Amortisation and impairment loss (note 12)	37 225 191	90 956 539	3 227 221	2 535 404
Short term leases	10 256 002	34 006 736	7 991 584	10 355 594
	8 979 869 284	**7 236 863 251**	**7 421 269 188**	**3 100 788 438**
29.1 Staff costs				
Salaries and allowances	4 310 668 733	3 243 575 625	3 808 189 512	1 523 591 634
Social security	21 401 977	5 648 438	16 665 945	2 609 593
Pension contribution	187 647 550	31 655 312	145 991 974	14 707 347
	4 519 718 260	**3 280 879 375**	**3 970 847 431**	**1 540 908 574**
29.2 Directors' remuneration				
Board fees	99 971 696	96 932 029	82 673 904	46 323 697
Other emoluments	244 612	13 344 168	206 394	5 528 351
For services as management	1 235 155 553	1 252 753 002	974 192 166	551 957 137
Termination benefits	-	-	-	-
	1 335 371 861	**1 363 029 199**	**1 057 072 464**	**603 809 185**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
29.3 Leases as lessee				
Right-of-use assets				
Cost				
Balance at 1 January	174 908 708	179 907 769	41 091 341	9 034 329
Additions	-	(28 406 225)	-	(7 946 406)
Remeasurement adjustments	61 650 478	23 407 164	61 141 542	40 003 418
Balance at 31 December	**236 559 186**	**174 908 708**	**102 232 883**	**41 091 341**
Accumulated depreciation				
Balance at 1 January	28 259 801	18 706 201	4 342 105	1 168 776
Charge for the year	35 965 729	9 553 600	22 863 985	3 173 329
Balance at 31 December	**64 225 530**	**28 259 801**	**27 206 090**	**4 342 105**
Carrying amount at 31 December	**172 333 656**	**146 648 907**	**75 026 793**	**36 749 236**
Amounts recognised in profit and loss				
Depreciation expense on right-of-use assets	35 965 729	9 553 600	22 863 985	3 173 329
Interest expense on lease liabilities	55 106 677	37 145 005	43 846 305	12 325 809
Expense relating to short term leases	-	5 706 030	-	3 163 625
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-	-	-	-
Income from sub-leasing right-of-use assets	331 544	560 920	256 929	79 524
The total committed value for short term leases is	-	2 267 725	-	321 504
The total cash outflow for leases amount to	104 731 079	47 640 871	54 985 127	12 470 852
Lease liabilities				
Opening	54 358 147	12 817 781	33 818 029	7 974 372
Movement for the period	48 826 746	41 540 366	48 826 746	25 843 657
Non cash movements	(20 540 110)	-	-	-
	82 644 783	**54 358 147**	**82 644 775**	**33 818 029**
Analysed as:				
0-1 year	1 285 521	7 546 408	1 285 513	4 694 875
1-5 years	81 359 262	46 811 739	81 359 262	29 123 154
	82 644 783	**54 358 147**	**82 644 775**	**33 818 029**

The Group leases some of its banking branches and premises under operating leases. The leases typically run for a period of 1 year, with an option to renew the lease after that date. Lease payments are reviewed in line with prevailing market conditions on an annual basis to align them to market rentals. The leases provide for additional rent payments that are based on changes in the local price index. The leased properties are all for office use.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Amounts recorded in profit or loss				
Lease expense	10 256 002	34 006 736	7 991 584	10 355 594

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
30 INCOME TAX EXPENSE:				
30.1 Charge for the year				
Current income tax on income for the reporting year	1 333 097 724	539 582 110	1 216 227 104	304 524 556
Prior year under provision	-	(1 204 434)	-	-
Deferred income tax	(722 479 526)	(411 458 406)	(371 840 812)	96 362 796
Income tax expense	**610 618 198**	**126 919 270**	**844 386 292**	**400 887 352**
The income tax rate applicable to the Group's taxable income for the year ended 31 December 2021 is 24.72% (2020: 24.72%).				
30.2 Reconciliation of income tax expense				
The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 24.72% (2020: 24.72%) as follows;				
Profit before income tax	**4 951 344 631**	**2 564 155 399**	**7 715 527 914**	**3 614 265 026**
Income tax charged based on profit for the year at 24.72% (2020:24.72%)	1 223 972 393	633 859 215	1 907 278 500	893 446 314
Tax effect of:				
Exempt income*	(389 418 786)	(441 327 187)	(520 041 756)	(230 896 956)
Income subject to tax at lower rates	-	24 366 045	-	15 158 935
Impairment allowance	87 763 502	15 324 288	87 763 502	26 008 676
Expenses not deductible for tax purposes**	664 449 289	(460 502 236)	664 544 480	(279 265 030)
Assessed losses	(2 118 053)	-	(2 118 053)	-
Prior year under provision	-	1 204 434	-	-
Other liabilities including payrol related provisions	(974 030 147)	353 994 711	(1 293 040 381)	(23 564 587)
Income tax expense	**610 618 198**	**126 919 270**	**844 386 292**	**400 887 352**
Effective rate	**12%**	**5%**	**11%**	**11%**

* Included in exempt income is dividend income and unrealised exchange gains.

** Expenses not deductable for tax purposes constitute depreciation, intermediary tax, entertainment costs and donations.

31 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its shareholders who own, directly or indirectly, 10% or more of its share capital or those shareholders who control in any manner, the election of the majority of the Directors of the Company or have the power to exercise controlling influence over the management or financial and operating policies of the Group. The Group carried out banking and investments related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking regulations. The following is a list of related parties to the Group and transactions with them:

Key management

Name	Position
John Mushayavanhu	Group Chief Executive
Trynos Kufazvinei	Deputy Group Chief Executive and Group Finance Director
Kleto Chiketsani	Managing Director (FBC Reinsurance Limited)
Webster Rusere	Managing Director (FBC Bank Limited)
Pius Rateiwa	Managing Director (FBC Building Society)
Tichaona Mabeza	Group Company Secretary
Benson Gasura	Managing Director (FBC Securities (Private) Limited)
Musa Bako	Managing Director (FBC Insurance Company (Private) Limited)
Patrick Mangwendeza	Managing Director (Microplan Financial Services (Private) Limited)
Israel Murefu	Divisional Director Human Resources
Barnabas Vera	Divisional Director Internal Audit
Alfred Chitanda	Executive Director (FBC Insurance Company (Private) Limited)
Agnes Kanhukamwe	Executive Director (FBC Building Society)
Abel Magwaza	Executive Director (FBC Bank Limited)
Agrippa Mugwagwa	Executive Director (FBC Bank Limited)
Martin Makonese	Executive Director (FBC Bank Limited)
Patrick Takawira	Executive Director (FBC Bank Limited)
Joachim Matsvimbo	Executive Director (FBC Reinsurance Limited)
Alice Chiedza	Executive Director (FBC Reinsurance Limited)
Patricia Nyazenga	Divisional Director Credit Management
Mudzingwa Nhiwatiwa	Divisional Director Risk Management
Dorcas Chihota	Executive Director (FBC Reinsurance Limited)

The following are companies and a trust related to directors, key management and the Group:
Arena Investments (Private) Limited (owned by FBC Holdings Limited board member)
Cotition Investments (Private) Limited (owned by FBC Bank Limited board member)
Wedgeport Investments (Private) Limited (owned by FBC Holdings Limited board member)
Dinkrain Investments (Private) Limited (owned by FBC Bank Limited board member)
Tirent Investments (Private) Limited (owned by FBC Bank Limited board member)
Pachiro Family Trust (related to FBC Bank Limited board member)
Zuva Petroleum (related to FBC Holdings Executive)
GB Holdings Limited (related to FBC Holdings Executives)
Vidrly International (Private) Limited (related to FBC Holdings Executive)

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

Below are the companies related to directors, key senior management and Group and their loan balances as at 31 December 2021.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
ZUVA PETROLEUM PRIVATE LIMITED	490 924 964	336 387 395	490 924 964	54 155 592
MATAMBO RUMBIDZAI MRS	100 857	-	100 857	-
GB HOLDINGS LIMITED - CERNOL CHEMICALS	45 000 000	-	45 000 000	-
	536 025 821	**336 387 395**	**536 025 821**	**54 155 592**

These transactions are at arms length.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Loans and advances to non executive directors				
Balance as at 1 January	-	2 026 499	-	281 051
Effects of IAS29	-	(1 574 746)	-	-
Advances during the year	-	-	-	-
Transfer to ordinary loans after director resignation	-	-	-	-
Interest charged and repayments made during the year	-	(451 753)	-	(281 051)
Balance as at 31 December	**-**	**-**	**-**	**-**
Loans and advances to executive directors				
Balance as at 1 January	15 708 943	44 153 448	9 773 061	6 123 546
Effects of IAS29	(5 935 882)	(34 310 633)	-	-
Advances during the year	17 365 034	17 515 682	17 365 034	10 897 094
Repayments made during the year	(9 778 100)	(11 649 554)	(9 778 100)	(7 247 579)
Balance as at 31 December	**17 359 995**	**15 708 943**	**17 359 995**	**9 773 061**
Interest charged during the year	1 824 793	1 556 990	1 414 120	761 457

Loans and advances to directors and officers of the Group have, along with other loans and advances, been subjected to impairment procedures. Their terms and conditions are the same as those of ordinary customers.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Compensation for executive directors and key management				
Short term employee benefits	1 235 155 553	1 252 753 002	974 192 166	551 957 137
Post- employment benefits	244 612	13 344 168	206 394	5 528 351
Long service awards	519 139 124	331 185 082	519 139 124	206 041 364
	1 754 539 289	**1 597 282 252**	**1 493 537 684**	**763 526 852**

Group entities	**interest 2021**	**interest 2020**
FBC Bank Limited	100%	100%
FBC Building Society	100%	100%
FBC Reinsurance Limited	100%	100%
FBC Securities (Private) Limited	100%	100%
Microplan Financial Services (Private) Limited	100%	100%
FBC Insurance Company (Private) Limited	95.4%	95.4%

Other related party transactions

Other related party transactions include contributions to FBC Holdings Limited Pension Fund, a self administered post employment benefit fund and director's remuneration. Details of these transactions are disclosed in note 40 and note 29.1 respectively.

32 PRINCIPAL SUBSIDIARIES

The Group had the following subsidiaries at 31 December 2021

Group and Company

Name	Nature of business	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
FBC Bank Limited	Commercial banking	100	100	-
FBC Building Society	Mortgagefinancing	100	100	-
FBC Reinsurance Limited	Short term reinsurance	100	100	-
FBC Securities (Private) Limited	Stockbroking	100	100	-
FBC Insurance Company (Private) Limited	Short term insurance	95	95	5
Microplan Financial Services (Private) Limited	Microlending	100	100	-

All subsidiaries were incorporated in Zimbabwe, which is also their place of business.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Significant restrictions

There are no material restrictions with regards to any of the subsidiaries' ability to access or use assets, and settle liabilities of the Group.

33 EARNINGS PER SHARE

33.1 Basic earnings

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue excluding ordinary shares purchased by the Company and held as treasury shares.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Profit attributable to equity holders of the parent	4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
Total	**4 338 724 237**	**2 434 425 879**	**6 867 849 980**	**3 211 693 386**
Basic earnings per share				
Basic earnings per share for continuing operations (ZWL cents)	689.22	391.96	1 090.98	517.10
	689.22	**391.96**	**1 090.98**	**517.10**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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

33.2 Diluted earnings

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	
Earnings	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Profit attributable to equity holders of the parent	4 338 724 237	2 434 425 879	6 867 849 980	3 211 693 386
Total	**4 338 724 237**	**2 434 425 879**	**6 867 849 980**	**3 211 693 386**
Weighted average number of ordinary shares at 31 December	**629 511 006**	**621 095 074**	**629 511 006**	**621 095 074**
Diluted earnings per share				
Diluted earnings per share for continuing operations (ZWL cents)	689.22	391.96	1 090.98	517.10
	689.22	**391.96**	**1 090.98**	**517.10**

33.3 Headline earnings per share

Headline earnings is calculated by starting with the basic earnings number and then excluding the following re-measurements;

- Gains/losses on the loss of control of a subsidiary
- Impairment/subsequent reversal of impairment of all assets
- Disposal gains/losses of all assets
- Compensation from third parties for assets that were impaired or lost
- The reclassification of all other remeasurements from other comprehensive income to profit or loss
- The reclassification of gains and losses on financial assets at fair value through other comprehensive income upon impairment or disposal and subsequent impairment losses
- The post-tax gain or loss on the disposal of assets or a disposal group constituting discontinued operations

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Profit attributable to equity holders of the parent	**4 338 724 237**	**2 434 425 879**	**6 867 849 980**	**3 211 693 386**
Adjusted for excluded remeasurements				
Profit from the disposal of property and equipment (note 26)	3 874 294	79 447 765	1 327 995	12 494 316
Headline earnings	**4 342 598 531**	**2 513 873 644**	**6 869 177 975**	**3 224 187 702**
Weighted average number of ordinary shares at 31 December	**629 511 006**	**621 095 074**	**629 511 006**	**621 095 074**
Headline earnings per share (ZWL cents)	**689.84**	**404.75**	**1 091.19**	**519.11**

34 FINANCIAL RISK MANAGEMENT

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

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

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

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

Other risks:
g) Reputational risk
h) Compliance risk
i) Strategic risk

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

34.1 Credit risk

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

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

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

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

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

The Group have assessed the impact of Covid-19 pandemic and there was no material impact as the Group did not change the terms and conditions on its loans and its lending processes and procedures.

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

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

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

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

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

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

Impaired loans

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

Provisioning policy and write offs

The Group has adopted IFRS 9 along side Reserve Bank of Zimbabwe provisioning requirements to determine expected credit losses (ECL)

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

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

General allowance for impairment under Reserve Bank of Zimbabwe provisioning requirements
Prime to highly speculative grades "1 to 7"

General allowance for impairment for facilities in this category are maintained at the percentage (detailed in table above) of total customer account outstanding balances and off balance sheet (i.e. contingent) risks.

Specific allowance for impairment
Sub-standard to loss grades "8 to 10" - Timely repayment and/or settlement may be at risk

Specific allowance for impairment for facilities in this category are currently maintained at the percentages (detailed above) of total customer outstanding balances and off balance sheet (i.e. contingent) risks less the value of tangible security held.

The basis for writing off assets

When an advance which has been identified as impaired and subjected to a specific allowance for impairment continues to deteriorate, a point will come when it may be concluded that there is no realistic prospect of recovery. Board approval will be sought by Group Credit Management Division for the exposure to be immediately written off from the Group's books while long term recovery strategies are then pursued.

Credit risk and Basel II

The Group applied Credit Risk Basel II standards in line with the regulatory authorities' approach. Internal processes have been revamped to comply with the requirements. Policies and procedure manuals have been realigned to comply with the minimum requirements of Basel II.

Expected Credit Losses (ECL) under IFRS 9

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

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

For detaild information on ECL's under IFRS 9 refer to note 2.5.

Forward looking Information

- The Group Economics Research team determines the macroeconomic outlook for the country and a Group view of commodities prices over a planning horizon of at least one year. The outlook is provided to Group management and management of the lending units namely FBC Bank Limited, Microplan Financial Services Pvt Ltd and FBC Building Society for review and approval by the Group Assets and Liabilities Committee.
- Macroeconomic outlook take into account various variables such as gross domestic product, central bank policy on interest rates, inflation, exchange rates and treasury bill rates. Of significant importance in terms of the variables used by management are gross domestic product and Inflation.
- The macroeconomic variables used were obtained from the International Monetary Fund (IMF).
- Narrative for the country's economic outlook, being bear, base and bull cases, are compiled and typically include consideration of the country's economic background, sovereign risk, foreign exchange risk; financial sector, liquidity and monetary policy positions.
- Probabilities are assigned to each of the bear, base and bull cases based on primary macroeconomic drivers and are reviewed annually.
- The forward looking economic expectations are updated on a bi-annual basis or more regularly when deemed appropriate.

The scenario probability weightings applied in measuring ECL are as follows.

		2021			2020*	
At 31 December	**Base**	**Bear**	**Bull**	**Base**	**Bear**	**Bull**
Scenario probability weighting	30%	50%	20%	40%	40%	20%

The Zimbabwean economy is projected to record positive growth during the year 2022 though concerns remain over the impact of Covid-19 and geopolitical risks. The macro economic environment is currently volatile therefore forward looking information as considered by management has not had a significant impact on the expected credit loss recorded in the Financial statements.

*This disclosure has been enhanced to include the scenario probability weightings table for the comparative period.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

Loans and advances

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

HISTORICAL COST	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	20 724 388 571	-	-	20 724 388 571	12 171 551 245	-	-	12 171 551 245
Standard monitoring	-	2 696 322 149	-	2 696 322 149	-	1 223 362 502	-	1 223 362 502
Special monitoring	-	459 647 452	-	459 647 452	-	77 658 010	-	77 658 010
Default	-	-	177 566 330	177 566 330	-	-	15 735 284	15 735 284
Gross loans and advances	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**
Impairment allowance	(253 433 642)	(149 708 713)	(121 568 874)	(524 711 229)	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)
Net loans and advances	**20 470 954 929**	**3 006 260 888**	**55 997 456**	**23 533 213 273**	**12 056 579 040**	**1 278 553 132**	**7 808 500**	**13 342 940 672**
Analysis								
Gross amount								
Balance as at 1 January	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**	**2 533 004 430**	**62 235 412**	**8 644 175**	**2 603 884 017**
Transfers	(25 384 202)	(9 425 277)	34 809 479	-	(15 185 374)	10 207 836	4 977 538	-
Stage 1	(34 263 439)	18 979 751	15 283 688		(21 536 257)	18 425 976	3 110 281	
Stage 2	8 474 279	(28 575 492)	20 101 213		6 109 107	(8 586 741)	2 477 634	
Stage 3	404 958	170 464	(575 422)		241 776	368 601	(610 377)	
New issue	11 961 640 818	2 500 917 980	154 638 853	14 617 197 651	10 443 519 916	1 281 973 648	9 280 720	11 734 774 284
Repayments	(3 383 419 290)	(636 543 614)	(21 623 021)	(4 041 585 925)	(789 787 727)	(53 396 384)	(6 506 638)	(849 690 749)
Amounts written off during the year as uncollectible	-	-	(5 994 265)	(5 994 265)	-	-	(660 511)	(660 511)
Balance as at 31 December	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**
Impairment								
Balance as at 1 January	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**	**29 592 046**	**10 081 898**	**3 289 774**	**42 963 718**
Transfers	(3 075 559)	309 156	2 766 403	-	(548 817)	635 636	(86 819)	-
Stage 1	(4 039 345)	1 087 243	2 952 102		(1 008 480)	729 126	279 355	
Stage 2	628 597	(900 364)	271 768		274 104	(322 080)	47 975	
Stage 3	335 189	122 277	(457 467)		185 559	228 590	(414 149)	
Net change due to new issues and repayments	144 109 250	126 395 711	122 913 590	393 418 551	95 862 418	9 033 200	2 000 342	106 895 960
Changes in parameters	(2 572 254)	536 466	(6 031 908)	(8 067 696)	(9 933 442)	2 716 646	3 339 985	(3 876 811)
Amounts written off during the year as uncollectible	-	-	(6 005 995)	(6 005 995)	-	-	(616 498)	(616 498)
Balance as at 31 December	**253 433 642**	**149 708 713**	**121 568 874**	**524 711 229**	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

Sensitivity analysis of ECL

	31 Dec 2021 ZWL	31 Dec 2020 ZWL
If all assets move to stage 3 ECL will increase to	8 660 921 878	7 805 129 240
If all assets move to stage 1 ECL will decrease to	173 218 438	156 102 585

Loans and advances in grade 1 to 3

Loans and advances in grade 1 to 3 and which are not part of renegotiated loans are considered to be within Stage 1. Stage 1 loans and advances are those whose repayments (capital and interests) are outstanding for more than 30 days.

Loans and advances in grade 4 to 7

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being in stage 2. Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

	INFLATION ADJUSTED				HISTORICAL COST			
	Personal loans ZWL	Corporate loans ZWL	Mortgages ZWL	Total ZWL	Personal loans ZWL	Corporate loans ZWL	Mortgages ZWL	Total ZWL
As at 31 December 2021								
Stage 2 over due up to 1 month	34 593 962	2 967 095 325	8 213 965	3 009 903 252	34 593 962	2 967 095 325	8 213 965	3 009 903 252
Stage 2 over due 1-3 months	81 406 153	31 817 040	14 321 200	127 544 393	81 406 153	31 817 040	14 321 200	127 544 393
Stage 2 over due 3-6 months	5 392 002	3 782 916	192 006	9 366 924	5 392 002	3 782 916	192 006	9 366 924
Stage 2 over due 6 - 12 months	3 487 383	195 391	60 444	3 743 218	3 487 383	195 391	60 444	3 743 218
Stage 2 over 12 months	1 652 858	3 729 518	29 438	5 411 814	1 652 858	3 729 518	29 438	5 411 814
Total	**126 532 358**	**3 006 620 190**	**22 817 053**	**3 155 969 601**	**126 532 358**	**3 006 620 190**	**22 817 053**	**3 155 969 601**
Value of collateral	**106 517 215**	**2 230 973 688**	**29 872 041**	**2 367 362 944**	**106 517 215**	**2 230 973 688**	**29 872 041**	**2 367 362 944**
Amount of (under)/over collateralisation	**(20 015 143)**	**(775 646 502)**	**7 054 988**	**(788 606 657)**	**(20 015 143)**	**(775 646 502)**	**7 054 988**	**(788 606 657)**
As at 31 December 2020								
Stage 2 over due up to 1 month	21 224 851	1 977 991 291	7 386 238	2 006 602 380	13 204 693	1 230 574 823	4 595 227	1 248 374 743
Stage 2 over due 1-3 months	18 690 888	28 340 346	28 846 705	75 877 939	11 628 229	17 631 481	17 946 504	47 206 214
Stage 2 over due 3-6 months	818 588	2 479 625	869 868	4 168 081	509 271	1 542 658	541 174	2 593 103
Stage 2 over due 6 - 12 months	1 030 845	117 308	167 588	1 315 741	641 323	72 981	104 262	818 566
Stage 2 over 12 months	530 783	2 487 924	240 860	3 259 567	330 218	1 547 821	149 847	2 027 886
Total	**42 295 955**	**2 011 416 494**	**37 511 259**	**2 091 223 708**	**26 313 734**	**1 251 369 764**	**23 337 014**	**1 301 020 512**
Value of collateral	**28 756 409**	**2 378 287 143**	**23 944 770**	**2 430 988 322**	**17 890 328**	**1 479 612 317**	**14 896 846**	**1 512 399 491**
Amount of (under)/over collateralisation	**(13 539 546)**	**366 870 649**	**(13 566 489)**	**339 764 614**	**(8 423 406)**	**228 242 553**	**(8 440 168)**	**211 378 979**

Collateral is mainly comprised of immovable properties.

Loans and advances in grade 8 to 10

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is ZWL117 566 330 (2020: ZWL25 292 452) in inflation adjusted terms and ZWL177 566 330 (2020: ZWL15 735 284) in historical cost terms. The breakdown of the fair value of related collateral held by the Group as security, are as follows;

	INFLATION ADJUSTED			HISTORICAL COST		
	Personal loans ZWL	Corporate loans ZWL	Total ZWL	Personal loans ZWL	Corporate loans ZWL	Total ZWL
As at 31 December 2021						
Gross carrying amount	46 637 237	130 929 093	177 566 330	46 637 237	130 929 093	177 566 330
Less allowance for impairment	(22 920 198)	(98 648 676)	(121 568 874)	(22 920 198)	(98 648 676)	(121 568 874)
Net carrying amount	**23 717 039**	**32 280 417**	**55 997 456**	**23 717 039**	**32 280 417**	**55 997 456**
Value of collateral	**12 273 249**	**142 854 977**	**155 128 226**	**12 273 249**	**142 854 977**	**155 128 226**
As at 31 December 2020						
Gross carrying amount	18 410 800	6 881 652	25 292 452	11 453 977	4 281 307	15 735 284
Less allowance for impairment	(11 820 690)	(920 599)	(12 741 289)	(7 354 048)	(572 736)	(7 926 784)
Net carrying amount	**6 590 110**	**5 961 053**	**12 551 163**	**4 099 929**	**3 708 571**	**7 808 500**
Value of collateral	**16 154 018**	**3 148 435**	**19 302 453**	**10 049 957**	**1 958 747**	**12 008 704**

Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of management, indicate that payment will most likely continue. These loans are kept under continuous review.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Renegotiated loans and advances to customers -				
- Continuing to be impaired after restructuring	-	-	-	-
- Non-impaired after restructuring – would otherwise have been impaired	-	-	-	-
- Non-impaired after restructuring – would otherwise not have been impaired	-	-	-	-
Total	**-**	**-**	**-**	**-**

Repossessed collateral

During the year ended 31 December 2021 the Group repossessed collateral valued at ZWL714 129 (2020 - ZWL121 777).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

Sectorial analysis of utilizations of loans and advances to customers

	INFLATION ADJUSTED				HISTORICAL COST			
	31 Dec 2021		31 Dec 2020		31 Dec 2021		31 Dec 2020	
	ZWL	%	ZWL	%	ZWL	%	ZWL	%
Mining	2 882 158 554	12%	3 697 650 924	17%	2 882 158 554	12%	2 300 432 842	17%
Manufacturing	4 576 766 918	19%	1 136 938 876	5%	4 576 766 918	19%	707 327 864	5%
Mortgages	1 165 765 061	5%	584 193 972	3%	1 165 765 061	5%	363 446 693	3%
Wholesale	888 534 586	4%	390 834 300	2%	888 534 586	4%	243 151 146	2%
Distribution	1 111 800 246	5%	1 112 201 718	5%	1 111 800 246	5%	691 938 047	5%
Individuals	3 343 617 041	14%	928 078 033	4%	3 343 617 041	14%	577 388 518	4%
Agriculture	1 752 140 602	7%	1 837 287 281	8%	1 752 140 602	7%	1 143 038 131	8%
Communication	22 991 030	0%	-	0%	22 991 030	0%	-	0%
Construction	1 553 711 260	6%	251 108 083	1%	1 553 711 260	6%	156 222 773	1%
Local authorities	139 750 425	1%	30 359 801	0%	139 750 425	1%	18 887 852	0%
Other services	6 620 880 604	26%	11 712 261 567	55%	6 620 688 779	26%	7 286 473 175	55%
	24 058 116 327	**100%**	**21 680 914 555**	**100%**	**24 057 924 502**	**100%**	**13 488 307 041**	**100%**

Risk concentrations

There are material concentrations of loans and advances to the following sectors; agriculture 7% (2020: 8%), mining 12% (2020: 17%), other services 28% (2020: 54%) and manufacturing 19% (2020: 5%).

Analysis of credit quality by sector - loans and advances to customers

INFLATION ADJUSTED

As at 31 December 2021

	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Sector						
Manufacturing	3 499 524 166	1 063 030 717	-	-	14 212 035	4 576 766 918
Wholesale	867 433 502	8 301 168	12 768 255	13 626	18 035	888 534 586
Individuals	3 065 766 198	239 930 559	32 152 418	3 705 323	2 062 543	3 343 617 041
Mortgages	1 135 263 778	20 485 387	9 813 006	60 444	142 446	1 165 765 061
Agriculture	735 856 193	918 177 746	260 179	47 442 341	50 404 143	1 752 140 602
Distribution	1 022 421 666	85 088 588	372 390	8 212	3 909 390	1 111 800 246
Construction	1 545 988 583	7 722 677	-	-	-	1 553 711 260
Communication	22 991 030	-	-	-	-	22 991 030
Local Authorities	49 746 009	90 004 416	-	-	-	139 750 425
Mining	2 158 862 104	723 182 816	113 634	-	-	2 882 158 554
Other services	6 620 727 167	45 527	66 967	-	40 943	6 620 880 604
	20 724 580 396	**3 155 969 601**	**55 546 849**	**51 229 946**	**70 789 535**	**24 058 116 327**
Percentage of total loans	86%	13%	0%	0%	0%	100%

As at 31 December 2020

Sector	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Manufacturing	1 003 503 200	132 397 544	589 995	-	448 137	1 136 938 876
Wholesale	386 822 850	3 551 329	199 513	25 639	234 969	390 834 300
Individuals	887 608 514	34 612 876	2 058 531	1 670 029	2 128 083	928 078 033
Mortgages	521 839 384	47 359 977	14 344 448	155 790	494 373	584 193 972
Agriculture	1 490 178 776	347 108 505	-	-	-	1 837 287 281
Distribution	976 896 828	135 296 612	839	-	7 439	1 112 201 718
Construction	249 165 624	5 832	-	1 936 627	-	251 108 083
Communication	-	-	-	-	-	-
Local Authorities	29 122 481	239 280	998 040	-	-	30 359 801
Mining	2 313 200 953	1 384 449 971	-	-	-	3 697 650 924
Other services	11 706 059 785	6 201 782	-	-	-	11 712 261 567
	19 564 398 395	**2 091 223 708**	**18 191 366**	**3 788 085**	**3 313 001**	**21 680 914 555**
Percentage of total loans	90%	10%	0%	0%	0%	100%

HISTORICAL COST

As at 31 December 2021

Sector	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Manufacturing	3 499 524 166	1 063 030 717	-	-	14 212 035	4 576 766 918
Wholesale	867 433 502	8 301 168	12 768 255	13 626	18 035	888 534 586
Individuals	3 065 766 198	239 930 559	32 152 418	3 705 323	2 062 543	3 343 617 041
Mortgages	1 135 263 778	20 485 387	9 813 006	60 444	142 446	1 165 765 061
Agriculture	735 856 193	918 177 746	260 179	47 442 341	50 404 143	1 752 140 602
Distribution	1 022 421 666	85 088 588	372 390	8 212	3 909 390	1 111 800 246
Construction	1 545 988 583	7 722 677	-	-	-	1 553 711 260
Communication	22 991 030	-	-	-	-	22 991 030
Local Authorities	49 746 009	90 004 416	-	-	-	139 750 425
Mining	2 158 862 104	723 182 816	113 634	-	-	2 882 158 554
Other services	6 620 535 342	45 527	66 967	-	40 943	6 620 688 779
	20 724 388 571	**3 155 969 601**	**55 546 849**	**51 229 946**	**70 789 535**	**24 057 924 502**
Percentage of total loans	86%	13%	0%	0%	0%	100%

As at 31 December 2020

Sector	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Manufacturing	624 313 048	82 368 959	367 056	-	278 801	707 327 864
Wholesale	240 655 488	2 209 401	124 124	15 951	146 182	243 151 146
Individuals	552 211 072	21 533 833	1 280 680	1 038 981	1 323 952	577 388 518
Mortgages	324 653 809	29 464 233	8 924 163	96 922	307 566	363 446 693
Agriculture	927 090 271	215 947 860	-	-	-	1 143 038 131
Distribution	607 760 330	84 172 567	522	-	4 628	691 938 047
Construction	155 014 303	3 628	-	1 204 842	-	156 222 773
Communication	-	-	-	-	-	-
Local Authorities	18 118 074	148 864	620 914	-	-	18 887 852
Mining	1 439 120 012	861 312 830	-	-	-	2 300 432 842
Other services	7 282 614 838	3 858 337	-	-	-	7 286 473 175
	12 171 551 245	**1 301 020 512**	**11 317 459**	**2 356 696**	**2 061 129**	**13 488 307 041**
Percentage of total loans	90%	10%	0%	0%	0%	100%

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

34.1.1 Exposure to credit risk (continued)

Reconciliation of allowance for impairment for loans and advances

INFLATION ADJUSTED

	31 Dec 2021			31 Dec 2020		
	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL
Balance at 1 January	**12 741 289**	**220 916 516**	**233 657 805**	**23 720 711**	**286 066 509**	**309 787 220**
Effects of IAS 29	(4 814 505)	(83 476 931)	(88 291 436)	(18 432 821)	(222 295 729)	(240 728 550)
Increase in impairment allowance	119 648 085	265 702 770	385 350 855	8 444 341	157 145 736	165 590 077
Write off	(6 005 995)	-	(6 005 995)	(990 942)	-	(990 942)
	121 568 874	**403 142 355**	**524 711 229**	**12 741 289**	**220 916 516**	**233 657 805**

HISTORICAL COST

	31 Dec 2021			31 Dec 2020		
	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL
Balance at 1 January	**7 926 784**	**137 439 585**	**145 366 369**	**3 289 774**	**39 673 944**	**42 963 718**
Increase in impairment allowance	119 648 085	265 702 770	385 350 855	5 253 508	97 765 641	103 019 149
Write off	(6 005 995)	-	(6 005 995)	(616 498)	-	(616 498)
	121 568 874	**403 142 355**	**524 711 229**	**7 926 784**	**137 439 585**	**145 366 369**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
34.1.2 Trade and other receivables including insurance receivables				
Default	101 889 231	42 480 310	101 889 231	26 483 900
Allowance for impairment	(101 889 231)	(42 480 310)	(101 889 231)	(26 483 900)
Carrying amount	-	-	-	-
Past due amounts	171 416 818	45 554 411	171 416 818	28 340 929
Amounts up to date	461 926 112	790 066 264	447 419 271	457 582 697
Gross amount, not impaired	**633 342 930**	**835 620 675**	**618 836 089**	**485 923 626**
Allowance for impairment	(95 088)	(488 226)	(95 088)	(303 742)
Carrying amount, not impaired	**633 247 842**	**835 132 449**	**618 741 001**	**485 619 884**
Total carrying amount	**633 247 842**	**835 132 449**	**618 741 001**	**485 619 884**

As at 31 December 2021, trade receivables amounting to ZWL171 416 818 (2020 : ZWL45 554 411) in inflation adjusted terms and ZWL171 416 818 (ZWL28 340 929) in historical cost terms were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 31 December 2021 trade receivables amounting to ZWL101 889 231 (2020: ZWL42 480 310) in inflation adjusted terms and ZWL101 889 231 (2020: ZWL26 428 428) in historical cost terms were impaired. The amount of the allowance was ZWL101 889 231 as at 31 December 2021 (2020: ZWL42 480 310) in inflation adjusted terms and ZWL101 889 231 (2020: ZWL26 428 428) in historical cost terms. The individually impaired receivables mainly relate to lapsed insurance policies. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Over 6 months	**101 889 231**	**42 480 310**	**101 889 231**	**26 483 900**
Reconciliation of the allowance for impairment of trade receivables including insurance receivables				
Allowances for impairment				
Balance as at 1 January	43 057 701	24 722 922	26 787 642	3 428 768
Effects of IAS29	(16 270 059)	(19 211 616)		-
Allowance for trade receivables including insurance receivables' impairment	76 329 799	39 395 090	76 329 799	24 509 009
Receivables written off during the year as uncollectible	17 013	-	17 013	-
Impairment reversal	(1 147 885)	(1 848 696)	(1 147 885)	(1 150 135)
Balance as at 31 December	**101 986 569**	**43 057 701**	**101 986 569**	**26 787 642**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.1.3 Bonds and Debentures
INFLATION ADJUSTED

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.1.3 Bonds and Debentures (continued)

HISTORICAL COST

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

INFLATION ADJUSTED
Sensitivity analysis of ECL

	31 Dec 2021 ZWL	31 Dec 2020 ZWL
If all assets move to stage 3 ECL will increase to	2 512 456	275 368 606
If all assets move to stage 1 ECL will decrease to	50 249	5 507 372

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.1.4 Financial assets at amortised cost
INFLATION ADJUSTED

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 980 726 176	-	-	1 980 726 176	1 752 652 835	-	-	1 752 652 835
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**1 980 726 176**	**-**	**-**	**1 980 726 176**	**1 752 652 835**	**-**	**-**	**1 752 652 835**
Impairment allowance	(11 002 025)	-	-	(11 002 025)	(7 912 660)	-	-	(7 912 660)
Net financial asset at amortised cost	**1 969 724 151**	**-**	**-**	**1 969 724 151**	**1 744 740 175**	**-**	**-**	**1 744 740 175**
Analysis								
Gross amount								
Balance as at 1 January	**1 752 652 835**	**-**	**-**	**1 752 652 835**	**1 382 209 276**	**-**	**-**	**1 382 209 276**
Effects of IAS29	(662 268 638)	-	-	(662 268 638)	(1 074 083 160)	-	-	(1 074 083 160)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 446 998 844	-	-	1 446 998 844	1 661 655 918	-	-	1 661 655 918
Repayments	(556 486 102)	-	-	(556 486 102)	(216 854 724)	-	-	(216 854 724)
Amounts written off during the year as uncollectible	(170 763)	-	-	(170 763)	(274 475)	-	-	(274 475)
Balance as at 31 December	**1 980 726 176**	**-**	**-**	**1 980 726 176**	**1 752 652 835**	**-**	**-**	**1 752 652 835**
Impairment								
Balance as at 1 January	7 912 660	-	-	7 912 660	6 960 537	-	-	6 960 537
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(2 989 927)	-	-	(2 989 927)	(5 408 872)	-	-	(5 408 872)
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Amounts written off during the year as uncollectible	10 167			10 167	267 166			267 166
Net change due to new issues and repayments	6 069 125	-	-	6 069 125	6 093 833	-	-	6 093 833
Balance as at 31 December	**11 002 025**	**-**	**-**	**11 002 025**	**7 912 660**	**-**	**-**	**7 912 660**

34.1.4 Financial assets at amortised cost (continued)

HISTORICAL COST

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

INFLATION ADJUSTED

Sensitivity analysis of ECL

	31 Dec 2021	31 Dec 2020
	ZWL	ZWL
If all assets move to stage 3 ECL will increase to	713 061 423	630 955 022
If all assets move to stage 1 ECL will decrease to	14 261 228	12 619 100

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.1.5 Credit exposure on undrawn loan commitments and guarantees

INFLATION ADJUSTED

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	4 575 329 739	-	-	4 575 329 739	679 508 530	-	-	679 508 530
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**679 508 530**	**-**	**-**	**679 508 530**
Impairment allowance	(9 202 699)	-	-	(9 202 699)	(7 328 118)	-	-	(7 328 118)
Net undrawn loan commitments and guarantees	**4 566 127 040**	**-**	**-**	**4 566 127 040**	**672 180 412**	**-**	**-**	**672 180 412**
Analysis								
Gross amount								
Balance as at 1 January	**679 508 530**	**-**	**-**	**679 508 530**	**4 164 270 578**	**-**	**-**	**4 164 270 578**
Effects of IAS29	(256 763 449)	-	-	(256 763 449)	(3 235 959 253)	-	-	(3 235 959 253)
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	5 470 388 769	-	-	5 470 388 769	213 438 299	-	-	213 438 299
Repayments	(1 317 804 111)	-	-	(1 317 804 111)	(462 241 094)	-	-	(462 241 094)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**679 508 530**	**-**	**-**	**679 508 530**
Impairment								
Balance as at 1 January	**7 328 118**	**-**	**-**	**7 328 118**	**1 143 015**	**-**	**-**	**1 143 015**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(2 769 050)	-	-	(2 769 050)	(888 209)	-	-	(888 209)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	4 643 631	-	-	4 643 631	7 073 312	-	-	7 073 312
Balance as at 31 December	**9 202 699**	**-**	**-**	**9 202 699**	**7 328 118**	**-**	**-**	**7 328 118**

34.1.5 Credit exposure on undrawn loan commitments and guarantees (continued)

HISTORICAL COST

	31 Dec 2021				31 Dec 2020			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	4 575 329 739			4 575 329 739	422 745 082	-	-	422 745 082
Standard monitoring	-			-	-	-	-	-
Special monitoring	-			-	-	-	-	-
Default	-			-	-	-	-	-
Gross undrawn loan commitments and guarantees	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**422 745 082**	**-**	**-**	**422 745 082**
Impairment allowance	(9 202 699)			(9 202 699)	(4 559 068)	-	-	(4 559 068)
Net undrawn loan commitments and guarantees	**4 566 127 040**	**-**	**-**	**4 566 127 040**	**418 186 014**	**-**	**-**	**418 186 014**
Analysis								
Gross amount								
Balance as at 1 January	**422 745 081**			**422 745 081**	**577 533 658**	**-**	**-**	**577 533 658**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	5 470 388 769			5 470 388 769	132 787 135	-	-	132 787 135
Repayments	(1 317 804 111)			(1 317 804 111)	(287 575 711)	-	-	(287 575 711)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**422 745 082**	**-**	**-**	**422 745 082**
Impairment								
Balance as at 1 January	**4 559 067**			**4 559 067**	**158 523**	**-**	**-**	**158 523**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	4 643 632			4 643 632	4 400 545	-	-	4 400 545
Balance as at 31 December	**9 202 699**	**-**	**-**	**9 202 699**	**4 559 068**	**-**	**-**	**4 559 068**

INFLATION ADJUSTED

Sensitivity analysis of ECL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
If all assets move to stage 3 ECL will increase to	1 647 118 706	244 623 071
If all assets move to stage 1 ECL will decrease to	32 942 374	4 892 461

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

34.1.6 Maximum exposure to credit risk before collateral held or other credit enhancement	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Credit risk exposures relating to on-balance sheet assets are as follows;				
Loans and advances to customers;				
- Individuals	3 343 617 041	928 078 033	3 343 617 041	577 388 518
- Corporates	20 714 499 286	20 752 836 522	20 714 307 461	12 910 918 523
	24 058 116 327	**21 680 914 555**	**24 057 924 502**	**13 488 307 041**
Financial assets at amortised cost	1 980 726 176	1 752 652 835	1 980 726 176	1 090 384 201
Balances with banks	12 868 223 447	11 504 771 110	12 868 223 447	7 157 504 547
Bonds and debentures	6 979 045	764 912 793	6 979 045	475 877 942
Trade and other receivables including insurance receivables	735 234 411	878 190 150	720 727 570	512 407 526
Total on balance sheet	**39 649 279 406**	**36 581 441 443**	**39 634 580 740**	**22 724 481 257**
Off balance sheet credit exposure				
- Financial guarantees and letters of credit	3 863 688 223	1 553 034 923	3 863 688 223	966 195 191
- Loan commitments	711 641 516	662 673 358	711 641 516	412 271 355
Total off balance sheet credit exposure	**4 575 329 739**	**2 215 708 281**	**4 575 329 739**	**1 378 466 546**
Total credit exposure	**44 224 609 145**	**38 797 149 724**	**44 209 910 479**	**24 102 947 803**

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2021, without taking account of any collateral held or other credit enhancements attached. For on balance sheet assets, the exposures set out above are based on gross carrying amounts as reported in the statement of financial position.

Credit quality of balances with other banks		INFLATION ADJUSTED		HISTORICAL COST	
Counterparties with external credit rating		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Rating	**Agency**				
Aa3	Moody's	9 691 295 046	9 544 659 012	9 691 295 046	5 938 052 971
Baa3	Fitch	302 859 821	270 449 078	302 859 821	168 255 456
Baa1	Moody's	440 016	392 927	440 016	244 453
BB	S&P	7 557 932	6 749 115	7 557 932	4 198 851
BBB+	GCR	69 546 434	67 395 411	69 546 434	41 928 949
A-	GCR	909 187 770	583 958 908	909 187 770	363 300 451
		10 980 887 019	**10 473 604 451**	**10 980 887 019**	**6 515 981 132**

Balances with the Reserve Bank of Zimbabwe

Balances with the RBZ represent amounts in current accounts available for daily transactional use. As at the reporting date, the amount has been considered to be recoverable in full.

Write-off policy

The Group writes off an irrecoverable debt when the Board Credit Committee of the subsidiary determines that the debt is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balances and standardised loans, write off decisions are generally based on a product specific past due status.

Exposure to credit risk is also managed through regular analysis of the ability of debtors to meet interest and capital payment obligations and by changes to these lending limits where appropriate.

34.2 Liquidity risk

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

The Group have assessed the impact of Covid-19 pandemic on its liquidity risk and there was no material impact as the Group did not offer any moratorium to its customers in terms of repayments.

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 their 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.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.2 Liquidity risk (continued)

INFLATION ADJUSTED Contractual maturity analysis On balance sheet items as at 31 December 2021	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 293 835 210	15 664 830 562	-	25 958 665 772
Deposits from other banks	248 781 268	2 336 624 970	-	2 585 406 238
Borrowings	1 460 799 447	2 934 535 265	5 183 344 265	9 578 678 977
Insurance liabilities	780 042 048	-	-	780 042 048
Trade and other liabilities excluding deferred income	4 368 659 735	5 162 442 218	233 539 638	9 764 641 591
Total liabilities - (contractual maturity)	**17 152 117 708**	**26 098 433 015**	**5 416 883 903**	**48 667 434 626**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	15 850 027 385	1 789 559 523	-	17 639 586 908
Financial assets at amortised cost	985 173 495	1 515 284 759	185 483 131	2 685 941 385
Loans and advances to customers	2 433 627 055	7 279 194 647	40 705 542 471	50 418 364 173
Bonds and debentures	-	-	17 141 348	17 141 348
Trade and other receivables including insurance receivables	390 226 715	238 314 680	4 706 447	633 247 842
Financial assets at fair value through profit or loss	3 460 652 031	-	180 542 392	3 641 194 423
Financial assets at fair value through other comprehensive income	156 000 443	-	-	156 000 443
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	5 141 341 543	91 537 637	506 807 197	5 739 686 377
	28 417 048 667	**10 913 891 246**	**41 600 222 986**	**80 931 162 900**
Liquidity gap	**11 264 930 959**	**(15 184 541 768)**	**36 183 339 083**	**32 263 728 274**
Cumulative liquidity gap - on balance sheet	**11 264 930 959**	**(3 919 610 809)**	**32 263 728 274**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	3 863 688 223	-	3 863 688 223
Commitments to lend	711 641 516	-	-	711 641 516
Total liabilities	**711 641 516**	**3 863 688 223**	**-**	**4 575 329 739**
Liquidity gap	**(711 641 516)**	**(3 863 688 223)**	**-**	**27 688 398 535**
Cumulative liquidity gap - on and off balance sheet	**10 553 289 443**	**(8 494 940 548)**	**27 688 398 535**	**-**

34.2 Liquidity risk (continued)

INFLATION ADJUSTED Contractual maturity analysis On balance sheet items as at 31 December 2020	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	16 673 710 285	879 963 196	66 999 705	17 620 673 186
Deposits from other banks	678 041 299	56 444 623	-	734 485 922
Borrowings	2 246 179 791	4 289 853 741	8 016 496 885	14 552 530 417
Insurance liabilities	787 103 018	-	-	787 103 018
Trade and other liabilities excluding deferred income	4 097 801 386	3 962 479 300	121 064 372	8 181 345 058
Total liabilities - (contractual maturity)	**24 482 835 779**	**9 188 740 860**	**8 204 560 962**	**41 876 137 601**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	16 812 103 433	160 737 182	-	16 972 840 615
Financial assets at amortised cost	1 202 689 958	510 492 929	31 557 288	1 744 740 175
Loans and advances to customers	3 421 332 294	7 301 410 461	10 724 513 995	21 447 256 750
Bonds and debentures	-	750 877 533	10 501 201	761 378 734
Trade and other receivables including insurance receivables	778 195 520	49 371 919	7 565 010	835 132 449
Financial assets at fair value through profit or loss	1 146 580 195	-	93 906 087	1 240 486 282
Financial assets at fair value through other comprehensive income	61 706 761	-	-	61 706 761
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 945 032 513	-	453 608 982	2 398 641 495
	25 367 640 674	**8 772 890 024**	**11 321 652 563**	**45 462 183 261**
Liquidity gap	**884 804 895**	**(415 850 836)**	**3 117 091 601**	**3 586 045 660**
Cumulative liquidity gap - on balance sheet	**884 804 895**	**468 954 059**	**3 586 045 660**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	1 553 034 923	-	1 553 034 923
Commitments to lend	662 673 358	-	-	662 673 358
Total liabilities	**662 673 358**	**1 553 034 923**	**-**	**2 215 708 281**
Liquidity gap	**(662 673 358)**	**(1 553 034 923)**	**-**	**1 370 337 379**
Cumulative liquidity gap - on and off balance sheet	**222 131 537**	**(1 746 754 222)**	**1 370 337 379**	**-**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.2 Liquidity risk (continued)

HISTORICAL COST Contractual maturity analysis On balance sheet items as at 31 December 2021	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 293 835 210	15 664 830 562	-	25 958 665 772
Deposits from other banks	248 781 268	2 336 624 970	-	2 585 406 238
Borrowings	1 460 799 447	2 934 535 265	5 183 344 265	9 578 678 977
Insurance liabilities	681 083 275	-	-	681 083 275
Trade and other liabilities excluding deferred income	4 071 912 058	5 162 442 218	233 539 638	9 467 893 914
Total liabilities - (contractual maturity)	**16 756 411 258**	**26 098 433 015**	**5 416 883 903**	**48 271 728 176**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	15 850 027 385	1 789 559 523	-	17 639 586 908
Financial assets at amortised cost	985 173 495	1 515 284 759	185 483 131	2 685 941 385
Loans and advances to customers	2 433 435 230	7 279 194 647	40 705 542 471	50 418 172 348
Bonds and debentures	-	-	17 141 348	17 141 348
Trade and other receivables including insurance receivables	375 719 874	238 314 680	4 706 447	618 741 001
Financial assets at fair value through profit or loss	3 544 277 467	-	180 542 392	3 724 819 859
Financial assets at fair value through other comprehensive income	156 000 443	-	-	156 000 443
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	5 165 367 173	91 537 637	506 807 197	5 763 712 007
	28 510 001 067	**10 913 891 246**	**41 600 222 986**	**81 024 115 299**
Liquidity gap	**11 753 589 809**	**(15 184 541 768)**	**36 183 339 083**	**32 752 387 124**
Cumulative liquidity gap - on balance sheet	**11 753 589 809**	**(3 430 951 959)**	**32 752 387 124**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	3 863 688 223	-	3 863 688 223
Commitments to lend	711 641 516	-	-	711 641 516
Total liabilities	**711 641 516**	**3 863 688 223**	**-**	**4 575 329 739**
Liquidity gap	**(711 641 516)**	**(3 863 688 223)**	**-**	**28 177 057 385**
Cumulative liquidity gap - on and off balance sheet	**11 041 948 293**	**(8 006 281 698)**	**28 177 057 385**	**-**

34.2 Liquidity risk (continued)

HISTORICAL COST Contractual maturity analysis On balance sheet items as at 31 December 2020	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 373 275 229	547 454 662	41 682 767	10 962 412 658
Deposits from other banks	421 832 267	35 116 096	-	456 948 363
Borrowings	1 397 423 896	2 668 862 106	4 987 331 982	9 053 617 984
Insurance liabilities	402 454 943	-	-	402 454 943
Trade and other liabilities excluding deferred income	2 549 379 885	2 465 191 470	75 318 212	5 089 889 567
Total liabilities - (contractual maturity)	**15 144 366 220**	**5 716 624 334**	**5 104 332 961**	**25 965 323 515**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	10 459 374 255	100 000 000	-	10 559 374 255
Financial assets held to maturity	748 233 821	317 594 798	19 632 849	1 085 461 468
Loans and advances to customers	2 128 407 587	4 542 452 698	6 672 080 387	13 342 940 672
Bonds and debentures	-	467 146 135	6 533 150	473 679 285
Trade and other receivables including insurance receivables	450 197 507	30 715 929	4 706 448	485 619 884
Financial assets at fair value through profit or loss	749 810 816	-	58 422 131	808 232 947
Financial assets at fair value through other comprehensive income	38 389 849	-	-	38 389 849
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 187 919 497	-	282 205 384	1 470 124 881
	15 762 333 332	**5 457 909 560**	**7 043 580 349**	**28 263 823 241**
Liquidity gap	**617 967 112**	**(258 714 774)**	**1 939 247 388**	**2 298 499 726**
Cumulative liquidity gap - on balance sheet	**617 967 112**	**359 252 338**	**2 298 499 726**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	966 195 191	-	966 195 191
Commitments to lend	412 271 355	-	-	412 271 355
Total liabilities	**412 271 355**	**966 195 191**	**-**	**1 378 466 546**
Liquidity gap	**(412 271 355)**	**(966 195 191)**	**-**	**920 033 180**
Cumulative liquidity gap - on and off balance sheet	**205 695 758**	**(1 019 214 208)**	**920 033 180**	**-**

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

Management of liquidity gap on short-term maturities

The cash flows presented above reflect the cash flows that will be contractually payable over the residual maturity of the instruments. In practice, however, certain liability instruments behave differently from their contractual terms and typically, for short-term customer accounts, extend to a longer period than their contractual maturity. The Group therefore seeks to manage its liabilities both on a contractual and behavioural basis. The Group prescribes various liquidity stress scenarios as part of stress testing that include accelerated withdrawal of deposits over a period of time and prescribed measures are in place to ensure that cash inflows exceed outflows under such scenarios.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.3 Market risk

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

The Group have assessed the impact of Covid-19 pandemic on its market risk and there was no material impact as the market was not negatively affected by the pandemic.

The market risk for the trading portfolio is managed and monitored based on a collection of risk management methodologies to assess market risk including Value-at-Risk ("VaR") methodology that reflects the interdependency between risk variables, stress testing, loss triggers and traditional risk management measures. Non–trading positions are managed and monitored using other sensitivity analysis. The market risk for the non-trading portfolio is managed as detailed in notes 34.3.1 to 34.3.3.

34.3.1 Interest rate risk

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

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

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

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

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

Scenario analysis of net interest income

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

Scenario:	INFLATION ADJUSTED				HISTORICAL COST			
	2021		2020		2021		2020	
5% increase in interest rates	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Assets	28 461 469 704	258 480 332	30 283 760 129	147 895 450	28 461 277 878	258 478 590	18 840 426 238	92 010 150
Liabilities	14 296 193 712	(19 928 852)	20 665 556 033	(30 573 645)	14 296 193 712	(19 928 852)	12 856 736 552	(19 020 892)
Net effect		238 551 480		117 321 805		238 549 738		72 989 258

In calculating the sensitivity, shocks are defined in terms of simple interest rate. The analysis assumes a static portfolio, that there will be no defaults, prepayments or early withdrawals and the analysis is limited to a 30 day period. A 5% increase is based on past experience.

34.3.1 Interest Rate Risk (continued)

INFLATION ADJUSTED

INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 31 December 2021

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 days ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	1 038 947 830	1 539 607 363	240 370 208	-	-	2 818 925 401
Financial assets at amortised cost	-	878 144 558	365 626 163	651 343 475	35 026 168	1 930 140 364
Loans and advances to customers	16 545 430 883	578 792 118	5 370 248	3 259 980 000	3 143 831 849	23 533 405 098
Bonds and debentures	6 939 817	-	-	-	-	6 939 817
Total assets	**17 591 318 530**	**2 996 544 039**	**611 366 619**	**3 911 323 475**	**3 178 858 017**	**28 289 410 680**
Liabilities						
Deposits from customers	2 115 992 048	1 132 808 381	-	-	-	3 248 800 429
Deposits from other banks	1 788 093 795	716 936 846	25 915 597	49 960 000	4 500 000	2 585 406 238
Borrowings	1 791 472 394	635 526 241	-	3 091 462 136	2 943 526 274	8 461 987 045
Total liabilities	**5 695 558 237**	**2 485 271 468**	**25 915 597**	**3 141 422 136**	**2 948 026 274**	**14 296 193 712**
Interest rate repricing gap	**11 895 760 293**	**511 272 571**	**585 451 022**	**769 901 339**	**230 831 743**	**13 993 216 967**
Cumulative gap interest rate repricing gap	**11 895 760 293**	**12 407 032 864**	**12 992 483 886**	**13 762 385 224**	**13 993 216 967**	

Total position as at 31 December 2020

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 days ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	4 798 563 139	1 371 084 149	160 737 182	-	-	6 330 384 470
Financial assets at amortised cost	1 201 065 708	80 302 186	221 660 109	210 154 883	31 557 289	1 744 740 175
Loans and advances to customers	1 461 971 024	1 959 171 351	805 711 027	6 495 699 436	10 724 703 912	21 447 256 750
Bonds and debentures	761 378 734	-	-	-	-	761 378 734
Total assets	**8 222 978 605**	**3 410 557 686**	**1 188 108 318**	**6 705 854 319**	**10 756 261 201**	**30 283 760 129**
Liabilities						
Deposits from customers	2 416 675 517	2 305 978 798	655 885 379	-	-	5 378 539 694
Deposits from other banks	581 244 072	145 590 562	7 651 289	-	-	734 485 923
Borrowings	1 422 996 037	996 609 959	-	4 220 443 364	7 912 481 056	14 552 530 416
Total liabilities	**4 420 915 626**	**3 448 179 319**	**663 536 668**	**4 220 443 364**	**7 912 481 056**	**20 665 556 033**
Interest rate repricing gap	**3 802 062 979**	**(37 621 633)**	**524 571 650**	**2 485 410 955**	**2 843 780 145**	**9 618 204 096**
Cumulative gap interest rate repricing gap	**3 802 062 979**	**3 764 441 346**	**4 289 012 996**	**6 774 423 951**	**9 618 204 096**	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.3.1 Interest Rate Risk (continued)

HISTORICAL COST

INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 31 December 2021

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 days ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	1 038 947 830	1 539 607 363	240 370 208	-	-	2 818 925 401
Financial assets at amortised cost	-	878 144 557	365 626 163	651 343 475	35 026 168	1 930 140 363
Loans and advances to customers	16 545 239 058	578 792 118	5 370 248	3 259 980 000	3 143 831 849	23 533 213 273
Bonds and debentures	6 939 817	-	-	-	-	6 939 817
Total assets	**17 591 126 705**	**2 996 544 038**	**611 366 619**	**3 911 323 475**	**3 178 858 017**	**28 289 218 854**
Liabilities						
Deposits from customers	2 115 992 048	1 132 808 381	-	-	-	3 248 800 429
Deposits from other banks	1 788 093 795	716 936 846	25 915 597	49 960 000	4 500 000	2 585 406 238
Borrowings	1 791 472 394	635 526 241	-	3 091 462 136	2 943 526 274	8 461 987 045
Total liabilities	**5 695 558 237**	**2 485 271 468**	**25 915 597**	**3 141 422 136**	**2 948 026 274**	**14 296 193 712**
Interest rate repricing gap	**11 895 568 468**	**511 272 570**	**585 451 022**	**769 901 339**	**230 831 743**	**13 993 025 141**
Cumulative gap interest rate repricing gap	**11 895 568 468**	**12 406 841 038**	**12 992 292 060**	**13 762 193 398**	**13 993 025 141**	

Total position as at 31 December 2020

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 days ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	2 985 347 310	852 997 503	100 000 000	-	-	3 938 344 813
Financial assets at amortised cost	747 223 321	49 958 687	137 902 199	130 744 412	19 632 849	1 085 461 468
Loans and advances to customers	909 541 281	1 218 866 305	501 259 893	4 041 192 806	6 672 080 387	13 342 940 672
Bonds and debentures	473 679 285	-	-	-	-	473 679 285
Total assets	**5 115 791 197**	**2 121 822 495**	**739 162 092**	**4 171 937 218**	**6 691 713 236**	**18 840 426 238**
Liabilities						
Deposits from customers	1 503 495 013	1 434 626 867	408 048 325	-	-	3 346 170 205
Deposits from other banks	361 611 460	90 576 779	4 760 124	-	-	456 948 363
Borrowings	885 293 633	620 024 531	-	2 625 679 579	4 922 620 241	9 053 617 984
Total liabilities	**2 750 400 106**	**2 145 228 177**	**412 808 449**	**2 625 679 579**	**4 922 620 241**	**12 856 736 552**
Interest rate repricing gap	**2 365 391 091**	**(23 405 682)**	**326 353 643**	**1 546 257 639**	**1 769 092 995**	**5 983 689 686**
Cumulative gap interest rate repricing gap	**2 365 391 091**	**2 341 985 409**	**2 668 339 052**	**4 214 596 691**	**5 983 689 686**	

34.3.2 Currency risk

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

Foreign exchange risk arises 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.

The table below indicates the extend to which the Group was exposed to currency risk.

INFLATION ADJUSTED
Foreign exchange gap analysis as at 31 December 2021

Base currency Assets	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Balances with other banks and cash	17 238 266 637	710 992 530	100 221 340	7 476 520	3 077 345	18 060 034 372
Trade and other receivables	607 412 295	-	1 293	164	-	607 413 752
Loans and advances to customers	14 228 968 705	828 826	-	-	-	14 229 797 531
Total assets	**32 074 647 637**	**711 821 356**	**100 222 633**	**7 476 684**	**3 077 345**	**32 897 245 655**
Liabilities						
Deposits from customers	29 101 536 507	362 080 409	43 491 566	3 004 580	617 776	29 510 730 838
Trade and other payables	481 756 471	2 099 963	229 641	30 111	748 796	484 864 982
Total liabilities	**29 583 292 978**	**364 180 372**	**43 721 207**	**3 034 691**	**1 366 572**	**29 995 595 820**
Net currency position	**2 491 354 659**	**347 640 984**	**56 501 426**	**4 441 993**	**1 710 773**	**2 901 649 835**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.3.2 Currency risk (continued)

INFLATION ADJUSTED
Foreign exchange gap analysis as at 31 December 2020

Base currency Assets	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Balances with other banks and cash	16 074 769 962	852 533 774	205 786 442	7 137 383	14 394 326	17 154 621 887
Trade and other receivables	286 289 114	-	285	217	-	286 289 616
Loans and advances to customers	17 186 625 168	1 051 404	-	-	-	17 187 676 572
Total assets	**33 547 684 244**	**853 585 178**	**205 786 727**	**7 137 600**	**14 394 326**	**34 628 588 075**
Liabilities						
Deposits from customers	117 495 251	421 960 250	143 792 376	3 960 759	4 550 671	691 759 307
Trade and other payables	431 209 322	339 459	685 674	-	438 200	432 672 655
Total liabilities	**548 704 573**	**422 299 709**	**144 478 050**	**3 960 759**	**4 988 871**	**1 124 431 962**
Net currency position	**32 998 979 671**	**431 285 469**	**61 308 677**	**3 176 841**	**9 405 455**	**33 504 156 113**

HISTORICAL COST
Foreign exchange gap analysis as at 31 December 2021

Base currency Assets	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Balances with other banks and cash	17 238 266 637	710 992 530	100 221 340	7 476 520	3 077 345	18 060 034 372
Trade and other receivables	607 412 295	-	1 293	164	-	607 413 752
Loans and advances to customers	14 228 968 705	828 826	-	-	-	14 229 797 531
Total assets	**32 074 647 637**	**711 821 356**	**100 222 633**	**7 476 684**	**3 077 345**	**32 897 245 655**
Liabilities						
Deposits from customers	29 101 536 507	362 080 409	43 491 566	3 004 580	617 776	29 510 730 838
Trade and other payables	481 756 471	2 099 963	229 641	30 111	748 796	484 864 982
Total liabilities	**29 583 292 978**	**364 180 372**	**43 721 207**	**3 034 691**	**1 366 572**	**29 995 595 820**
Net currency position	**2 491 354 659**	**347 640 984**	**56 501 426**	**4 441 993**	**1 710 773**	**2 901 649 835**

34.3.2 Currency risk (continued)

HISTORICAL COST

Foreign exchange gap analysis as at 31 December 2020

Base currency Assets	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Balances with other banks and cash	10 000 654 336	530 389 897	128 026 658	4 440 406	8 955 194	10 672 466 491
Trade and other receivables	178 110 074	-	177	135	-	178 110 386
Loans and advances to customers	10 692 376 806	654 114	-	-	-	10 693 030 920
Total assets	**20 871 141 216**	**531 044 011**	**128 026 835**	**4 440 541**	**8 955 194**	**21 543 607 797**
Base currency						
Liabilities						
Deposits from customers	73 097 742	262 515 645	89 458 067	2 464 121	2 831 125	430 366 700
Trade and other payables	268 269 803	211 189	426 581	-	272 619	269 180 192
Total liabilities	**341 367 545**	**262 726 834**	**89 884 648**	**2 464 121**	**3 103 744**	**699 546 892**
Net currency position	**20 529 773 671**	**268 317 177**	**38 142 187**	**1 976 420**	**5 851 450**	**20 844 060 905**

Below are major cross rates to the ZWL used by the Group as at 31 December:

Currency	31 Dec 2021 Cross rate	31 Dec 2020 Cross rate
British pound ("GBP")	146,6829	111,4387
SA rand ("ZAR")	0,1465	0,1790
Euro ("EUR")	122,9344	100,5487
Pula ("BWP")	9,2268	7,5741
United states dollar ("USD")	108,666	81,7866

The table below summarises the impact of increases or decreases of exchange rates on the Group's post-tax profit for the year. The analysis is based on the assumption that the exchange rates have increased or decreased by 10% based on past experiance with all other variables held constant.

INFLATION ADJUSTED

Impact of 10% increase in exchange rates:	USD ZWL	ZAR ZWL	EUR ZWL	BWP ZWL	GBP ZWL	TOTAL ZWL
For the year ended 31 December 2021						
Assets	3 207 464 764	71 182 136	10 022 263	747 668	307 735	3 289 724 566
Liabilities	(2 958 329 298)	(36 418 037)	(4 372 121)	(303 469)	(136 657)	(2 999 559 582)
Net impact on profit or loss and equity	**249 135 466**	**34 764 099**	**5 650 142**	**444 199**	**171 078**	**290 164 984**
For the year ended 31 December 2020						
Assets	3 354 768 425	85 358 518	20 578 673	713 760	1 439 432	3 462 858 808
Liabilities	(54 870 458)	(42 229 970)	(14 447 805)	(396 076)	(498 886)	(112 443 195)
Net impact on profit or loss and equity	**3 299 897 967**	**43 128 548**	**6 130 868**	**317 684**	**940 546**	**3 350 415 613**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2021

HISTORICAL COST Impact of 10% increase in exchange rates:	USD ZWL	ZAR ZWL	EUR ZWL	BWP ZWL	GBP ZWL	TOTAL ZWL
For the year ended 31 December 2021						
Assets	3 207 464 764	71 182 136	10 022 263	747 668	307 735	3 289 724 566
Liabilities	(2 958 329 298)	(36 418 037)	(4 372 121)	(303 469)	(136 657)	(2 999 559 582)
Net impact on profit or loss and equity	**249 135 466**	**34 764 099**	**5 650 142**	**444 199**	**171 078**	**290 164 984**
For the year ended 31 December 2020						
Assets	2 087 114 122	53 104 401	12 802 684	444 054	895 519	2 154 360 780
Liabilities	(34 136 755)	(26 272 683)	(8 988 465)	(246 412)	(310 374)	(69 954 689)
Net impact on profit or loss and equity	**2 052 977 367**	**26 831 718**	**3 814 219**	**197 642**	**585 145**	**2 084 406 091**

34.3.3 Price risk

The Group is exposed to equity price risk because of investments held by the Group and classified on the consolidated statement of financial position as at fair value through profit or loss and fair value through other comprehnsive income. 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.

The table below summarises the impact of increases or decreases of the Zimbabwe Stock Exchange ("ZSE") on the Group's total comprehensive income for the year. The analysis is based on the assumption that the equity index has increased or decreased by 25% based on experience with all other variables held constant and the Group's equity instruments moved according to the historical correlation with the index.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Impact of 25% increase or decrease in the equity index:				
Financial assets at fair value through profit or loss	910 298 606	310 121 571	931 204 965	202 058 237
Financial assets at fair value through other comprehensive income	39 000 111	15 426 690	39 000 111	9 597 462

34.4 Settlement risk

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

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

34.5 Capital risk

34.5.1 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 financial assets at fair value through other comprehensive income.
- Tier 3 capital or market and operational risk capital includes market risk capital and operational risk capital. Operational risk includes legal risk. Market risk capital is allocated to the risk of losses in the on and off balance sheet position arising from movements in market prices.

Various limits are applied to elements of the capital base. The amount of capital qualifying for tier 2 capital cannot exceed tier 1 capital and the qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investment in the capital of other banks and certain other regulatory items. The Group's operations are categorised as either banking or trading book, and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels or risk attached to assets and off balance sheet exposures.

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

The Securities Commission of Zimbabwe ("SECZ") sets and monitors capital requirements for the stockbroking subsidiary and the Insurance and Pensions Commission ("IPEC") sets and monitors capital requirements for the insurance subsidiaries. The following subsidiaries have their capital regulated by the regulatory authorities:

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.5 Capital risk (continued)

Company	Regulatory Authority	Minimum capital required US$	Minimum capital required ZWL	Net regulatory capital ZWL	Total equity ZWL
As at 31 December 2021					
FBC Bank Limited	RBZ	30 000 000	3 259 980 000	5 503 063 672	7 496 905 646
FBC Building Society	RBZ	20 000 000	2 173 320 000	2 433 035 168	3 175 267 012
FBC Reinsurance Limited	IPEC		150 000 000	1 169 766 287	1 169 766 287
FBC Securities (Private) Limited	SECZ		150 000	102 553 687	102 553 687
FBC Insurance Company (Private) Limited	IPEC		37 500 000	428 576 366	428 576 366
Microplan Financial Services (Private) Limited	RBZ	25 000	25 000	96 859 762	96 859 762
As at 31 December 2020					
FBC Bank Limited	RBZ	30 000 000	2 453 598 000	1 998 606 121	3 069 555 765
FBC Building Society	RBZ	20 000 000	1 635 732 000	368 187 450	726 841 681
FBC Reinsurance Limited	IPEC		150 000 000	503 092 516	503 092 516
FBC Securities (Private) Limited	SECZ		150 000	12 456 815	12 456 815
FBC Insurance Company (Private) Limited	IPEC		37 500 000	211 048 135	211 048 135
Microplan Financial Services (Private) Limited	RBZ	25 000	2 044 665	35 900 135	35 900 135

On the 22nd of January 2020, the Reserve Bank of Zimbabwe released a statement containing resolutions made by the Monetary Policy Committee (MPC). One of the resolutions concerned revised minimum capital requirements for banking institutions. The MPC noted the need for banks to hold sufficient capital to ensure continued stability and soundness of the financial services sector, as well as ensuring that banks continue to be able to underwrite financial transactions that are necessary for improving production and productivity.

In this regard, minimum capital requirements for banking institutions were reviewed by the Reserve Bank of Zimbabwe to ZWL equivalent of the US$ as shown in the table below.

Type of Institution	Mininum Capital Requirement in ZWL equivalent to:	Affected FBCH Subsidiary
Tier I - Large Indigenous Commercial banks and all Foreign Banks	US$ 30 million	FBC Bank Limted
Tier II - Commercial Banks, Merchant Banks, Building Societies, Development Banks, Finance and Discount Houses	US$ 20 million	FBC Building Society
Tier III - Deposit taking Microfinance Banks	US$ 5 million	N/A
Credit Only Microfinance Institutions	US$ 25 000	Microplan Financial Services (Private) Limited

The capitalisation deadline was initially set for 31 December 2020. This was revised to 31 December 2021 following the negative impact of Covid-19 on banking institutions operations. FBC Holdings banking subsidiaries stated in the above table are all complying with the minimum set capital levels as at 31 December 2021.

34.5.2 Capital allocation

The allocation of capital between specific operations is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each subsidiary is firstly premised on minimum regulatory requirements. The process of allocating capital to specific operations and subsidiaries is undertaken independently of those responsible for the operations. The Assets and Liability Committee ("ALCO") at the banking subsidiaries set the Assets and Liability Management ("ALM") policies which determine the eventual asset allocation dependent on desired risk return profiles based on ALCO forecasts on the different markets the Group participates in and economic fundamentals.

Group Risk monitors and ensures adherence to these policies as well as continuously measure the efficacy of these policies through ALCO and various other credit committees.

Although maximisation of the return on risk adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Capital adequacy ratios

	INFLATION ADJUSTED		HISTORICAL COST	
FBC Bank Limited capital adequacy ratio	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Ordinary share capital	1 148 818 480	1 148 818 480	18 502 313	18 502 313
Share premium	819 451 459	819 451 459	13 197 687	13 197 687
Retained profits	4 682 658 207	2 592 834 225	5 746 945 751	2 275 235 687
General reserve	-	-	-	-
Capital allocated for market and operational risk	(1 710 686 203)	(1 556 841 151)	(1 710 686 203)	(968 563 174)
Advances to insiders	(275 582 079)	(495 600 257)	(275 582 079)	(308 329 567)
Tier 1 capital	**4 664 659 864**	**2 508 662 756**	**3 792 377 469**	**1 030 042 946**
Other reserves	943 688 279	415 311 700	1 718 259 895	762 620 077
Tier 1 and 2 capital	**5 608 348 143**	**2 923 974 456**	**5 510 637 364**	**1 792 663 023**
Tier 3 capital allocated for market and operational risk	1 710 686 203	1 556 841 151	1 710 686 203	968 563 174
	7 319 034 346	**4 480 815 607**	**7 221 323 567**	**2 761 226 197**
Risk weighted assets	**38 304 907 355**	**37 175 385 043**	**38 304 907 355**	**23 128 055 736**
Tier 1 ratio (%)	12%	7%	10%	4%
Tier 2 ratio (%)	2%	1%	4%	3%
Tier 3 ratio (%)	4%	4%	4%	4%
Capital adequacy ratio (%)	**18%**	**12%**	**18%**	**11%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

34.5.2 Capital allocation (continued)

FBC Building Society capital adequacy ratio	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2020 ZWL
Share capital and share premium	1 769 910 128	699 549 136	1 081 627 589	11 266 599
Accumulated surplus	1 231 232 425	544 626 917	1 351 407 579	356 920 851
Capital allocated for market and operational risk	(169 902 112)	-	(140 880 690)	-
Advances to insiders	-	-	-	-
Tier 1 capital	**2 831 240 441**	**1 244 176 053**	**2 292 154 478**	**368 187 450**
Regulatory reserves	-	-	-	-
Revaluation reserves	399 634 232	258 955 211	742 231 844	358 654 231
Tier 1 and 2 capital	**3 230 874 673**	**1 503 131 264**	**3 034 386 322**	**726 841 681**
Tier 3 capital allocated for market and operational risk	169 902 112	-	140 880 690	-
	3 400 776 785	**1 503 131 264**	**3 175 267 012**	**726 841 681**
Risk weighted assets	**8 510 016 037**	**3 760 805 589**	**7 091 680 031**	**2 100 291 145**
Tier 1 ratio (%)	33%	33%	32%	18%
Tier 2 ratio (%)	5%	7%	10%	17%
Tier 3 ratio (%)	2%	0%	2%	0%
Capital adequacy ratio (%)	**40%**	**40%**	**44%**	**35%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

35 FAIR VALUE OF ASSETS AND LIABILITIES

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

Quoted market prices (level 1)

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

Valuation technique using observable inputs (level 2)

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

Valuation technique using significant and unobservable inputs (Level 3)

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

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

	INFLATION ADJUSTED				HISTORICAL COST			
	Valuation technique using				Valuation technique using			
	Quoted market prices Level 1	Observable inputs Level 2	Significant unobservable inputs Level 3	Total	Quoted market prices Level 1	Observable inputs Level 2	Significant unobservable inputs Level 3	Total
As at 31 December 2021	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Assets								
Financial assets at fair value through profit or loss	3 260 344 951	-	380 849 472	3 641 194 423	3 343 970 387	-	380 849 472	3 724 819 859
Financial assets at fair value through other comprehensive income	156 000 444	-	-	156 000 444	156 000 444	-	-	156 000 444
Investment property	-	-	4 176 376 848	4 176 376 848	-	-	4 176 376 848	4 176 376 848
Property and equipment	-	-	4 052 073 314	4 052 073 314	-	-	4 052 073 314	4 052 073 314
Liabilities	-	-	-	-	-	-	-	-
As at 31 December 2020								
Assets								
Financial assets at fair value through profit or loss	915 426 749	-	325 059 533	1 240 486 282	606 002 493	-	202 230 454	808 232 947
Financial assets at fair value through other comprehensive income	61 706 761	-	-	61 706 761	38 389 849	-	-	38 389 849
Investment property	-	-	1 572 825 404	1 572 825 404	-	-	978 507 514	978 507 514
Property and equipment	-	-	2 991 707 853	2 991 707 853	-	-	1 861 241 945	1 861 241 945
Liabilities	-	-	-	-	-	-	-	-

Valuation techniques and sensitivity analysis

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

Land and buildings under level 3 comprises commercial and residential properties. Refer to property and equipment note 13.

Investment property

The valuation approaches taken for investment property are the comparison approach and the investment approach. The comparison basis considers evidence on transactions from similar properties in terms of size, standard of finishes and age. In this approach, similar properties that had been recently sold or which are currently on sale and situated in comparable areas were utilised to derive the fair value. Market evidence from other estate agents was taken into consideration. The significant unobservable inputs were comparable rates per square meter and investment yields. The investment approach establishes market rentals that are annualized and then capitalized using the market capitalization rates to establish the fair values. The significant unobservable inputs for this approach were capitalization rates which ranged between 9-10 (2020 between 8-10) and rentals ranging from ZWL 300 to ZWL 2 386 per square meter (2020 ranging from US$30 to US$180). These valuations have been done in ZWL as opposed the US$ resulting in a change of accounting estimate. There are still few ZWL transactions which indicates material uncertainity in ZWL valuations. Refer to investment property note 11.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value
The carrying amounts of financial assets and liabilities held at amortised cost approximate fair values. The following methods and assumptions were used to estimate the fair values;

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

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

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

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

Insurance liabilities and trade and other payables
The fair value disclosed approximates carrying value because the instruments are short term in nature.

Guarantees, acceptances and other financial facilities
The fair value disclosed approximates carrying value because the instruments are short term in nature.

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

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

The Group have assessed the impact of Covid-19 pandemic on the determination of fair values and there was no material impact as the pandemic has not been seen to have affected valuation technics in this jurisdiction.

36 FINANCIAL INSTRUMENTS

Financial assets and liabilities

Accounting classifications and fair values

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

36.1 Position as at 31 December 2021
INFLATION ADJUSTED

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	17 639 586 908	-	17 639 586 908
Financial assets at amortised cost			1 969 724 151		1 969 724 151
Loans and advances to customers	-	-	23 533 405 098	-	23 533 405 098
Bonds and debentures	-	-	6 939 817	-	6 939 817
Trade and other receivables including insurance receivables	-	-	633 247 842	-	633 247 842
Financial assets at fair value through profit or loss	3 641 194 423	-	-	-	3 641 194 423
Financial assets at fair value through other comprehensive income	-	156 000 444	-	-	156 000 444
Total	**3 641 194 423**	**156 000 444**	**43 782 903 816**	**-**	**47 580 098 683**
Liabilities					
Deposits from customers	-	-	-	25 958 665 772	25 958 665 772
Deposits from other banks	-	-	-	2 585 406 238	2 585 406 238
Borrowings	-	-	-	8 461 987 045	8 461 987 045
Insurance liabilities	-	-	-	780 042 048	780 042 048
Trade and other liabilities	-	-	-	9 296 418 472	9 296 418 472
Total	**-**	**-**	**-**	**47 082 519 575**	**47 082 519 575**

36.1 Position as at 31 December 2020
INFLATION ADJUSTED

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	16 972 840 615	-	16 972 840 615
Financial assets at amortised cost			1 744 740 175		1 744 740 175
Loans and advances to customers	-	-	21 447 256 750	-	21 447 256 750
Bonds and debentures	-	-	761 378 734	-	761 378 734
Trade and other receivables including insurance receivables	-	-	835 132 449	-	835 132 449
Financial assets at fair value through profit or loss	1 240 486 282	-	-	-	1 240 486 282
Financial assets at fair value through other comprehensive income	-	61 706 761	-	-	61 706 761
Total	**1 240 486 282**	**61 706 761**	**41 761 348 723**	**-**	**43 063 541 766**
Liabilities					
Deposits from customers	-	-	-	17 620 673 186	17 620 673 186
Deposits from other banks	-	-	-	734 485 922	734 485 922
Borrowings	-	-	-	14 552 530 417	14 552 530 417
Insurance liabilities	-	-	-	787 103 018	787 103 018
Trade and other liabilities	-	-	-	8 680 824 526	8 680 824 526
Total	**-**	**-**	**-**	**42 375 617 069**	**42 375 617 069**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

36.2 Position as at 31 December 2021
HISTORICAL COST

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	17 639 586 908	-	17 639 586 908
Financial assets at amortised cost			1 969 724 151		1 969 724 151
Loans and advances to customers	-	-	23 533 213 273	-	23 533 213 273
Bonds and debentures	-	-	6 939 817	-	6 939 817
Trade and other receivables including insurance receivables	-	-	618 741 001	-	618 741 001
Financial assets at fair value through profit or loss	3 724 819 859	-	-	-	3 724 819 859
Financial assets at fair value through other comprehensive income	-	156 000 444	-	-	156 000 444
Total	**3 724 819 859**	**156 000 444**	**43 768 205 150**	**-**	**47 649 025 453**
Liabilities					
Deposits from customers	-	-	-	25 958 665 772	25 958 665 772
Deposits from other banks	-	-	-	2 585 406 238	2 585 406 238
Borrowings	-	-	-	8 461 987 045	8 461 987 045
Insurance liabilities	-	-	-	681 083 275	681 083 275
Trade and other liabilities	-	-	-	8 999 670 796	8 999 670 796
Total	**-**	**-**	**-**	**46 686 813 126**	**46 686 813 126**

36.2 Position as at 31 December 2020
HISTORICAL COST

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	10 559 374 255	-	10 559 374 255
Financial assets at amortised cost			1 085 461 468		1 085 461 468
Loans and advances to customers	-	-	13 342 940 672	-	13 342 940 672
Bonds and debentures			473 679 285		473 679 285
Trade and other receivables including					-
insurance receivables	-	-	485 619 884	-	485 619 884
Financial assets at fair value through					-
profit or loss	808 232 947	-	-	-	808 232 947
Financial assets at fair value through					-
other comprehensive income	-	38 389 849	-	-	38 389 849
Total	**808 232 947**	**38 389 849**	**25 947 075 564**	**-**	**26 793 698 360**
Liabilities					
Deposits from other banks	-	-	-	10 962 412 658	10 962 412 658
Deposits from customers	-	-	-	456 948 363	456 948 363
Borrowings	-	-	-	9 053 617 984	9 053 617 984
Insurance liabilities	-	-	-	402 454 943	402 454 943
Trade and other liabilities	-	-	-	5 353 987 092	5 353 987 092
Total	**-**	**-**	**-**	**26 229 421 040**	**26 229 421 040**

37 INSURANCE RISK MANAGEMENT

Insurance risk management specifically applies to the two subsidiaries; FBC Reinsurance Limited and FBC Insurance (Private) Company.

37.1 Risk management objectives and policies for mitigating risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The reinsurers and retrocessionaires that the Group transacted with for the year had the following ratings;

Year ended 31 December

	Number of reinsurers and retrocessionaires	
Ratings	**2021**	**2020**
AA+	0	0
AA-	1	1
A+	2	2
A-	4	4
B	1	1
B++	0	0
B+	5	5
BB+	0	0
BBB	0	0
BBB-	1	1
Non rated	0	0
Total	**14**	**14**

37.2 Underwriting strategy

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a geographical area, as such; it is believed that this reduces the variability of the outcome. The underwriting strategy is set out in an annual business plan that sets out the classes of business to be written, the regions in which business is to be written and the industry sectors to which the Group is prepared to expose itself. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by the size, and class of business in order to enforce appropriate risk selection within the portfolio. The underwriters have the right to refuse renewal or to change the terms and conditions of the contract with 60 days notice, as well as the right to reject the payment of a fraudulent claim.

Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (i.e., subrogation). Adherence to the underwriting authorities is measured through a series of exception reports that are run on a regular basis covering size of risk, class and industry.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

37.3 Reinsurance strategy

The short-term insurance company reinsures all business in excess of its underwriting capacity as determined by the statement of financial position. The short-term insurance company utilises quota share, surplus, excess of loss and facultative reinsurance programmes with reputable reinsurers.

The treaties are a combination of proportional and non proportional in order to minimise the net exposure to the Group. The Group also participates in the facultative reinsurance in certain specified circumstances.

37.4 Retrocession strategy

The reinsurance company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The main classes covered include fire and engineering classes. The Group utilises international reinsurance brokers for the arrangement and placement of retrocession programmes with reputable reinsurers. This is led by Aon Sub Sahara Africa in South Africa and J B Boda Reinsurance Brokers (Pvt) Ltd of India. The treaties are a combination of proportional and non proportional treaties in order to minimise the net exposure to the company.

37.5 Terms and conditions of short- term insurance contracts

The terms and conditions of insurance contracts that are underwritten by the Group that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

i) The premium must be paid to the insurer before cover commences on direct clients and in the case of clients through intermediaries, payment should be made within a stipulated credit period;

ii) The Group shall not be liable under the contract for any claims which are notified after the expiry of three months from the date of loss; and

iii) Both parties to the contract shall give 30 days notice of cancellation of the policy.

Nature of risks covered

The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks. The Group through its subsidiary, FBC Insurance Company Limited, writes the following types of business within its Commercial and Personal Lines;

Products	Commercial	Personal Lines
Fire		
Assets all risks	*	*
House owners	*	*
Fire combined	*	*
Accident		
Money	*	x
Glass	*	x
Goods in transit	*	*
Theft	*	*
Personal all risks	*	*
Business all risks	*	x
Fidelity guarantee	*	x
Householders	*	*
Personal accident		
Group personal accident	*	x
Personal accident	*	*
Motor		
Private motor	*	*
Commercial motor	*	*
Motor cycle	*	*
Trailer	*	*
Motor fleet	*	*

Products	Commercial	Personal Lines
Engineering		
Electronic equipment	*	x
Machinery breakdown	*	x
Machinery breakdown loss of profits	*	x
Contractors all risks	*	x
Erection all risks	*	x
Civil engineering completed risks	*	x
Plant all risks	*	x
Marine		
Marine cargo	*	*
Marine hull	*	*
Liability		
Public liability	*	*
Employers liability	*	x
Professional indemnity	*	x
Products liability	*	x
Directors and officer liability	*	x
Bonds and guarantees		
Court bond	*	x
Performance bond	*	x
Bid bond	*	x
Advance payment bond	*	x
Government/customs bonds	*	x

Legend
* class of business underwritten
x class of business not underwritten

Commercial department underwrites small to large business from companies. Personal department provides insurance to the general public in their personal capacities.

The following perils are covered under the different types of business:
- **Fire –** fire, storm, explosions, malicious and earthquake
- **Accident –** all risks of accidental loss or damage to property
- **Personal accident –** death, permanent disablement, total disablement and medical expenses
- **Motor –** private and commercial (comprehensive, full third party, fire and theft)
- **Engineering –** accidental physical loss or damage to machinery on an all risks basis
- **Marine –** loss or damage to cargo in transit or vessel
- **Liability –** legal liability following death or injury to third parties or damage to third party property
- **Bonds and guarantees –** guarantees that contractual obligations will be met in case of default

The return to shareholders arises from the total premiums charged to policyholders and investment returns less the amounts paid to cover claims and administrative expenses incurred by the Group.

37.6 Terms and conditions of short- term reinsurance contracts

Nature of risks covered

The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks:

The Group, through its subsidiary, FBC Reinsurance Limited writes the following types of business within its Treaty and Facultative Departments;

Products	Treaty	Facultative
Fire	*	*
Miscellaneous accident	*	*
Motor	*	*
Engineering	*	*
Marine - hull and cargo	*	*
Aviation	*	*
Credit	*	*

* class of business underwritten
x class of business not underwritten

Both Treaty and Facultative Departments provide cover on commercial and personal lines basis. Commercial policies cover small to large business from companies. Personal lines policies cover the general public in their personal capacities.

The following perils are covered under the different types of business;
- **Fire -** fire, storm, explosions, riot, malicious and earthquake.
- **Accident -** all risks of accidental loss or damage to property.
- **Personal accident -** death, permanent disablement, total disablement and medical expenses.
- **Motor -** private and commercial (comprehensive, full third party, fire and theft).
- **Engineering -** accidental physical loss or damage to machinery on an all risks basis.
- **Marine -** loss or damage to cargo in transit or vessel.
- **Liability -** legal liability following death or injury to third parties or damage to third party property.
- **Bonds and guarantees -** guarantees that contractual obligations will be met in case of default

The return to shareholders under these products arises from the total premiums charged to policyholders and investment returns less the amounts paid to cover commissions, retrocessions, claims and operating expenses incurred by the Group.

There is scope for the Group to earn investment income owing to the time delay between the receipt of premiums and the payment of claims.

The event giving rise to a claim usually occurs suddenly (such as a fire) and the cause is easily determinable. The claim will thus be notified promptly and can be settled without delay.

The key risks associated with these products for the Group are underwriting risk, competitive risk, and claims experience risk (including the variable incidence of natural disasters), as well as fraud risk.

Underwriting risk is the risk that the Group does not charge premiums appropriate for the risk that they accept. The risk on any policy will vary according to factors such as location, safety measures in place, age of property etc. Calculating a premium commensurate with the risk for these policies will be subjective and risky. The risk is managed through pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the environment in which they operate.

The Group is also exposed to the risk of false or invalid claims from the policyholders. External control systems and fraud detection measurements are in place to improve the Group's ability to proactively detect fraudulent claims.

37.7 Concentration of insurance risk

With the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentration may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

Property is subject to a number of risks, including theft, fire, business interruption and weather. For property business there is risk that external factors such as adverse weather conditions may adversely impact upon a large proportion of a particular geographical portion of the property risks. Claim inducing perils such as storms, floods, subsidence, fires, explosions, and rising crime levels will occur on a regional basis, meaning that the Group has to manage its geographical risk dispersion very carefully.

For motor business the main risks relates mainly to losses arising from theft, fire, third party losses and accident. Claims including perils such as increase in crime levels, adverse weather and bad road networks will occur meaning that the Group has to ensure that all products are adequately priced and that salvage recovery is pursued in order to mitigate losses.

37.8 Claims development

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The Group takes all reasonable steps to ensure that they have appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The claims liability comprises a provision for outstanding claims and a provision for claims incurred but not yet reported ("IBNR") at statement of financial position date.

In calculating the estimated cost of outstanding claims, the Group uses the estimates determined by external assessors who would have calculated the total estimated cost of the claim. The Group provides for IBNR at 15% (2020 - 16%) of net premium written for the reinsurance subsidiary and 5% (2020 - 5%) of net premium written for the short term insurance subsidiary based on past experience.

37.9 Management of risk relating to changes in underwriting variables

Profit or loss and equity are sensitive to changes in variables that have a material effect on them. These variables are mainly significant classes of transactions and their corresponding balances. These variables are gross premium written, commissions, IBNR and outstanding claims. The Group has put in place procedures to identify and control the impact of these variables on the profit or loss and equity through financial analysis which entails scrutiny of key performance indicators (includes ratio analysis) on a regular basis. The results of the financial information are taken into account when budgets are made and when pricing decisions for different types of policies is done to ensure that the companies are adequately pricing their insurance products to avoid future losses.

38 SEGMENT REPORTING

Segment information is presented in respect of business segments.

Segment revenue, expenses, liabilities and assets are items that are directly attributable to the business segment or which can be allocated on a reasonable basis to a business segment. The Group comprises of six business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short term insurance and stockbroking Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group Executive Committee.

INFLATION ADJUSTED

31 December 2021	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	5 527 522 396	384 660 492	587 422 821	1 335 002	1 184 701	158 597	6 502 284 009
Interest expense	(985 175 772)	(74 435 684)	(464 935 364)	(26 183 962)	-	(5 764 951)	(1 556 495 733)
Net interest income	4 542 346 624	310 224 808	122 487 457	(24 848 960)	1 184 701	(5 606 354)	4 945 788 276
Sales	-	-	602 632 797	-	-	-	602 632 797
Cost of sales	-	-	(342 125 037)	-	-	-	(342 125 037)
Gross profit	-	-	260 507 760	-	-	-	260 507 760
Net earned insurance premium	-	-	-	1 515 588 947	530 868 141	-	2 046 457 088
Net fee and commission income	2 839 490 652	28 918 445	333 556 347	-	-	161 571 528	3 363 536 972
Net trading income and other income	3 028 139 459	183 831	1 021 620 361	1 169 928 905	293 454 409	63 878 039	5 577 205 004
Total net income for reported segments	10 409 976 735	339 327 084	1 738 171 925	2 660 668 892	825 507 251	219 843 213	16 193 495 100
Intersegment revenue	(205 781 659)	16 928 877	(17 234 060)	(30 565 242)	(205 271 525)	(158 445)	(442 082 054)
Intersegment interest expense and commission	235 182 103	96 915 229	76 889 842	38 369 015	170 064 879	8 557 191	625 978 259
Net income from external customers	**10 439 377 179**	**453 171 190**	**1 797 827 707**	**2 668 472 665**	**790 300 605**	**228 241 959**	**16 377 391 305**
Segment profit/(loss) before income tax	**2 729 090 183**	**40 601 930**	**686 605 508**	**714 223 352**	**51 845 478**	**94 645 451**	**4 317 011 902**
Impairment allowances on financial assets	340 411 027	14 619 321	28 653 780	67 000 000	8 587 732	-	459 271 860
Depreciation	193 721 456	8 645 267	30 818 427	12 644 410	13 020 123	752 911	259 602 594
Amortisation	23 827 335	8 695 532	-	3 637 994	1 064 330	-	37 225 191
Segment assets	**51 242 767 533**	**407 494 468**	**7 372 709 403**	**2 459 139 316**	**1 194 515 503**	**169 526 913**	**62 846 153 136**
Total assets include :							
Additions to non-current assets	235 102 715	6 809 813	28 525 453	913 156	8 699 876	1 176 246	281 227 259
Segment liabilities	**43 648 151 108**	**279 698 780**	**3 971 932 618**	**1 333 578 071**	**750 142 419**	**68 358 526**	**50 051 861 522**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

38 SEGMENT REPORTING (CONTINUED)

INFLATION ADJUSTED

31 December 2020	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	3 879 452 050	140 295 604	229 107 840	3 802 201	2 867 900	218 881	4 255 744 476
Interest expense	(1 198 591 611)	(26 071 420)	(171 690 212)	(2 175 414)	-	-	(1 398 528 657)
Net interest income	2 680 860 439	114 224 184	57 417 628	1 626 787	2 867 900	218 881	2 857 215 819
Sales	-	-	44 580 715	-	-	-	44 580 715
Cost of sales	-	-	(36 838 183)	-	-	-	(36 838 183)
Gross profit	-	-	7 742 532	-	-	-	7 742 532
Net earned insurance premium	-	-	-	1 091 063 136	301 244 611	-	1 392 307 747
Net fee and commission income	1 674 199 395	11 554 896	162 829 093	(4 512 687)	-	28 280 701	1 872 351 398
Net trading income and other income	4 678 908 015	1 076 372	467 445 592	1 330 024 805	202 575 986	22 687 645	6 702 718 415
Total net income for reported segments	9 033 967 849	126 855 452	695 434 845	2 418 202 041	506 688 497	51 187 227	12 832 335 911
Intersegment revenue	(81 573 930)	(867 839)	(29 041 197)	(183 319 075)	(107 900 951)	(218 881)	(402 921 873)
Intersegment interest expense and commission	23 391 409	21 772 149	39 947 795	8 711 823	226 785 106	455 290	321 063 572
Net income from external customers	**8 975 785 328**	**147 759 762**	**706 341 443**	**2 243 594 789**	**625 572 652**	**51 423 636**	**12 750 477 610**
Segment profit/(loss) before income tax	**2 230 470 270**	**(79 214 702)**	**(23 562 896)**	**327 178 063**	**68 103 470**	**(4 324 655)**	**2 518 649 550**
Impairment allowances on financial assets	165 413 533	3 703 028	14 316 727	30 908 508	6 610 737	(2 368)	220 950 165
Depreciation	193 924 574	13 954 115	26 882 754	8 498 468	14 370 702	578 553	258 209 166
Amortisation	77 280 412	9 473 827	174 580	3 630 211	397 509	-	90 956 539
Segment assets	**44 147 276 667**	**268 700 740**	**4 309 043 684**	**1 729 518 937**	**935 001 323**	**43 608 211**	**51 433 149 562**
Total assets include :							
Additions to non-current assets	234 631 287	929 550	87 632 418	1 305 568	7 997 519	720 276	333 216 618
Segment liabilities	**39 170 860 801**	**154 559 200**	**2 805 912 419**	**1 045 688 153**	**600 058 359**	**24 154 439**	**43 801 233 371**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

38 SEGMENT REPORTING (CONTINUED)

HISTORICAL COST

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

38 SEGMENT REPORTING (CONTINUED)

HISTORICAL COST 31 December 2020	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term Insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	1 644 650 082	53 426 453	93 580 723	1 155 554	1 402 275	81 030	1 794 296 117
Interest expense	(499 821 060)	(10 407 362)	(74 613 399)	(1 298 556)	-	-	(586 140 377)
Net interest income	1 144 829 022	43 019 091	18 967 324	(143 002)	1 402 275	81 030	1 208 155 740
Sales	-	-	10 812 476	-	-	-	10 812 476
Cost of sales	-	-	(6 948 589)	-	-	-	(6 948 589)
Gross profit	-	-	3 863 887	-	-	-	3 863 887
Net earned insurance premium	-	-	-	358 697 601	130 613 014	-	489 310 615
Net fee and commission income	694 880 140	4 377 947	69 194 562	-	-	11 727 299	780 179 948
Net trading income and other income	3 261 719 194	272 977	514 587 618	345 358 754	64 705 127	10 436 746	4 197 080 416
Total net income for reported segments	5 101 428 356	47 670 015	606 613 391	703 913 353	196 720 416	22 245 075	6 678 590 606
Intersegment revenue	(33 713 754)	(292 844)	(16 334 321)	(48 121 720)	(43 865 593)	(72 939)	(142 401 171)
Intersegment interest expense and commission	14 286 551	8 447 128	17 061 178	6 510 260	63 786 555	200 578	110 292 250
Net income from external customers	**5 082 001 153**	**55 824 299**	**607 340 248**	**662 301 893**	**216 641 378**	**22 372 714**	**6 646 481 685**
Segment profit before income tax	**2 803 998 024**	**(4 450 285)**	**290 351 694**	**483 829 442**	**43 925 112**	**1 370 853**	**3 619 024 840**
Impairment allowances on financial assets	102 909 315	2 303 778	8 906 917	19 229 221	4 112 761	(1 473)	137 460 519
Depreciation	45 692 064	1 335 882	10 247 450	751 813	1 382 727	93 261	59 503 197
Amortisation	2 184 990	152 581	2 812	140 000	55 022	-	2 535 404
Segment assets	**27 304 166 574**	**131 516 569**	**2 472 494 046**	**1 058 918 165**	**579 068 058**	**27 130 133**	**31 573 293 545**
Total assets include :							
Additions to non-current assets	125 264 130	464 710	35 080 825	495 320	3 375 755	407 066	165 087 806
Segment liabilities	**24 234 610 808**	**95 616 434**	**1 745 652 365**	**555 825 650**	**368 019 921**	**14 673 318**	**27 014 398 496**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

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

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

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Entity wide information				
Breakdown of total net income from all services is as follows;				
Analysis of net income by category:				
- Gross profit from residential properties	260 507 760	7 742 532	130 272 951	3 863 887
Revenue	602 632 797	44 580 715	345 152 838	10 812 476
Cost of sales	(342 125 037)	(36 838 183)	(214 879 887)	(6 948 589)
- Net income from services	17 647 299 637	13 088 401 945	16 194 478 561	7 204 850 471
Total	**17 907 807 397**	**13 096 144 477**	**16 324 751 512**	**7 208 714 358**

The Group is domiciled in Zimbabwe. All revenue was earned from external customers in Zimbabwe.
All assets of the Group are located in Zimbabwe.
Total net income was earned by a variety of customers with no significant concentration on one customer.

39 BORROWING POWERS

The Directors may exercise all the powers of the Group to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, stock and other securities whether outright or as security for any debt, liability or obligation of the Group or of any third party.

40 POST EMPLOYMENT BENEFITS

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Contributions made during the year are as follows:				
Self administered pension fund	187 647 550	31 655 312	145 991 974	14 707 347
National Social Security Authority ("NSSA") Scheme	21 401 977	5 648 438	16 665 945	2 609 593
	209 049 527	**37 303 750**	**162 657 919**	**17 316 940**

The Group operates a defined contribution pension scheme whose assets are held independently of the Group's assets in separate trustee administered funds. All permanent employees are members of this fund.

The NSSA Scheme was promulgated under the National Social Security Authority Act (Chapter 17:04). The Group contributions under the scheme are limited to specific contributions as legislated from time to time and are presently 3.5% (2020: 3.5%) of pensionable salary to a maximum as set from time to time.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
41 CAPITAL COMMITMENTS				
Capital expenditure authorised but not yet contracted	4 293 559 052	5 300 843 338	4 293 559 052	3 297 832 693
Capital commitments will be funded from the Group's own resources				
42 CONTINGENT LIABILITIES				
(a) Letters of credit				
The contingent liabilities relate to guarantees and letters of credit undertaken on behalf of various customers.	3 863 688 223	1 553 034 923	3 863 688 223	966 195 191

(b) Legal proceedings

The Group had no other material contingent liabilities as at 31 December 2021 (2020 - ZWL nil).

(c) Potential tax obligations

The Group is regularly subject to evaluations by tax authorities on its direct and indirect tax filings. The consequence of such reviews is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules relating to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group and additional tax obligations could arise upon the resolution of the disputes.

43 DIVIDEND

Final dividend of 148.82 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 31 March 2022 in respect of the year ended 31 December 2021. The dividend is payable to Shareholders registered in the books of Company at the close of business on Wednesday 14 April 2022. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of Monday 11 April 2022 and ex-dividend as from 12 April 2022. Dividend payment will be made to Shareholders on or about 22 April 2022.

44 SUBSEQUENT EVENTS

There were no material events subsequent to 31 December 2021 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements." or equivalent.

Company Financial Statements

Company Statement of Financial Position
As at 31 December 2021

	Note	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST* 31 Dec 2021 ZWL	HISTORICAL COST* 31 Dec 2020 ZWL
ASSETS					
Balances with banks and cash		1 217 943 459	329 703 840	1 217 943 459	205 119 833
Amounts due from related parties	2	435 549 721	206 716 287	435 549 721	128 605 145
Financial assets at fair value through other comprehensive income	3	126 498 625	45 585 353	126 498 625	28 360 179
Financial assets at fair value through profit or loss	4	2 138 787 902	563 517 045	2 138 787 902	350 582 882
Investments in subsidiaries	5	5 107 491 980	4 037 130 990	1 173 356 731	102 995 741
Time - share asset	6	27 787 500	27 374 643	27 787 500	17 030 685
Other assets	7	203 081 398	1 754 289 515	135 383 991	1 073 870 217
Current income tax asset		-	13 772 248	-	8 568 179
Deferred tax asset		175 372 451	163 417 396	137 150 184	106 001 415
Property and equipment	8	372 960 000	198 858 872	372 960 000	123 716 784
Total assets		**9 805 473 036**	**7 340 366 189**	**5 765 418 113**	**2 144 851 060**
EQUITY AND LIABILITIES					
Liabilities					
Amounts due to related parties	9	328 934 075	225 903 543	328 934 075	140 542 182
Borrowings		1 086 660 000	1 314 614 761	1 086 660 000	817 866 000
Other liabilities	10	1 352 121 244	1 005 127 736	1 073 104 030	625 323 726
Current income tax liability		142 733 931	-	142 733 931	-
Total liabilities		**2 910 449 250**	**2 545 646 040**	**2 631 432 036**	**1 583 731 908**
Equity					
Share capital and premium		874 848 886	874 848 886	14 089 892	14 089 892
Other reserves		3 289 079 396	1 611 913 331	1 546 005 491	86 360 481
Retained profits		2 731 095 504	2 307 957 932	1 573 890 694	460 668 779
Total equity		**6 895 023 786**	**4 794 720 149**	**3 133 986 077**	**561 119 152**
Total equity and liabilities		**9 805 473 036**	**7 340 366 189**	**5 765 418 113**	**2 144 851 060**

The Company financial statements on pages 190 to 204 were authorised for issue by the board of directors on 31 March 2022 and were signed on its behalf.

Herbert Nkala
(Group Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Group Company Secretary)

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

Company Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Note	INFLATION ADJUSTED 31 Dec 2021 ZWL	INFLATION ADJUSTED 31 Dec 2020 ZWL	HISTORICAL COST* 31 Dec 2021 ZWL	HISTORICAL COST* 31 Dec 2020 ZWL
Revenue	11	3 440 654 522	2 322 084 274	3 124 261 756	1 127 884 625
Operating expenditure	12	(1 416 760 627)	(1 004 139 256)	(1 272 428 565)	(557 514 882)
Monetary loss		(701 673 708)	(190 312 381)	-	-
Operating profit		**1 322 220 187**	**1 127 632 637**	**1 851 833 191**	**570 369 743**
Taxation	13	(274 356 780)	(811 508)	(249 219 477)	42 324 982
Profit for the year after taxation		**1 047 863 407**	**1 126 821 129**	**1 602 613 714**	**612 694 725**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Gain on financial assets at fair value through other comprehensive income		98 138 446	39 800 190	98 138 446	24 761 035
Tax		(981 385)	(398 002)	(981 385)	(247 610)
Items that will not be reclassified to profit or loss:					
Gain on property and equipment revaluation		176 329 008	43 825 314	259 650 417	115 309 969
Tax		(9 352 737)	(7 601 599)	(15 296 327)	(9 308 608)
Other comprehensive income, net income tax		**264 133 332**	**75 625 903**	**341 511 151**	**130 514 786**
Total comprehensive income for the year		**1 311 996 739**	**1 202 447 032**	**1 944 124 865**	**743 209 511**
Profit for the year attributable to:					
Equity holders of parent		1 047 863 407	1 126 821 129	1 602 613 714	612 694 725
Total profit for the year		**1 047 863 407**	**1 126 821 129**	**1 602 613 714**	**612 694 725**
Total comprehensive income attributable to:					
Equity holders of parent		1 311 996 739	1 202 447 032	1 944 124 865	743 209 511
Total comprehensive income for the year		**1 311 996 739**	**1 202 447 032**	**1 944 124 865**	**743 209 511**
Earnings per share (ZWL cents)					
Basic	14.1	166.46	181.42	254.58	98.65
Diluted	14.2	166.46	181.42	254.58	98.65
Headline	14.3	166.46	181.42	254.58	98.65

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

Company Statement of Changes in Equity

For the year ended 31 December 2021

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Revaluation reserves ZWL	Non distributable reserves ZWL	Treasury share reserves ZWL	Financial assets at fair value reserves ZWL	Retained profits ZWL	Total ZWL
At 1 January 2020	**417 186**	**874 431 700**	**(85 151 392)**	**2 310 015 925**	**(570 385 601)**	**58 038 389**	**1 655 771 090**	**4 243 137 297**
AFS revaluation loss	-	-	-	-	-	39 800 190	-	39 800 190
Deferred tax on AFS	-	-	-	-	-	(398 002)	-	(398 002)
Profit for the year	-	-	-	-	-	-	1 126 821 129	1 126 821 129
Gain on revaluation of property and equipment, net of tax	-	-	36 223 716	-	-	-	-	36 223 716
Purchase of treasury shares	-	-	-	-	(176 229 894)	-	-	(176 229 894)
Dividend declared and paid	-	-	-	-	-	-	(474 634 287)	(474 634 287)
Balance at 31 December 2020	**417 186**	**874 431 700**	**(48 927 676)**	**2 310 015 925**	**(746 615 495)**	**97 440 577**	**2 307 957 932**	**4 794 720 149**
AFS revaluation gain	-	-	-	-	-	98 138 446	-	98 138 446
Deferred tax on AFS	-	-	-	-	-	(981 385)	-	(981 385)
Profit for the year	-	-	-	-	-	-	1 047 863 408	1 047 863 408
Gain on revaluation of property and equipment, net of tax	-	-	166 976 271	-	-	-	-	166 976 271
Purchase of treasury shares	-	-	-	-	(722 846 234)	-	-	(722 846 234)
Sale of treasury shares	-	-	-	1 760 139 568	375 739 399	-	-	2 135 878 967
Dividend declared and paid	-	-	-	-	-	-	(624 725 836)	(624 725 836)
Balance at 31 December 2021	**417 186**	**874 431 700**	**118 048 595**	**4 070 155 493**	**(1 093 722 330)**	**194 597 638**	**2 731 095 504**	**6 895 023 786**

HISTORICAL COST*

	Share capital ZWL	Share premium ZWL	Revaluation reserves ZWL	Non distributable reserves ZWL	Treasury share reserves ZWL	Financial assets at fair value reserves ZWL	Retained profits ZWL	Total ZWL
At 1 January 2020	**6 719**	**14 083 173**	**21 385 433**	**44 304 421**	**(11 982 830)**	**2 853 886**	**60 915 507**	**131 566 309**
AFS revaluation loss	-	-	-	-	-	24 761 035	-	24 761 035
Deferred tax on AFS	-	-	-	-	-	(247 610)	-	(247 610)
Profit for the year	-	-	-	-	-	-	612 694 725	612 694 725
Gain on revaluation of property and equipment, net of tax	-	-	106 001 361	-	-	-	-	106 001 361
Purchase of treasury shares	-	-	-	-	(100 715 215)	-	-	(100 715 215)
Dividend declared and paid	-	-	-	-	-	-	(212 941 453)	(212 941 453)
Balance at 31 December 2020	**6 719**	**14 083 173**	**127 386 794**	**44 304 421**	**(112 698 045)**	**27 367 311**	**460 668 779**	**561 119 152**
AFS revaluation gain	-	-	-	-	-	98 138 446	-	98 138 446
Deferred tax on AFS	-	-	-	-	-	(981 385)	-	(981 385)
Profit for the year	-	-	-	-	-	-	1 602 613 714	1 602 613 714
Gain on revaluation of property and equipment, net of tax	-	-	244 354 090	-	-	-	-	244 354 090
Purchase of treasury shares	-	-	-	-	(556 216 080)	-	-	(556 216 080)
Sale of treasury shares	-	-	-	1 369 684 700	304 665 239	-	-	1 674 349 939
Dividend declared and paid	-	-	-	-	-	-	(489 391 799)	(489 391 799)
Balance at 31 December 2021	**6 719**	**14 083 173**	**371 740 884**	**1 413 989 121**	**(364 248 886)**	**124 524 372**	**1 573 890 694**	**3 133 986 077**

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

Company's Statement of Cash Flows
For the year ended 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST**	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	1 322 220 187	1 127 632 637	1 851 833 191	570 369 743
Non cash items:				
Depreciation	6 209 035	26 124 748	3 805 120	3 651 125
Provisions	1 055 759 176	700 366 280	982 536 099	435 721 388
Fair value adjustment on financial assets at fair value through profit or loss	(1 037 227 366)	(484 584 385)	(1 037 227 366)	(301 476 223)
Net unrealised exchange gains and losses	(127 226 483)	(144 828 394)	(3 142 476)	(31 371 491)
Net cash generated before changes in operating assets and liabilities	**1 219 234 549**	**1 224 710 886**	**1 797 804 568**	**676 894 542**
Changes in operating assets and liabilities				
(Increase) in amounts due from related parties	(228 833 434)	(44 862 714)	(306 944 575)	(106 158 024)
Decrease in financial assets at fair value through other comprehensive income	17 225 174	18 165 042	-	(277 542)
Decrease/(increase) in other assets	1 318 859 345	(67 251 732)	1 203 125 492	(244 500 438)
Increase/(decrease) in amounts due to related parties	103 030 532	(195 318 393)	188 391 893	82 123 825
(Decrease) in other liabilities	(717 023 020)	(239 587 078)	(543 013 147)	112 167 447
(Increase)/decrease in financial assets at fair value through profit or loss	(538 043 490)	80 501 284	(750 977 653)	(26 995 111)
	(44 784 893)	**(448 353 591)**	**(209 417 990)**	**(183 639 843)**
Income tax paid	(140 139 779)	(134 700 946)	(145 343 850)	(74 686 170)
Net cash generated in operating activities	**1 034 309 877**	**641 656 349**	**1 443 042 728**	**418 568 529**
Cash flows from investing activities				
Change in subsidiary investments	(1 070 360 990)	-	(1 070 360 990)	-
Purchase of property and equipment	-	(2 576 704)	-	(525 000)
Cash used in investing activities	**(1 070 360 990)**	**(2 576 704)**	**(1 070 360 990)**	**(525 000)**
Cash flows from financing activities				
Purchase of treasury shares	(722 846 234)	(93 186 943)	(556 216 080)	(49 051 407)
Sale of treasury shares	2 135 878 967	-	1 674 349 939	-
Dividend paid	(624 725 836)	(474 634 288)	(489 391 799)	(212 941 453)
Proceeds from borrowings	1 086 660 000	-	1 086 660 000	-
Repayment of borrowings	(1 086 660 000)	-	(1 086 660 000)	-
Net cash used in financing activities	**788 306 897**	**(567 821 231)**	**628 742 060**	**(261 992 860)**
Net increase/(decrease) in cash and cash equivalents cash	**752 255 784**	**71 258 414**	**1 001 423 798**	**156 050 669**
Cash and cash equivalents at beginning of the year	**329 703 840**	**109 603 401**	**205 119 833**	**15 200 658**
Effects of changes in exchange rates*	11 399 828	54 439 282	11 399 828	33 868 506
Effects of inflation on cash and cash equivalents*	124 584 007	94 402 743	-	-
Cash and cash equivalents at the end of year	**1 217 943 459**	**329 703 840**	**1 217 943 459**	**205 119 833**

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

*The effects of inflation on cash and cash equivalents has been disagregated from the effects of changes in exchange rates line, the comparatives have been restated.

Notes to the Company Financial Statements
For the year ended 31 December 2021

1 COMPANY ACCOUNTING POLICIES

The financial statements of the Company for the year ended 31 December 2021 are prepared in accordance with the same principles used in preparing consolidated financial statements of the Group. For detailed accounting policies refer to the Group's financial statements.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
2 AMOUNTS DUE FROM RELATED PARTIES				
Other intercompany receivables:				
FBC Bank Limited	-	65 677 687	-	40 860 295
FBC Building Society	48 652 129	9 487 189	48 652 129	5 902 299
FBC Reinsurance Limited	37 672 416	15 205 402	37 672 416	9 459 791
FBC Securities (Private) Limited	11 995 446	2 113 877	11 995 446	1 315 114
FBC Insurance Company (Private) Limited	123 365 497	38 032 533	123 365 497	23 661 316
Microplan Financial Services (Private) Limited	213 864 233	76 199 599	213 864 233	47 406 330
	435 549 721	**206 716 287**	**435 549 721**	**128 605 145**
Current	435 549 721	206 716 287	435 549 721	128 605 145
Non-current	-	-	-	-
Total	**435 549 721**	**206 716 287**	**435 549 721**	**128 605 145**
Amounts receivable from group companies were not considered impaired at year end. These transactions are at arm's length				
3 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
As at 1 January	45 585 353	8 581 837	28 360 179	3 321 602
Acquisition	-	519 740	-	277 542
Net fair value gain/(loss) transfer to equity	98 138 446	39 800 190	98 138 446	24 761 035
Impairment	-	-	-	-
Effects of IAS 29 application	(17 225 174)	(3 316 414)	-	-
As at 31 December	**126 498 625**	**45 585 353**	**126 498 625**	**28 360 179**

The financial assets at fair value through other comprehensive income include both Zimbabwe Stock Exchange listed shares and unlisted shares.

During the year 31 December 2014, a dividend in specie was declared by one of the Company's subsidiary consisting of their entire holding in Turnall Holdings Limited. In turn, the Company disposed of a portion of the shares through a dividend in specie. The intercompany transaction was fully eliminated in the consolidated financial statements. An unrealised gain was recognised on the remaining shares. The unlisted shares are shares in the Zimbabwe Stock Exchange.

The remaining interest represents 5% of Turnall Holdings Limited. The fair value was ZWL124 118 952 for these shares for the year.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2021

			INFLATION ADJUSTED		HISTORICAL COST	
			31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
4	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**					
	As at 1 January		563 517 045	57 128 370	350 582 882	22 111 548
	Acquisitions		871 417 940	78 846 756	750 977 654	27 314 332
	Disposals		-	(878 548)	-	(319 221)
	Transfers		-	-	-	-
	Net fair value gain/(loss) transfer to profit or loss		1 037 227 366	484 584 385	1 037 227 366	301 476 223
	Effects of IAS 29 application		(333 374 449)	(56 163 918)	-	-
	As at 31 December		**2 138 787 902**	**563 517 045**	**2 138 787 902**	**350 582 882**
	Listed Securities		1 919 738 432	328 299 862	1 919 738 432	204 246 372
	Unlisted securities		219 049 470	235 217 183	219 049 470	146 336 510
			2 138 787 902	**563 517 045**	**2 138 787 902**	**350 582 882**
	Unlisted securities comprises of Afreximbank class B shares and Old mutual shares					

5 INVESTMENT IN SUBSIDIARIES

		Equity interest 2021	Equity interest 2020	Inflation adjusted 31 Dec 2021 ZWL	Inflation adjusted 31 Dec 2020 ZWL	Historical cost 31 Dec 2021 ZWL	Historical cost 31 Dec 2020 ZWL
5.1	**Investment in subsidiaries**						
	FBC Bank Limited	100%	100%	2 454 268 720	2 454 268 720	39 527 261	39 527 261
	FBC Building Society	100%	100%	1 877 338 304	806 977 314	1 083 357 775	12 996 785
	FBC Reinsurance Limited	100%	100%	646 249 905	646 249 905	43 995 330	43 995 330
	FBC Securities (Private) Limited	100%	100%	23 548 763	23 548 763	379 265	379 265
	FBC Insurance Company (Private) Limited	95.4%	95.4%	105 775 834	105 775 834	6 092 100	6 092 100
	Microplan Financial Services (Private) Limited	100%	100%	310 454	310 454	5 000	5 000
				5 107 491 980	**4 037 130 990**	**1 173 356 731**	**102 995 741**
5.2	**Movement analysis - investment in subsidiaries**						
	As at 1 January			4 037 130 990	4 037 130 990	102 995 741	102 995 741
	Recapitalisation of FBC Building Society			1 070 360 990	-	1 070 360 990	-
	Additional investment in FBC Insurance Company (Private) Limited			-	-	-	-
	As at 31 December			**5 107 491 980**	**4 037 130 990**	**1 173 356 731**	**102 995 741**

6 TIME - SHARE ASSET

The Company owns 95% share in a houseboat for use by the Company's employees. The value stated is the value of the share held according to a professional valuation performed as at the reporting date.

	Inflation adjusted 31 Dec 2021 ZWL	Inflation adjusted 31 Dec 2020 ZWL	Historical cost 31 Dec 2021 ZWL	Historical cost 31 Dec 2020 ZWL
Balance at 1 January	27 374 643	25 695 296	17 030 685	3 563 625
Acquisition	4 394 011	-	4 154 734	-
Depreciation	(5 511 641)	(25 695 296)	(3 475 383)	(3 563 625)
Revaluation gain	1 530 487	27 374 643	10 077 464	17 030 685
Balance as at 31 December	**27 787 500**	**27 374 643**	**27 787 500**	**17 030 685**

The time - share asset is included in prepayments and other assets in the consolidated statement of financial position.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
7 OTHER ASSETS				
ShoreCap blocked funds registration	-	8 036 859	-	5 000 000
Norsad interest claim legacy debt	52 191 421	335 098 518	52 191 421	208 476 044
Legacy Debt asset	-	1 314 614 761	-	817 866 000
Other	150 889 977	96 539 377	83 192 570	42 528 173
	203 081 398	**1 754 289 515**	**135 383 991**	**1 073 870 217**

8 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED			HISTORICAL COST		
	Land ZWL	Computer equipment ZWL	Total ZWL	Land ZWL	Computer equipment ZWL	Total ZWL
Year ended 31 December 2020						
Opening net book amount	180 260 949	-	180 260 949	25 000 000	-	25 000 000
Additions	-	2 576 704	2 576 704	-	525 000	525 000
Revaluation of property	16 389 549	61 122	16 450 671	97 342 880	936 404	98 279 284
Depreciation	-	(429 452)	(429 452)	-	(87 500)	(87 500)
Closing net book amount	**196 650 498**	**2 208 374**	**198 858 872**	**122 342 880**	**1 373 904**	**123 716 784**
As at 31 December 2020						
Cost or valuation	196 650 498	2 637 826	199 288 324	122 342 880	1 461 404	123 804 284
Accumulated depreciation	-	(429 452)	(429 452)	-	(87 500)	(87 500)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**196 650 498**	**2 208 374**	**198 858 872**	**122 342 880**	**1 373 904**	**123 716 784**
Year ended 31 December 2021						
Opening net book amount	196 650 498	2 208 374	198 858 872	122 342 880	1 373 904	123 716 784
Additions	-	-	-	-	-	-
Revaluation of property	173 609 502	1 189 020	174 798 522	247 917 120	1 655 833	249 572 953
Depreciation	-	(697 394)	(697 394)	-	(329 737)	(329 737)
Closing net book amount	**370 260 000**	**2 700 000**	**372 960 000**	**370 260 000**	**2 700 000**	**372 960 000**
As at 31 December 2021						
Cost or valuation	370 260 000	3 826 846	374 086 846	370 260 000	3 117 237	373 377 237
Accumulated depreciation	-	(1 126 846)	(1 126 846)	-	(417 237)	(417 237)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**370 260 000**	**2 700 000**	**372 960 000**	**370 260 000**	**2 700 000**	**372 960 000**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
If land was stated on historical cost basis, the amount would be as follows;				
Land	280 950 771	280 950 771	4 524 857	4 524 857
Computer equipment	1 444 886	1 444 886	525 000	525 000
	282 395 657	**282 395 657**	**5 049 857**	**5 049 857**

For fair value techniques used to derive fair values please refer to Note 13 in the consolidate financial statements of the Group.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		ZWL	ZWL	ZWL	ZWL
9	**AMOUNTS DUE TO RELATED PARTIES**				
	Other intercompany payables				
	FBC Bank Limited	324 137 977	218 194 430	324 137 977	135 746 084
	FBC Reinsurance Limited	4 627 032	7 437 361	4 627 032	4 627 032
	FBC Securities (Private) Limited	17 250	27 727	17 250	17 250
	FBC Insurance Company (Private) Limited	151 816	244 025	151 816	151 816
		328 934 075	**225 903 543**	**328 934 075**	**140 542 182**
	These transactions are at arm's length				
10	**OTHER LIABILITIES**				
	Provisions	1 276 250 523	585 296 395	997 233 309	364 132 547
	Norsad legacy debt future interest payable	21 949 855	389 914 969	21 949 855	242 579 199
	Other	53 920 866	29 916 372	53 920 866	18 611 980
		1 352 121 244	**1 005 127 736**	**1 073 104 030**	**625 323 726**
11	**REVENUE**				
	Net interest expense	149 035 952	(118 679 209)	137 821 136	(51 664 750)
	Dividend income	730 834 602	876 273 738	557 570 966	418 851 651
	Management fees	763 290 963	840 537 847	656 094 729	334 323 320
	Net earned insurance premium revenue	-	65 799 288	-	20 020 000
	Net gain on financial assets at fair value through profit or loss	1 037 227 366	484 584 385	1 037 227 366	301 476 223
	Exchange gains	671 099 895	50 425 651	671 099 895	31 371 491
	Other	89 165 744	123 142 574	64 447 664	73 506 690
		3 440 654 522	**2 322 084 274**	**3 124 261 756**	**1 127 884 625**
12	**OPERATING EXPENDITURE**				
	Staff costs	1 296 365 268	836 158 740	1 171 062 894	480 164 707
	Administration expenses	77 099 240	131 291 807	62 042 236	69 030 713
	Audit fees	37 087 084	10 563 961	35 518 315	4 668 337
	Depreciation	6 209 035	26 124 748	3 805 120	3 651 125
		1 416 760 627	**1 004 139 256**	**1 272 428 565**	**557 514 882**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
13 TAXATION				
The following constitute the major components of income tax expense recognised in the statement of comprehensive income				
Analysis of tax charge in respect of the profit for the year				
Current income tax charge	(296 645 958)	(102 072 782)	(296 645 958)	(63 502 906)
Deferred income tax	22 289 178	101 261 274	47 426 481	105 827 888
Prior year under provision	-	-	-	-
Income tax expense	**(274 356 780)**	**(811 508)**	**(249 219 477)**	**42 324 982**
The income tax rate applicable to the Group`s taxable income for the year ended 31 December 2021 is 24.72% (2020: 24.72%).				
13.1 Reconciliation of income tax expense				
The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 24.72% (2020:24.72%) as follows;				
Profit before income tax	**1 322 220 187**	**1 127 632 637**	**1 851 833 191**	**570 369 743**
Income tax charged based on profit for the year at 24.72% (2020:24.72%)	(326 852 830)	(290 365 404)	(457 773 165)	(146 870 209)
Tax effect of:				
Exempt income	602 960 813	348 869 348	560 130 042	532 656
Additional/(savings) tax resulting from permanent differences	-	-	-	-
Income subject to tax at lower rates	-	(24 229 219)	-	2 134 887
Impairment allowance	-	-	-	-
Expenses not deductible for tax purposes	45 216 470	(52 471 026)	45 810 718	(4 891 303)
Assessed losses	-	-	-	-
Prior year under provision	-	-	-	-
Other	(595 681 233)	17 384 793	(397 387 072)	191 418 951
Income tax expense	**(274 356 780)**	**(811 508)**	**(249 219 477)**	**42 324 982**
Effective rate	**-20.7%**	**-0.1%**	**-13.5%**	**7.4%**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
14 EARNINGS PER SHARE				
14.1 Basic earnings per share				
Profit attributable to equity holders of the parent	1 047 863 407	1 126 821 129	1 602 613 714	612 694 725
Total	**1 047 863 407**	**1 126 821 129**	**1 602 613 714**	**612 694 725**
Basic earnings per share (ZWL cents)	**166.46**	**181.42**	**254.58**	**98.65**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2021				
Issued ordinary shares as at 1 January	671 949 927	44 562 161	627 387 766	627 387 766
Treasury shares purchased	-	49 640 741	(49 640 741)	(26 355 901)
Treasury shares sold	-	(59 672 418)	59 672 418	28 479 141
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**34 530 484**	**637 419 443**	**629 511 006**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2020				
Issued ordinary shares as at 1 January	671 949 927	64 708 627	607 241 300	607 241 300
Treasury shares purchased	-	3 483 111	(3 483 111)	(647 665)
Treasury shares sold	-	(23 629 577)	23 629 577	14 501 439
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**44 562 161**	**627 387 766**	**621 095 074**

14.2 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	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Earnings				
Profit attributable to equity holders of the parent	1 047 863 407	1 126 821 129	1 602 613 714	612 694 725
Total	**1 047 863 407**	**1 126 821 129**	**1 602 613 714**	**612 694 725**
Weighted average number of ordinary shares at 31 December	**629 511 006**	**621 095 074**	**629 511 006**	**621 095 074**
Diluted earnings per share (ZWL cents)	**166.46**	**181.42**	**254.58**	**98.65**
14.3 Headline earnings per share				
Profit attributable to equity holders of the parent	1 047 863 407	1 126 821 129	1 602 613 714	612 694 725
Adjusted for excluded remeasurements	-	-	-	-
Headline earnings	**1 047 863 407**	**1 126 821 129**	**1 602 613 714**	**612 694 725**
Weighted average number of ordinary shares at 31 December	**629 511 006**	**621 095 074**	**629 511 006**	**621 095 074**
Headline earnings per share (ZWL cents)	**166.46**	**181.42**	**254.58**	**98.65**

15 FINANCIAL RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:
- Credit risk, interest rate risk, price risk, liquidity risk and foreign exchange risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these inflation adjusted financial statement

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risk in close cooperation with the operating units. The Board provides written principles for overall risk manage

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

a) Amounts due from related parties
b) Balances with bank and cash
c) Amounts due to related parties
d) Borrowings
e) Financial assets at fair value through profit or loss
f) Financial assets at fair value through other comprehensive income
g) Other liabilities

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

Financial instruments by category

A summary of the financial instruments held by category is provided below:

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Financial assets				
At amortised cost				
Balances with bank and cash	1 217 943 459	329 703 840	1 217 943 459	205 119 833
Amounts due from related parties	435 549 721	206 716 287	435 549 721	128 605 145
At fair value through profit or loss				
Financial assets at fair value through profit or loss	2 138 787 902	563 517 045	2 138 787 902	350 582 882
Financial assets at fair value through other comprehensive income	126 498 625	45 585 353	126 498 625	28 360 179
	3 918 779 707	**1 145 522 525**	**3 918 779 707**	**712 668 039**
Financial liabilities				
At amortised cost				
Borrowings	1 086 660 000	1 314 614 761	1 086 660 000	817 866 000
Amounts due to related parties	328 934 075	225 903 543	328 934 075	140 542 182
Other liabilities	1 352 121 244	1 005 127 736	1 073 104 030	625 323 726
	2 767 715 319	**2 545 646 040**	**2 488 698 105**	**1 583 731 908**

Financial instruments not measured at fair value

Financial instruments not measured at fair value include balances with bank and cash, amounts due from related parties, amounts due to related parties, borrowings, and other liabilities. The carrying value of these instruments approximates their fair value.

15,1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from amounts due from related parties. The credit risk with respect to amounts due from related parties is limited to intercompany balances shareholder loans to subsidiaries. Further disclosures regarding amounts due from related parties are provided in note 2.

The carrying amounts of financial assets represent the maximum credit exposure.

The Company does not require collateral in respect of amounts due from related parties. The Company does not have amounts due from related parties for which loss allowance has been recognised. Credit on assets at amortised cost is insignificant.

15.2 Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations promptly in respect of all maturing liabilities, increase in financing assets, including commitments and any other financial obligations, or will only able to do so at materially disadvantageous terms. Day-to-day liquidity management is performed by management within Board approved credit limits, such that there is sufficient liquidity to fund probable operational cash flow requirements on a monthly basis. The maturity structure of financial instruments is shown below:

Inflation Adjusted

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
As at 31 December 2021					
Liabilities					
Borrowings	-		-	1 086 660 000	1 086 660 000
Amounts due to related parties	328 934 075	-	-	-	328 934 075
Other liabilities		1 352 121 244	-	-	1 352 121 244
	328 934 075	**1 352 121 244**	**-**	**1 086 660 000**	**2 767 715 319**
Assets					
Balances with banks and cash	1 217 943 459	-	-	-	1 217 943 459
Amounts due from related parties	435 549 721	-	-	-	435 549 721
Financial assets at fair value through other comprehensive income	126 498 625	-	-	-	126 498 625
Financial assets at fair value through profit or loss	2 138 787 902	-	-	-	2 138 787 902
Other assets	-	203 081 398	-	-	203 081 398
	3 918 779 707	**203 081 398**	**-**	**-**	**4 121 861 105**
Liquidity gap	**3 589 845 632**	**(1 149 039 846)**	**-**	**(1 086 660 000)**	**1 354 145 786**
Cumulative liquidity gap-on balance sheet	**3 589 845 632**	**2 440 805 786**	**2 440 805 786**	**1 354 145 786**	**-**

Notes to the Company Financial Statements (Continued)

For the year ended 31 December 2021

Inflation Adjusted

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
As at 31 December 2020					
Liabilities					
Borrowings	-	1 314 614 761		-	1 314 614 761
Amounts due to related parties	225 903 543	-	-	-	225 903 543
Other liabilities	1 005 127 736	1 352 121 244		-	2 357 248 980
	1 231 031 279	**2 666 736 005**	**-**	**-**	**3 897 767 284**
Assets					
Balances with banks and cash	329 703 840				329 703 840
Amounts due from related parties	206 716 287				206 716 287
Financial assets at fair value through other comprehensive income	45 585 353				45 585 353
Financial assets at fair value through profit or loss	563 517 045				563 517 045
Other assets	196 350	1 754 093 165			1 754 289 515
	1 145 718 875	**1 754 093 165**	**-**	**-**	**2 899 812 040**
Liquidity gap	**(85 312 404)**	**(912 642 840)**	**-**	**-**	**(997 955 244)**
Cumulative liquidity gap-on balance sheet	**(85 312 404)**	**(997 955 244)**	**(997 955 244)**	**(997 955 244)**	**-**

Historical Cost

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
As at 31 December 2021					
Liabilities					
Borrowings	-	-	-	1 086 660 000	1 086 660 000
Amounts due to related parties	328 934 075	-	-	-	328 934 075
Other liabilities	-	1 073 104 030	-	-	1 073 104 030
	328 934 075	**1 073 104 030**	**-**	**1 086 660 000**	**2 488 698 105**
Assets					
Balances with banks and cash	1 217 943 459				1 217 943 459
Amounts due from related parties	435 549 721				435 549 721
Financial assets at fair value through other comprehensive income	126 498 625				126 498 625
Financial assets at fair value through profit or loss	2 138 787 902				2 138 787 902
Other assets		135 383 991			135 383 991
	3 918 779 707	**135 383 991**	**-**	**-**	**4 054 163 698**
Liquidity gap	**3 589 845 632**	**(937 720 039)**	**-**	**(1 086 660 000)**	**1 565 465 593**
Cumulative liquidity gap-on balance sheet	**3 589 845 632**	**2 652 125 593**	**2 652 125 593**	**1 565 465 593**	**-**

Historical Cost

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
As at 31 December 2020					
Liabilities					
Borrowings	-	817 866 000		-	817 866 000
Amounts due to related parties	140 542 182	-	-	-	140 542 182
Other liabilities	625 323 726	-		-	625 323 726
	765 865 908	**817 866 000**	**-**	**-**	**1 583 731 908**
Assets					
Balances with banks and cash	205 119 833				205 119 833
Amounts due from related parties	128 605 145				128 605 145
Financial assets at fair value through other comprehensive income	28 360 179				28 360 179
Financial assets at fair value through profit or loss	350 582 882				350 582 882
Other assets	196 350	1 073 673 867			1 073 870 217
	712 864 389	**1 073 673 867**	**-**	**-**	**1 786 538 256**
Liquidity gap	**(53 001 519)**	**255 807 867**	**-**	**-**	**202 806 348**
Cumulative liquidity gap-on balance sheet	**(53 001 519)**	**202 806 348**	**202 806 348**	**202 806 348**	**-**

15.3 Market risk

Market risk is the risk that the value of a financial position or portfolio will decline due to adverse movements in market rates.

a) Price - The Company does trade in equities therefore, is significantly exposed to price risk fluctuations. The price risk exposures on equities is material as the equities are listed on the Zimbabwe Stock Exchange. The Company is not exposed to commodity price risk.

A 5% positive or negative change in stock market prices would affect the Company's profit before tax and equity as follows:

	31 December 2021		
Financial assets at fair value through profit or loss	**ZWL**	**Change**	**Effect on profit before tax ZWL**
	1 037 227 366	5%	51 861 368

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2021

b) Foreign exchange risk - Emanating from transactions with regional and international financiers, the foreign exchange risk arises from fluctuations in foreign exchange rates on assets and liabilities denominated in a currency other than the ZWL. As at 31 December 2021, the company held both receivables and liabilities and is, therefore, exposed to foreign exchange risk. Included in the financial statements are liabilities relating to legacy debt owed to foreign suppliers at a US$/ZWL closing rate of ZWL108.6660: US$ 1.

	31 December 2021		
	Foreign currency amount (US$)	Rate of exchange	
Norsad legacy debt	10 000 000	108.666	1 086 660 000
Norsad legacy debt future interest payable	480 294	108.666	52 191 628
Norsad legacy debt asset	-	108.666	-
USD nostro balance	10 455 183	108.666	1 136 122 868

A 5% positive or negative change in foreign currency would affect the Company's profit before tax and equity as follows:

	31 December 2021		
Exchange gains or losses	ZWL	Change	Effect on profit before tax ZWL
	671 099 895	5%	33 554 995

15.4 Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets, liabilities and capital. The Company held interest bearing liabilities as at 31 December 2021.

The following table demonstrates the sensitivity to a change in interest bearing debts. With all other variables held constant, the Company's profit before tax and equity are affected as follows:

	Profit or loss ZWL	
Interest rate repricing	**Increase**	**Decrease**
2021		
5% Interest rate movement	(7 681 223)	7 681 223
2020		
5% Interest rate movement	(6 932 360)	6 932 360

Shareholding Information
For the year ended 31 December 2021

Spread of shareholding

Range	Shareholders Number	% of Holders	Shares held Number('000)	% of Shares
0 - 500	5431	64.42	1 204	0.18
501 - 1 000	973	11.54	685	0.10
1 001 - 10 000	1495	17.73	4 619	0.69
10 001 - 50 000	311	3.69	6 656	0.99
50 001 - 100 000	69	0.82	5 051	0.75
100 001 - 500 000	90	1.07	20 512	3.05
500 001 - 1 000 000	12	0.14	9 011	1.34
1 000 001 - 10 000 000	39	0.46	161 034	23.97
10 000 001 -	10	0.12	463 177	68.93
Total	**8 430**	**100.00**	**671 950**	**100.00**

Analysis of shareholding

Industry	Shares held Number('000)	%
Banks	382	0.06
Companies	237 872	35.40
Employee	999	0.15
Deacesed Estate	13	0.00
External Companies	1 440	0.21
Fund Managers	403	0.06
Insurance Companies	8 339	1.24
Investment Trusts And Property	3 860	0.57
Local Resident	33 845	5.04
Nominees Local	29 724	4.42
Non Residents	22 015	3.28
Non Resident Individual	348	0.05
Other Corporate Holdings	36	0.01
Pension Fund	332 674	49.51
Total	**671 950**	**100.00**

Top ten shareholders

Institution	Shares held Number('000)	%	Beneficiaries
NATIONAL PENSION SCHEME	236 037	35.13	The country's national pension scheme
PUBLIC SERVICE FUND 2 - OLDM	67 594	10.06	The country's civil service pension scheme
TIRENT INVESTMENTS (PRIVATE) LIMITED	44 999	6.70	Dr. John Mushayavanhu
CASHGRANT INVESTMENTS (PVT) LTD.	27 620	4.11	DMH Law Firm
STANBIC NOMINEES (PRIVATE) LIMITED	27 578	4.10	Various Local Shareholders
FBC HOLDINGS LIMITED	25 927	3.86	Treasury Shares
STANBIC NOMINEES (PRIVATE) LIMITED (NNR)	21 014	3.13	Various Foreign Shareholders
STRAUSS ZIMBABWE (PVT)LTD.	17 026	2.53	Joshi Family
VIDRYL INTERNATIONAL (PVT)LTD.	11 408	1.70	Trynos Kufazvinei
DINKRAIN INVESTMENTS	11 348	1.69	Trynos Kufazvinei
Total	**490 551**	**73.00**	

Performance on the Zimbabwe Stock Exchange

	2021	2020
Number of shares in issue	671 949 927	671 949 927
Market prices (ZWL cents per share)		
Closing	3 385.35	1 501.35
High	3 448.19	1 604.55
Low	1 400.00	65.25
Market Capitalisation (ZWL)	**22 747 856 854**	**10 088 320 229**

Notice of Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of Shareholders of FBC Holdings Limited will be held in the Main Lounge, Royal Harare Golf Club, 5th Street Extension, Harare on Thursday, 30 June 2022 at 1500 hours.

Agenda

1. To receive, consider and adopt the financial statements and the reports of the directors and auditors of the Company for the financial year ended 31 December 2021.

2. To sanction the dividend paid.

3. To elect Directors of the Company.

3.1 In terms of Article 95 of the Company's Articles of Association, Messrs Franklin Kennedy, David Makwara and Sifiso Ndlovu retire by rotation. Being eligible, Messrs. Kennedy, Makwara and Ndlovu are offering themselves for re-election.

3.2. To confirm the appointment of Mrs Vimbai Nyemba to the Board.

4. To approve the remuneration of the Directors for the past financial year.

5. To approve the remuneration of the auditor for the past audit and to re-appoint Messrs. KPMG Chartered Accountants as auditor of the Company. KPMG are in their second year of auditing the Group.

6. Special business

Share buy-back as ordinary resolutions
To consider, and if deemed fit, to resolve by way of ordinary resolution with or without modification the following:-

6.1 Purchase of own shares
That the Directors be and hereby authorized in terms of section 50 of the Company's Articles of Association and Section 128(1) of the Companies and Other Business Entities Act (Chapter 24:31) to purchase the Company's own shares subject to the following terms and conditions: The purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% (five percent) nor 5% (five percent) below the weighted average trading price for such ordinary shares traded over (5) business days immediately preceding the date of purchase of such shares by the Company.

6.2 The shares to be acquired under this resolution shall be ordinary shares in the Company and the maximum number of shares which may be acquired under this resolution shall be 10% (ten percent) of the ordinary shares of the Company in issue prior to the date of this resolution.

6.3 This authority shall expire on the date of the Company's next Annual General Meeting.

6.4 That the shares purchased according to this resolution shall be utilized for treasury purposes.

Directors statement
In relation to the aforesaid proposed resolution, the Directors of the Company state that:-

(i) The Company is in a strong financial position and will, in the ordinary course of business, be able to pay its debts for a period of 12 months after the Annual General Meeting.
(ii) The assets of the Company will be in excess of its liabilities for a period of 12 months after the Annual General Meeting.
(iii) The ordinary capital and reserves of the Company will be adequate for a period of 12 months after the Annual General Meeting.
(iv) The working capital of the Company will be adequate for a period of 12 months after the Annual General Meeting.

7. To transact all such other business as may be transacted at an Annual General Meeting.

By Order of the Board

Tichaona Mabeza
Company Secretary

6th Floor, FBC Centre
45 Nelson Mandela Avenue
HARARE
8 June 2022

Proxy Form
For the year ended 31 December 2021

I/We ………
Names(in block letters)

of ………
(address in block letters)

Being (a) member(s) of the Company and entitled to vote, do hereby appoint………………………………………………

………

Or, failing him/her ………

Or, failing him/her, the Chairman of the meeting as my/our proxy to attend and speak and vote for me/us and on my/our behalf at the Annual General Meeting of members of the Company to be held on Thursday, 30 June 2022 at 1500 hours and at any adjournment thereof, as follows:

				In favour of	Against	Abstain
1	Resolution to adopt the company annual financial statements					
2	Resolution to sanction payment of dividend					
3	3.1.	Resolution to re-elect retiring directors				
		3.1.1	Resolution to elect Franklin Kennedy			
		3.1.2	Resolution to elect David Makwara			
		3.1.3	Resolution to elect Sifiso Ndlovu			
	3.2.	Resolution to confirm the appointment of new directors to the Board				
		3.2.1	Resolution to confirm the appointment of Vimbai Nyemba			
4	Resolution to approve the remuneration of the directors					
5	Resolution to approve the remuneration of auditors, KPMG Chartered Accountants and to re-appoint them					
6	Resolution to purchase the company's own shares					

Please indicate with an 'X' in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she thinks fit.

A member of the company entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

Signed at…………………………………………on……………………………………………………………2022

Full name(s) ………
(in block letters)

Signature(s) ………

Notes:
In order to be effective, proxy forms must be delivered or posted to the Transfer Secretaries, First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, P O Box 11, Harare or to the Company Secretary, 6th Floor, FBC Centre, 45 Nelson Mandela, Harare so as to reach this address not later than 1200 hours on Tuesday, 28 June 2022.

Notes

Notes

FBC Holdings Limited

www.fbc.co.zw