FBC Holdings Limited

2022

Annual Report

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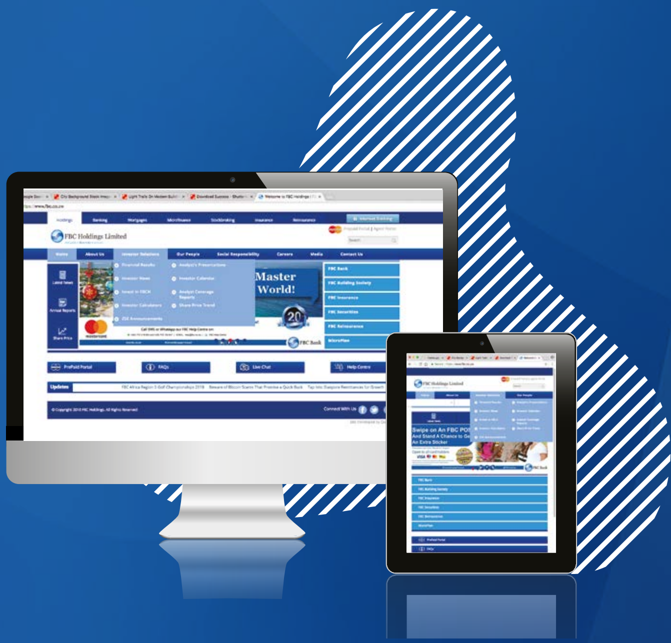
You Matter Most

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



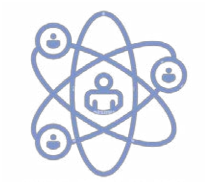
Group Structure

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
Consumer and Investment Banking Services	FBC Building Society (Registered Building Society)	100%	Mortgage Finance + Property Development
Consumer and Investment Banking Services	MicroPlan Financial Services (Pvt) Limited (A registered microfinance institution)	100%	Micro Finance Services
Consumer and Investment Banking Services	FBC Securities (Private) Limited (Registered Stockbroker) - Member of the Zimbabwe Stock Exchange	100%	Equities Trading + Sponsoring Broker
Insurance Services	FBC Reinsurance Limited	100%	Short Term Reinsurance + Life & Health Re-Assurance
Insurance Services	FBC Insurance Company Limited	95%	Non-Life Insurance + Medical Insurance
Insurance Services	OutRisk You Matter Most	100%	Insurance Broking

FBCH Footprint

Our Pillars of Strength




CORE VALUES	GOVERNANCE	OUR TEAM	SOCIAL IMPACT AND FINANCIAL INCLUSION
Integrity	8 Boards of Directors in the Group	+/- 644 Permanent Employees	+ 550 000 Mobile Banking Subscribers
Teamwork	Independent Chairpersons	+76% of Staff < 45 years	+99 Construction Jobs
Commitment	31 Non-Executive Directors	41% Female Employees	26 Micro-Finance Institution branches nationwide including agencies
Communication	20 Executive Directors	206 Contract Employees	
Life-long learning and Entrepreneurship			

Our Vision and Mission Statement

Vision
Nurture sustainable solutions that enable the financial well-being of the communities we serve.

Mission
Deliver a unique customer experience through value adding relationships, simplified processes and relevant technologies.

General Information

Registered Office
6th Floor FBC Centre
45 Nelson Mandela Avenue
P.O. Box 1227, Harare
Zimbabwe

Telephone	: +263-0242-700312/797770
	: +263-0242-708071/2
Telex	: 24512 FIRSTB ZW
Swift	: FBCPZWHA
Fax	: +263-0242-700761
E-mail	: info@fbc.co.zw
Website	: http://www.fbc.co.zw

Transfer Secretaries
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1 Armagh Avenue, Eastlea
P.O. Box 11 Harare

Telephone	: +263-0242-782869
Mobile	: +263 772146157/8

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

Telephone	: +263-0242-303700, 302600
Fax	: +263-0242-303699

Attorneys
DMH Legal Practitioners
4 Fleetwood Road
Alexandra Park
Harare
P.O. Box CR 36, Cranborne, Harare

Telephone	: +263-0242-250909-13

Costa & Madzonga Legal Practitioners
Block E, Delken Complex
6 Premium Close, Mt Pleasant Business Park
Harare
P.O. Box CY1221, Causeway, Harare

Telephone	: +263-08644133638/9

FBC Bank Limited

Belgravia Private Banking Branch
No. 2 Lanark Road, Belgravia
P.O. Box A852, Avondale, Harare

Telephone	: +263-0242-251975
	: +263-0242-251976
Fax	: +263-0242-253556

Chinhoyi Branch
Stand Number 14 Robson Manyika
P.O. Box 1220, Chinhoyi

Telephone	: +263-067-24086
Fax	: +263-067-26162

Bulawayo Avenue Branch
Asbestos House
Jason Moyo Avenue
P.O. Box 2910, Bulawayo

Telephone	: +263-029-76079
	: +263-029-76371
Fax	: +263-029-67536

Masvingo Branch
FBC Centre
179 Robertson Street, Masvingo

Telephone	: +263-039-264118-9
	: +263-039-264415-6
	: +263-039-262671
Fax	: +263-039-262912

Gweru Branch
71 Sixth Street
P.O. Box 1833, Gweru

Telephone	: +263-054-26491
	: +263-054-26493
	: +263-054-26497
Fax	: +263-054-26498

Kwekwe Branch
44a/b Robert Mugabe Way
P.O. Box 1963, Kwekwe

Telephone	: +263-055-24116
	: +263-055-24160
Fax	: +263-055-24208

Mutare Branch
101 A Herbert Chitepo Avenue
P.O. Box 2797, Mutare

Telephone	: +263-020-62586
	: +263-020-62114
Fax	: +263-020-60543

General Information (Continued)

FBC Bank Limited (Continued)

Southerton Branch
11 Highfield Junction Shop
P.O. Box St495, Southerton, Harare
Telephone : +263-0242-759712
: +263-0242-759392
Fax : +263-0242-759567

Zvishavane Branch
98 Robert Mugabe Way
P.O. Box 91, Zvishavane
Telephone : +263-039-2176
: +263-039-2177
Fax : +263-039-3327

Samora Machel Avenue Forex Centre
Old Reserve Bank Building
76 Samora Machel Avenue
P.O. Box GD 450, Greendale, Harare
Telephone : +263-0242-700372
: +263-0242-700044
Fax : +263-0242-793799

Victoria Falls Branch
Shop 7 & 8 Sawanga Complex
P.O. Box 225, Victoria Falls
Telephone : +263-083-45995/6
Fax : +263-083-5995/6

Msasa Branch
104 Mutare Road
P.O. Box AY1 Amby, Msasa, Harare
Telephone : +263-0242-446806
Fax : +263-0242-446815

Bulawayo Private Branch
Asbestos Harare
Jason Moyo Avenue
P.O. Box 2910, Bulawayo
Telephone : +263-029-76079
: +263-029-76371
: +263-029-67536

Borrowdale Branch
Unit 122-125, Sam Levy's Village
Borrowdale, Harare
Telephone : +263-0242-850911
: +263-0242-850912
: +263-0242-850913

FBC Reinsurance Limited

Head Office
4th Floor, FBC Centre
45 N Mandela Avenue
P.O. Box 4282, Harare
Telephone : +263-0242-772703/7
Fax : +263-0242-772701

Bulawayo Office
1st Floor Asbestos House
Jason Moyo Avenue
P.O. Box 2199, Bulawayo
Telephone : +263-029-888344
Fax : +263-029-888560

FBC Insurance Company Limited

Head Office
Eagle House
105 Jason Moyo Avenue, Harare
Telephone : +263-0242-708212
Fax : +263-0242-797135

Mutare Branch
Manica Chambers
2nd Avenue Road, Mutare
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Bulawayo Branch
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OutRisk Underwriting Management Agency (Private) Limited

Head Office
Ground Floor, FBC Centre
45 Nelson Mandela Avenue, Harare

General Information (Continued)

FBC Building Society

Leopold Takawira Branch
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P.O. Box 4041, Harare
Telephone : +263-0242-756811-6
Fax : +263-0242-772747

Gweru Branch
Impala Seeds Building
69B 6th Street
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: +263-054-223586
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FBC Securities (Private) Limited

2nd Floor, Old Reserve Bank Building
76 Samora Machel Avenue, Harare
Telephone : 263-0242-797761-6 / 700373

Microplan Financial Services (Private) Limited

Head Office
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Microplan Financial Services (Private) Limited (Continued)

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Kadoma Office
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6/7 Cilling Street
Kadoma

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Mt Darwin Office
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: +263 773 396 657

Hauna Office
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Telephone : +263 731 772 735

Guruve Office
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Hwange
Shop Number 101D, 22-23 Coronation Drive, Hwange
Direct : +263 731 772 747
Cell : +263 778 942 055

Zvishavane Office
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Zvishavane
Phone : +263 774 381 574

Beitbridge Branch
NSSA Complex, Beitbridge, Zimbabwe
Direct line : +263 286 22197 / +263 778 203 776
+263 713 492 811 / +263 731 772 748

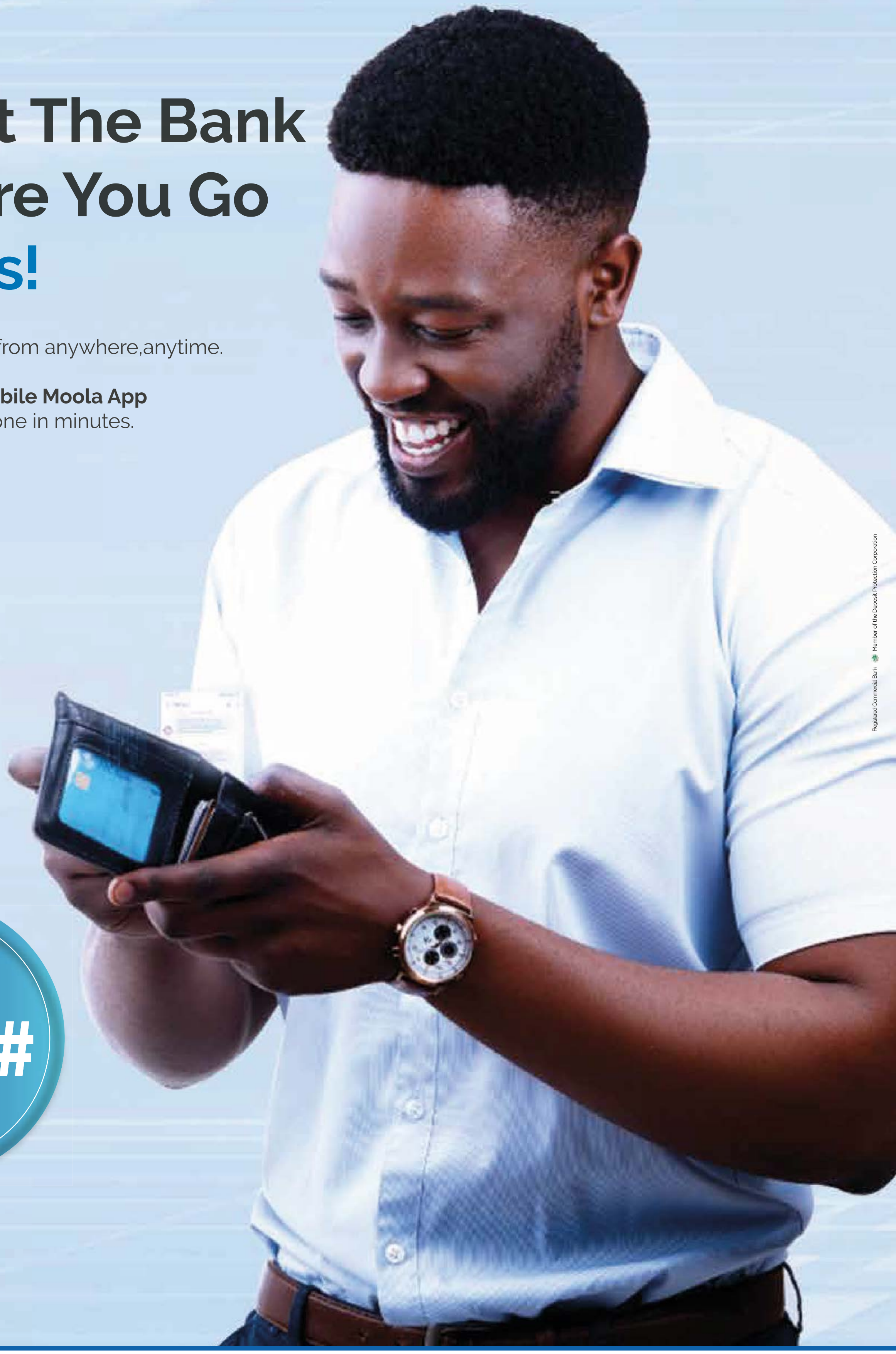
@FBCHoldings

You've Got The Bank Everywhere You Go

No Excuses!

Now you can open an account from anywhere,anytime.

Just download the free **FBC Mobile Moola App or dial *220#** and you will be done in minutes.



Registered Commercial Bank · Member of the Deposit Protection Corporation

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FBC.Help.Centre

GET IT ON Google Play · Available on the App Store

You Matter Most

FBC Bank

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 2022. The reporting cycle is annual with the last report having been published in June 2022.

The sustainability report is FBC Holdings Limited's fourth report prepared with guidance from the Global Reporting Initiative (GRI) 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 2022

Consolidated statement of profit or loss

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Profit before income tax	23 632 075 346	17 020 736 222	49 139 594 944	7 715 527 914
Profit for the year	12 571 776 969	14 921 675 855	40 047 769 325	6 871 141 622

Consolidated statement of financial position

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Total equity	62 877 792 977	49 408 742 471	65 060 368 801	14 330 243 079
Total assets	**335 377 380 216**	**217 591 204 202**	**332 953 904 020**	**62 791 242 393**

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Share statistics				
Shares in issue - actual (m)	672	672	672	672
Shares in issue - weighted (m)	629	630	629	630
Basic earnings per share - (ZWL cents)	1 996.28	2 369.27	6 362.91	1 090.98
Diluted earnings per share - (ZWL cents)	1 996.28	2 369.27	6 362.91	1 090.98
Headline earnings per share - (ZWL cents)	1 996.21	2 371.38	6 361.35	1 091.19
Dividend per share - ordinary (ZWL cents)	545.78	341.15	306.27	77.74
Closing share market price - (ZWL cents)	6 200.0	3 385.4	6 200.0	3 385.4
Ratios				
Return on shareholders equity	20%	30%	62%	48%
Cost to income ratio	67%	58%	55%	53%

@FBCHoldings

The Future of Financial Services

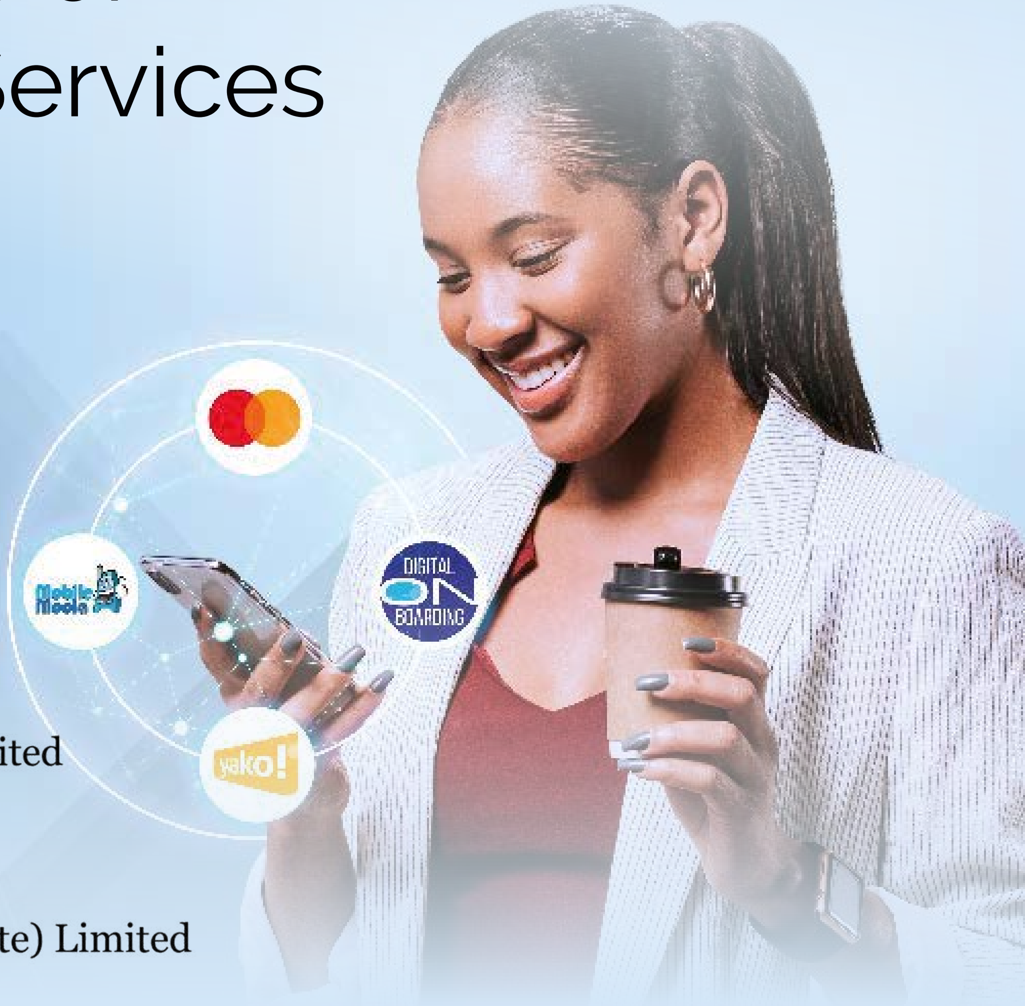
FBC Bank Limited

FBC Building Society

FBC Insurance

FBC Reinsurance Limited

FBC Securities (Private) Limited



MicroPlan

OutRisk

You Matter Most

FBC Holdings Limited

Save the environment

Herbert Nkala
Group Chairman

	Inflation Adjusted	Historical Cost
Profit before income tax	ZWL 23.6 billion, 39% (up) from 2021	ZWL 49.1 billion, 537% (up) from 2021
Profit after income tax	ZWL 12.6 billion, 16% (down) from 2021	ZWL 40 billion, 483% (up) from 2021
Total income	ZWL 119.1 billion, 93% (up) from 2021	ZWL 108.2 billion, 563% (up) from 2021
Total assets	ZWL 335.4 billion, 54% (up) from 2021	ZWL 332.9 billion, 430% (up) from 2021
Total equity	ZWL 62.8 billion, 27% (up) from 2021	ZWL 65 billion, 354% (up) from 2021
Net asset value per share	ZWL (c) 9 371, 27% (up) from 2021	ZWL(c) 9 667, 354% (up) from 2021
Basic earnings per share	ZWL(c) 1 996, 16% (down) from 2021	ZWL(c) 6 362, 483% (up) from 2021
Cost to income	67%, 9% (down) from 2021	55%, 2% (down) from 2021

Dividend per share

Final	ZWL(c) 298
Interim	ZWL(c) 149

Group Chairman's Statement

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

Financial Performance Review –Inflation Adjusted

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

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

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

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

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

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

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

Operating Environment

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

The country experienced high levels of inflation and foreign exchange rate volatility during the period under review. The fiscal and monetary authorities intervened during the second half of 2022 to control the runaway inflation and stabilise exchange rates. The use of the multi-currency system was extended for the duration of the National Development Strategy 1, resultantly United States Dollar based transactions

Group Chairman's Statement (Continued)

have significantly increased. According to the Zimbabwe Statistical Agency, the proportion of domestic expenditure denominated in USD has increased to 76% whilst the local currency is at 24%.

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

Financial Services Sector

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

Foreign Exchange

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

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

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

The Insurance Sector

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

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

Property Market

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

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

Inflation

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

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

Stock Market Performance

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

Group Chairman's Statement (Continued)

FBCH Share Price Performance

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

Environmental, Social and Governance (ESG) Priorities

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

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

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

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

> The Group has an in-house fintech that, in conjunction with business units, drives innovative solutions in its quest to provide excellent service to customers and lower the cost of service.

Our Corporate Social Investment

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

Digital Transformation and Innovation

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

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

FBCH Trendsetting

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

- Best Banking Board Governance Practices- Chartered Governance and Accountancy Institute in Zimbabwe (ECGA).

Group Chairman's Statement (Continued)

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

Compliance

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

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

Dividend

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

Outlook

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

Appreciation

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

Herbert Nkala
Group Chairman

31 March 2023

Dr. John Mushayavanhu
Group Chief Executive

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

Operating Environment

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

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

Group Chief Executive's Report

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

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

Financial Performance Review

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

FBCH Group Performance

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

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

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

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

FBC Bank Limited

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

FBC Building Society

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

Group Chief Executive's Report (Continued)

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

Microplan Financial Services

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

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

FBC Securities

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

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

Outrisk Underwriting Management Agency

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

FBC Insurance Company

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

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

FBC Reinsurance Limited

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

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

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

Group Chief Executive's Report (Continued)

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

The key focus has been the need to ensure that our customers experience the best service through the available range of digital channels.

Capitalisation

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

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

Our Compliance Priorities

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

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

Our Key Risk Priorities

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

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

Our Digital Transformation Journey

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

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

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

Our People

We continue to create a work environment that supports resilience, innovation and diversity, with an ongoing focus on the mental, physical, social and financial wellbeing of our employees. FBCH continues to ride on a purple patch of sound employee relations across its subsidiaries and the market at large. Cordial employee relations also positively

Group Chief Executive's Report (Continued)

impacted on employee engagement levels which improved in 2022, surpassing both internal and national levels recorded in the prior year.

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

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

Our Environment, Social and Governance (ESG) Priorities

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

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

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

Outlook

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

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

Appreciation

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

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

Dr. John Mushayavanhu
Group Chief Executive

31 March 2023

Sustainability Report

Sustainability Report

About this report

Reporting Scope, Boundary and Framework

This report seeks to provide information to a broad range of stakeholders which include, but are not limited to:investors, employees, customers, suppliers, communities, analysts, non governmental organisations, governments, development partners and other opinion formers. This report highlights our achievements in 2022 and contains forward looking statements. The 2022 FBC Holdings Limited Sustainability Report outlines the progress made by FBC Holdings Limited and its subsidiaries within Zimbabwe and Botswana on the three interlinked pillars of sustainability; economic growth, ecological balance and social safeguards.

Authorship of this report was guided by Statutory Instrument 134 of 2019 of the Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules. We also sought direction from the Global Reporting Initiative (GRI Standards) Core option.

Assurance

Our aim is to ensure accountability to our valued stakeholders by providing transparency on issues relating to our impact on the environment and the communities we serve. To ensure accuracy of both quantitative and qualitative information, this report was reviewed by our Group Risk Management Division and received reasonable assurance from KPMG.

Oversight & Strategy

Following recommendations made by the FBCH Board of Directors the Group deliberately chose to make sustainability the lens through which strategic decisions are made. The Group adopted an Integrated Sustainability Approach which incorporates aspects of both Corporate Social Responsibility-focused and Risk-based sustainability strategies. The Group's sustainability strategy is driven from the Group Chief Executive's office with support from the Executive Committee, Group Risk Management as well as Group Marketing and Public Relations. 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 were designed to ensure that our impact is measurable, 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 economic growth, ecological balance and social safeguards at national, regional and global levels.

Sustainability Report (Continued)

Message from Executives

Global geopolitical tensions, an inflationary environment, climate change, increasingly evolving stakeholder expectations and the Covid-19 global pandemic have all tested operational resilience across all business segments. These variables brought sustainability under scrutiny and into sharp focus. Of particular, concern were the interconnections between home and work environments; and the impact on our everyday lives.

By virtue of being a key pillar of economic development, the financial services space has not been spared from these disruptions. Our objective to continuously deliver balanced growth and value creation during this strenuous period, required innovation, creativity and collaboration. Regardless of the turbulence in the operating landscape, the organisation understood the critical role it plays in delivering sustainable financial services.

Climate Change

Climate Change was a topical issue in different local, regional and international forums throughout the year. with global sentiments echoing that it is an ongoing crisis which requires an urgent response. To play our part in addressing this climate emergency, the Group continuously strives to translate intent to action and aims to be a force for a better future. During the period under review, we focused on setting targets and tracking our internal ecological footprint as well as looking into opportunities to enhance our impact to the environment. As a testament to our commitment to the FBCH sustainability journey, the institution participated at the 27th Conference of the Parties (COP 27) of United Nations Framework Convention on Climate Change (UNFCCC) held in Egypt. The outcomes of COP 27 remind us of our fiduciary responsibility of building a sustainable and inclusive economy.

Sustainability Certification

Remaining ever mindful of the critical role financial institutions play in spurring sustainable and inclusive growth, the Group always puts national economic development aspirations at the heart of its business strategy. Through the Reserve Bank (RBZ) led Sustainability Standards and Certification Initiative (SSCI), FBC Holdings is making great strides towards enhancing its social and environmental impact. As part of our High Impact Goals, we are pleased to have participated in the national tree planting exercise, held every first Saturday of the month of December, which saw the Group plant and donate more than four thousand trees to different schools across the country.

Our People & the Communities we Serve

The Group remains committed to an equal, diverse and inclusive organisational culture. As FBC Holdings executives, we are making concerted efforts to ensure that these principles are upheld across the organisation and the communities we serve. It is our belief that this approach stimulates creative thinking, innovation and ultimately positive impact. We have also taken a step further to ensure that our team receive continuous training from experts on selected topical market issues.

Our Strategic Focus

The Group Strategy is driven by the desire to make a meaningful contribution to the communities we serve and in particular, the world at large. We continue to make efforts to ensure that Environmental, Social and Governance (ESG) considerations are woven, not only into the strategy, but into the day-to-day organisational operations as well.

In order to make a positive and unselfish contribution to society, FBC Holdings' strategy development process remains insights-driven. The strategy is informed by stakeholder expectations which we always strive to surpass. We believe that connections unite people through a common cause and enable the realisation of objectives. In this regard, we remain connected to our stakeholders by gathering invaluable insights that are subsequently incorporated into our products and process flow. This ensures that we walk the journey together. In the same vein, it is pertinent to note that most of our climate change and sustainability related initiatives in 2022 were shaped by collaboration, mostly with development partners and the Government of Zimbabwe.

Looking Ahead

Our progress on climate finance, climate change and sustainability would not have been possible without the invaluable input of the Ministry of Environment, Climate, Tourism and Hospitality Industry (MECTHI)- Climate Change Management Department; other government ministries, departments and agencies; SouthSouthNorth; United Nations Development Programme and other development partners. We understand that ensuring the smooth implementation of sustainability principles and increased transparency, are critical topics for our industry at the moment. We are prepared to lead the paradigm shift.

Sustainability Report (Continued)

2022 in Statistics			
Economic Sustainability	**200 000+** KYC Lite Accounts	**550** Agent Bankers	**1 892** Small-holder farmers supported
Sustainable Workplace	**42.1%** Women Representation	**298** Safety Training Days	**100%** Covid-19 Vaccination Rate
Business Conduct	**6 750** Training hours	**Gender Policy** adopted	**ESG Policy** Reviewed
Environment and Climate Change	**23 %** reduction in electricity usage	**10%** reduction in per capita GHG emissions	**4 000+** Trees planted

Stakeholder Engagement

Guided by the Group's revised strategic thrust on sustainability, we seek to foster trusted partnerships that enable transparent, reliable and sustainable relations. The voices of our varied stakeholders inform our materiality assessment and help us understand their broader impact on our business. During the period under review, a Stakeholder Engagement Policy was established to guide the Group and its subsidiaries on how to determine material topics, transparently engage all stakeholders as well as timeously respond to their respective needs. Through this policy framework, the Group seeks to promote a new, more pro-active and responsible approach which in turn increases trust, confidence and the emotional bond with all stakeholders.

Table 1 below shows our key stakeholder groups, our engagement mechanisms, the issues that matter to our stakeholders and how we managed such issues during the period under review.

Stakeholders	How we engage	Material Topics	How we manage what matters
Customers • Corporate • SMEs • Entry level to high net worth individuals	• Surveys • Daily and regular physical and online interactions • Customer visits • Pilot testing • Multi-channel engagement • Marketing campaigns	• Cybersecurity • Trustworthy relationship • Short turnaround time • Marketing • Compliance and regulatory issues • Covid-19 management	• 24/7 Toll-free call centre to attend to complaints, queries, compliments and enquiries • Dedicated account relationship managers • Events • Field visits
Suppliers and service providers	• Meetings (physical & virtual) • Ad-hoc meetings and conversations	• Currency convertibility • Getting paid on time • Local procurement • Sustainable sourcing • Industry standards • Contract and service agreements	• Introduction of same day payments/cash on delivery • Training of staff on environmental, social and governance safeguards

Sustainability Report (Continued)

Stakeholders	How we engage	Material Topics	How we manage what matters
Financial providers & investors/ Shareholders: • Debt & equity Investors • Debt & equity analysts	• Annual general meetings • Briefings • Investor roadshows/relations • Ad-hoc meetings	• Post-Covid19 business adaptation, resilience and value creation • Sustained financial returns • Corporate governance • Remuneration	• Annual disclosure of non-financial performance • Engagements with key financial providers on corporate governance and sustainability • Interim and full year financial disclosure • Quarterly trading updates • Credit ratings
Government and Regulators • Reserve Bank of Zimbabwe • Securities and Exchange Commission of Zimbabwe • Insurance and Pension Commission of Zimbabwe • Government ministries and local authorities	• Conferences and workshops • Meetings • Industry forums • Inspections and compliance visits	• Compliance to sustainability principles and national priorities • Legal and regulatory compliance o Health and safety at the workplace o Taxes, rates and other fees o Sound risk management and corporate governance	• Regulatory reporting • Proactive engagement with relevant authorities • Commissions • Submissions
ESG analysts, civil society organisations (CSOs) and climate-focused bodies	• Conferences and workshops • Bilateral engagements	• Gender • Capacity gap • Collaboration	• Participation in global conferences on climate change and sustainability • Networking events to build an emotional bond with this stakeholder group
Employees & Contractors • Executive • Senior & junior managers • Graduate trainees • Permanent and contract staff	• Employee engagement surveys • Open door engagements • Digital social platforms • Leadership seminars • Awareness sessions • Board engagement • Meetings with trade unions	• Diversity and Inclusion • Fair remuneration and career progression • Harassment • Health, safety & wellness programmes • Education and training • Flight risk • Climate change • Digital transformation • Strategic direction	• FBCH Covid-19 regulatory protocol compliance • Extensive health & wellness programs that prioritise employee health and well-being • Cost of Living Adjustment • Mark-to-market salary reviews • CEO mailbox • Tip offs Anonymous – whistleblowing hotline
Academia • Universities • Freelance researchers • Students	• Conferences • Email correspondences • Meetings	• Contribution to national, regional & global priorities • Pre and post-graduate training • Access to and availability of Climate funds	• Graduate trainee & Attachment programs • Participation in research interviews • Increasing invitation of leaning institutions to our workshops and conference • Education support investment
Media	• Regular physical and online interaction	• Ongoing discussions on business related issues • Product launches • Business and CSR initiatives • Commentary • Media relations activities	• Press release • Editorials • Advertorials • Adverts • Interviews
Communities	• Radio & television • Support and participation in community events • Adhoc physical meetings	• Community investments • Environmental protection • Employment and contracting opportunities	• CSI and socio-economic development projects • Capacity building in new policy measures • Internship and employment opportunities • Involvement of traditional leaders in certain projects

Sustainability Report (Continued)

Economic Sustainability

The Group aims to contribute to the long term sustainable and inclusive economic development of the country while ensuring that a socially sound, environmentally friendly and well governed business is always adopted. Contribution to societal development and the creation of economic value is at the core of our existence as FBC Holdings Limited. This is embedded in our strategy which is translated into the design of financial products and services deployed to meet the needs of the communities we serve. Delivery of shared prosperity in a responsible and sustainable manner for all stakeholders is at the heart of our business.

Financial Inclusion

The Group, through its subsidiaries, continues to ensure that the share of individuals and businesses that have access to and can afford financial services exponentially increases from time-to-time. It is through financial inclusion that sustainable economic growth can be enabled, poverty can be reduced and economic prosperity equitably shared. We understand that access to financial services facilitates the growth of small business and allows the general populace to live decently. Through MicroPlan, our microfinance subsidiary, we are making strides to ensure that basic financial services are accessible, affordable and user friendly. In tandem with national efforts, the Group targets low income households, micro, small and medium enterprises, women, youth and small holder farmers.

Renewable Energy Financing

Zimbabwe's electricity generating capacity has been strained in the last few years, largely, as a result of the negative effects of climate change. This, compounded by an unstable macroeconomic environment, has culminated in crippling energy shortages, resulting in the responsible authorities having to roll out load shedding to manage the energy crisis. In response to this, the Group, through its lending subsidiaries, introduced a renewable energy loan facility to all customer groups. Our target is to ensure that schools, hospitals, businesses and individuals have access to a reasonably priced, clean and reliable alternative source of energy. The Group is prepared to partner with interested stakeholders to advance national targets on renewable energy generation.

To ensure business continuity, the Group has also adopted the solar roof top energy model for its retail branches. To this end, two branches are operating off grid and we look forward to replicating the model across all branches.

Facilitating Access to Education

Access to education is a fundamental human right that we cannot afford to ignore in our corporate strategy. An educated population is better placed to access all other human rights. Access to education is one of FBC Holding's key investment areas . We have financing products and philanthropy initiatives that promote inclusive access and lifelong learning in line with the Group's core values.

Sustainability Report (Continued)

Enabling Agro-Based Solutions

While the agriculture sector contributes about 17% of Zimbabwe's Gross Domestic Product, the country's economic performance largely depends on developments in this sector (Food and Agriculture Organisation of the United Nations). Agriculture remains the greatest form of livelihood with about 60-70% of the population directly and indirectly employed in this sector. Increased uncertainty in seasonal weather patterns and water insecurity has heavily affected agricultural activities in Zimbabwe.

We believe that an effective and inclusive transition in this sector can be achieved through purposeful deployment of climate finance resources. The Group has a dedicated Agribusiness desk to support primary commercial agriculture as well as facilitate market linkages. Our Business Banking department supports small to medium enterprises in agriculture and agro-processing while our microfinance subsidiary, MicroPlan Financial Services, supports rural programmes.

FBC- financed biosecurity signal booster for cattle chip trackers

FBC-financed soya bean –ready for market

Supporting poultry farming - 45,000 birds at 14 days

Supporting winter cropping in Banket, Mashonaland West

Sustainability Report (Continued)

Our Efforts Towards Sustainable Industrialization

The United Nations Sustainable Development Goal (SDG) 9 requires us to play a role in building resilient infrastructure, promoting sustainable industrialisation and fostering innovation in line with national development priorities. We believe that innovative solutions and up-to-date infrastructure in any sector can unleash enormous economic potential.

The Group offers a comprehensive banking and financial platform to support both public and private institutions interested in investing in the production sector.

Ensuring Access to Decent Accommodation

For any economy, decent housing is a prerequisite for economic prosperity and social inclusion. Decent and affordable housing is essential to achieve Sustainable Development Goal 11 on sustainable communities and cities. It is also pertinent to note that inadequate provision of accommodation impedes the achievement of all imperatives of the 2030 Sustainable Development Agenda.

Zvishavane Eastlea Project under construction

At FBC Holdings, we believe that access to housing can play an important role in directly or indirectly addressing the fourteen national priorities under National Development Strategy 1 (2021-2025) as well as regional and global development priorities. Through FBC Building Society, we constructed ninety-eight units in Eastlea, Zvishavane during the period under review.

Fiduciary Support to the Government of Zimbabwe

FBC Bank Limited is the Green Climate Fund (GCF) Delivery Partner for the Green Resilient Recovery Rapid Readiness Support (GRRRRS) in Zimbabwe. Prior to the Bank's endorsement by GCF, a Financial Management Capacity Assessment was undertaken to ascertain the requisite legal, fiduciary, and project management capacities required to effectively implement the readiness project. The project is fully financed by GCF, with a total of USD299,992, and with grant support coming from United Nations Office for Project Services. The Ministry of Environment, Climate, Tourism and Hospitality Industry provides technical support and policy guidance.

The GRRRRS project seeks to assess and analyse the impact and opportunities of the Covid-19 global pandemic on climate-related policies and strategies across various climate-sensitive economic sectors with the aim to develop a Green Resilient Recovery Strategy and Investment Plan to foster sustainable recovery from Covid-19 and any other future pandemics. To this end, the project team has engaged more than 1000 people drawn from government ministries, parastatals, private sector and civil society organisations.

Sustainability Report (Continued)

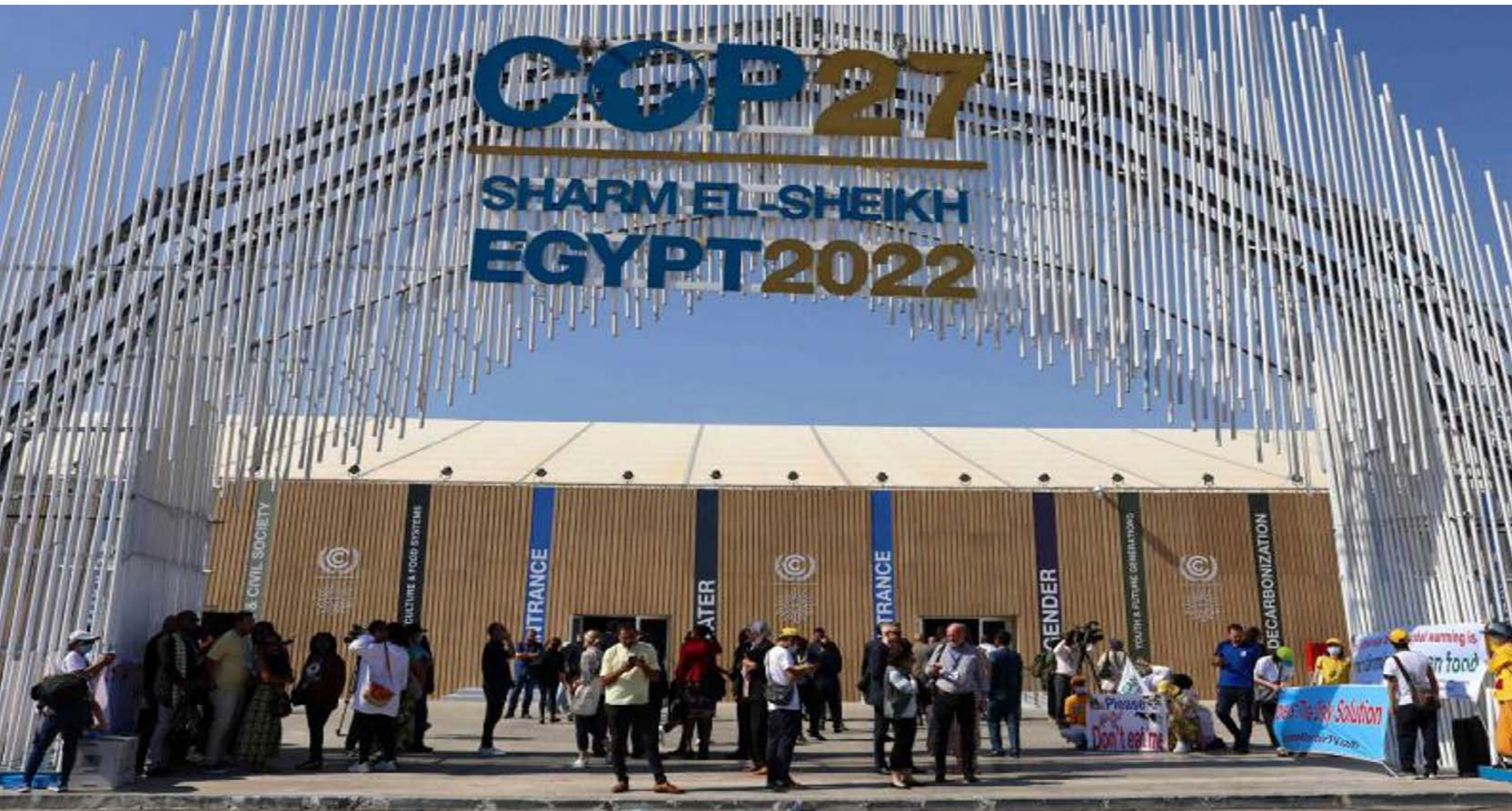
Regional Expansion

An important part of any organization's growth strategy is to explore new markets. In the year under review, the Group launched FBC Reinsurance in Botswana. The Group is committed to expanding its economic footprint across the region and contributing to the overall socio-economic development of the continent.

UNFCCC 27th Conference of Parties – Sharm El Sheikh, Egypt

For the first time, FBC Holdings was part of the Zimbabwean Delegation that attended COP 27 of the UNFCCC. Our attendance was motivated by the Group's need to complement and support national efforts on climate change mitigation and adaptation resource mobilisation. To us, COP 27 was an ideal platform to meet key climate change players and discuss funding opportunities.

We are pleased that this COP managed to address the needs and ambitions of developing countries by agreeing to set up a Loss and Damage Finance Facility (LDFF). In the wake of a catastrophic climate change impacts, developing nations have been appealing and advocating for such financial support. This highly anticipated agreement amongst other key outcomes, aligns with our strategy, where we need to scale up climate finance mobilisation, raise awareness between debt and climate pressures as well as align to the national adaptation and mitigation commitments.



Sustainability Report (Continued)

Economic Value Added Statement	INFLATION ADJUSTED 31 Dec 2022 ZWL	INFLATION ADJUSTED 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2021 ZWL
Net interest income	29 584 926 032	17 513 961 509	21 504 271 236	4 219 833 531
Net fee and commission income	17 235 676 034	11 543 573 582	12 406 317 429	2 720 591 699
Net income from property sales	13 420 237	895 521 156	6 747 777	130 272 951
Net earned insurance premium	8 096 957 662	6 110 129 198	5 280 451 427	1 266 689 518
Total other income	64 124 616 277	25 496 671 269	68 956 578 740	7 987 363 813
Economic value generated	**119 055 596 242**	**61 559 856 714**	**108 154 366 609**	**16 324 751 512**
Administrative expenses	(30 852 165 955)	(15 332 209 682)	(22 974 664 525)	(3 429 152 072)
Employee wages and benefits	(38 701 175 751)	(15 536 977 940)	(27 215 480 658)	(3 970 847 431)
Commissions and claims paid	(5 993 727 304)	(3 220 426 521)	(4 248 958 979)	(728 682 550)
Income tax expense	(11 060 298 377)	(2 099 060 367)	(9 091 825 619)	(844 386 292)
Community investments	(170 047 241)	(92 758 302)	(114 402 265)	(21 269 685)
Economic value distributed	**(86 777 414 628)**	**(36 281 432 812)**	**(63 645 332 046)**	**(8 994 338 030)**
Economic value retained	**32 278 181 614**	**25 278 423 902**	**44 509 034 563**	**7 330 413 482**

Our Contribution to Sustainable Development Goals

FBCH Subsidiary	Business/Focus Area	Most impacted SDGs
FBC Bank	• Commercial Banking • Advisory services • Factoring services • Custodial services	2 Zero Hunger 4 Quality Education 7 Affordable and Clean Energy 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 17 Partnerships for the Goals
FBC Building Society	• Mortgage Finance • Property development	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities

MicroPlan Financial Services	• Rural Finance
	• Microloans
	  • Agriculture
	  • SME
	  • Solar Energy
	  • Education
		1 No Poverty
		2 Zero Hunger
		4 Quality Education
		5 Gender Equality
		7 Affordable and Clean Energy

FBC Insurance	• Short term reinsurance • Life and health re-assurance	3 Good Health and Well-being 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
FBC Reinsurance	• Non-life Assurance • Medical Insurance	3 Good Health and Well-being 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
FBC Securities	• Equities trading • Sponsoring Broker	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
Xarani	• Digitalisation • Innovation	9 Industry, Innovation and Infrastructure

Sustainability Report (Continued)

Sustainable Workplace

FBC Holdings recognises the importance of a conducive environment on employee performance. A safe and conducive workplace is a key pillar for institutional sustainability and improved employee wellness. The Group strives to promote a sustainable workplace which amongst other key factors, has a laser focus on reducing environmental impact, promoting inclusivity and equal opportunities for all, improving employee health as well as creating a friendly and productive environment.

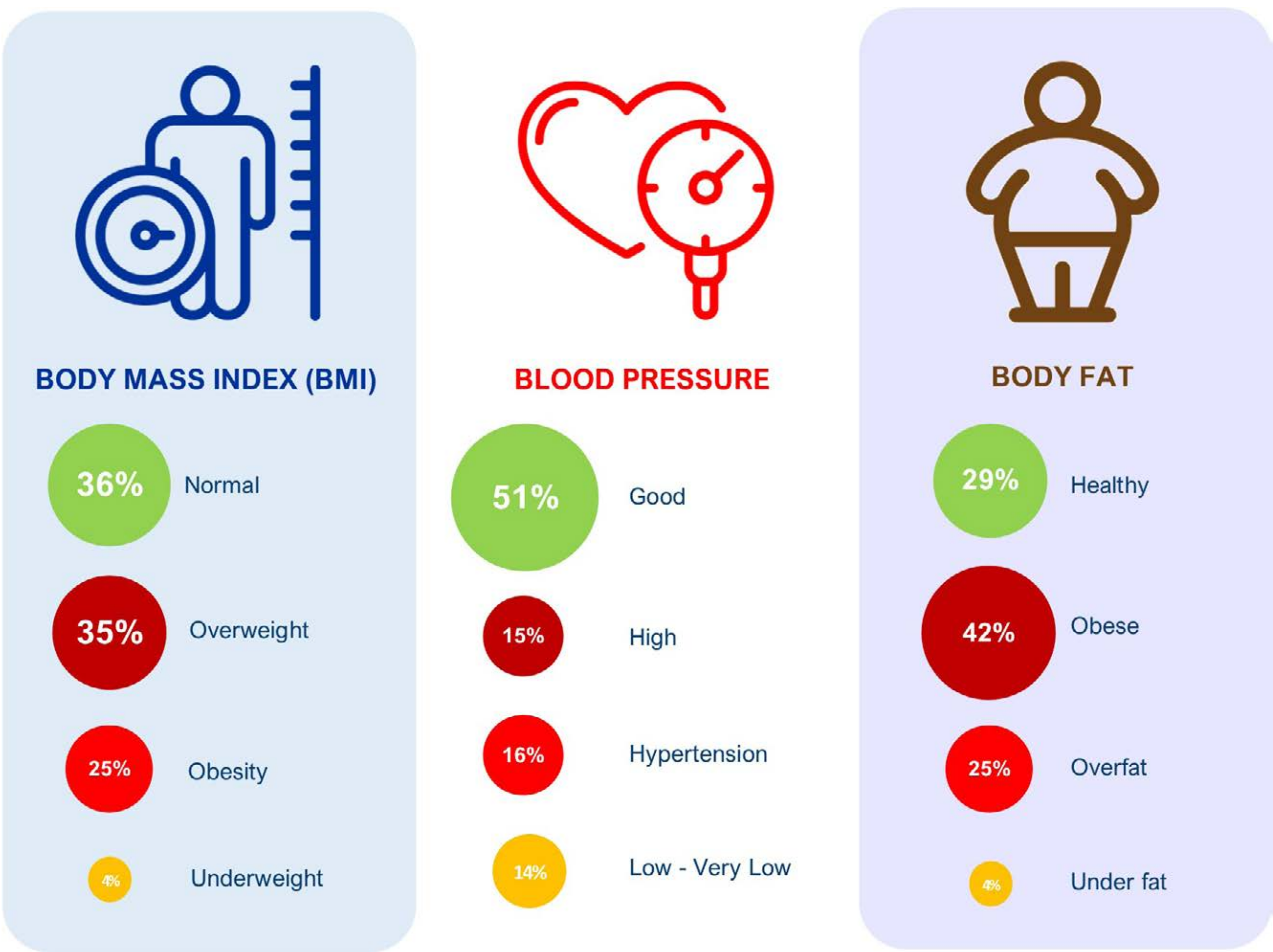
Employee Wellness

The Group is committed to addressing the fundamentals of a holistic wellness approach. The FBC Holdings wellness program spans four dimensions of well-being, namely psychological, physical, social and financial. In full acknowledgement of the competitive edge and value that our human capital creates, we made a deliberate effort to make employee wellness a priority.

Health Screening

In collaboration with Velocity Health, FBCH conducted a group-wide health screening exercise for all staff members. The Group understands that every employee has their own special and specific wellness needs which should be dealt with at an individual level. As such, this program was designed to provide confidential and professional wellness advice as well personalised interventions. The health screening programme allowed every staff member to have a one-on-one interaction with health experts, get certain tests done and receive an individualised health status report. Through discussions with allocated wellness coaches, individual reports were explained and advice given on how to live healthier, happier and longer. To this end, all employees receive health insights every Monday and nutritional counselling on request.

The consolidated data highlight that 35% of the staff complement is overweight and 25% is obese. Armed with these key findings, we will continue to consider wellness as a key pillar in our corporate strategy.



Sustainability Report (Continued)

Our Physical Fitness Programme

FBC Holdings understands that due to work demands, most employees increasingly find themselves trapped in the midst of work-family conflict. Normally, this phenomenon starves employees of the time to socialise or participate in physical fitness activities. In line with the World Health Organisation pillars, we understand that regular physical activity helps to prevent or treat non-communicable diseases (NCDs) such as heart disease, stroke, diabetes and breast and colon cancer. It also comes in handy in reducing the risk of hypertension, overweight and obesity and can improve mental health, quality of life and well-being.

As such, we have in place a physical fitness programme that has numerous sporting activities. All staff members have the liberty to join any sporting club of their choice. Costs relating to subscriptions, to events and regalia are catered for by the Group. During the period under review, our employees participated in the annual insurance games, the interbank games and a host of other sports-themed days. These initiatives are meant promote physical health and its benefits; support structures that are not affected by formal lines of Reporting; as well as allow for the cross pollination of ideas and diffusion of silos. Our ultimate target is to not only develop institutional sustainability, but to also nurture responsible citizens who carry sustainable practices beyond work and into the community.

FBC Old Hararians

The FBC Old Hararians Sports Club, popularly known as FBC OH, houses magnificent fields for sports and recreational activities. FBC OH offers a range of sporting activities which include tennis, squash, swimming, cricket, rugby, pool (snooker), soccer, tug of War, volleyball, netball, gym and free jungle gym for kids.

Sustainability Report (Continued)

Mental Wellness

The Group acknowledges and believes that mental health has a critical role to play in driving productivity and contributing to the Sustainable Development Goals. An alarming rate of mental health and substance abuse statistics have been recorded not only in Zimbabwe, but across the globe. Understanding that stigma and discrimination are a huge impediment in handling mental health issues, the Group further opened communication lines to enable network building amongst employees. An open door policy remains in place to allow employees to freely engage with anyone from the management.

The Women's Forum was constituted, during the year, to raise women's voices and create change within the organisation. This platform is managed from the Group Chief Executive's office and seeks to ensure that women's concerns are heard and timeously addressed. It also aims to create an environment where both women and men can confidentially share their issues without fear of stigma or victimisation. Considerations are also being made towards the establishment of a Men's Forum to address men's concerns.

In the same vein, a number of mental health- themed training sessions were rolled out during the course of 2022. The sessions looked at the underlying mental and social health factors that contribute to the increased likelihood of drug and substance abuse. In highlighting this, employees were advised of sources of professional assistance to identify and cope with any mental health concerns that may arise as a result of work related stress and burnout.

Sustainability Report (Continued)

Awareness Creation

FBC Holdings prioritises the development of appropriate strategies and mechanisms for effective creation of a sustainable and conducive workplace. Through an internal sustainability publication, the Group seeks to promote a better understanding of the key issues that affect wellness and health. The quarterly publication is a tool to fully integrate sustainability into everyday work operations through continuous awareness creation and capacitation of all employees across the Group.

The 2022 publications of the Green Bulletin covered issues relating to burnout, fatigue, effects of prolonged screen time as well as sustainability and climate finance development.

SACFP Climate Finance Forum

The Southern Africa Climate Finance Partnership (SACFP) gathered its Community of Practice in Cape Town from the 20th to the 22nd of September 2022 for an adventure into the uncharted waters of climate finance implementation. FBC Holdings is a long-standing participant of this community of practice and was well represented during this SouthSouthNorth sponsored Climate Finance Forum themed ***"Scaling Impact Through Knowledge Brokering–Case for Climate Finance Mobilisation in Africa."*** Participants from South Africa, Botswana, Tanzania, Zambia, Namibia, South Africa and Zimbabwe congregated to share experiences on Green Climate Fund accreditation, discuss barriers to accessing and ways to catalyse access to climate finance. Our Group Chief Executive, Dr. John Mushayavanhu, was amongst the key participants and was one of the panel guests, discussing how the financial services sector is leading a just transition.

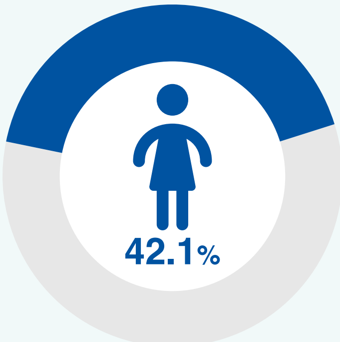
Sustainability Report (Continued)

Diversity and Inclusion

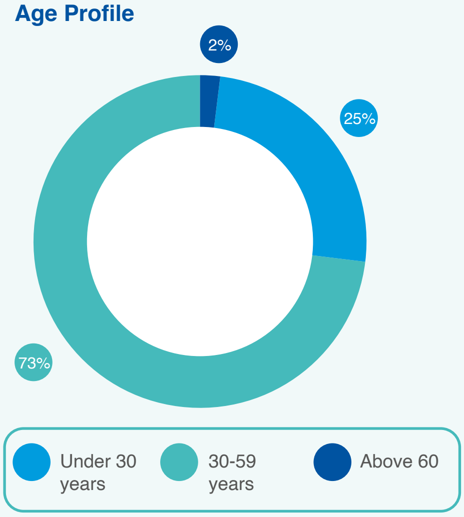
The Group believes in an open-minded culture where all employees feel safe, happy and respected. We always strive to create a tolerant and welcoming working environment where all employees have equal access to resources and opportunities regardless of their background, gender, age, ethnicity or creed. FBC Holdings embraces different perspectives and aims to be an "employer of choice" that contributes to a just society in which everyone is equally valued.

*"Each employee's individuality is a source of inspiration, innovation and a wealth of untapped potential..." **Jane Nhema, Senior Human Resources Manager***

Women Representation



Age Profile



Board	Management	Non-Managerial and Contract
20%	39%	45%
80%	61%	55%

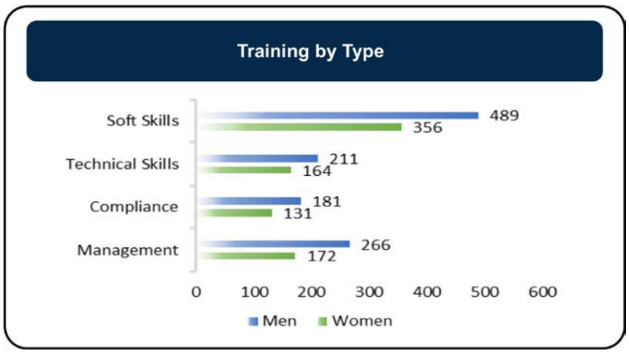
Average Age		Average Years of Service
38	FBC Bank	9.39
38	Building Society	6.72
40	Insurance	9.87
38	Re-Insurance	10.57
30	Microplan	3.05
35	FBC Securities	8.07
31	Xarani	3.00

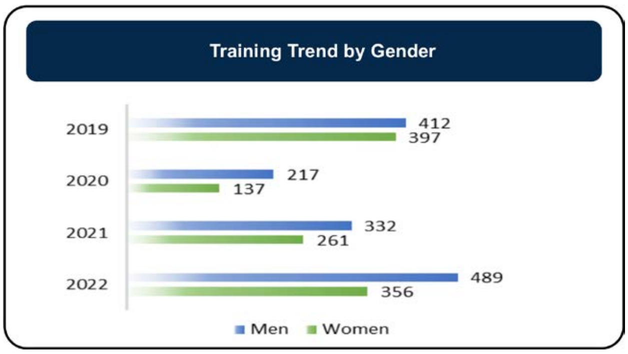
Sustainability Report (Continued)

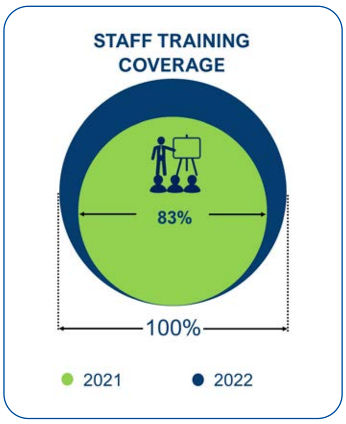
Employee Development and Talent Retention

Investing in the future of our employees is one of the Group's key priority areas. We believe that effective hiring and retention of talent exists in the presence of well-structured, comprehensive and strategic learning and development opportunities. The Group is committed to always create opportunities for personal and professional growth for its staff complement, ensuring that all employees are fully-equipped to navigate the turbulent operating landscape. We always strive to instil confidence and a feeling of value in our staff members.

Through the Group's dedicated Training Department, 138 internal and external trainings were completed in 2022. 845 employees participated in all re-skilling and up-skilling training sessions across these levels of employment. This extensive capacitation regimen resulted in an average of 8 training hours per individual across all organisational demographics.







Sustainability Report (Continued)

OCCUPATIONAL HEALTH AND SAFETY HIGHLIGHTS

Number of Incidents	11
Number of First aid cases	5
Total number employees with the third Covid-19 vaccination	848
Number of Lost Time Injuries	5
Lost Time Injury Frequency Rate	2170
Total number of Fire Incidences	0
Total Safety Training Days	298
Total Number of Labour Unrest occurrences	0
Total number of emergencies / accidents (e.g. car accidents)	5

Medical Health & Covid-19

The Covid-19 global pandemic highlighted the importance of prioritising the health of staff members and the impact it has on business continuity. The Group stands firm in its commitment to ensure that the work environment is safe for staff members to conduct their business without fear of contracting any communicable diseases.

To affirm this, the Group continues to adhere to national Covid-19 regulations. The following guidelines were in effect during the period under review:

- Correct & consistent wearing of face masks both in-doors and out-doors.
- Mandatory temperature checks and sanitization upon entering any FBC premises as well as on boarding the staff buses.
- Regular sanitization of gadgets, mail and work spaces.
- Members of staff avoiding the movement from one floor/ department to the other by all means possible, unless absolutely necessary.
- Full vaccination against Covid-19 (3 Covid-19 jabs expected).

Business Conduct

Corporate Governance

The FBC Holdings' corporate governance structure consist of a Board of Directors whose key role is to represent shareholders as well as protect and promote the interest of the Group. The Board is committed to ensuring that the Group and its subsidiaries adopt sound corporate governance principles. In discharging its duties, the Board is supported by the following committees;

- Audit Committee
- Risk and Compliance Committee
- Finance and Strategy Committee
- Human Resources and Remuneration
- Marketing and Public Relations Committee
- Corporate Governance, Nominations and Sustainability Committee

Sustainability Report (Continued)

Board Diversity

Herbert Nkala
B.Sc. Hons, MBA
Group Chairman

Chipo Mtasa
B.Acc (Hons), CA(Z)
Deputy Chair

Dr. John Mushayavanhu
AIBZ, DIP Management, MBA, DBA
Group Chief Executive

Gary Collins
PGD JMC
Non-Executive Director

Kleto Chiketsani
Bachelor of Business Studies (Hons) (UZ), AIISA
Executive Director

Aeneas Chuma
Msc in Applied Economics
Non-Executive Director

Rutenhuro Moyo
MSIO
Non-Executive Director

Trynos Kufazvinei
B Acc (Hons), CA(Z), MBA
Deputy Group Chief Executive

Franklin Hugh Kennedy
Business Administration (Hons)
Non-Executive Director

Dr. Sifiso Ndlovu
Dr of Philosophy (ZOU, Zimbabwe), MS BA (AU, USA)
Non-Executive Director

Vimbai Nyemba
Bachelor of Laws Honours Degree (UZ)
Non-Executive Director

David Makwara
Ms BA, Bachelor of Commerce (Economics & Finance)
Non-Executive Director

Canada Malunga
B.Acc (Hons), CA(Z)
Non-Executive Director

Charles Msipa
Bachelor of Law, LLB
Non-Executive Director

Webster Rusere
AIBZ, MBA
Executive Director

Board Changes since the last Annual General Meeting
No retirements during the period under review

Sustainability Report (Continued)

Business Ethics
FBC Holdings Limited believes that being a good corporate citizen is hinged on a culture of ethical corporate behaviour.

Code of Conduct
The FBCH Ethics and Integrity policy provides a guiding framework on ethical business practices and standards for the Group and its subsidiaries. This guiding framework is premised around respect and tolerance, integrity, teamwork, equity as well as competence and accountability. The principles define the way we do business and we expect all employees to uphold the highest standards of ethics in our business practices. Amongst other key topical issues, our Ethics and Integrity policy covers the following aspects;

- Insider trading
- Conflict of interest
- Political involvement
- Company property and information
- Gifts and Entertainment
- Work attitudes
- Safety, Health and the Environment
- Harassment

To further align our operations to ethical standards, the Group has a Gender Policy that reinforces our responsiveness to issues on gender equality, gender based violence and other related issues.

Whistle-Blowing
The Group is committed to conducting business with the highest levels of honesty, transparency and integrity. Our internal control and operating procedures are designed to detect and prevent misconduct and violations of policies and procedure manuals. The FBC Holdings whistle blowing function ensures that all employees & other stakeholders have the right to speak up and always feel safe in doing so if they have any concerns about fraudulent, inappropriate, illegal activity or any other irregularities within our operations.

Whistle Blowing Statistics

	2022	2021	2020
Internal Whistleblowing	6	5	6
Deloitte's Tip-Offs Anonymous	5	5	3

Anti-Bribery & Anti-Corruption
The Group understands that corruption is the key determinant of increased poverty, environmental damage and misallocation of investments. As such, FBC Holdings has a "zero tolerance" stance on corruption and bribery in line with statutory and regulatory requirements. To demonstrate our adherence to integrity, good corporate governance and responsible business practices, we have an Anti-Corruption and Anti-Bribery Policy in place. This policy is designed to combat collusion, extortion or any related behaviour. The Group encourages and influences all of its non-controlled interests, such as partners, suppliers, contractors and sub-contractors, vendors and service providers, to uphold the highest levels of anti-corruption and antibribery principles.

Fraud Awareness Training Statistics
512 staff members trained on Fraud Awareness
18 retail branches trained on Security & Robberies Training
43 graduate trainees received anti-bribery and anti-corruption training during induction
4 Circulars and Employee Feedback Bulletins distributed to all staff

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)
The period under review continued to see the promulgation of various Statutory Instruments. The Group maintains its zero tolerance to non-compliance philosophy and ensures that all legal and regulatory developments are closely tracked and that relevant implementation is timeously rolled out. Below is a summary of major compliance and legal issues in 2022;

Act/Notice/Statutory Instrument	Description/Explanation
Zimbabwe Grey Listing	Following an on-site evaluation exercise carried out in January 2022, the Financial Action Task Force (FATF) announced the removal of Zimbabwe from the list of countries that are considered to be insufficiently compliant in implementing Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Standards.
Cyber and Data Protection act [chapter 12:07]	An act promulgated to increase cyber security in order to build confidence in the secure use of information and communication technology by data controllers, their representatives and data subjects. The Act further calls upon financial institutions to put in place technical and organizational measures to guarantee protection of data subject rights.
SI 118A of 2022, Presidential Powers (Temporary Measures) (Amendment of Exchange Control Act) Regulations, 2022	The Act amended the Exchange Control Act entrenched the multi-currency system into law and allowed for settlement of goods and services in foreign currency for the period of the National Development Strategy 1 from 1 January 2021 to 31 December 2025.
Statutory Instrument 96 of 2022 finance (amendment of sections 22b, 22g & 39 of finance act) Regulations, 2022	The SI introduced a 4% IMTT on foreign currency transactions.
Movable Property Security Interest Act [chapter 14:35]	The Act was brought into operation through SI 190 of 2022 and the Act provides for registration of security in movable property as collateral when securing a debt.

Sustainability Report (Continued)

Cyber Security

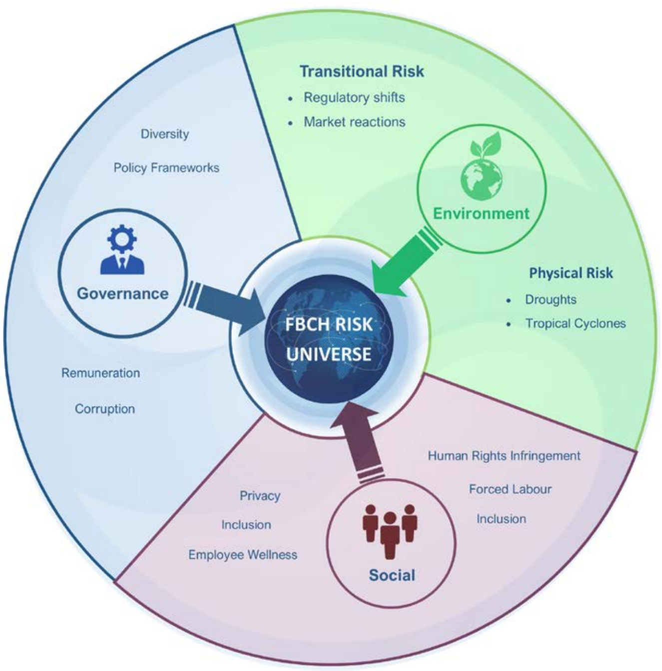
The risk landscape continued to evolve with many of these risks emerging from the rise of digital transformation, privacy challenges as well as the aftermath of the COVID-19 global pandemic in the form of remote working. While geopolitical risks on the Russian invasion of Ukraine had an impact on cyber security programs globally, there were however, a broad array of risks which directly and indirectly affected organizations with many of them emerging as supply chain exposures.

Supply chain disruptions linked to geopolitical risks which include hardware shortages, cost increases and licensing changes, had a negative impact on security investments. In the same vein, an influx of spam and malicious emails was recorded globally. Given such a scenario, the Group had to quickly deploy alternative in-house-driven security strategies. To the list of internally developed solutions, we added the Asset Inventory and Request for User Creation. The Group utilised Artificial Intelligence (AI) tools to subvert cyberattacks and complement the traditional email security filters. The AI capabilities were deployed to support proactive detection of cybersecurity incidents within the FBC infrastructure, active cyber hunting, containment and remediation, and incident response activities.

ESG Risk Management

Climate change has come to the fore of ESG risks and is fast becoming a fundamental component within the financial services sector. The coming into effect of the Paris Agreement, a global treaty to strengthen global response to climate change, has changed how businesses operate. The treaty has become an international standard and a key determinant of business continuity. Alignment of business operations with the Paris Agreement is now a core part of the FBCH Strategy and business approach across all levels of governance.

The Group appreciates the potential operational disruption that can emanate from climate-related risks. Against this backdrop, the Group reviewed the FBCH Group Risk Policy to incorporate ESG safeguards as guided by the FBCH ESG Policy.



Environmental Sustainability

Becoming environmentally friendly requires a total redesign of the business model and realignment of operations to responsible ways of doing business. We believe that financial institutions are a driving force in the sustainability effort. It is part of our strategy to ensure that we reduce our operational environmental footprint and preserve biodiversity. Guided by our Purpose Statement and the High Impact Goals, we intend to substantially improve energy efficiency, reduce waste and preserve water.

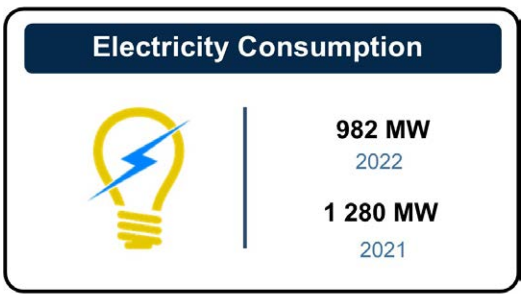
Our Environmental Footprint Highlights

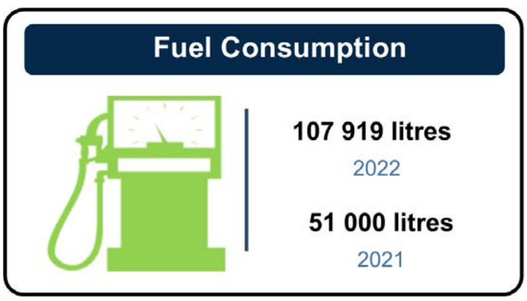
We recognise the essence of tracking our environmental footprint. Guided by the Greenhouse Gas (GHG) Protocol and Department for Environmental, Food and Rural Affairs (DEFRA), the Group continues to make concerted efforts to measure the direct impact of its own operations on living and non-living natural systems, including land, air, water and ecosystems. The Group is however, still exploring ways of measuring its financed emissions. The table below highlights our energy, paper and water consumption in 2022.

	Units		2022	2021
Electricity Consumption	Megawatts		982	1 280
Paper Consumption	Kilograms		6 690	8 140
Carbon Emissions	Tonnes	Scope 1	269	66
		Scope 2	608	743
		Total	877	808
Fuel Consumption	Litres	Diesel	79 513	25 000
		Petrol	28 406	26 000
Water Consumption	Mega litres	Municipal	8.2	10.6
		Borehole	1.4	1.5

Energy Consumption

FBC Holdings' energy consumption is derived primarily from non-renewable sources of energy. This relates to the direct impact of our operations in the form of electricity and fuel consumption. The diagrams below reflect our fuel and electricity consumption.





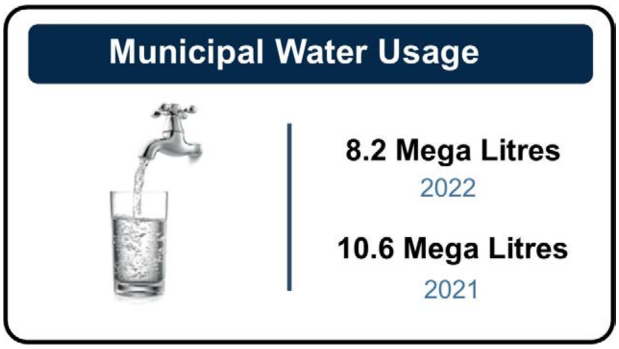
Sustainability Report (Continued)

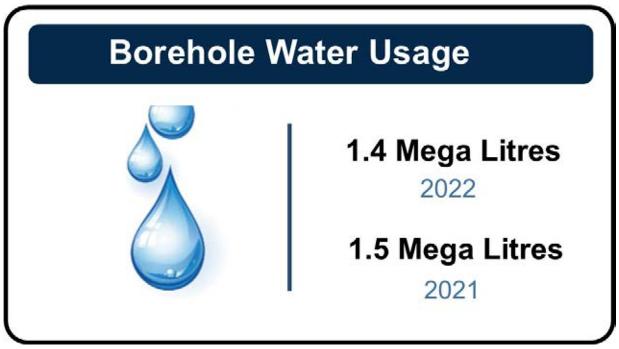
During the period under review, the Group's fuel usage was up 111% compared to the prior year, mainly due to Covid-19 regulations which restricted mobility in 2021. Our fuel usage is mostly in the form of motor vehicles, staff buses and construction vehicles.

Lately, due to crippling power cuts, the Group has had to rely on generators to power its premises across the country and this explains the 23% decline in electricity usage. To drift away from non-renewable sources of energy and support the transition to a low-carbon economy, the Group is adopting solar rooftop energy for its branches. Chinhoyi and Harare Private Banking branches are already running on renewable solar energy.

Water Usage

With the exception of the building society subsidiary, our operations typically do not require large volumes of water. Most of the water is used for drinking and basic sanitary services. Despite the return of all employees into our office spaces, our water consumption levels continue to decline. This is mostly attributed to limited construction activity under FBC Building Society.



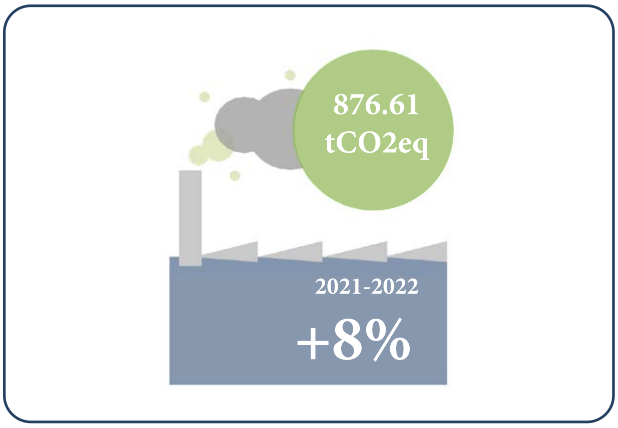


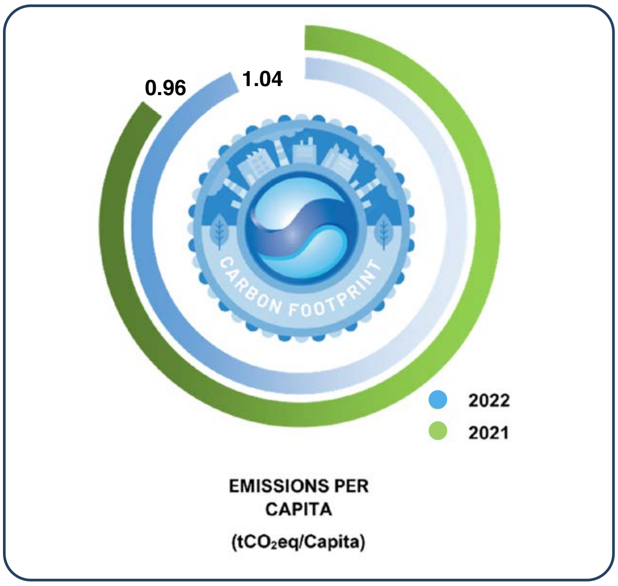
Paper Usage & Waste Management

We are aware that the production of paper results in de-forestation, consumes a significant amount of energy and Water and worsens air pollution as well as waste issues. It is believed that approximately 85% of the paper we use comes from forests that do not regenerate again. An increased production of pulp paper will exert equivalent pressure on biodiversity. Armed with this background understanding, we are making concerted efforts to create a paperless working environment. As part of our resource efficiency strategy, we have long since leveraged a business partnership that has allowed us to recycle all our waste paper, hence allowing us to reduce our overall footprint. During the period under review, the Group managed to recycle 3 843 Kilograms of waste paper.

Emissions

Our internal processes do not result in significant emissions into the atmosphere because we are an office-based organisation. The diagrams below highlight our emissions.





Sustainability Report (Continued)

Tree Planting Initiative

FBC Holdings Limited understands that it's business operations interact with the society and environment. It is therefore important to ensure that all points of interaction foster symbiosis between the Group, the environment and society. This understanding has influenced the Group to make a commitment to plant 4 000 trees during the 2022 tree planting month in a bid to sequester its carbon footprint and complement national tree planting efforts. This was a nationwide tree-planting programme that was led by all FBC branches across the country.

FBCH Top Management planting trees on the National Planting Day

Sustainability Report (Continued)

Community Involvement

The Group aspires to always make an unselfish contribution and meaningful impact to the various communities we serve. Our support on community involvement and sponsorship is primarily focused on education and sports. During the period under review, the Group sponsored the following initiatives;

Education

- Tertiary education of underprivileged learners
    - o 10 Zimbabwean students at University of Zambia
    - o 10 students at Midlands State University & Chinhoyi University of Technology
- Building material for the construction of classroom blocks at Denya Primary School
- Zimbabwe Open University (ZOU) Graduation Ceremony
- Acacia Junior School Prize Giving Day
- Institute of Bankers of Zimbabwe Best results
- Law Society of Zimbabwe (LSZ) Winter school

Sporting Initiatives

- 2022 Zimbabwe Open Golf tournament – Lead Sponsorship
- National Social Security Authority (NSSA) Charity Fundraising Golf Tournament
- Institute of People Management of Zimbabwe Annual Charity Golf Day
- Norton Golf Club Fundraising golf tournament sponsorship
- Troutbeck Resort Classic Golf Tournament
- Vimbiso Scholarship Trust Fund Charity Golf Day
- Vengesai Muzenda Invitational Golf Tournament
- AFCON Sponsorship

Health, Women Empowerment & Charity

- Zimpapers Cancer Awareness Campaign
- National Launch of the International Rural Women's Day Solar prizes
- Mutemwa Leprosy Catholic Centre Charity Golf Day sponsorship
- ZIMRA Charity Trust Fundraising Cocktail
- Booties Pharmacies @12 Purple Festival
- Chartered Accountants Students Society (CASS) raffle fundraising
- Entembeni Old People's Home

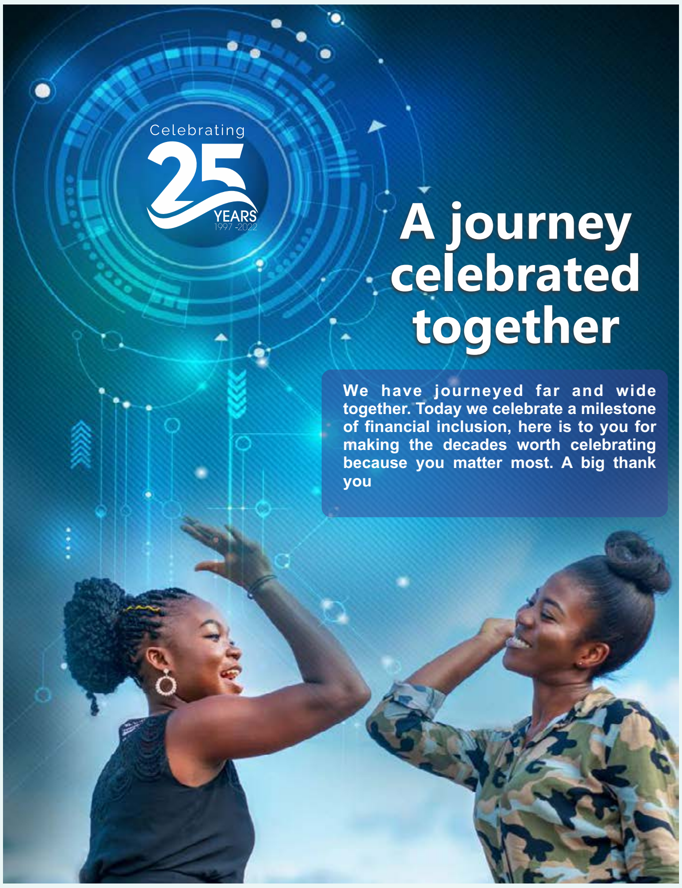
Environmental & Other

- 4 000 trees planted and donated to schools, churches and communities
- Litter Bins along Nelson Mandela
- Employers Confederation of Zimbabwe (EMCOZ) 40th Annual Congress and Annual General Meeting

Corporate Social Responsibility Expenditure Breakdown

Sector	ZWL
Agriculture	328 800
Education	15 318 635
Health	55 991 405
Social Welfare and Community Initiatives	21 410 215
Sports	21 353 210
Total	**114 402 265**

Sustainability Report (Continued)



Awards & Recognition

The Group strives to be an employer of choice and responsible corporate citizen that always displays the highest levels of integrity, inclusion and diversity. We are proud to have achieved excellence in the following areas;

Governance

- Best Banking Board Governance Practices- Chartered Governance and Accountancy Institute in Zimbabwe (ECGA)
- Best Banking Risk Management- Chartered Governance and Accountancy Institute in Zimbabwe (ECGA)

Sustainability

- CSR Award for Inclusive Development of SDGs- CSR Network Zimbabwe (FBC Holdings)
- Social Responsibility Award- Zimbabwe Independent Banks & Banking Survey (FBC Bank)
- 1st Runner Up Fastest Outreach Growing MFI (MicroPlan)- Zimbabwe Association of Microfinance Institutions (MicroPlan)
- Overall Service Excellence Winner the Microfinance Sector-Customer Service Excellence Awards(CCAZ) (MicroPlan)

Customer Service and Brand Positioning

- FBC Bank was recognised as one of the top 200 brands in Zimbabwe- Marketers Association of Zimbabwe
- FBC Bank was recognised as one of the 2022 SuperBrands-Marketers Association of Zimbabwe
- Best Campaign - Finance & Insurance (Banking and Finance Sector)- Institute of Public Relations & Communication Zimbabwe(IPRCZ)

Top Management Awards

- Roy Nyakunuwa (Head of FBC Group Marketing) won the Top CSR Executive of the Year Award
- Roy Nyakunuwa (Head of FBC Group Marketing) won the Corporate Crisis Manager of the Year Award
- Ndabezinhle Moyo (Security Manager) won the Risk Leader of the Year, African Region and Risk Educator Category Award

Directors' Report

The Directors have pleasure in submitting the annual report and financial statements, for the financial year ended 31 December 2022, 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 six 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 2022. 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 2022 was ZWL 62 768 927 173 (2021: ZWL 49 339 829 861)

FINANCIAL STATEMENTS

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
The results reflected a profit before income tax for the year of	23 632 075 346	17 020 736 222	49 139 594 944	7 715 527 914
Income tax expense	(11 060 298 377)	(2 099 060 367)	(9 091 825 619)	(844 386 292)
Profit for the year	**12 571 776 969**	**14 921 675 855**	**40 047 769 325**	**6 871 141 622**
Equity holders of the parent	12 555 216 195	14 914 793 109	40 018 317 742	6 867 849 980
Non-controlling interest	16 560 774	6 882 746	29 451 583	3 291 642
	12 571 776 969	**14 921 675 855**	**40 047 769 325**	**6 871 141 622**

DIRECTORS' INTERESTS

As at 31 December 2022, 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	45 778 925	45 921 166
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	**77 446 330**	**77 638 685**

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 2022					
FBC Bank Limited	RBZ	30 000 000	20 530 170 000	25 030 757 963	36 988 394 341
FBC Building Society	RBZ	20 000 000	13 686 780 000	15 197 288 600	18 941 629 799
FBC Reinsurance Limited	IPEC		150 000 000	3 343 774 286	3 343 774 286
FBC Securities (Private) Limited	SECZ		150 000	181 864 220	181 864 220
FBC Insurance Company (Private) Limited	IPEC		37 500 000	2 238 049 863	2 238 049 863
Microplan Financial Services (Private) Limited	RBZ	25 000	17 108 475	496 478 280	496 478 280
As at 31 December 2021					
FBC Bank Limited	RBZ	30 000 000	3 259 980 000	5 503 063 672	7 496 905 646
FBC Building Society	RBZ	20 000 000	2 173 320 000	2 433 035 168	3 175 267 012
FBC Reinsurance Limited	IPEC	-	150 000 000	1 169 766 287	1 169 766 287
FBC Securities (Private) Limited	SECZ	-	150 000	102 553 687	102 553 687
FBC Insurance Company (Private) Limited	IPEC	-	37 500 000	428 576 366	428 576 366
Microplan Financial Services (Private) Limited	RBZ	25 000	2 716 650	96 859 762	96 859 762

At 31 December 2022, the banking subsidiary's capital adequacy ratio computed under the Reserve Bank of Zimbabwe regulations was 19% and that of the building society was 39%, 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		UNAUDITED HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Ordinary share capital	3 949 176 996	3 949 176 996	18 502 313	18 502 313
Share premium	2 816 945 329	2 816 945 329	13 197 687	13 197 687
Retained profits	23 526 206 939	16 097 100 101	28 104 168 290	5 746 945 751
General reserve	-	-	-	-
Capital allocated for market and operational risk	(8 895 346 286)	(5 880 652 792)	(8 895 346 286)	(1 710 686 203)
Advances to insiders	(3 105 110 328)	(947 340 616)	(3 105 110 328)	(275 582 079)
Tier 1 Capital	**18 291 872 650**	**16 035 229 018**	**16 135 411 676**	**3 792 377 469**
Other reserves	5 943 308 191	3 244 021 670	8 852 526 051	1 718 259 895
General provisions	-	-	-	-
Tier 1 and 2 Capital	**24 235 180 841**	**19 279 250 688**	**24 987 937 727**	**5 510 637 364**
Tier 3 capital allocated for market and operational risk	8 895 346 286	5 880 652 792	8 895 346 286	1 710 686 203
	33 130 527 127	**25 159 903 480**	**33 883 284 013**	**7 221 323 567**
Risk weighted assets	**180 032 513 393**	**131 676 902 479**	**180 032 513 393**	**38 304 907 355**
Tier 1 ratio (%)	10%	12%	9%	10%
Tier 2 ratio (%)	3%	2%	5%	4%
Tier 3 ratio (%)	5%	4%	5%	4%
Capital adequacy ratio (%)	**18%**	**19%**	**19%**	**19%**
Minimum statutory capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

Directors' Report (Continued)

FBC Building Society capital adequacy ratio	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Share capital and share premium	6 084 240 881	6 084 240 882	1 081 627 589	1 081 627 589
Accumulated surplus	10 906 372 076	4 232 483 072	14 115 661 011	1 351 407 579
Capital allocated for market and operational risk	(7 365 074 144)	(584 055 292)	(1 143 653 626)	(140 880 690)
Advances to insiders	-	-	-	-
Tier 1 Capital	**9 625 538 813**	**9 732 668 662**	**14 053 634 974**	**2 292 154 478**
Non distributable reserves	-	-	-	-
Revaluation reserves	2 632 002 140	1 373 782 145	3 744 341 199	742 231 844
Tier 1 and 2 Capital	**12 257 540 953**	**11 106 450 807**	**17 797 976 173**	**3 034 386 322**
Tier 3 capital allocated for market and operational risk	7 365 074 144	584 055 292	1 143 653 626	140 880 690
	19 622 615 097	**11 690 506 099**	**18 941 629 799**	**3 175 267 012**
Risk weighted assets	**48 441 619 891**	**29 254 020 678**	**48 441 619 891**	**7 091 680 031**
Tier 1 ratio (%)	20%	33%	29%	32%
Tier 2 ratio (%)	5%	5%	8%	10%
Tier 3 ratio (%)	15%	2%	2%	2%
Capital adequacy ratio (%)	**41%**	**40%**	**39%**	**45%**
Minimum statutory capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

DIVIDEND

A final dividend of 297.64 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 28 March 2023 in respect of the year ended 31 December 2022. The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 14 April 2023. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 11 April 2023 and ex-dividend as from 12 April 2023. Dividend payment will be made to Shareholders on or about 28 April 2023.

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.

Directors' Report (Continued)

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 consolidated and company inflation adjusted financial statements, which have been prepared on the basis of historical cost financial information as restated using IAS 29 principles (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 in the manner required by the Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07) Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29) the Companies and Other Business Entities Act (Chapter 24:31).

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. As at the end of February 2023, 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 at the end of February 2023 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 the environment we are operate in.

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 2022 set out on pages 67 to 200 were approved by the Board of Directors on 31 March 2023.

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.

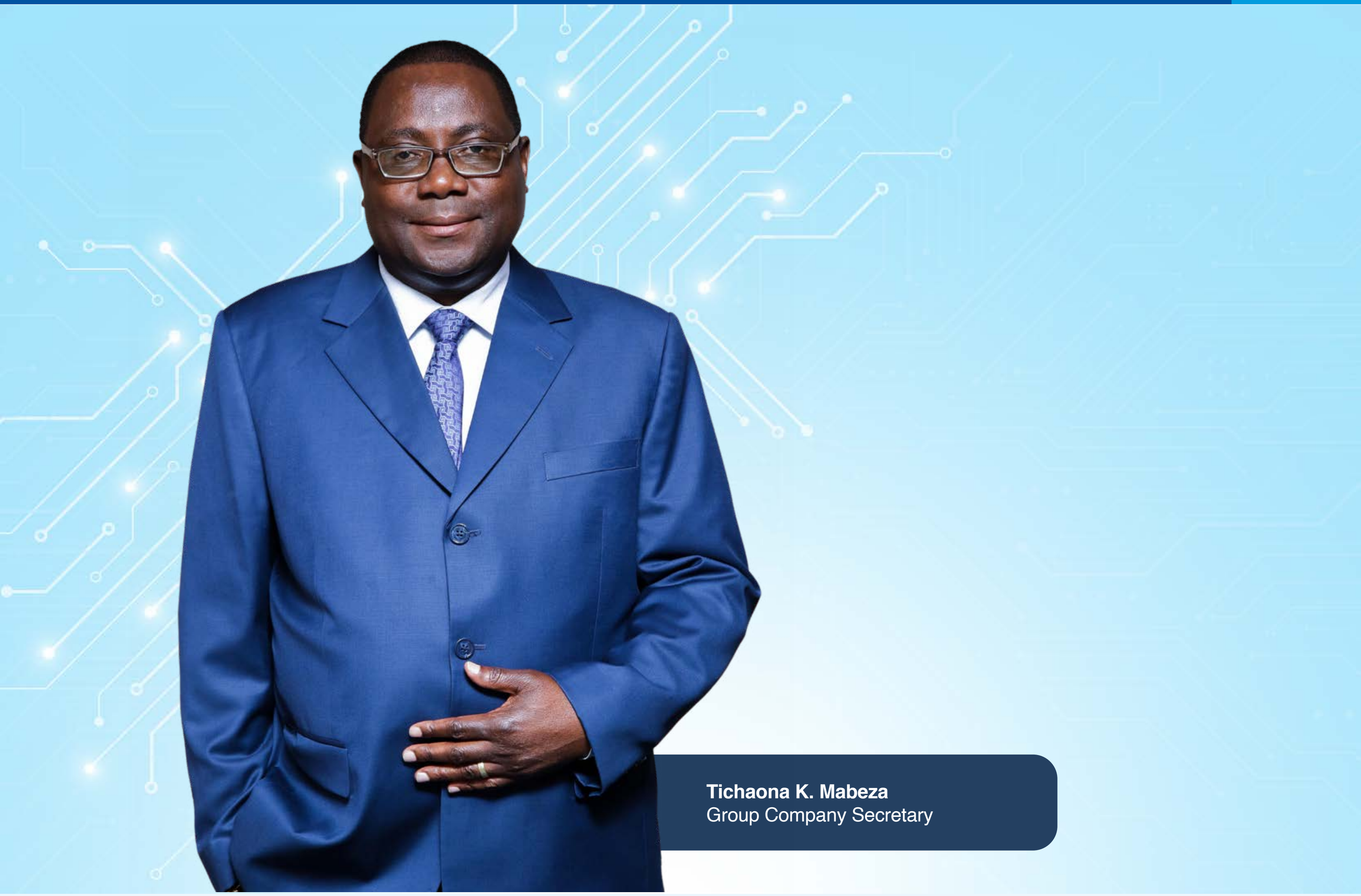
By order of the Board

Tichaona K. Mabeza
SECRETARY
31 March 2023

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 : 00923



Company Secretary's Certification

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 2023

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 the Managing Director of Telone and is currently the director of several other companies. She was appointed to the Board of FBC Holdings Limited on the 3rd of July 2012.

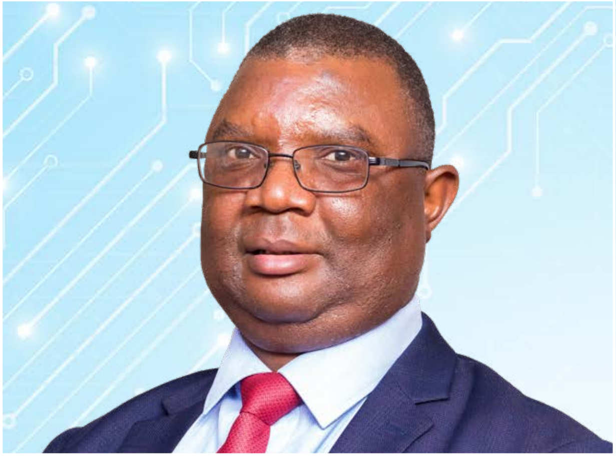
DR. JOHN MUSHAYAVANHU
AIBZ, DIP MANAGEMENT, MBA, DBA
(GROUP CHIEF EXECUTIVE)

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 42 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 32 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)

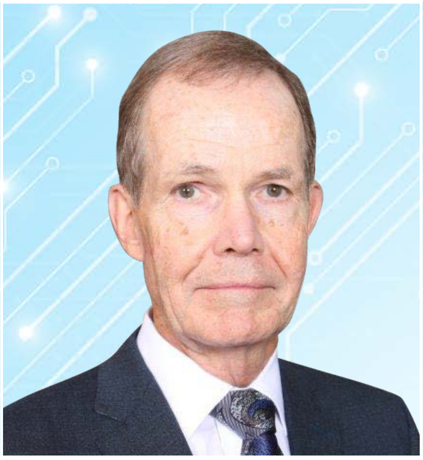


KLETO CHIKETSANI
Bachelor of Business Studies (Honours) (UZ), AIISA
(EXECUTIVE DIRECTOR)

Kleto has over 29 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 31 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)

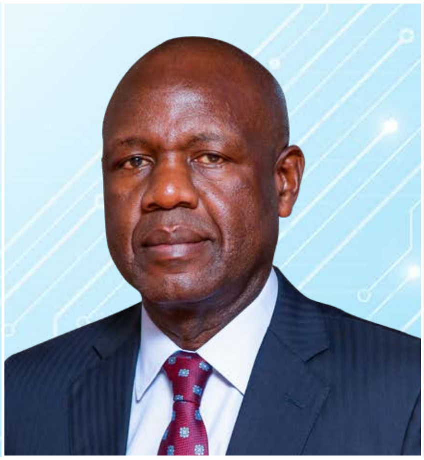
Mr Msipa is a lawyer by profession with years of experience at a senior level in various organizations, and is currently Group Managing Director of Schweppes Holdings Africa Limited.

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 as 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	N/A	N/A	N/A
John Mushayavanhu*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√
Kleto Chiketsani*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aeneas Chuma**	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A
Gary Collins**	√	√	X	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	X	√	√	√	√	√
Franklin Kennedy**	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trynos Kufazvinei*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Makwara***	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√
Canada Malunga**	√	X	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√
Charles Msipa**	√	√	√	√	√	√	√	X	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rutenhuro Moyo**	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sifiso Ndlovu***	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A
Vimbai Nyemba**	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A
Webster Rusere*	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

Corporate Governance (Continued)

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
R. Moyo
J. Mushayavanhu

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 and the Group Chief Executive.

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 investigations 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 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 Divisional directors 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, and Divisional Directors of Credit and Risk.

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. Meetings of the committee are attended by invitation by other senior executives of the Bank.

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.

Corporate Governance (Continued)

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 Divisional Director 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 Divisional Director 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 Head of Group Compliance who reports administratively to the Group Chief Executive and directly to the Group Risk and Compliance Committee. The Head of Group Compliance has unrestricted access to the Chairman of the Group Risk and 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 and note 37 under Insurance Risk Management.

Corporate Governance (Continued)

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

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

Subsidiary	2022	2021	2019	2018	2017	2016	2015	2014	2013
FBC Bank Limited	A-	A-	BBB+	BBB+	BBB+	BBB+	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-
FBC Insurance Company Limited	-	-	A-	A-	A-	A-	A-	BBB	BBB-
Microplan Financial Services Limited	-	-	BBB	BBB	BBB	BBB-	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), which comprise the inflation adjusted consolidated and company statements of financial position as at 31 December 2022, and the inflation adjusted consolidated and company statement of profit or loss and other comprehensive income, the inflation adjusted consolidated and company statements of changes in equity and the inflation adjusted consolidated and company statements of cash flows for the year then ended, and the notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

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Independent Auditors' Report (Continued)

1. Valuation of property and investment property

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

Refer to:

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

Key audit matter	How the matter was addressed in our audit
The Group and the Company hold property that is measured at fair value in accordance with IAS 16 - Property, Plant and Equipment (IAS 16). The Group also holds investment property which is measured at fair value in accordance with IAS 40 - Investment Property (IAS 40). As at reporting date the Group had property amounting to ZWL 21 billion inflation adjusted (6 percent of the Group's total assets), of which ZWL1.8 billion inflation adjusted relates to the Company, and investment property amounting to ZWL 27.6 billion inflation adjusted which is 8 percent of the Group's total assets. Investment property and property are subject to variability in values. The fair values of the Group's and Company's properties are classified as Level 3 in the fair value hierarchy, through their use of unobservable inputs such as rental rates per square meter and capitalisation rates which have estimation uncertainty inherent in their values. Furthermore, the hyperinflationary environment make it increasingly more challenging to determine the fair values. Determination of the fair value of investment property and property is subject to significant judgement and estimation uncertainty and is significant in relation to total assets and requires the involvement of independent professionally qualified valuers. The valuation of the Group and the Company's owner occupied properties and the Group's investment property was considered a key audit matter.	Our procedures included the following: • Evaluating the professional competence and capabilities, independence and objectivity of the external valuers engaged by the directors to value the properties. • Engaged our own professional independent property valuer to reperform valuations on a sample basis and compare to the valuations as determined by the directors' valuers. • Evaluating the professional competence and capabilities, independence and objectivity of our own engaged professional independent property valuer. • Our engaged independent professional property valuer evaluated whether the valuation methodologies and assumptions used by the directors' engaged valuers are appropriate, based on their knowledge of the industry and the requirements of IFRS 13 - Fair Value Measurement (IFRS 13); • 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.

Independent Auditors' Report (Continued)

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

This matter relates to the inflation adjusted consolidated financial statements.

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

Key audit matter	How the matter was addressed in our audit
As at reporting date, the Group had net loans and advances to customers of ZWL 150 billion inflation adjusted which is 45 percent of the Group's total assets. The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances to customers. The Group's ECL model includes certain judgements and assumptions such as: • the credit grade allocated to the counterparties in the personal loans, corporate loans and mortgages categories; • the probability of a loan becoming past due and subsequently defaulting (probability of default PD); • the determination of the Group's definition of default; • the magnitude of the likely loss if there is default (loss given default LGD); • the expected exposure in the event of a default (exposure at default EAD); • the criteria for assessing significant increase in credit risk (SICR); • the rate of recovery on the loans that are past due and in default; • the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, • market values and estimated time and cost to sell collateral; and • the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, central bank policy on interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. Due to the quantitative significance of loans and advances to customers on the Group and the level of judgement and estimation uncertainty as well as the additional audit effort applied in determining the ECL, the expected credit loss on loans and advances to customers was considered a key audit matter.	Our procedures included the following: • Assessing and testing the design, implementation and operating effectiveness of the key controls over credit origination and monitoring in the loan granting process; • Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments (IFRS 9); • Engaging our Financial Risk Management (FRM) specialists to evaluate the appropriateness of the Group's IFRS 9 expected credit losses model and reviewing the reasonability of the methodology updates within the Group's IFRS 9 ECL model since the prior year; • With the assistance of FRM, assessed adequacy of LGD and PD for Stage 3 ECLs • Using available external and independent information regarding macro-economic factors to challenge management's judgements and assumptions in determining expected credit losses; • Assessing the completeness, accuracy and validity of data and inputs used during the development and application of the ECL model by performing test of controls over a sample of loans and advances from the loan books; • For a sample of loans and advances, we evaluated the appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of selected entities; and • Assessing the adequacy of the Group's disclosures in respect of ECL as required in terms of IFRS 7, Financial instruments disclosures.

Independent Auditors' Report (Continued)

Other information

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG

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

31 March 2023

For and on behalf of, KPMG Chartered Accountants (Zimbabwe),
Reporting Auditors Mutual Gardens
100 The Chase (West) Emerald Hill
P.O Box 6, Harare Zimbabwe
Emerald Hill
P.O Box 6, Harare
Zimbabwe

Consolidated Statement of Financial Position
As at 31 December 2022

	Note	INFLATION ADJUSTED 31 Dec 2022 ZWL	INFLATION ADJUSTED 31 Dec 2021 ZWL	HISTORICAL COST * 31 Dec 2022 ZWL	HISTORICAL COST * 31 Dec 2021 ZWL
ASSETS					
Balances with banks and cash	4	83 802 420 171	60 637 822 290	83 802 420 171	17 639 586 908
Financial assets at amortised cost	5.5	8 078 817 179	6 771 121 322	8 078 817 179	1 969 724 151
Loans and advances to customers	5.1	149 660 348 799	80 898 404 461	149 659 681 728	23 533 213 273
Trade and other receivables including insurance receivables	5.2	5 323 095 683	2 176 852 002	4 859 643 297	618 741 001
Bonds and debentures	6	-	23 856 306	-	6 939 817
Financial assets at fair value through profit or loss	7	14 599 436 013	12 516 965 476	14 987 163 744	3 724 819 859
Financial assets at fair value through other comprehensive income	8	212 026 146	536 266 935	212 026 146	156 000 444
Inventory	9	875 391 060	1 061 544 275	315 339 718	102 710 413
Prepayments and other assets	10	20 269 548 640	22 905 264 775	19 470 057 397	6 546 709 548
Current income tax asset		554 646 357	80 634 465	554 646 357	23 456 625
Deferred tax assets	18.3	2 264 275 602	657 413 378	2 094 242 069	149 384 316
Investment property	11	27 644 769 068	14 356 707 923	27 644 769 068	4 176 376 848
Intangible assets	12	423 992 922	446 534 383	66 489 513	16 479 083
Property and equipment	13	21 059 327 497	13 929 402 247	21 059 327 497	4 052 073 314
Right of use asset	29.3	609 285 079	592 413 964	149 280 136	75 026 793
Total assets		**335 377 380 216**	**217 591 204 202**	**332 953 904 020**	**62 791 242 393**
EQUITY AND LIABILITIES					
Liabilities					
Deposits from customers	14.1	110 579 907 317	89 235 477 576	110 579 907 317	25 958 665 772
Deposits from other banks	14.2	13 501 664 368	8 887 589 308	13 501 664 368	2 585 406 238
Borrowings	15	68 162 013 119	29 088 916 273	68 162 013 119	8 461 987 045
Insurance liabilities	16	5 469 140 144	2 681 471 584	4 524 170 127	681 083 275
Trade and other payables	17	62 248 476 363	34 442 314 038	59 987 859 751	9 635 885 014
Current income tax liability		357 618 032	1 329 468 651	357 618 032	386 743 397
Deferred tax liability	18.3	11 957 913 188	2 233 124 696	10 557 447 797	668 583 798
Lease liability	29.3	222 854 708	284 099 605	222 854 708	82 644 775
Total liabilities		**272 499 587 239**	**168 182 461 731**	**267 893 535 219**	**48 460 999 314**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	19.3	3 007 379 554	3 007 379 554	14 089 892	14 089 892
Other reserves	20	21 933 647 816	17 627 182 707	17 070 518 046	4 515 727 159
Retained profits		37 827 899 803	28 705 267 600	47 872 816 644	9 780 717 590
Total equity excluding non controlling interest		**62 768 927 173**	**49 339 829 861**	**64 957 424 582**	**14 310 534 641**
Non controlling interest in equity		108 865 804	68 912 610	102 944 219	19 708 438
Total equity		**62 877 792 977**	**49 408 742 471**	**65 060 368 801**	**14 330 243 079**
Total equity and liabilities		**335 377 380 216**	**217 591 204 202**	**332 953 904 020**	**62 791 242 393**

The consolidated financial statements on pages 67 to 180 were authorised for issue by the board of directors on 31 March 2023 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 2022

		INFLATION ADJUSTED		HISTORICAL COST *	
	Note	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Interest income calculated using the effective interest method	21	42 913 440 210	22 318 645 571	32 152 044 557	5 251 560 294
Interest and related expense	21.1	(13 328 514 178)	(4 804 684 062)	(10 647 773 321)	(1 031 726 763)
Net interest related income		**29 584 926 032**	**17 513 961 509**	**21 504 271 236**	**4 219 833 531**
Fee and commission income	22	17 504 338 919	11 625 455 249	12 618 022 195	2 739 394 072
Fee and commission expense	22.1	(268 662 885)	(81 881 667)	(211 704 766)	(18 802 373)
Net fee and commission income		**17 235 676 034**	**11 543 573 582**	**12 406 317 429**	**2 720 591 699**
Revenue from property sales	23	30 942 783	2 071 609 763	10 786 026	345 152 838
Cost of property sales	23.1	(17 522 546)	(1 176 088 607)	(4 038 249)	(214 879 887)
Net income from property sales		**13 420 237**	**895 521 156**	**6 747 777**	**130 272 951**
Insurance premium revenue	24	9 989 180 272	8 968 093 221	6 618 929 201	1 899 843 672
Premium ceded to reinsurers and retrocessionaires		(1 892 222 610)	(2 857 964 023)	(1 338 477 774)	(633 154 154)
Net earned insurance premium		**8 096 957 662**	**6 110 129 198**	**5 280 451 427**	**1 266 689 518**
Revenue		**54 930 979 965**	**36 063 185 445**	**39 197 787 869**	**8 337 387 699**
Net foreign currency dealing and trading income		41 623 072 155	11 267 959 091	39 046 719 616	3 101 257 685
Net gain from financial assets at fair value through profit or loss	25	9 975 499 025	8 415 823 033	8 508 690 949	2 498 187 805
Other operating income	26	12 526 045 097	5 812 889 145	21 401 168 175	2 387 918 323
Total other income		**64 124 616 277**	**25 496 671 269**	**68 956 578 740**	**7 987 363 813**
Total net income		**119 055 596 242**	**61 559 856 714**	**108 154 366 609**	**16 324 751 512**
Impairment allowance	5.4	(4 575 667 503)	(1 578 792 382)	(4 575 667 503)	(459 271 860)
Insurance commission expense	27	(1 635 871 973)	(957 770 312)	(1 102 642 705)	(190 458 281)
Insurance commission recovered from reinsurers	27	519 180 261	584 872 495	392 571 715	136 568 007
Insurance claims and loss adjustment expenses	28	(5 923 190 556)	(3 176 933 440)	(4 425 449 681)	(742 048 929)
Insurance claims and loss adjustment expenses recovered from reinsurers	28	1 046 154 964	329 404 736	886 561 692	67 256 653
Administrative expenses	29	(69 553 341 706)	(30 869 187 622)	(50 190 145 183)	(7 421 269 188)
Monetary loss		(15 300 784 383)	(8 870 713 967)	-	-
Profit before income tax		**23 632 075 346**	**17 020 736 222**	**49 139 594 944**	**7 715 527 914**
Income tax expense	30.1	**(11 060 298 377)**	**(2 099 060 367)**	**(9 091 825 619)**	**(844 386 292)**
		12 571 776 969	**14 921 675 855**	**40 047 769 325**	**6 871 141 622**

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	Note	INFLATION ADJUSTED 31 Dec 2022 ZWL	INFLATION ADJUSTED 31 Dec 2021 ZWL	HISTORICAL COST * 31 Dec 2022 ZWL	HISTORICAL COST * 31 Dec 2021 ZWL
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains on property and equipment revaluation		6 409 622 020	3 658 561 629	16 001 408 016	2 172 804 063
Related tax		(1 036 276 424)	(400 992 868)	(2 641 444 347)	(374 803 696)
Gain on financial assets at fair value through other comprehensive income		18 630 163	404 298 037	56 025 704	117 610 595
Related tax		(645 201)	(6 720 478)	(2 514 976)	(1 954 992)
		5 391 330 558	**3 655 146 320**	**13 413 474 397**	**1 913 655 970**
Items that may be subsequently reclassified to profit or loss					
Foreign operations – foreign currency translation differences		549 414 693	-	549 414 693	-
Related tax		-	-	-	-
		549 414 693	**-**	**549 414 693**	**-**
Total other comprehensive income net income tax		**5 940 745 251**	**3 655 146 320**	**13 962 889 090**	**1 913 655 970**
Total comprehensive income for the year		**18 512 522 220**	**18 576 822 175**	**54 010 658 415**	**8 784 797 592**
Profit attributable to:					
Equity holders of the parent		12 555 216 195	14 914 793 109	40 018 317 742	6 867 849 980
Non - controlling interest		16 560 774	6 882 746	29 451 583	3 291 642
Profit for the year		**12 571 776 969**	**14 921 675 855**	**40 047 769 325**	**6 871 141 622**
Total comprehensive income attributable to:					
Equity holders of the parent		18 472 569 026	18 559 518 038	53 927 422 634	8 774 791 293
Non - controlling interest		39 953 194	17 304 137	83 235 781	10 006 299
		18 512 522 220	**18 576 822 175**	**54 010 658 415**	**8 784 797 592**
Earnings per share (ZWL cents)					
Basic earnings per share	33.1	1 996.28	2 369.27	6 362.91	1 090.98
Diluted earnings per share	33.2	1 996.28	2 369.27	6 362.91	1 090.98
Headline earnings per share	33.3	1 996.21	2 371.38	6 361.35	1 091.19
Diluted headline earnings per share	33.4	1 996.21	2 371.38	6 361.35	1 091.19

*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 2022

INFLATION ADJUSTED

	Share capital	Share premium ZWL	Retained profits ZWL	Translation reserve ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2021	**1 434 127**	**3 005 945 427**	**15 938 031 258**	**-**	**(2 409 138 516)**	**7 985 590 206**	**2 805 243 470**	**386 731 089**	**356 591 942**	**28 070 429 003**	**51 608 474**	**28 122 037 477**
Profit for the year	-	-	14 914 793 109	-	-	-	-	-	-	14 914 793 109	6 882 746	14 921 675 855
Other comprehensive income:												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	3 247 147 371	-	-	3 247 147 371	10 421 390	3 257 568 761
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	397 577 559	-	397 577 559	-	397 577 559
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3 247 147 371**	**397 577 559**	**-**	**3 644 724 930**	**10 421 390**	**3 655 146 320**
Total comprehensive income	**-**	**-**	**14 914 793 109**	**-**	**-**	**-**	**3 247 147 371**	**397 577 559**	**-**	**18 559 518 039**	**17 304 136**	**18 576 822 175**
Transaction with owners:												
Dividend declared and paid	-	-	(2 147 556 767)	-	-	-	-	-	-	(2 147 556 767)	-	(2 147 556 767)
Treasury share sale	-	-	-	-	1 291 641 296	6 050 653 616	-	-	-	7 342 294 912	-	7 342 294 912
Treasury share purchase	-	-	-	-	(2 484 855 326)	-	-	-	-	(2 484 855 326)	-	(2 484 855 326)
Total transactions with owners recognised directly in equity	**-**	**-**	**(2 147 556 767)**	**-**	**(1 193 214 030)**	**6 050 653 616**	**-**	**-**	**-**	**2 709 882 819**	**-**	**2 709 882 819**
Balance as at 31 December 2021	**1 434 127**	**3 005 945 427**	**28 705 267 600**	**-**	**(3 602 352 546)**	**14 036 243 822**	**6 052 390 841**	**784 308 648**	**356 591 942**	**49 339 829 861**	**68 912 610**	**49 408 742 471**
Balance as at 1 January 2022	**1 434 127**	**3 005 945 427**	**28 705 267 600**	**-**	**(3 602 352 546)**	**14 036 243 822**	**6 052 390 841**	**784 308 648**	**356 591 942**	**49 339 829 861**	**68 912 610**	**49 408 742 471**
Profit for the year	-	-	12 555 216 195	-	-	-	-	-	-	12 555 216 195	16 560 774	12 571 776 969
Other comprehensive income:												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	5 349 953 176	-	-	5 349 953 176	23 392 420	5 373 345 596
Foreign operations – foreign translation differences	-	-	-	549 414 693	-	-	-	-	-	549 414 693	-	549 414 693
Loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	17 984 962	-	17 984 962	-	17 984 962
Total other comprehensive income	**-**	**-**	**-**	**549 414 693**	**-**	**-**	**5 349 953 176**	**17 984 962**	**-**	**5 917 352 831**	**23 392 420**	**5 940 745 251**
Total comprehensive income	**-**	**-**	**12 555 216 195**	**549 414 693**	**-**	**-**	**5 349 953 176**	**17 984 962**	**-**	**18 472 569 026**	**39 953 194**	**18 512 522 220**
Transaction with owners:												
Dividend declared and paid	-	-	(3 432 583 992)	-	-	-	-	-	-	(3 432 583 992)	-	(3 432 583 992)
Treasury share purchase	-	-	-	-	(1 610 887 722)	-	-	-	-	(1 610 887 722)	-	(1 610 887 722)
Total transactions with owners recognised directly in equity	**-**	**-**	**(3 432 583 992)**	**-**	**(1 610 887 722)**	**-**	**-**	**-**	**-**	**(5 043 471 714)**	**-**	**(5 043 471 714)**
Balance as at 31 December 2022	**1 434 127**	**3 005 945 427**	**37 827 899 803**	**549 414 693**	**(5 213 240 268)**	**14 036 243 822**	**11 402 344 017**	**802 293 610**	**356 591 942**	**62 768 927 173**	**108 865 804**	**62 877 792 977**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

HISTORICAL COST

	Share capital	Share premium ZWL	Retained profits ZWL	Translation reserve ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2021	6 719	14 083 173	3 402 259 409	-	(59 994 649)	50 141 638	1 462 097 784	36 736 543	1 670 671	4 907 001 288	9 702 139	4 916 703 427
Profit for the year	-	-	6 867 849 980	-	-	-	-	-	-	6 867 849 980	3 291 642	6 871 141 622
Other comprehensive income:												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	1 791 285 710	-	-	1 791 285 710	6 714 657	1 798 000 367
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	115 655 603	-	115 655 603	-	115 655 603
Total other comprehensive income	-	-	-	-	-	-	1 791 285 710	115 655 603	-	1 906 941 313	6 714 657	1 913 655 970
Total comprehensive income	-	-	6 867 849 980	-	-	-	1 791 285 710	115 655 603	-	8 774 791 293	10 006 299	8 784 797 592
Transaction with owners:												
Dividend declared and paid	-	-	(489 391 799)	-	-	-	-	-	-	(489 391 799)	-	(489 391 799)
Treasury share sale	-	-	-	-	304 665 239	1 369 684 700	-	-	-	1 674 349 939	-	1 674 349 939
Treasury share purchase	-	-	-	-	(556 216 080)	-	-	-	-	(556 216 080)	-	(556 216 080)
Total transactions with owners recognised directly in equity	-	-	(489 391 799)	-	(251 550 841)	1 369 684 700	-	-	-	628 742 060	-	628 742 060
Balance as at 31 December 2021	6 719	14 083 173	9 780 717 590	-	(311 545 490)	1 419 826 338	3 253 383 494	152 392 146	1 670 671	14 310 534 641	19 708 438	14 330 243 079
Balance as at 1 January 2022	6 719	14 083 173	9 780 717 590	-	(311 545 490)	1 419 826 338	3 253 383 494	152 392 146	1 670 671	14 310 534 641	19 708 438	14 330 243 079
Profit for the year	-	-	40 018 317 742	-	-	-	-	-	-	40 018 317 742	29 451 583	40 047 769 325
Other comprehensive income:												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	13 306 179 471	-	-	13 306 179 471	53 784 198	13 359 963 669
Foreign operations – foreign translation differences	-	-	-	549 414 693	-	-	-	-	-	549 414 693	-	549 414 693
Loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	53 510 728	-	53 510 728	-	53 510 728
Total other comprehensive income	-	-	-	549 414 693	-	-	13 306 179 471	53 510 728	-	13 909 104 892	53 784 198	13 962 889 090
Total comprehensive income	-	-	40 018 317 742	549 414 693	-	-	13 306 179 471	53 510 728	-	53 927 422 634	83 235 781	54 010 658 415
Transaction with owners:												
Dividend declared and paid	-	-	(1 926 218 688)	-	-	-	-	-	-	(1 926 218 688)	-	(1 926 218 688)
Treasury share purchase	-	-	-	-	(1 354 314 005)	-	-	-	-	(1 354 314 005)	-	(1 354 314 005)
Total transactions with owners recognised directly in equity	-	-	(1 926 218 688)	-	(1 354 314 005)	-	-	-	-	(3 280 532 693)	-	(3 280 532 693)
Balance as at 31 December 2022	6 719	14 083 173	47 872 816 644	549 414 693	(1 665 859 495)	1 419 826 338	16 559 562 965	205 902 874	1 670 671	64 957 424 582	102 944 219	65 060 368 801

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Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	INFLATION ADJUSTED 31 Dec 2022 ZWL	INFLATION ADJUSTED 31 Dec 2021 ZWL	HISTORICAL COST * 31 Dec 2022 ZWL	HISTORICAL COST * 31 Dec 2021 ZWL
Cash flow from operating activities					
Profit before income tax		23 632 075 346	17 020 736 222	49 139 594 944	7 715 527 914
Adjustments for non cash items:					
Monetary loss		15 300 784 383	8 870 713 967	-	-
Depreciation	13	1 239 368 783	894 806 919	603 449 024	182 407 996
Amortisation charge	12	98 345 002	127 965 271	7 607 855	3 227 221
Credit impairment losses	5.4	4 575 667 503	1 578 792 382	4 575 667 503	459 271 860
Net unrealised exchange gains and losses		7 086 714 526	16 374 016 634	(35 911 520 856)	(1 650 252 931)
Fair value adjustment on investment property		(10 709 699 153)	(4 986 751 345)	(19 973 501 636)	(2 354 373 476)
Fair value adjustment on financial assets at fair value through profit or loss	25	(9 975 499 025)	(8 415 823 033)	(8 508 690 949)	(2 498 187 805)
(Profit)/loss on disposal of property and equipment	26	(409 767)	13 318 268	(9 813 718)	1 327 995
Depreciation right of use asset	29.3	197 361 697	123 635 746	85 167 961	22 863 985
Interest on lease liability	29.3	466 276 793	189 434 645	272 767 950	43 846 305
Provisions**		12 809 246 900	3 629 276 447	10 685 011 005	982 536 099
Net cash generated before changes in operating assets and liabilities		**44 720 232 988**	**35 420 122 123**	**965 739 083**	**2 908 195 163**
Decrease/(increase) in financial assets at amortised cost		2 190 431 007	(494 778 882)	(2 610 966 164)	(803 210 246)
Decrease in loans and advances		33 794 090 504	2 070 647 507	(23 570 433 613)	(7 501 771 377)
(Increase)/decrease in trade and other receivables		(3 146 243 681)	708 372 435	(4 240 902 297)	(128 939 664)
Decrease in bonds and debentures		23 856 306	2 593 458 294	6 939 817	466 739 468
Decrease in financial assets at fair value through profit or loss		7 893 028 488	163 151 676	(2 753 652 936)	(418 399 107)
Decrease in inventory		186 153 215	583 484 306	(212 629 305)	23 602 212
Decrease/(increase) in prepayments and other assets		10 323 388 824	(10 476 647 735)	(5 362 919 477)	(4 380 772 232)
Increase in investment property		(2 584 066 826)	(3 963 213 901)	(2 241 598 266)	(843 495 858)
(Decrease)/increase in deposits from customers		(33 081 324 444)	17 126 986 999	30 195 487 360	11 640 513 588
(Decrease)/increase in deposits from other banks		(11 594 755 677)	6 138 048 498	(5 292 572 607)	2 063 100 362
Increase/(decrease) in insurance liabilities		2 787 668 560	(24 272 784)	3 843 086 853	278 628 332
Decrease in trade and other payables		(8 892 673 769)	(296 794 440)	15 777 374 538	2 930 313 430
		42 619 785 495	**49 548 564 096**	**4 502 952 986**	**6 234 504 071**
Income tax paid		(5 419 451 411)	(4 134 756 367)	(5 605 386 107)	(1 007 180 431)
Interest on lease liability paid		(466 276 793)	(189 434 645)	(272 767 950)	(43 846 305)
Net cash generated from operating activities		**36 734 057 291**	**45 224 373 084**	**(1 375 201 071)**	**5 183 477 335**
Cash flows from investing activities					
Purchases of intangible assets	12	(75 803 541)	(43 283 061)	(57 618 285)	(10 632 127)
Purchase of property and equipment	13	(2 224 047 265)	(923 463 420)	(1 721 316 397)	(215 414 925)
Proceeds from sale of property and equipment		43 654 461	13 768 872	27 948 681	3 574 159
Right of use asset		-	-	-	-
Net cash used in investing activities		**(2 256 196 345)**	**(952 977 609)**	**(1 750 986 001)**	**(222 472 893)**
Cash flows from financing activities					
Lease liability principal repayment		(275 477 709)	(114 691 503)	(19 211 371)	(12 314 796)
Proceeds from borrowings	15	61 590 051 000	6 880 401 023	61 590 051 000	1 716 718 100
Repayment of borrowings	15	(74 327 065 154)	(34 168 400 372)	(53 700 135 926)	(4 155 904 659)
Dividend paid to company's shareholders		(3 432 583 992)	(2 147 556 767)	(1 926 218 688)	(489 391 799)
Purchase of treasury shares		(1 610 887 722)	(2 484 855 326)	(1 354 314 005)	(556 216 080)
Sale of treasury shares		-	7 342 294 912	-	1 674 349 939
Net cash used in financing activities		**(18 055 963 577)**	**(24 692 808 033)**	**4 590 171 010**	**(1 822 759 295)**
Net increase in cash and cash equivalents		**16 421 897 369**	**19 578 587 442**	**1 463 983 938**	**3 138 245 147**
Cash and cash equivalents at beginning of the year		**60 637 822 290**	**58 345 816 052**	**17 639 586 908**	**10 559 374 255**
Effects of changes in exchange rates		65 041 720 277	13 550 902 657	64 698 849 325	3 941 967 506
Effects of inflation on cash and cash equivalents		(58 299 019 765)	(30 837 483 861)	-	-
Cash and cash equivalents at the end of year	4.2	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**

**Provisions are comprised of staff related provisions

*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.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage financing, micro lending, reinsurance, short-term insurance 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 2023.

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). The inflation adjusted consolidated financial statements have been prepared from statutory records that are maintained under the historical cost convention (restated under IAS 29 principles) 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.

Functional and presentation currency

The presentation currency of the Group is ZWL and the functional currency of FBC Holdings the company is ZWL.

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 2022 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 2022
CPI as at 31 December 2020	2 474.51	5.525
CPI as at 31 December 2021	3 977.46	3.438
CPI as at 31 December 2022	13 672.91	1

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2.1 Basis of preparation (continued)

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 2021 are restated by applying the change in the index from 31 December 2021 to 31 December 2022.

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 2022. 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 and are not restated. The depreciation amounts are based on the 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 2022.

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 supplementary 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)

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.1 Basis of preparation (continued)
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 2022 the taxable temporary difference in relation to the right-of-use asset is ZWL149 million and the deductible temporary difference in relation to the lease liability is ZWL223 million resulting in a net deferred tax asset of ZWL18 million. Under the amendments the Group will disclose a separate deferred tax liability of ZWL37 million and a deferred tax asset of ZWL55 million. There will be no impact on retained earnings on adoption of the amendments.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

Background
IFRS 4 Insurance Contracts (IFRS 4), the existing standard dealing with the accounting treatment for insurance contracts will be replaced by IFRS 17 for the Group's 2023 financial year. IFRS 4 requires the use of local accounting practices in measuring insurance liabilities (which referred local actuarial guidance) whereas IFRS 17 introduces defined accounting models which will increase the comparability of information reported by all reporting entities that issue insurance contracts. IFRS 17 provides the basis of measurement for defined insurance contracts and reinsurance contracts including measurement of investment contracts with Discretionary Participatory Features (DPF). The transition date for IFRS 17 is 1 January 2023 with the first retrospective restatement being 1 January 2022 as if IFRS 17 had always been in place. Due to the long contract boundaries of certain contracts in the scope of IFRS 17, the standard permitted once-off optional transition simplifications where it would be impracticable to apply components fully retrospectively. This is discussed in more detail below.

Project governance, status and process going forward
IFRS 17 implementation and governance committee, sponsored by the Group's Deputy Group Chief Executive, is responsible for providing overall strategic and implementation direction to the project and monitoring progress. The implementation and governance committee is supported by other working groups responsible for various work streams within the project including but not limited to design decisions in relation to required technical IFRS 17 policies, judgements, methodologies and supporting processes. The implementation and governance committee receives regular updates from the other working groups and in turn reports to the Boards of our insurance subsidiaries.

The implementation of IFRS 17 is significant for the Group's insurance activities, specifically in areas such as revenue recognition, presentation in the statement of comprehensive income, level of transparency of the measurement components and significant additional disclosure requirements. Comprehensive effort has been applied to the technical interpretation of the standard and the design decisions required. While industry discussions have been critical to the project, management is mindful of the possibility of interpretation differences. Management is also cognisant that it remains possible that certain interpretations maybe further clarified as additional information becomes available.

The impact of IFRS 17 on regulatory capital oversight and measurement is expected to be minimal given that the majority of the Group's insurance entities are in Zimbabwe and these entities already comply with the set minimum capital requirements which does not directly reference IFRS 17 measurement.

Overview of IFRS 17
The definition and scope of contracts to be measured under IFRS 17 are largely aligned to IFRS 4, however there are some slight differences regarding certain judgements related to investment contracts with Discretionary Participatory Features (DPF) and the introduction of the determination of significant insurance risk on a present value basis. The main revenue recognition principle that IFRS 17 adopts is to recognise revenue (and consequently profit or loss) over the duration of the applicable policyholder contracts in a manner that best reflects the delivery of insurance contract services in the specific reporting period. This aligns closely to the principles applied in IFRS 15. The total recognised profit or loss outcome of contracts (i.e. the actual cash flows that emerge over the total contract term) naturally remains unchanged. However, the year-by-year reporting of profit or loss outcomes between IFRS 4 and IFRS 17 is often different. This is mainly due to the accounting policy measurement elections under the application of IFRS 4 being largely referenced to locally adopted actuarial standards or guidance. IFRS 17 does not allow for profits to emerge on "day one" (contract recognition date) while still avoiding the deferral of anticipated contracted losses (onerous contracts). Losses for each applicable contract are to be recognized immediately in profit or loss.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.1 Basis of preparation (continued)
Overview of IFRS 17 (continued)

Some contracts include an amount that meets the definition of a 'non-distinct investment component' (NDIC) under IFRS 17. The NDIC is the amount that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Under IFRS 17, the investment components that are highly inter-related with the insurance contract is not unbundled on contract inception. Similarly, a contract with equivalent terms that could not be sold separately in the same market or jurisdiction are not unbundled. Any such amounts are treated like deposits and excluded from insurance revenue and insurance services expenses when they are paid to the policyholder or beneficiary as they do not relate to the provision of insurance services. This is a significant change to current disclosure treatments which includes these amounts in insurance premiums and insurance claims respectively.

IFRS 17 measurement principles are ambivalent to the type of insurance (i.e. life or non-life/general), and the permitted measurement model depends on the terms and conditions of the underlying contracts, including the related contract boundaries and coverage periods, rather than the insurance license type. Portfolios are established for insurance contracts that have similar risks, however each portfolio is limited to a maximum of a twelve-month duration between the first contract and the last contract recognised. At date of inception, the portfolios are further divided into distinct and ring-fenced cohort groups that differentiate the expected profitability of each contract between onerous, unlikely to become onerous and those that have a higher risk of becoming onerous over time. Subsequent measurement of insurance contracts is therefore applied to the cohort groups.

IFRS 17 includes three permitted measurement models. The measurement approach refers to the model used for valuing the liabilities and recognising profits in insurance revenue over time and should be appropriate for the contract being measured. All measurement models include two components, being a liability for remaining coverage (LRC) and a liability for incurred claims (LIC). The LRC relates to the measurement of the liability where the insured event has not occurred (i.e. the Group's obligation for insured events related to the unexpired portion of the coverage period). The LIC component relates to the measurement of the liability, where the insured event has occurred (i.e. the Group's obligation to investigate and pay claims for insured events that have already occurred and includes events that have occurred but have not been reported). The LRC measured component is dependent on what measurement model is applied, whereas the measurement of the LIC component is the same under all three measurement models, except that for contracts measured using the PAA approach, it has a simplification for discounting.

A general measurement model (GMM) is applicable to longer contract duration insurance contracts that do not have significant investment components (unless the criteria to use the simplified PAA model is met) and is based on a fulfilment objective (risk-adjustment added to the present value of probability-weighted estimates of future cash flows, which includes insurance acquisition cash flows). GMM is prescribed by the standard as the default measurement model for insurance and reinsurance contracts being predominantly risk type contracts and annuities. The GMM requires the use of current estimates, which are those informed by actual trends and investment markets adjusted for the time value of money. A risk adjustment (RA) is established as an explicit, current adjustment to compensate the Group for bearing non-financial risk. The risk adjustment is released over the contract duration in line with the reduction of the estimated risk.

The contractual service margin (CSM) established by IFRS 17 is measured at initial recognition and is a component of measuring the LRC. The CSM represents the unearned profit on the contract which is expected to be earned in the future and results in no profit at initial recognition. The CSM is released over the life of the contract in line with the level of service provided in each period. The interest rate used to discount cash flows and determine the initial CSM is locked in at the rate at inception for that contract, for all future CSM movements. For onerous groups of contracts, losses are recognised upfront in profit or loss. Apart from the CSM, all other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current values, taking future expectations into consideration. For contracts that have a component of significant insurance risk but are substantially investment-related contracts with direct participation in a share of underlying items, the GMM is modified to measure such contracts using the variable fee measurement approach (VFA), for example, a retirement annuity that may include a product benefit of a minimum return of contributions on death. This approach effectively amortises, over the remaining life of the contract, the impact to the future estimated revenue (e.g. asset- based investment management fees) that have arisen from changes in investment values at the reporting date. A key difference to the GMM approach is that the CSM is not locked in at the original discount rate. An optional simplified premium allocation approach (PAA) is available for contracts with a coverage period of 12 months or less, or if it is reasonably expected that the PAA would produce a measurement of the LRC that would not materially differ from the one produced applying the GMM. Contracts measured under the PAA approach do not have a CSM.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2.1 Basis of preparation (continued)

Key revenue recognition differences between IFRS 17 and IFRS 4

Under current accounting policies margins are established and deferred over future service periods, but these are not locked in at discount rates applicable on date of contract inception. For GMM contracts the use of designated coverage units to release the margin over the remaining contract period under IFRS 17 differs to the current (mainly systematic time-based) approach to releasing the deferred margins on initial recognition. The application of the CSM as guided under IFRS 17 is likely to result in lower volatility in insurance earnings between reporting periods over time. This is mainly a consequence of the requirement to, where applicable, absorb any changes to estimates of future contractual fulfilment cash flows into the CSM. This then systematically impacts future margin releases rather than the current treatment which impacts the profit or loss in the year of change. IFRS 17 introduces a significant change to the income statement presentation by removing a cash flow presentation (gross premiums and claims). IFRS 17 introduces the concept of insurance revenue recognition that is intended to represent the price actually charged for the insurance contract services rendered and should not include any investment flows that are to be repaid (adjusted for applicable investment returns) in the future. IFRS 17 comprehensively defines what is profit or loss derived from insurance services and the net finance income or expense. The insurance finance income or expense includes, inter alia the effect of the time value of money on the best estimate cash flow assumptions.

Contracts measured under GMM (including reinsurance)

Under IFRS 17, the estimate of future cash flows depends on the assessment of the contract boundary term for the specific contracts and the determination of relevant cash flows that relate directly to the fulfilment of the contract. The estimation of future cash flows includes expected premiums received, expected claims and benefit payments, an allocation of directly attributable acquisition cost cash flows, attributable to the portfolio to which the contract belongs, claims handling costs, policy administration costs, an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts and transaction-based taxes. Future fulfilment costs that are modeled under the GMM are closely aligned to the existing interpretation under IFRS 4, except for the IFRS 17 guidance of only including portfolio acquisition costs. This has led to a reduction of acquisition costs modelled in the best estimate cash flows (for insurance contracts issued).

Contracts measured under VFA (not applicable to reinsurance)

A key difference in recognition between IFRS 4 and IFRS 17 pertains to investment fees referenced to investment activities and calculated based off referenced asset values. IFRS 17 accommodates measurement guidance for these services, that are integral to insurance contracts or are discretionary features, through a “recalibration mechanism” within the CSM. Variations to future fees arising from changes in asset values are deferred and amortised over the contract term. This effectively allows for a less volatile earnings recognition pattern compared to IFRS 4 where the full future impact to estimated asset-based future fees is recognised in profit or loss.

Contracts measured under PAA (including reinsurance)

Insurance contracts, which were defined as short-term or general insurance in previous financial reporting generally have short contract periods of one year or less. The Group has elected to measure these under the PAA measurement model. In addition, the PAA has been elected for annually renewable contracts within corporate business. The LRC at initial recognition is measured as premiums received minus acquisition costs and plus or minus any assets or liabilities previously recognised. Under IFRS 17, the LIC requires the calculation of a risk adjustment and includes future claims handling expenses to be incurred in settling the LIC. The PAA measurement approach is therefore not expected to materially impact profit emergence on applicable portfolios going forward, when compared to the current basis.

Financial Instruments

The Group applied IFRS 9 Financial Instruments for years commencing 1 January 2018. There is no expected change to previously applied classification and designation of financial instruments that are linked to policyholder benefits as a result of IFRS 17. There are consequential reclassifications between IFRS 17 and IFRS 9 policyholder liabilities on adoption of IFRS 17 because of minor changes in the interpretation of the definition of insurance under IFRS 17. These reclassifications, however do not have a material impact on the overall measurement of these portfolios on transition.

Transition approaches

If it is impracticable to fully retrospectively adjust, an entity can choose either a modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the first retrospective restatement date (1 January 2022). For the short contract boundary nature contracts measured under the PAA approach, these will all be measured using full retrospective application.

Overall impact

The Group has not yet assessed the extent of the impact as at 31 December 2022.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2.1 Basis of preparation (continued)
Future accounting developments

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

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
Definition of Accounting Estimate – Amendments to IAS 8
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
Classification of Liabilities as Current or Non-current – Amendments to IAS 1
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

2.1.2 Going concern
The Group and Company's forecasts and projections taking into account the remnants of COVID-19 pandemic, reasonably possible changes in trading environment and performance, show that the Group and Company 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.

As at the end of February 2023, our Group and Company's operations were in line with the Budget and had adequate liquidity for operations. The Group and Company is leveraging on its Group financial position which had adequate cash resources as at the end of February 2023 to preserve its financial flexibility in the uncertain environment.

The Group and Company 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 2022 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2.2 Basis of consolidation (continued)

(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, insurance broking and stockbroking.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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.

2.3.7 Insurance broking
The principal activities of this segment consist of broking insurance products.

2.4 Foreign currency translation
i) 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 foreign currency dealing and 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 financial assets at fair value through other comprehensive income, are included in other comprehensive income.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into ZWL at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ZWL at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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 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 OCI. The Group has an equity investments 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 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 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Financial assets and liabilities (continued)
2.5.1 Financial assets classification (continued)

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 Central 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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets and liabilities (continued)

2.5.1 Financial assets classification (continued)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Financial assets and liabilities (continued)
2.5.1 Financial assets classification (continued)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Financial assets and liabilities (continued)
2.5.1 Financial assets classification (continued)

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. 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. 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.

vi. Impairment
The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- financial assets at amortised cost;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Financial assets and liabilities (continued)
2.5.1 Financial assets classification (continued)

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 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets and liabilities (continued)

2.5.1 Financial assets classification (continued)

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. Estimated future cashflows are determined on the basis of recovery rates, the identification of impaired assets and the estimation of impairment, market values and estimated time and cost to sell collateral.

– 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Financial assets and liabilities (continued)
2.5.1 Financial assets classification (continued)

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 fulfil 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.5 Financial assets and liabilities (continued)
2.5.1 Financial assets classification (continued)

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 allowance 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5.5 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.

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2.8 Insurance contracts (Continued)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Property and equipment (continued)

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'.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Share capital (continued)

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

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 foreign currency dealing and 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 foreign currency dealing and trading income

Foreign currency dealing and trading 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
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,
- Eagle Insurance Pension Fund (for the short-term insurance subsidiary employees) - 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
4	**BALANCES WITH BANKS AND CASH**				
4.1	**Balances with Reserve Bank of Zimbabwe ("RBZ")**				
	Current account balances	15 054 352 003	6 487 905 387	15 054 352 003	1 887 336 428
	Balances with banks and cash				
	Notes and coins	12 391 077 226	16 402 033 174	12 391 077 226	4 771 363 461
	Other bank balances	56 356 990 942	37 747 883 729	56 356 990 942	10 980 887 019
		68 748 068 168	**54 149 916 903**	**68 748 068 168**	**15 752 250 480**
	Balances with banks and cash (excluding bank overdrafts)	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
	Current	83 802 420 171	60 637 822 290	83 802 420 171	17 639 586 908
	Non-current	-	-	-	-
	Total	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
4.2	**Cash and cash equivalents**				
	Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
	Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1)	15 054 352 003	6 487 905 387	15 054 352 003	1 887 336 428
	Balances with banks and cash (note 4.1)	68 748 068 168	54 149 916 903	68 748 068 168	15 752 250 480
		83 802 420 171	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
	Per cash flow statement	**83 802 420 171**	**60 637 822 290**	**83 802 420 171**	**17 639 586 908**
	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	98 700 512 497	28 362 101 754	98 700 512 497	8 250 556 169
	Maturing after 1 year	55 731 736 321	54 340 049 383	55 731 069 250	15 807 368 333
	Gross carrying amount	**154 432 248 818**	**82 702 151 137**	**154 431 581 747**	**24 057 924 502**
	Impairment allowance	(4 771 900 019)	(1 803 746 676)	(4 771 900 019)	(524 711 229)
		149 660 348 799	**80 898 404 461**	**149 659 681 728**	**23 533 213 273**

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 2022

5 FINANCIAL ASSETS (continued)
5.1 Loans and advances to customers (continued)

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 2021	123 090 323	87 444 493	592 686 968	803 221 784
Effects of IAS29	(46 511 698)	(33 042 337)	(223 956 499)	(303 510 534)
Charge for the year	165 562 175	519 195 441	601 618 675	1 286 376 291
Increase in impairment allowances	168 496 874	532 065 838	601 618 675	1 302 181 387
Reversal of impairment	(2 934 699)	(12 870 397)	-	(15 805 096)
Amount written off during the year and uncollectable	5 523 541	2 193 223	9 942 371	17 659 135
As at 31 December 2021	**247 664 341**	**575 790 820**	**980 291 515**	**1 803 746 676**
As at 1 January 2022	247 664 341	575 790 820	980 291 515	1 803 746 676
Effects of IAS29	(175 618 603)	(408 292 849)	(695 123 995)	(1 279 035 447)
Charge for the year	427 752 461	1 698 184 238	2 135 621 681	4 261 558 380
Increase in impairment allowances	448 275 625	1 701 603 214	2 136 053 508	4 285 932 347
Reversal of impairment	(20 523 164)	(3 418 976)	(431 827)	(24 373 967)
Amount written off during the year and uncollectable	(289 532)	(13 558 902)	(521 156)	(14 369 590)
As at 31 December 2022	**499 508 667**	**1 852 123 307**	**2 420 268 045**	**4 771 900 019**

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 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 uncollectable	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**
As at 1 January 2022	72 045 738	167 497 971	285 167 520	524 711 229
Charge for the year	427 752 461	1 698 184 238	2 135 621 681	4 261 558 380
Increase in impairment allowances	448 275 625	1 701 603 214	2 136 053 508	4 285 932 347
Reversal of impairment	(20 523 164)	(3 418 976)	(431 827)	(24 373 967)
Amount written off during the year and uncollectable	(289 532)	(13 558 902)	(521 156)	(14 369 590)
As at 31 December 2022	**499 508 667**	**1 852 123 307**	**2 420 268 045**	**4 771 900 019**

Loans of ZWL14 369 591 (2021- ZWL5 137 055) written off/(recovered) during the year are still subject to enforcement activity

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

5 FINANCIAL ASSETS (continued)
5.2 Trade and other receivables

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

5.3 Irrevocable commitments

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

5.4 Movement in credit impairment losses

	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
INFLATION ADJUSTED						
Balance at 01 January 2021	12 148 677	148 015 100	803 221 782	27 200 550	25 191 129	1 015 777 238
Effects of IAS 29	(4 590 576)	(55 929 935)	(303 510 531)	(10 278 169)	(9 518 883)	(383 828 094)
Impairment loss allowance	(7 423 251)	262 391 223	1 286 376 291	21 485 178	15 962 941	1 578 792 382
Amounts written off/(reversals) during the year	-	58 484	17 659 134	-	-	17 717 618
Impairment reversal	-	(3 945 968)	-	(587 011)	-	(4 532 979)
Balance at 31 December 2021	**134 850**	**350 588 904**	**1 803 746 676**	**37 820 548**	**31 635 187**	**2 223 926 165**
Balance at 01 January 2022	134 850	350 588 904	1 803 746 676	37 820 548	31 635 187	2 223 926 165
Effects of IAS 29	(95 622)	(248 602 335)	(1 279 035 447)	(26 818 523)	(22 432 488)	(1 576 984 415)
Impairment loss allowance	(39 228)	66 993 043	4 261 558 380	74 462 946	172 692 362	4 575 667 503
Amounts written off /(reversals) during the year	-	-	(14 369 590)	-	-	(14 369 590)
Impairment reversal	-	(17 246 754)	-	-	-	(17 246 754)
Balance as at 31 December 2022	**-**	**151 732 858**	**4 771 900 019**	**85 464 971**	**181 895 061**	**5 190 992 909**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

5 FINANCIAL ASSETS (continued)
5.4 Movement in credit impairment losses

	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
HISTORICAL COST						
Balance at 01 January 2021	2 198 657	26 787 642	145 366 369	4 922 733	4 559 068	183 834 469
Impairment loss allowance	(2 159 429)	76 329 799	374 207 805	6 250 054	4 643 631	459 271 860
Amounts written off /(reversals) during the year	-	17 013	5 137 055	-	-	5 154 068
Impairment reversal	-	(1 147 885)	-	(170 762)	-	(1 318 647)
Balance as at 31 December 2021	**39 228**	**101 986 569**	**524 711 229**	**11 002 025**	**9 202 699**	**646 941 750**
Balance at 01 January 2022	39 228	101 986 569	524 711 229	11 002 025	9 202 699	646 941 750
Impairment loss allowance	(39 228)	66 993 043	4 261 558 380	74 462 946	172 692 362	4 575 667 503
Amounts written off /(reversals) during the year	-	-	(14 369 590)	-	-	(14 369 590)
Impairment reversal	-	(17 246 754)	-	-	-	(17 246 754)
Balance as at 31 December 2022	**-**	**151 732 858**	**4 771 900 019**	**85 464 971**	**181 895 061**	**5 190 992 909**

Increases in loans and advances balances in year 2022 of ZWL154 432 248 817 (2021: ZWL82 702 151 137) in inflation adjusted terms and ZWL154 432 248 817 (2021: ZWL24 057 924 502) in historical terms resulted in increases in impairment losses in year 2022 for loans and advances.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
5.5 Financial assets at amortised cost				
Maturing within 1 year	8 114 834 041	6 679 409 185	8 114 834 041	1 943 045 023
Maturing after 1 year	49 448 109	129 532 685	49 448 109	37 681 153
Gross carrying amount	**8 164 282 150**	**6 808 941 870**	**8 164 282 150**	**1 980 726 176**
Impairment allowance	(85 464 971)	(37 820 548)	(85 464 971)	(11 002 025)
Total	**8 078 817 179**	**6 771 121 322**	**8 078 817 179**	**1 969 724 151**
Financial assets at amortised cost comprises of Treasury bills.				
6 BONDS AND DEBENTURES				
Maturing within 1 year	-	-	-	-
Maturing after 1 year	-	23 991 156	-	6 979 045
Gross carrying amount	**-**	**23 991 156**	**-**	**6 979 045**
Impairment allowance	-	(134 850)	-	(39 228)
Total	**-**	**23 856 306**	**-**	**6 939 817**

Bonds have matured in 2022.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
7	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**				
	Listed securities at market value	9 200 504 495	11 207 757 799	9 588 232 226	3 343 970 387
	Unlisted securities	5 398 931 518	1 309 207 677	5 398 931 518	380 849 472
		14 599 436 013	**12 516 965 476**	**14 987 163 744**	**3 724 819 859**
	Current	14 599 436 013	12 516 965 476	14 987 163 744	3 724 819 859
	Total	**14 599 436 013**	**12 516 965 476**	**14 987 163 744**	**3 724 819 859**
	If net asset values of unlisted securities changes by 10% the portfolio value increases or decrease by the following	**539 893 152**	**130 920 768**	**539 893 152**	**38 084 947**
	Unlisted securities comprises of Afreximbank class B shares and Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) shares.				
8	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**				
	Listed securities at market value	**212 026 146**	**536 266 935**	**212 026 146**	**156 000 444**
	Current	212 026 146	536 266 935	212 026 146	156 000 444
	Non-current	-	-	-	-
	Total	**212 026 146**	**536 266 935**	**212 026 146**	**156 000 444**
9	**INVENTORY**				
	Raw materials	39 176 294	70 694 992	33 710 789	19 801 554
	Work in progress	836 214 766	990 849 283	281 628 929	82 908 859
		875 391 060	**1 061 544 275**	**315 339 718**	**102 710 413**
	Current	875 391 060	1 061 544 275	315 339 718	102 710 413
	Non-current	-	-	-	-
	Total	**875 391 060**	**1 061 544 275**	**315 339 718**	**102 710 413**

Included in work in progress is ZWL836 214 766 (2021: ZWL990 849 283) inflation adjusted and ZWL281 628 929 (2021: ZWL82 908 859) 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 ZWL17 522 546 (2021: ZWL1 176 088 607) inflation adjusted and in historical terms ZWL4 038 249 (2021: ZWL214 879 887). Raw materials relates to construction materials and finished goods relate to finished residential properties.

The value of inventory is low during the period mainly due to finished goods transferred to investment property.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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

*RBZ NNCD and auction system balances refer to prefunded customer positions upon allotment of foreign currency from the Central bank. The Group did not impair prepayments and other assets as they comprise of non financial assets and short term financial assets held with the Reserve Bank of Zimbabwe. Any expected credit loss on these balances are considered to be immaterial.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
11 INVESTMENT PROPERTY				
Balance as at 1 January	14 356 707 923	5 406 742 677	4 176 376 848	978 507 514
Additions	2 068 528 304	1 169 940 568	1 762 248 590	323 919 264
Fair value adjustments	10 703 994 319	4 986 751 345	21 226 793 954	2 354 373 476
Transfer from inventory	515 538 522	2 793 273 333	479 349 676	519 576 594
Balance as at 31 December	**27 644 769 068**	**14 356 707 923**	**27 644 769 068**	**4 176 376 848**
Non-current	27 644 769 068	14 356 707 923	27 644 769 068	4 176 376 848
Total	**27 644 769 068**	**14 356 707 923**	**27 644 769 068**	**4 176 376 848**
Investment property comprises the following:				
Residential houses Harare	19 098 499 151	11 543 507 717	19 098 499 151	3 358 014 848
Residential stands Harare	2 286 783 200	448 577 764	2 286 783 200	130 491 600
Residential stand Seke	39 360 000	28 050 806	39 360 000	8 160 000
Residential houses out of Harare	4 612 926 717	237 785 582	4 612 926 717	69 172 000
Commercial stands Harare	1 607 200 000	2 098 786 054	1 607 200 000	610 538 400
	27 644 769 068	**14 356 707 923**	**27 644 769 068**	**4 176 376 848**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

11 INVESTMENT PROPERTY (Continued)

The fair value of the investment property as at 31 December 2022 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. The comparison basis is 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.

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 ZWL74 467 189 (2021: ZWL21 646 466) in inflation adjusted terms and ZWL58 301 285 (2021: ZWL5 034 151) in historical cost terms relating to investment property.

Sensitivity analysis on investment property fair values

If the market prices are to increase by the following percentages investment property fair values will be as follows

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
25%	34 555 961 335	17 945 884 904	34 555 961 335	5 220 471 060
50%	41 467 153 602	21 535 061 885	41 467 153 602	6 264 565 272
100%	55 289 538 136	28 713 415 846	55 289 538 136	8 352 753 696

12 INTANGIBLE ASSETS (Software licences)

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Year ended 31 December				
Opening net book amount	446 534 383	531 216 593	16 479 083	9 074 177
Additions	75 803 541	43 283 061	57 618 285	10 632 127
Amortisation charge	(98 345 002)	(127 965 271)	(7 607 855)	(3 227 221)
Closing net book amount	**423 992 922**	**446 534 383**	**66 489 513**	**16 479 083**
As at 31 December				
Cost	2 210 325 181	2 134 521 640	85 975 061	28 356 776
Accumulated amortisation	(1 786 332 259)	(1 687 987 257)	(19 456 321)	(11 848 466)
Accumulated impairment	-	-	(29 227)	(29 227)
Net book amount	**423 992 922**	**446 534 383**	**66 489 513**	**16 479 083**

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 2022

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 2021						
Opening net book amount	6 625 542 641	359 304 726	994 100 949	1 096 890 924	1 208 452 001	10 284 291 241
Additions	26 669 644	29 388 743	351 051 712	233 338 646	283 014 675	923 463 420
Revaluation of property	1 688 160 254	168 207 682	338 698 085	769 203 289	679 272 346	3 643 541 656
Adjustment to cost	-	-	(10)	-	-	(10)
Disposals	(1 897 878)	-	(1 168 433)	-	(24 020 830)	(27 087 141)
Depreciation	(88 623 428)	(28 381 768)	(250 232 945)	(276 743 917)	(250 824 861)	(894 806 919)
Closing net book amount	**8 249 851 233**	**528 519 383**	**1 432 449 358**	**1 822 688 942**	**1 895 893 331**	**13 929 402 247**
As at 31 December 2021						
Cost or valuation	8 613 713 676	571 800 711	3 010 735 794	4 178 230 390	2 843 524 765	19 218 005 336
Accumulated depreciation	(363 862 443)	(43 281 328)	(1 578 286 436)	(2 355 541 448)	(947 631 434)	(5 288 603 089)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**8 249 851 233**	**528 519 383**	**1 432 449 358**	**1 822 688 942**	**1 895 893 331**	**13 929 402 247**
Year ended 31 December 2022						
Opening net book amount	8 249 851 233	528 519 383	1 432 449 358	1 822 688 942	1 895 893 331	13 929 402 247
Additions	24 780 953	49 199 439	527 622 587	912 718 210	709 726 076	2 224 047 265
Revaluation of property	5 066 725 911	140 432 406	(415 775 897)	118 066 005	1 279 043 037	6 188 491 462
Disposals	-	-	(5 087 347)	(14 523 546)	(23 633 801)	(43 244 694)
Depreciation	(109 751 011)	(44 327 874)	(366 080 215)	(320 855 382)	(398 354 301)	(1 239 368 783)
Closing net book amount	**13 231 607 086**	**673 823 354**	**1 173 128 486**	**2 518 094 229**	**3 462 674 342**	**21 059 327 497**
As at 31 December 2022						
Cost or valuation	13 705 220 540	761 432 556	3 117 495 137	5 194 491 059	4 808 660 077	27 587 299 369
Accumulated depreciation	(473 613 454)	(87 609 202)	(1 944 366 651)	(2 676 396 830)	(1 345 985 735)	(6 527 971 872)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**13 231 607 086**	**673 823 354**	**1 173 128 486**	**2 518 094 229**	**3 462 674 342**	**21 059 327 497**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

13 PROPERTY AND EQUIPMENT (continued)
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 2021						
Opening net book amount	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 945
Additions	5 748 406	6 886 260	80 220 203	54 357 413	68 202 643	215 414 925
Revaluation of property	1 217 521 713	92 574 780	218 403 665	303 900 625	330 325 811	2 162 726 594
Disposals	(343 476)	-	(211 410)	-	(4 347 268)	(4 902 154)
Depreciation	(22 264 002)	(10 741 016)	(60 789 384)	(27 254 545)	(61 359 049)	(182 407 996)
Closing net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**
As at 31 December 2021						
Cost or valuation	2 431 007 601	164 487 692	514 091 610	565 696 432	625 981 125	4 301 264 460
Accumulated depreciation	(31 441 355)	(10 741 016)	(95 489 028)	(37 071 814)	(74 190 129)	(248 933 342)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**2 399 567 875**	**153 746 676**	**418 602 582**	**528 616 736**	**551 539 445**	**4 052 073 314**
Year ended 31 31 December 2022						
Opening net book amount	2 399 567 875	153 746 676	418 602 582	528 616 736	551 539 445	4 052 073 314
Additions	21 791 696	43 150 337	379 509 783	704 090 976	572 773 605	1 721 316 397
Revaluation of property	10 876 231 848	491 415 467	579 190 387	1 375 880 560	2 584 803 511	15 907 521 773
Disposals	-	-	(1 710 373)	(4 224 909)	(12 199 681)	(18 134 963)
Depreciation	(67 209 094)	(14 489 124)	(195 181 654)	(92 413 529)	(234 155 623)	(603 449 024)
Closing net book amount	**13 230 382 325**	**673 823 356**	**1 180 410 725**	**2 511 949 834**	**3 462 761 257**	**21 059 327 497**
As at 31 December 2022						
Cost or valuation	13 329 031 145	699 053 496	1 471 081 407	2 641 443 059	3 771 358 560	21 911 967 667
Accumulated depreciation	(98 650 449)	(25 230 140)	(290 670 682)	(129 485 343)	(308 345 752)	(852 382 366)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**13 230 382 325**	**673 823 356**	**1 180 410 725**	**2 511 949 834**	**3 462 761 257**	**21 059 327 497**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

13 PROPERTY AND EQUIPMENT (continued)

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						
2022						
Cost	4 935 676 078	428 795 225	2 919 808 095	4 759 509 543	2 174 117 244	15 217 906 185
Accumulated depreciation	(876 872 534)	-	(946 129 372)	(1 855 520 554)	(514 319 446)	(4 192 841 906)
Net book amount	**4 058 803 544**	**428 795 225**	**1 973 678 723**	**2 903 988 989**	**1 659 797 798**	**11 025 064 279**
2021						
Cost	4 910 895 125	379 595 786	2 397 272 855	3 861 314 879	1 488 024 969	13 037 103 614
Accumulated depreciation	(876 874 163)	-	(946 129 372)	(1 855 512 672)	(514 067 895)	(4 192 584 102)
Net book amount	**4 034 020 962**	**379 595 786**	**1 451 143 483**	**2 005 802 207**	**973 957 074**	**8 844 519 512**
HISTORICAL COST						
2022						
Cost	52 698 953	103 084 461	510 223 427	775 674 954	702 117 904	2 143 799 699
Accumulated depreciation	(20 556 518)	(25 230 140)	(290 670 682)	(129 485 343)	(308 345 752)	(774 288 435)
Net book amount	**32 142 435**	**77 854 321**	**219 552 745**	**646 189 611**	**393 772 152**	**1 369 511 264**
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**

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 2022. 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).

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

13 PROPERTY AND EQUIPMENT (continued)
INFLATION ADJUSTED

Fair value measurements at 31 December 2022 using	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
Recurring fair value measurements of property and equipment			
- Office buildings	-	9 923 275 710	9 923 275 710
- Land and residential properties	-	3 307 106 615	3 307 106 615
- Other property and equipment	-	7 828 945 172	7 828 945 172
	-	**21 059 327 497**	**21 059 327 497**

Fair value measurements at 31 December 2021 using	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
Recurring fair value measurements for land and buildings			
- Office buildings	-	6 186 868 541	6 186 868 541
- Land and residential properties	-	2 061 883 039	2 061 883 039
- Other property and equipment	-	5 680 650 667	5 680 650 667
	-	**13 929 402 247**	**13 929 402 247**

HISTORICAL COST

Fair value measurements at 31 December 2022 using	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
Recurring fair value measurements of property and equipment			
- Office buildings	-	9 923 275 710	9 923 275 710
- Land and residential properties	-	3 307 106 615	3 307 106 615
- Other property and equipment	-	7 828 945 172	7 828 945 172
	-	**21 059 327 497**	**21 059 327 497**

Fair value measurements at 31 December 2021 using	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
Recurring fair value measurements for land and buildings			
- 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**

There were no level 1 assets or transfers between levels 1 and 2 during 2022.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

13 PROPERTY AND EQUIPMENT (continued)

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 similar nature was adjusted for differences in key attributes such as property size, age and general condition.

INFLATION ADJUSTED	Level 3		Level 2	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Property and equipment				
Opening balance	**13 929 402 247**	**10 284 291 239**	**-**	**-**
Depreciation recognised	(1 239 368 783)	(894 806 919)	-	-
Revaluation gains recognised	6 188 491 462	3 643 541 657	-	-
Additions	2 224 047 265	923 463 420	-	-
Period adjustments	-	(10)	-	-
Disposals	(43 244 694)	(27 087 140)	-	-
Closing balance	**21 059 327 497**	**13 929 402 247**	**-**	**-**

HISTORICAL COST	Level 3		Level 2	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Property and equipment				
Opening balance	**4 052 073 314**	**1 861 241 945**	**-**	**-**
Depreciation recognised	(603 449 024)	(182 407 996)	-	-
Revaluation gains recognised	15 907 521 773	2 162 726 594	-	-
Additions	1 721 316 397	215 414 925	-	-
Disposals	(18 134 963)	(4 902 154)	-	-
Closing balance	**21 059 327 497**	**4 052 073 314**	**-**	**-**

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 2022, 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.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

13 PROPERTY AND EQUIPMENT (continued)

Sensitivity analysis on property and equipment fair values

Property and equipment valued using comparison method

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
25%	14 959 984 371	9 361 393 312	14 959 984 371	2 723 236 170
50%	17 951 981 246	11 233 671 974	17 951 981 246	3 267 883 403
100%	23 935 974 994	14 978 229 299	23 935 974 994	4 357 177 871
Property and equipment valued using the investment method				
If capitalization rates change as follows the values will be as follows				
Up by 50%	9 549 392 000	4 301 390 383	9 549 392 000	1 251 277 612
drop by 50%	14 679 531 462	12 904 141 098	14 679 531 462	3 753 824 095
If rental charges change as follows the values will be as follows				
Up by 50%	16 893 640 000	9 712 250 442	16 893 640 000	2 825 300 766
drop by 50%	4 642 840 000	3 284 966 685	4 642 840 000	955 599 214

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
14 DEPOSITS				
14.1 Deposits from customers				
Demand deposits	89 978 566 760	71 955 325 922	89 978 566 760	20 931 857 002
Promissory notes	13 623 711 838	10 405 692 421	13 623 711 838	3 027 023 545
Other time deposits	6 977 628 719	6 874 459 233	6 977 628 719	1 999 785 225
	110 579 907 317	**89 235 477 576**	**110 579 907 317**	**25 958 665 772**
Current	110 303 385 118	89 235 477 576	110 303 385 118	25 958 665 772
Non-current	276 522 199	-	276 522 199	-
Total	**110 579 907 317**	**89 235 477 576**	**110 579 907 317**	**25 958 665 772**
14.2 Deposits from other banks				
Money market deposits	13 501 664 368	8 887 589 308	13 501 664 368	2 585 406 238
Current	13 501 664 368	8 887 589 308	13 501 664 368	2 585 406 238
Non-current	-	-	-	-
Total	**13 501 664 368**	**8 887 589 308**	**13 501 664 368**	**2 585 406 238**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

14.3 Deposit concentration

INFLATION ADJUSTED

	31 Dec 2022		31 Dec 2021	
	ZWL	%	ZWL	%
Agriculture	8 811 367 732	7%	7 330 403 242	7%
Construction	11 446 015 533	9%	7 760 711 822	8%
Wholesale and retail trade	14 602 769 340	12%	10 579 104 679	11%
Public sector	20 343 946 220	16%	12 655 652 302	13%
Manufacturing	15 317 113 691	12%	10 385 422 331	11%
Telecommunication	7 959 556 134	6%	7 015 835 997	7%
Transport	7 727 853 177	6%	6 811 604 768	7%
Individuals	8 744 582 948	7%	6 801 516 512	7%
Financial services	7 937 360 527	6%	12 774 846 694	13%
Mining	10 901 414 521	9%	13 462 476 042	14%
Other	10 289 591 862	8%	2 545 492 495	3%
	124 081 571 685	**100%**	**98 123 066 884**	**100%**

HISTORICAL COST

	31 Dec 2022		31 Dec 2021	
	ZWL	%	ZWL	%
Agriculture	8 811 367 732	7%	2 132 419 671	7%
Construction	11 446 015 533	9%	2 257 596 752	8%
Wholesale and retail trade	14 602 769 340	12%	3 077 469 298	10%
Public sector	20 343 946 220	16%	3 681 538 522	13%
Manufacturing	15 317 113 691	12%	3 021 126 961	11%
Telecommunication	7 959 556 134	6%	2 040 911 829	7%
Transport	7 727 853 177	6%	1 981 500 815	7%
Individuals	8 744 582 948	7%	1 978 566 134	7%
Financial services	7 937 360 527	6%	3 716 212 258	13%
Mining	10 901 414 521	9%	3 916 244 139	14%
Other	10 289 591 862	8%	740 485 631	3%
	124 081 571 685	**100%**	**28 544 072 010**	**100%**

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

15 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Opening	29 088 916 273	50 025 760 689	8 461 987 045	9 053 617 984
Additions	61 590 051 000	6 880 401 023	61 590 051 000	1 716 718 100
Repayments	(74 327 065 154)	(34 168 400 372)	(53 700 135 926)	(4 155 904 659)
Non cash movements*	51 810 111 000	6 351 154 933	51 810 111 000	1 847 555 620
Closing balance	**68 162 013 119**	**29 088 916 273**	**68 162 013 119**	**8 461 987 045**
Current	3 617 288 100	28 955 615 196	3 617 288 100	8 423 209 664
Non-current	64 544 725 019	133 301 077	64 544 725 019	38 777 381
Total	**68 162 013 119**	**29 088 916 273**	**68 162 013 119**	**8 461 987 045**

*Non cash movements are mainly comprised of exchange gains and losses.

These loans are analysed as follows:
- Norsad Finance Limited - US$10 million facility. The facility was availed from December 2021 and has an effective interest rate of 7.5% per annum with a tenure of 3 years.
- RBZ productive sector facility of ZWL49 million over 2 years with interest of 30% p.a. Effective Date was September 2021.
- African Export-Import Bank-US$ 90 million. The facility was availed from December 2022 and has an effective interest rate 13% per annum with a tenure of 5 years.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

- African Export-Import Bank- US$ 8 million. The facility was availed from October 2022 and has an effective interest rate of 13% per annum with a tenure of 3 years.
- African Export-Import Bank- US$ 20 million. The facility was availed from October 2022 and has an effective interest rate of 13% per annum with a tenure of 3 years.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
16	**INSURANCE LIABILITIES**				
	Gross outstanding claims (note 16.1)	2 265 230 548	785 064 923	1 860 328 513	225 517 396
	Liability for unearned premium (note 16.3)	3 203 909 596	1 896 406 661	2 663 841 614	455 565 879
		5 469 140 144	**2 681 471 584**	**4 524 170 127**	**681 083 275**
	Current	5 469 140 144	2 681 471 584	4 524 170 127	681 083 275
	Non-current	-	-	-	-
	Total	**5 469 140 144**	**2 681 471 584**	**4 524 170 127**	**681 083 275**
16.1	**Movement in gross outstanding claims**				
	Gross outstanding claims at the beginning of the year	890 025 056	278 667 313	258 908 939	45 765 792
	Incurred but not reported at beginning of the year	440 043 351	361 583 150	128 008 933	65 438 999
		1 330 068 407	**640 250 463**	**386 917 872**	**111 204 791**
	Change in liability for claims during the period	478 747 561	(70 275 868)	1 016 996 061	51 742 671
	Change in incurred but not reported during the period	456 414 580	215 090 328	456 414 580	62 569 934
	Gross outstanding claims at the end of the year	1 368 772 617	208 391 445	1 275 905 000	97 508 463
	Incurred but not reported at the end of the year	896 457 931	576 673 478	584 423 513	128 008 933
		2 265 230 548	**785 064 923**	**1 860 328 513**	**225 517 396**
16.2	**Net outstanding claims**				
	Gross outstanding claims at the beginning of the year	890 025 056	278 667 313	258 908 939	45 765 792
	Incurred but not reported at beginning of the year	440 043 351	361 583 150	128 008 933	65 438 999
	Reinsurer's share of technical liabilities	(636 921 108)	(139 727 138)	(185 280 817)	(21 157 023)
	Net outstanding claims at the beginning of the year	**693 147 299**	**500 523 325**	**201 637 055**	**90 047 768**
	Change in liability for claims	478 747 561	(70 275 868)	1 016 996 061	51 742 671
	Change in incurred but not reported	456 414 580	215 090 328	456 414 580	62 569 934
	Reinsurer's share of technical liabilities at the end of the year	(153 251 531)	618 818 477	(199 989 788)	163 383 608
	Net outstanding claims at the end of the year	**1 475 057 909**	**1 264 156 262**	**1 475 057 908**	**367 743 981**
16.3	**Net liability for unearned premium**				
	Gross liability for unearned premium	3 203 909 596	1 896 406 661	2 663 841 614	455 565 879
	Reinsurer's share of the provision for unearned premium	(570 538 151)	(304 799 696)	(511 987 800)	(77 018 178)
	Balance at end of the year	**2 633 371 445**	**1 591 606 965**	**2 151 853 814**	**378 547 701**

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

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% (2021 : 15%) of net written premium for the reinsurance subsidiary and 5% (2021: 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 expect 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Impact of 10% increase in the percentage used to estimate IBNR				
Incurred but not yet reported ("IBNR") losses	41 699 332	31 528 267	27 194 325	6 536 118
17 TRADE AND OTHER PAYABLES				
Trade and other payables	22 975 361 150	13 220 162 238	21 297 813 723	3 549 007 199
Deferred income	1 410 871 046	875 394 098	842 968 855	167 991 100
Visa and MasterCard settlement payables	6 827 600 740	2 726 901 788	6 827 600 740	793 257 727
TT Resdex inwards	185 312 340	226 768 972	185 312 340	65 967 260
RBZ cash cover	19 215 508 819	10 850 294 007	19 215 508 819	3 156 358 472
Zimswitch settlement	796 535 926	403 163 485	796 535 926	117 280 553
Instant banking balances	463 305 567	596 135 949	463 305 567	173 416 384
Intermediary tax	1 753 957 077	1 038 446 546	1 753 957 077	302 084 861
Customer funds awaiting payment	6 634 452 132	2 895 483 736	6 634 452 131	842 298 339
Other liabilities	1 985 571 566	1 609 563 219	1 970 404 573	468 223 119
	62 248 476 363	**34 442 314 038**	**59 987 859 751**	**9 635 885 014**
Current	34 784 617 045	20 044 680 570	33 101 457 513	5 534 264 579
Non-current	27 463 859 318	14 397 633 468	26 886 402 238	4 101 620 435
Total	**62 248 476 363**	**34 442 314 038**	**59 987 859 751**	**9 635 885 014**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

18 DEFERRED 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% (2021: 24.72%) and capital gains tax rate of 20% (2021: 20%).

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
The movement on the deferred tax account is as follows:				
As at 1 January	1 575 711 317	3 748 374 012	519 199 482	541 084 506
Statement of profit or loss charge (note 30)	7 200 491 956	(2 483 594 731)	5 337 036 780	(371 840 812)
Tax charge relating to components of other comprehensive income	1 036 921 625	407 713 346	2 643 959 323	376 758 688
Rate change	-	-	-	-
Other	(142 133 597)	(12 701 780)	(36 989 857)	(26 802 900)
Effects of IAS29	22 646 285	(84 079 529)	-	-
As at 31 December	**9 693 637 586**	**1 575 711 318**	**8 463 205 728**	**519 199 482**

18.1 Analysis of charge in the statement of profit or loss

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
The deferred tax charge in the statement of profit or loss comprises the following temporary differences:				
Allowance for loan impairment	(1 105 788 715)	(261 036 535)	(1 105 788 715)	(75 935 719)
Property and equipment allowances	366 061 525	580 302 664	1 930 819 400	339 395 567
Unrealised gains on foreign exchange and equities	1 628 231 654	(425 210 646)	8 825 815 316	(125 253 971)
Financial assets at fair value through other comprehensive income	127 832 263	(3 373 606)	127 832 263	(981 384)
Accrual for leave pay	(48 018 628)	(45 111 590)	(42 863 732)	(11 529 994)
Deferred acquisition costs	36 096 571	26 448 727	(125 621 040)	7 693 954
Unearned premium reserve and deferred income	(12 577 692)	(8 766 657)	(12 577 692)	(2 550 227)
Prepayments and other assets	114 489 377	43 252 304	38 807 375	9 770 013
Other liabilities	6 094 165 601	(2 390 099 392)	(4 299 386 395)	(512 449 051)
Total	**7 200 491 956**	**(2 483 594 731)**	**5 337 036 780**	**(371 840 812)**

18.2 Analysis of charge in the statement of comprehensive income

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Property and equipment revaluations	1 036 276 424	400 992 868	2 641 444 347	374 803 696
Investment in securities at FVOCI	645 201	6 720 478	2 514 976	1 954 992
	1 036 921 625	**407 713 346**	**2 643 959 323**	**376 758 688**

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18 DEFERRED TAX ASSET AND LIABILITY (Continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
18.3 Deferred income tax assets and liabilities				
Deferred tax assets and liabilities are attributable to the following items:				
Allowance for loan impairment	(2 993 758 617)	(1 887 969 902)	(1 200 868 344)	(95 079 629)
Financial assets at fair value through other comprehensive income	753 624 442	625 792 179	191 241 377	63 409 114
Property and equipment allowances	3 244 537 834	2 878 476 309	2 366 919 025	436 099 625
Unrealised gains on foreign exchange and equities	11 161 208 420	8 496 055 141	12 775 693 743	1 305 919 104
Accrual for leave pay	(568 795 289)	(520 776 661)	(106 789 160)	(63 925 428)
Deferred acquisition costs	171 708 622	135 612 051	(107 959 816)	17 661 224
Unearned premium reserve and deferred income	(186 049 149)	(173 471 457)	(17 534 563)	(4 956 871)
Prepayments and other assets	292 401 067	177 911 690	43 007 038	4 199 663
Trade and other payables	(2 080 800 873)	(8 055 479 161)	(5 479 851 211)	(1 143 474 959)
Net outstanding claims	(100 438 871)	(100 438 871)	(652 361)	(652 361)
	9 693 637 586	**1 575 711 318**	**8 463 205 728**	**519 199 482**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 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

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

19.3 Share capital movement

	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
INFLATION ADJUSTED				
As at 31 December 2022	**671 949 927**	**1 434 127**	**3 005 945 427**	**3 007 379 554**
As at 31 December 2021	**671 949 927**	**1 434 127**	**3 005 945 427**	**3 007 379 554**
HISTORICAL COST				
As at 31 December 2022	**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.

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	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
20 OTHER RESERVES				
Translation reserve	549 414 693	-	549 414 693	-
Revaluation reserves	11 402 344 017	6 052 390 841	16 559 562 965	3 253 383 494
Non distributable reserves	14 036 243 822	14 036 243 822	1 419 826 338	1 419 826 338
Financial assets at fair value through other comprehensive income reserve	802 293 610	784 308 648	205 902 874	152 392 146
Treasury shares reserves	(5 213 240 268)	(3 602 352 546)	(1 665 859 495)	(311 545 490)
Changes in ownership reserve	356 591 942	356 591 942	1 670 671	1 670 671
	21 933 647 816	**17 627 182 707**	**17 070 518 046**	**4 515 727 159**

The definitions of the reserves are as follows;

Translation reserves consists of gains or losses on translation of foreign operations under our subsidiary FBC Reinsurance Limited.

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 transferred to share capital and share premium.

Regulatory reserves are impairment allowances, the Group is legally required to maintain on its statement of financial position that are over and above those required by IFRS.

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.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
21 INTEREST AND RELATED INCOME				
Cash and cash equivalents	137 558 292	103 545 377	102 298 150	25 373 000
Loans and advances to other banks	4 488 744 579	1 016 626 265	3 402 068 089	238 234 993
Loans and advances to customers	34 800 141 976	17 038 101 923	26 180 978 991	4 004 414 634
Banker's acceptances and tradable bills	2 053 693 109	3 076 720 127	1 470 533 686	717 323 002
Other interest income	1 433 302 254	1 083 651 879	996 165 641	266 214 665
	42 913 440 210	**22 318 645 571**	**32 152 044 557**	**5 251 560 294**

Credit related fees that are an integral part of the effective interest on loans and advances have been classified under interest income. No interest earned was at nominal rates.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
21.1 INTEREST AND RELATED EXPENSE				
Deposit from other banks	5 521 437 467	1 256 676 565	4 684 780 994	268 106 435
Demand deposits	99 020 309	213 478 562	76 282 790	41 322 733
Lines of credit from financial institutions	1 680 142 671	1 517 987 275	1 157 162 455	304 427 700
Time deposits	6 027 913 731	1 816 541 660	4 729 547 082	417 869 895
	13 328 514 178	**4 804 684 062**	**10 647 773 321**	**1 031 726 763**

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		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
22	**FEE AND COMMISSION INCOME**				
	Retail service fees	16 660 617 623	10 662 941 065	12 039 038 699	2 508 555 829
	Credit related fees	376 789 957	341 099 884	236 412 933	83 643 951
	Investment banking fees	14 907 389	13 469 323	11 578 844	3 280 137
	Brokerage commission	452 023 950	607 944 977	330 991 719	143 914 155
		17 504 338 919	**11 625 455 249**	**12 618 022 195**	**2 739 394 072**
22.1	**FEE AND COMMISSION EXPENSE**				
	Brokerage	**268 662 885**	**81 881 667**	**211 704 766**	**18 802 373**
23	**REVENUE FROM PROPERTY SALES**				
	Property sales	**30 942 783**	**2 071 609 763**	**10 786 026**	**345 152 838**
	Property sales were subdues during the year 2022 and the majority of housing units completed during the period were transferred to investment property.				
23.1	**COST OF PROPERTY SALES**				
	Property costs	**17 522 546**	**1 176 088 607**	**4 038 249**	**214 879 887**
24	**INSURANCE PREMIUM REVENUE**				
	Gross premium written	11 911 549 021	9 206 610 142	8 755 910 519	2 066 149 970
	Change in unearned premium reserve (“UPR”)	(1 922 368 749)	(238 516 921)	(2 136 981 318)	(166 306 298)
		9 989 180 272	**8 968 093 221**	**6 618 929 201**	**1 899 843 672**
25	**NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**				
	Financial assets at fair value through profit or loss (note 7) fair value loss	**9 975 499 025**	**8 415 823 033**	**8 508 690 949**	**2 498 187 805**
26	**OTHER OPERATING INCOME**				
	Rental income	233 560 387	120 100 337	176 776 256	27 606 638
	Profit/(loss) on disposal of property and equipment	409 767	(13 318 268)	9 813 718	(1 327 995)
	Sundry income	1 581 606 506	713 984 617	1 240 524 727	156 199 261
	Bad debts recoveries	769 284	5 018 454	551 838	1 005 638
	Fair value adjustment on investment property	10 709 699 153	4 987 104 005	19 973 501 636	2 204 434 781
		12 526 045 097	**5 812 889 145**	**21 401 168 175**	**2 387 918 323**
27	**NET INSURANCE COMMISSION EXPENSE**				
	Commissions paid	1 751 722 966	1 068 900 459	1 189 807 153	226 134 147
	Change in technical provisions	(115 850 993)	(111 130 147)	(87 164 448)	(35 675 866)
		1 635 871 973	**957 770 312**	**1 102 642 705**	**190 458 281**
	Commission received	(519 180 261)	(584 872 495)	(392 571 715)	(136 568 007)
		1 116 691 712	**372 897 817**	**710 070 990**	**53 890 274**

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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 2022						
Claims and loss adjustment expenses	(5 433 900 736)	902 046 919	(4 531 853 817)	(4 009 312 008)	683 562 528	(3 325 749 480)
Change in technical provisions	(489 289 820)	144 108 045	(345 181 775)	(416 137 673)	202 999 164	(213 138 509)
Total claims	**(5 923 190 556)**	**1 046 154 964**	**(4 877 035 592)**	**(4 425 449 681)**	**886 561 692**	**(3 538 887 989)**
Year ended 31 December 2021						
Claims and loss adjustment expenses	(2 825 754 203)	320 282 587	(2 505 471 616)	(665 191 573)	64 533 335	(600 658 238)
Change in technical provisions	(351 179 237)	9 122 151	(342 057 086)	(76 857 356)	2 723 318	(74 134 038)
Total claims	**(3 176 933 440)**	**329 404 738**	**(2 847 528 702)**	**(742 048 929)**	**67 256 653**	**(674 792 276)**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
29 ADMINISTRATIVE EXPENSES				
Marketing	588 170 251	351 571 573	406 053 958	79 916 255
Premises	937 997 741	531 818 070	568 911 449	114 522 599
Computer	1 975 386 144	1 777 855 831	1 440 054 461	409 290 126
Insurance	1 036 205 381	941 814 140	767 894 291	211 487 981
Travel	964 840 087	326 036 532	688 004 836	75 848 341
Security	912 682 657	114 699 055	672 292 007	120 428 720
Communication	615 143 476	662 727 613	438 967 009	153 055 803
Donations	356 818 040	111 039 830	230 708 429	22 651 433
Subscriptions	282 529 484	291 040 636	201 678 006	66 679 716
Operational losses/(loss recoveries)	(60 531 572)	(58 235 952)	(37 572 746)	(15 008 626)
Mastercard and Visa expenses	1 315 306 710	776 742 194	976 037 526	179 753 759
Other administration expenses	6 952 713 860	3 416 178 448	5 261 095 385	672 009 625
Staff costs (note 29.1)	38 701 175 751	15 536 977 940	27 215 480 658	3 970 847 431
Directors' remuneration (note 29.2)	12 946 286 910	4 590 472 669	10 201 924 298	1 057 072 464
Audit fees:				
- Current year fees	552 470 992	363 039 921	466 699 459	91 948 863
- Prior year fees	16 940 851	77 380 912	10 186 419	17 137 897
- Other services	-	-	-	-
Depreciation	1 239 368 783	894 806 919	603 449 024	182 407 996
Amortisation and impairment loss (note 12)	98 345 002	127 965 271	7 607 855	3 227 221
Short term leases	121 491 158	35 256 020	70 672 859	7 991 584
	69 553 341 706	**30 869 187 622**	**50 190 145 183**	**7 421 269 188**
29.1 Staff costs				
Salaries and allowances	36 765 943 492	14 818 349 543	26 039 494 230	3 808 189 512
Social security	334 530 386	73 571 410	205 004 589	16 665 945
Pension contribution	1 600 701 873	645 056 987	970 981 839	145 991 974
	38 701 175 751	**15 536 977 940**	**27 215 480 658**	**3 970 847 431**
29.2 Directors' remuneration				
Board fees	494 763 745	343 662 579	392 464 095	82 673 904
Other emoluments	-	840 878	-	206 394
For services as management	12 451 523 165	4 245 969 212	9 809 460 203	974 192 166
	12 946 286 910	**4 590 472 669**	**10 201 924 298**	**1 057 072 464**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
29.3 Leases as lessee				
Right-of-use assets				
Cost				
Balance at 1 January	813 195 567	601 265 960	102 232 883	41 091 341
Additions	24 785 921	-	24 785 923	-
Remeasurement adjustments	189 446 891	211 929 607	134 635 381	61 141 542
Balance at 31 December	**1 027 428 379**	**813 195 567**	**261 654 187**	**102 232 883**
Accumulated depreciation				
Balance at 1 January	220 781 603	97 145 857	27 206 090	4 342 105
Charge for the year	197 361 697	123 635 746	85 167 961	22 863 985
Balance at 31 December	**418 143 300**	**220 781 603**	**112 374 051**	**27 206 090**
Carrying amount at 31 December	**609 285 079**	**592 413 964**	**149 280 136**	**75 026 793**
Amounts recognised in profit and loss				
Depreciation expense on right-of-use assets	197 361 697	123 635 746	85 167 961	22 863 985
Interest expense on lease liabilities	466 276 793	189 434 645	272 767 950	43 846 305
Expenses relating to variable lease payments not included -in the measurement of lease liabilities	-	-	-	-
Income from sub-leasing right-of-use assets	2 955 456	1 139 715	1 627 368	256 929
The total committed value for short term leases is	-	-	-	-
The total cash outflow for leases amount to	741 754 504	471 972 908	291 979 321	104 987 847
Lease liabilities				
Opening	284 099 605	186 861 499	82 644 775	33 818 029
Additions for the period	24 785 923	167 846 762	24 785 923	48 826 746
Finance cost	466 276 793	189 434 645	272 767 950	43 846 305
Remeasurement adjustments	189 446 891	211 929 607	134 635 381	61 141 542
Cash movements	(741 754 504)	(471 972 908)	(291 979 321)	(104 987 847)
	222 854 708	**284 099 605**	**222 854 708**	**82 644 775**
Analysed as:				
0 - 1 year	41 760 330	6 496 084	41 760 330	1 889 704
1 - 5 years	181 094 378	277 603 521	181 094 378	80 755 071
	222 854 708	**284 099 605**	**222 854 708**	**82 644 775**
The Group leases some of its banking branches and premises. The leases typically run for a period of 1 year. 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.				
Amounts recorded in profit or loss				
Lease expense	121 491 158	35 256 020	70 672 859	7 991 584

Re-measurement adjustments include effects of IAS 29.

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		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
30	**INCOME TAX EXPENSE:**				
30.1	**Charge for the year**				
	Current income tax on income for the reporting year	3 859 806 421	4 582 655 098	3 754 788 839	1 216 227 104
	Prior year under provision	-	-	-	-
	Deferred income tax	7 200 491 956	(2 483 594 731)	5 337 036 780	(371 840 812)
	Income tax expense	**11 060 298 377**	**2 099 060 367**	**9 091 825 619**	**844 386 292**
	The income tax rate applicable to the Group's taxable income for the year ended 31 December 2022 is 24.72% (2021: 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% (2021: 24.72%) as follows;				
	Profit before income tax	**23 632 075 346**	**17 020 736 222**	**49 139 594 944**	**7 715 527 914**
	Income tax charged based on profit for the year at 24.72% (2021:24.72%)	5 841 849 026	4 207 525 994	12 147 307 870	1 907 278 500
	Tax effect of:				
	Exempt income*	(2 765 588 738)	(1 338 665 540)	(2 793 949 080)	(520 041 756)
	Additional/(savings) tax resulting from permanent differences	(1 466 592)	-	(1 466 592)	-
	Income subject to tax at lower rates	163 556 377	-	208 683 643	-
	Impairment allowance	1 103 584 555	301 695 707	1 103 584 555	87 763 502
	Expenses not deductible for tax purposes**	5 738 444 080	2 284 110 060	2 574 274 569	664 544 480
	Assessed losses	-	(7 281 016)	-	(2 118 053)
	Prior year under provision	-	-	-	-
	Other liabilities including payrol related provisions	979 919 669	(3 348 324 838)	(4 146 609 346)	(1 293 040 381)
	Income tax expense	**11 060 298 377**	**2 099 060 367**	**9 091 825 619**	**844 386 292**
	Effective rate	**47%**	**12%**	**19%**	**11%**

* Included in exempt income is dividend income and unrealised exchange gains.

** Expenses not deductible for tax purposes constitute depreciation, intermediary tax, entertainment costs and donations.

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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	Group Finance Director
Tichaona Mabeza	Group Company Secretary
Kleto Chiketsani	Managing Director (FBC Reinsurance Limited)
Webster Rusere	Managing Director (FBC Bank Limited)
Pius Rateiwa	Managing Director (FBC Building Society)
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)
Alfred Chitanda	Executive Director (FBC Insurance Company (Private) Limited)
Agnes Kanhukamwe	Executive Director (FBC Building Society)
Dorcas Chihota	Executive Director (FBC Reinsurance Limited)
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)
Joaquim Matsvimbo	Executive Director (FBC Reinsurance Limited)
Israel Murefu	Divisional Director Human Resources
Barnabas Vera	Divisional Director Internal Audit
Alice Chiedza	Executive Director (FBC Reinsurance Limited)
Patricia Nyazenga	Divisional Director Credit Management
Mudzingwa Nhiwatiwa	Divisional Director Risk Management

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)
Rus Enterprises (Private) Limited (owned by FBC Holdings Limited board member)
Altiwave Investments (Private) Limited (related to FBC Bank Limited)
GB Holdings Limited (related to FBC Holdings Executive)
Pachiro Family Trust (related to FBC Bank Limited board member)
Zuva Petroleum (related to FBC Holdings Executive)
Vidrly International (PVT) LTD (related to FBC Holdings Executive)

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31 RELATED PARTY TRANSACTIONS (CONTINUED)

Below are the companies related to directors, key senior management and Group and their loan balances as at 31 December 2022.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
ZUVA PETROLEUM PRIVATE LIMITED				
(Facility Limit ZWL8.2 billion)	1 340 863 506	1 687 603 055	1 340 863 506	490 924 964
MATAMBO RUMBIDZAI MRS	17 324 775	346 704	17 324 775	100 857
GB HOLDINGS LIMITED - CERNOL CHEMICALS				
(Facility Limit ZWL236 million)	-	154 691 945	-	45 000 000
EDWIN CHIDZONGA	5 786 625	-	5 786 625	-
	1 363 974 906	**1 842 641 704**	**1 363 974 906**	**536 025 821**
These transactions are at arms length.				
Loans and advances to non executive directors				
Balance as at 1 January	-	-	-	-
Effects of IAS29	-	-	-	-
Advances during the year	-	-	-	-
Transfer to ordinary loans after director resignation	-	-	-	-
Interest charged and repayments made during the year	-	-	-	-
Balance as at 31 December	**-**	**-**	**-**	**-**
Loans and advances to executive directors				
Balance as at 1 January	59 676 700	54 001 043	17 359 996	9 773 061
Effects of IAS29	(42 316 704)	(20 405 180)	-	-
Advances during the year	831 031 852	59 694 021	831 031 852	17 365 034
Repayments made during the year	(66 313 408)	(33 613 184)	(66 313 408)	(9 778 100)
Balance as at 31 December	**782 078 440**	**59 676 700**	**782 078 440**	**17 359 995**
Interest charged during the year	97 710 805	6 272 906	53 802 687	1 414 120

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 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Compensation for executive directors and key management				
Short term employee benefits	12 451 523 165	4 245 969 212	9 809 460 203	974 192 166
Post- employment benefits	-	840 878	-	206 394
Long service awards	3 834 141 050	1 784 592 015	3 834 141 050	519 139 124
	16 285 664 215	**6 031 402 105**	**13 643 601 253**	**1 493 537 684**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

31 RELATED PARTY TRANSACTIONS (CONTINUED)

Group entities	interest 2022	interest 2021
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%
OutRisk Underwriting Management Agency (Private) Limited	100%	100%

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 2022

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	Mortgage financing	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	-
OutRisk Underwriting Management Agency (Private) Limited	Insurance broking	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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Profit attributable to equity holders of the parent	12 555 216 195	14 914 793 109	40 018 317 742	6 867 849 980
Total	**12 555 216 195**	**14 914 793 109**	**40 018 317 742**	**6 867 849 980**
Basic earnings per share				
Basic earnings per share for continuing operations (ZWL cents)	1 996.28	2 369.27	6 362.91	1 090.98
	1 996.28	**2 369.27**	**6 362.91**	**1 090.98**

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

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	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Earnings				
Profit attributable to equity holders of the parent	12 555 216 195	14 914 793 109	40 018 317 742	6 867 849 980
Total	**12 555 216 195**	**14 914 793 109**	**40 018 317 742**	**6 867 849 980**
Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
Diluted earnings per share				
Diluted earnings per share for continuing operations (ZWL cents)	1 996.28	2 369.27	6 362.91	1 090.98
	1 996.28	**2 369.27**	**6 362.91**	**1 090.98**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

33 EARNINGS PER SHARE (CONTINUED)
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 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Profit attributable to equity holders of the parent	**12 555 216 195**	**14 914 793 109**	**40 018 317 742**	**6 867 849 980**
Adjusted for excluded remeasurements				
Profit/(loss) from the disposal of property and equipment (note 26)	(409 767)	13 318 268	(9 813 718)	1 327 995
Headline earnings	**12 554 806 428**	**14 928 111 377**	**40 008 504 024**	**6 869 177 975**
Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
Headline earnings per share (ZWL cents)	**1 996.21**	**2 371.38**	**6 361.35**	**1 091.19**

33.4 Diluted headline earnings per share

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Profit attributable to equity holders of the parent	**12 555 216 195**	**14 914 793 109**	**40 018 317 742**	**6 867 849 980**
Adjusted for excluded remeasurements				
Profit/(loss) from the disposal of property and equipment (note 26)	(409 767)	13 318 268	(9 813 718)	1 327 995
Headline earnings	**12 554 806 428**	**14 928 111 377**	**40 008 504 024**	**6 869 177 975**
Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
Headline earnings per share (ZWL cents)	**1 996.21**	**2 371.38**	**6 361.35**	**1 091.19**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Credit risk (continued)

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 requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on the lifetime rather than 12-month ECL.

Credit terms:

Default

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

Past due loans

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

Impaired loans

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)

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).

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Credit risk (continued)

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 detailed 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.

	2022			2021		
At 31 December	**Base**	**Bear**	**Bull**	**Base**	**Bear**	**Bull**
Scenario probability weighting	30%	50%	20%	30%	50%	20%

The Zimbabwean economy is projected to record positive growth during the year 2023 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.1 Exposure to credit risk

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
Loans and advances

INFLATION ADJUSTED

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)

HISTORICAL COST

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
INFLATION ADJUSTED

Sensitivity analysis of ECL	31 Dec 2022	31 Dec 2021
If all assets move to stage 3 ECL will increase to	55 595 609 574	29 772 774 409
If all assets move to stage 1 ECL will decrease to	1 111 912 191	595 455 488

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 2022								
Stage 2 over due up to 1 month	616 124 801	13 321 615 656	55 684 730	13 993 425 187	616 124 801	13 321 615 656	55 684 730	13 993 425 187
Stage 2 over due 1 - 3 months	250 579 213	372 636 055	166 495 707	789 710 975	250 579 213	372 636 055	166 495 707	789 710 975
Stage 2 over due 3 - 6 months	33 367 290	33 543 820	3 630 028	70 541 138	33 367 290	33 543 820	3 630 028	70 541 138
Stage 2 over due 6 - 12 months	29 138 986	1 853 545	2 457 915	33 450 446	29 138 986	1 853 545	2 457 915	33 450 446
Stage 2 over 12 months	11 379 922	33 626 301	69 198	45 075 421	11 379 922	33 626 301	69 198	45 075 421
Total	**940 590 212**	**13 763 275 377**	**228 337 578**	**14 932 203 167**	**940 590 212**	**13 763 275 377**	**228 337 578**	**14 932 203 167**
Value of collateral	**439 201 230**	**17 161 012 169**	**145 614 885**	**17 745 828 284**	**439 201 230**	**17 161 012 169**	**145 614 885**	**17 745 828 284**
Amount of (under)/over collateralisation	**(501 388 982)**	**3 397 736 792**	**(82 722 693)**	**2 813 625 117**	**(501 388 982)**	**3 397 736 792**	**(82 722 693)**	**2 813 625 117**
As at 31 December 2021								
Stage 2 over due up to 1 month	118 920 161	10 199 683 245	28 236 316	10 346 839 722	34 593 962	2 967 095 325	8 213 965	3 009 903 252
Stage 2 over due 1-3 months	279 841 692	109 374 218	49 230 540	438 446 450	81 406 153	31 817 040	14 321 200	127 544 393
Stage 2 over due 3-6 months	18 535 539	13 004 147	660 040	32 199 726	5 392 002	3 782 916	192 006	9 366 924
Stage 2 over due 6 - 12 months	11 988 224	671 676	207 782	12 867 682	3 487 383	195 391	60 444	3 743 218
Stage 2 over 12 months	5 681 863	12 820 586	101 196	18 603 645	1 652 858	3 729 518	29 438	5 411 814
Total	**434 967 479**	**10 335 553 872**	**78 435 874**	**10 848 957 225**	**126 532 358**	**3 006 620 190**	**22 817 053**	**3 155 969 601**
Value of collateral	**366 163 447**	**7 669 192 410**	**102 688 091**	**8 138 043 948**	**106 517 215**	**2 230 973 688**	**29 872 041**	**2 367 362 944**
Amount of (under)/over collateralisation	**(68 804 032)**	**(2 666 361 462)**	**24 252 217**	**(2 710 913 277)**	**(20 015 143)**	**(775 646 502)**	**7 054 988**	**(788 606 657)**

Collateral is mainly comprised of immovable properties.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34.1.1 Exposure to credit risk (continued)
Loans and advances (continued)

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 ZWL4 227 299 576 (2021: ZWL610 401 797) in inflation adjusted terms and ZWL4 227 299 576 (2021: ZWL177 566 330) 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 2022						
Gross carrying amount	287 270 175	3 940 029 401	4 227 299 576	287 270 175	3 940 029 401	4 227 299 576
Less allowance for impairment	(84 291 845)	(991 996 230)	(1 076 288 075)	(84 291 845)	(991 996 230)	(1 076 288 075)
Net carrying amount	**202 978 330**	**2 948 033 171**	**3 151 011 501**	**202 978 330**	**2 948 033 171**	**3 151 011 501**
Value of collateral	**153 748 141**	**142 854 977**	**296 603 118**	**153 748 141**	**142 854 977**	**296 603 118**
As at 31 December 2021						
Gross carrying amount	160 320 109	450 081 688	610 401 797	46 637 237	130 929 093	177 566 330
Less allowance for impairment	(78 790 444)	(339 114 568)	(417 905 012)	(22 920 198)	(98 648 676)	(121 568 874)
Net carrying amount	**81 529 665**	**110 967 120**	**192 496 785**	**23 717 039**	**32 280 417**	**55 997 456**
Value of collateral	**42 190 506**	**491 078 093**	**533 268 599**	**12 273 249**	**142 854 977**	**155 128 226**

Terms and conditions on collateral:

a) Valuation is by professional valuers or done internally

b) Valuation is reviewed after every 3 years

Type of collateral accepted

a) Movable property

b) Cession of insurance policies

c) Cash cover

d) Pledges

e) Guarantees

f) Cessions

g) Deeds of Hypothecation

There are no financial instruments for which loss allowance has not been recognised due to collateral held by the Group.

There are no significant changes to the quality of collateral held by the Group during the period.

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34.1.1 Exposure to credit risk (continued)
Loans and advances (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Renegotiated loans and advances to customers				
- Continuing to be impaired after restructuring	344 937 696	-	344 937 696	-
- Non-impaired after restructuring – would otherwise have been impaired	4 066 676 924	-	4 066 676 924	-
- Non-impaired after restructuring – would otherwise not have been impaired	-	-	-	-
Total	**4 411 614 620**	**-**	**4 411 614 620**	**-**

Repossessed collateral

During the year ended 31 December 2021 the Group repossessed collateral valued at ZWL789 614 (2021 - ZWL714 129).

Sectorial analysis of utilizations of loans and advances to customers

	INFLATION ADJUSTED				HISTORICAL COST			
	2022 ZWL	%	2021 ZWL	%	2022 ZWL	%	2021 ZWL	%
Mining	21 464 716 170	14%	9 907 704 705	12%	21 464 716 170	14%	2 882 158 554	12%
Manufacturing	10 390 218 995	7%	15 733 088 336	19%	10 390 218 995	7%	4 576 766 918	19%
Mortgages	12 179 431 246	8%	4 007 432 542	5%	12 179 431 246	8%	1 165 765 061	5%
Wholesale	114 130 197	0%	3 054 425 402	4%	114 130 197	0%	888 534 586	4%
Distribution	12 462 589 542	8%	3 821 923 160	5%	12 462 589 542	8%	1 111 800 246	5%
Individuals	9 662 125 325	6%	11 494 013 834	14%	9 662 125 325	6%	3 343 617 041	14%
Agriculture	5 362 360 550	3%	6 023 156 381	7%	5 362 360 550	3%	1 752 140 602	7%
Communication	-	0%	79 033 936	0%	-	0%	22 991 030	0%
Construction	6 605 513 013	4%	5 341 035 919	6%	6 605 513 013	4%	1 553 711 260	6%
Local authorities	116 804 566	0%	480 405 889	1%	116 804 566	0%	139 750 425	1%
Other services	76 074 359 215	49%	22 759 931 033	28%	76 073 692 144	49%	6 620 688 779	28%
	154 432 248 819	**100%**	**82 702 151 137**	**100%**	**154 431 581 748**	**100%**	**24 057 924 502**	**100%**

Risk concentrations

There are material concentrations of loans and advances to the following sectors; Individual 6% (2021: 14%), mining 14% (2021: 12%), other services 49% (2021: 28%) and manufacturing 7% (2021: 19%).

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.1 Exposure to credit risk (continued)

Analysis of credit quality by sector - loans and advances to customers
INFLATION ADJUSTED
As at 31 December 2022

	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	8 847 045 141	1 426 233 638	72 468 832	-	44 471 384	10 390 218 995
Wholesale	8 697 386	105 432 811	-	-	-	114 130 197
Individuals	8 505 493 250	1 047 662 075	70 308 024	34 207 415	4 454 561	9 662 125 325
Mortgages	11 588 710 125	422 891 070	84 108 480	1 798 332	81 923 239	12 179 431 246
Agriculture	2 269 981 590	2 720 900 074	2 920 094	139 785	368 419 007	5 362 360 550
Distribution	9 941 197 340	2 134 803 532	379 276 621	7 294 061	17 988	12 462 589 542
Construction	6 585 255 265	20 257 748	-	-	-	6 605 513 013
Communication	-	-	-	-	-	-
Local Authorities	116 804 566	-	-	-	-	116 804 566
Mining	15 020 712 155	6 444 004 015	-	-	-	21 464 716 170
Other services	72 388 849 257	610 018 204	3 073 015 478	2 067 359	408 915	76 074 359 213
	135 272 746 075	**14 932 203 167**	**3 682 097 529**	**45 506 952**	**499 695 094**	**154 432 248 817**
Percentage of total loans	**88%**	**10%**	**2%**	**0%**	**0%**	**100%**

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	12 029 959 975	3 654 273 087	-	-	48 855 274	15 733 088 336
Wholesale	2 981 888 341	28 536 085	43 892 138	46 841	61 997	3 054 425 402
Individuals	10 538 874 115	824 784 995	110 527 115	12 737 414	7 090 195	11 494 013 834
Mortgages	3 902 581 369	70 420 542	33 733 177	207 782	489 672	4 007 432 542
Agriculture	2 529 578 345	3 156 326 692	894 391	163 087 733	173 269 220	6 023 156 381
Distribution	3 514 675 463	292 500 426	1 280 127	28 230	13 438 914	3 821 923 160
Construction	5 314 488 454	26 547 465	-	-	-	5 341 035 919
Communication	79 033 936	-	-	-	-	79 033 936
Local Authorities	171 006 819	309 399 070	-	-	-	480 405 889
Mining	7 421 301 717	2 486 012 360	390 628	-	-	9 907 704 705
Other services	22 759 403 582	156 502	230 203	-	140 746	22 759 931 033
	71 242 792 116	**10 848 957 224**	**190 947 779**	**176 108 000**	**243 346 018**	**82 702 151 137**
Percentage of total loans	**86%**	**13%**	**0%**	**0%**	**1%**	**100%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.1 Exposure to credit risk (continued)

HISTORICAL COST
As at 31 December 2022

	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	8 847 045 141	1 426 233 638	72 468 832	-	44 471 384	10 390 218 995
Wholesale	8 697 386	105 432 811	-	-	-	114 130 197
Individuals	8 505 493 250	1 047 662 075	70 308 024	34 207 415	4 454 561	9 662 125 325
Mortgages	11 588 710 125	422 891 070	84 108 480	1 798 332	81 923 239	12 179 431 246
Agriculture	2 269 981 590	2 720 900 074	2 920 094	139 785	368 419 007	5 362 360 550
Distribution	9 941 197 340	2 134 803 532	379 276 621	7 294 061	17 988	12 462 589 542
Construction	6 585 255 265	20 257 748	-	-	-	6 605 513 013
Communication	-	-	-	-	-	-
Local Authorities	116 804 566	-	-	-	-	116 804 566
Mining	15 020 712 155	6 444 004 015	-	-	-	21 464 716 170
Other services	72 388 182 186	610 018 204	3 073 015 478	2 067 359	408 915	76 073 692 142
	135 272 079 004	**14 932 203 167**	**3 682 097 529**	**45 506 952**	**499 695 094**	**154 431 581 746**
Percentage of total loans	**88%**	**10%**	**2%**	**0%**	**0%**	**100%**

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	6 620 535 342	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%**	**1%**	**100%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.1 Exposure to credit risk (continued)

Reconciliation of allowance for impairment for loans and advances
INFLATION ADJUSTED

	31 Dec 2022			31 Dec 2021		
	Specific allowance / Stage 3	Collective allowance/ Stage 1-2	Total	Specific allowance / Stage 3	Collective allowance / Stage 1-2	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January	**417 905 012**	**1 385 841 664**	**1 803 746 676**	**43 799 439**	**759 422 344**	**803 221 783**
Effects of IAS 29	(296 336 138)	(982 699 309)	(1 279 035 447)	(16 550 336)	(286 960 194)	(303 510 530)
Increase in impairment allowance	971 222 922	3 333 095 468	4 304 318 390	411 302 110	913 379 514	1 324 681 624
Write off	(16 503 721)	(40 625 879)	(57 129 600)	(20 646 201)	-	(20 646 201)
	1 076 288 075	**3 695 611 944**	**4 771 900 019**	**417 905 012**	**1 385 841 664**	**1 803 746 676**

HISTORICAL COST

	31 Dec 2022			31 Dec 2021		
	Specific allowance / Stage 3	Collective allowance/ Stage 1-2	Total	Specific allowance / Stage 3	Collective allowance / Stage 1-2	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January	**121 568 874**	**403 142 355**	**524 711 229**	**7 926 784**	**137 439 585**	**145 366 369**
Increase in impairment allowance	971 222 922	3 333 095 468	4 304 318 390	119 648 085	265 702 770	385 350 855
Write off	(16 503 721)	(40 625 879)	(57 129 600)	(6 005 995)	-	(6 005 995)
	1 076 288 075	**3 695 611 944**	**4 771 900 019**	**121 568 874**	**403 142 355**	**524 711 229**

34.1.2 Trade and other receivables including insurance receivables

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	ZWL	ZWL	ZWL	ZWL
Default	**151 732 858**	**350 254 295**	**151 732 858**	**101 889 231**
Allowance for impairment	(151 732 858)	(350 254 295)	(151 732 858)	(101 889 231)
Carrying amount	-	-	-	-
Past due amounts	26 247 012	589 262 243	26 247 012	171 416 818
Amounts up to date	5 296 848 671	1 587 916 634	4 833 396 285	447 419 271
Gross amount not impaired	**5 323 095 683**	**2 177 178 877**	**4 859 643 297**	**618 836 089**
Allowance for impairment	-	(326 875)	-	(95 088)
Carrying amount not impaired	**5 323 095 683**	**2 176 852 002**	**4 859 643 297**	**618 741 001**
Total carrying amount	**5 323 095 683**	**2 176 852 002**	**4 859 643 297**	**618 741 001**

As at 31 December 2022 trade receivables amounting to ZWL26 247 012 (2021: ZWL589 262 243) in inflation adjusted terms and ZWL26 247 012 (2021: ZWL171 416 818) 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.2 Trade and other receivables including insurance receivables (continued)

There were no significant changes in the nature and quality of trade and other receivables including insurance receivable from prior year.

As at 31 December 2022 trade receivables amounting to ZWL 151 732 858 (2021: ZWL350 254 295) in inflation adjusted terms and ZWL151 732 858 (2021: ZWL101 889 231) in historical cost terms were impaired. The amount of the allowance was ZWL151 732 858 as at 31 December 2022 (2021: ZWL350 254 295) in inflation adjusted terms and ZWL151 732 858 (2021: ZWL101 889 231) 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 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Over 6 months	151 732 858	350 254 295	151 732 858	101 889 231
A general 15 day payment period is expected.				
Reconciliation of the allowance for impairment of trade receivables including insurance receivables				
Allowances for impairment				
Balance as at 1 January	350 588 904	148 015 101	101 986 569	26 787 642
Effects of IAS29	(248 602 335)	(55 929 935)	-	-
Allowance for trade receivables including insurance receivables' impairment	66 993 043	262 391 223	66 993 043	76 329 799
Receivables written off during the year as uncollectable	-	58 484	-	17 013
Impairment reversal	(17 246 754)	(3 945 969)	(17 246 754)	(1 147 885)
Balance as at 31 December	**151 732 858**	**350 588 904**	**151 732 858**	**101 986 569**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.3 Bonds and Debentures

INFLATION ADJUSTED

	31 Dec 2022				31 Dec 2021			
	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	-	-	-	-	23 991 156	-	-	23 991 156
Standard monitoring	-	-	-	-	-	-	-	
Special monitoring	-	-	-	-	-	-	-	-
Default -		-	-	-	-	-	-	-
Gross Bonds and Debentures	**-**	**-**	**-**	**-**	**23 991 156**	**-**	**-**	**23 991 156**
Impairment allowance		-	-	-	(134 850)	-	-	(134 850)
Net Bonds and Debentures	**-**	**-**	**-**	**-**	**23 856 306**	**-**	**-**	**23 856 306**
Analysis								
Gross amount								
Balance as at 1 January	**23 991 156**	**-**	**-**	**23 991 156**	**2 629 463 278**	**-**	**-**	**2 629 463 278**
Effects of IAS29	(17 012 111)	-	-	(17 012 111)	(993 585 850)	-	-	(993 585 850)
Transfers	-	-	-			-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-		-	-	-
New issue	-	-	-	-	-	-	-	-
Repayments	(6 979 045)	-	-	(6 979 045)	(1 611 886 272)	-	-	(1 611 886 272)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**-**	**-**	**-**	**-**	**23 991 156**	**-**	**-**	**23 991 156**
Impairment								
Balance as at 1 January	**134 850**	**-**	**-**	**134 850**	**12 148 677**	**-**	**-**	**12 148 677**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(95 622)	-	-	(95 622)	(4 590 577)	-	-	(4 590 577)
Transfers	-	-	-			-	-	-
Stage 1	-	-	-		-	-	-	-
Stage 2	-	-	-		-	-	-	-
Stage 3	-	-	-		-	-	-	-
Net change due to new issues and repayments	(39 228)	-	-	(39 228)	(7 423 250)	-	-	(7 423 250)
Balance as at 31 December	**-**	**-**	**-**	**-**	**134 850**	**-**	**-**	**134 850**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.3 Bonds and Debentures (continued)

HISTORICAL COST

	31 Dec 2022				31 Dec 2021			
	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
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**-**	**-**	**-**	**-**	**6 979 045**	**-**	**-**	**6 979 045**
Impairment allowance	-	-	-	-	(39 228)	-	-	(39 228)
Net Bonds and Debentures	**-**	**-**	**-**	**-**	**6 939 817**	**-**	**-**	**6 939 817**
Analysis								
Gross amount								
Balance as at 1 January	**6 979 045**	**-**	**-**	**6 979 045**	**475 877 942**	**-**	**-**	**475 877 942**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	-
Stage 2	-	-	-		-	-	-	-
Stage 3	-	-	-		-	-	-	-
New issue	-	-	-		-	-	-	-
Repayments	(6 979 045)	-	-	(6 979 045)	(468 898 897)	-	-	(468 898 897)
Amounts written off during the year as uncollectible	-	-			-	-	-	-
Balance as at 31 December	**-**		**-**	**-**	**6 979 045**	**-**	**-**	**6 979 045**
Impairment								
Balance as at 1 January	**39 228**	**-**		**39 228**	**2 198 657**	**-**	**-**	**2 198 657**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	-
Stage 2	-	-	-		-	-	-	-
Stage 3	-	-	-		-	-	-	-
Net change due to new issues and repayments	(39 228)	-		(39 228)	(2 159 429)	-	-	(2 159 429)
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**-**	**-**	**-**	**-**	**39 228**	**-**	**-**	**39 228**

INFLATION ADJUSTED

Sensitivity analysis of ECL	**31 Dec 2022**	**31 Dec 2021**
If all assets move to stage 3 ECL will increase to	-	8 636 816
If all assets move to stage 1 ECL will decrease to	-	172 736

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.4 Financial assets at amortised cost

INFLATION ADJUSTED

	31 Dec 2022 ECL staging				31 Dec 2021 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	8 164 282 150	-	-	8 164 282 150	6 808 941 870	-	-	6 808 941 870
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**8 164 282 150**	**-**	**-**	**8 164 282 150**	**6 808 941 870**	**-**	**-**	**6 808 941 870**
Impairment allowance	(85 464 971)	-	-	(85 464 971)	(37 820 548)	-	-	(37 820 548)
Net financial asset at amortised cost	**8 078 817 179**	**-**	**-**	**8 078 817 179**	**6 771 121 322**	**-**	**-**	**6 771 121 322**
Analysis								
Gross amount								
Balance as at 1 January	**6 808 941 870**	**-**	**-**	**6 808 941 870**	**6 024 917 247**	**-**	**-**	**6 024 917 247**
Effects of IAS29	(4 828 215 694)	-	-	(4 828 215 694)	(2 276 613 856)	-	-	(2 276 613 856)
Transfers	-	-				-	-	-
Stage 1	-	-	-	-		-	-	-
Stage 2	-	-	-	-		-	-	-
Stage 3	-	-	-	-		-	-	-
New issue	9 024 946 629	-	-	9 024 946 629	4 974 201 435	-	-	4 974 201 435
Repayments	(2 841 390 655)	-	-	(2 841 390 655)	(1 912 975 941)	-	-	(1 912 975 941)
Amounts written off during the year as uncollectible	-	-	-	-	(587 015)	-	-	(587 015)
Balance as at 31 December	**8 164 282 150**	**-**	**-**	**8 164 282 150**	**6 808 941 870**	**-**	**-**	**6 808 941 870**
Impairment								
Balance as at 1 January	**37 820 548**	**-**	**-**	**37 820 548**	**27 200 557**	**-**	**-**	**27 200 557**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(26 818 523)	-	-	(26 818 523)	(10 278 175)	-	-	(10 278 175)
Transfers	-				-	-	-	
Stage 1	-	-	-	-		-	-	-
Stage 2	-	-	-	-		-	-	-
Stage 3	-	-	-	-		-	-	-
Amounts written off during the year as uncollectible	2 097 904	-	-	2 097 904	34 950	-	-	34 950
Net change due to new issues and repayments	72 365 042	-	-	72 365 042	20 863 216	-	-	20 863 216
Balance as at 31 December	**85 464 971**	**-**	**-**	**85 464 971**	**37 820 548**	**-**	**-**	**37 820 548**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.4 Financial assets at amortised cost (continued)

HISTORICAL COST

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

INFLATION ADJUSTED

Sensitivity analysis of ECL	31 Dec 2022	31 Dec 2021
If all assets move to stage 3 ECL will increase to	2 939 141 574	2 451 219 073
If all assets move to stage 1 ECL will decrease to	58 782 831	49 024 381

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.5 Credit exposure on undrawn loan commitments and guarantees

INFLATION ADJUSTED

	31 Dec 2022				31 Dec 2021			
	ECL staging				ECL staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit grade								
Investment grade	13 272 991 369	-	-	13 272 991 369	15 728 147 892	-	-	15 728 147 892
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**15 728 147 892**	**-**	**-**	**15 728 147 892**
Impairment allowance	(181 895 061)	-	-	(181 895 061)	(31 635 186)	-	-	(31 635 186)
Net undrawn loan commitments and guarantees	**13 091 096 308**	**-**	**-**	**13 091 096 308**	**15 696 512 706**	**-**	**-**	**15 696 512 706**
Analysis								
Gross amount								
Balance as at 1 January	**15 728 147 892**	**-**	**-**	**15 728 147 892**	**2 335 877 688**	**-**	**-**	**2 335 877 688**
Effects of IAS29	(11 152 818 153)	-	-	(11 152 818 153)	(882 649 715)	-	-	(882 649 715)
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	160 553 816 597	-	-	160 553 816 597	18 805 001 714	-	-	18 805 001 714
Repayments	(151 856 154 967)	-	-	(151 856 154 967)	(4 530 081 795)	-	-	(4 530 081 795)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**15 728 147 892**	**-**	**-**	**15 728 147 892**
Impairment								
Balance as at 1 January	**31 635 186**	**-**	**-**	**31 635 186**	**25 191 123**	**-**	**-**	**25 191 123**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(22 432 486)	-	-	(22 432 486)	(9 518 876)	-	-	(9 518 876)
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	172 692 361	-	-	172 692 361	15 962 939	-	-	15 962 939
Balance as at 31 December	**181 895 061**	**-**	**-**	**181 895 061**	**31 635 186**	**-**	**-**	**31 635 186**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.5 Credit exposure on undrawn loan commitments and guarantees

HISTORICAL COST

	31 Dec 2022				31 Dec 2021			
	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	13 272 991 369	-	-	13 272 991 369	4 575 329 739	-	-	4 575 329 739
Standard monitoring	-	-		-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-			-	-	-	-	-
Gross undrawn loan commitments and guarantees	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**4 575 329 739**	**-**	**- -**	**4 575 329 739**
Impairment allowance	(181 895 061)			(181 895 061)	(9 202 700)	-	-	(9 202 700)
Net undrawn loan commitments and guarantees	**13 091 096 308**	**-**	**-**	**13 091 096 308**	**4 566 127 039**	**-**	**-**	**4 566 127 039**
Analysis								
Gross amount								
Balance as at 1 January	**4 575 329 739**	**-**	**-**	**4 575 329 739**	**422 745 081**	**-**	**-**	**422 745 081**
Transfers	-			-	-	-	-	
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	160 553 816 597	-		160 553 816 597	5 470 388 769	-	-	5 470 388 769
Repayments	(151 856 154 967)			(151 856 154 967)	(1 317 804 111)	-	-	(1 317 804 111)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**13 272 991 369**	**-**	**-**	**13 272 991 369**	**4 575 329 739**	**-**	**-**	**4 575 329 739**
Impairment								
Balance as at 1 January	**9 202 700**	**-**	**-**	**9 202 700**	**4 559 068**	**-**	**-**	**4 559 068**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-	-		-	-	-
Stage 1	-	-	-	-		-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	172 692 361	-	-	172 692 361	4 643 632	-	-	4 643 632
Balance as at 31 December	**181 895 061**	**-**	**-**	**181 895 061**	**9 202 700**	**-**	**-**	**9 202 700**

INFLATION ADJUSTED

Sensitivity analysis of ECL	**31 Dec 2022**	**31 Dec 2021**
If all assets move to stage 3 ECL will increase to	4 778 276 893	5 662 133 240
If all assets move to stage 1 ECL will decrease to	95 565 538	113 242 665

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.6 Maximum exposure to credit risk before collateral held or other credit enhancement

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Credit risk exposures relating to on-balance sheet assets are as follows;				
Loans and advances to customers;				
- Individuals	9 662 125 325	11 494 013 834	9 662 125 325	3 343 617 041
- Corporates	144 770 123 493	71 208 137 303	144 769 456 422	20 714 307 461
	154 432 248 818	**82 702 151 137**	**154 431 581 747**	**24 057 924 502**
Financial assets at amortised cost	8 164 282 150	6 808 941 870	8 164 282 150	1 980 726 176
Balances with banks	71 411 342 945	44 235 789 116	71 411 342 945	12 868 223 447
Bonds and debentures	-	23 991 156	-	6 979 045
Trade and other receivables including insurance receivables	5 474 828 541	2 527 440 906	5 011 376 155	720 727 570
Total on balance sheet	**239 482 702 454**	**136 298 314 185**	**239 018 582 997**	**39 634 580 740**
Off balance sheet credit exposure				
- Financial guarantees and letters of credit	7 525 518 907	13 281 809 890	7 525 518 907	3 863 688 223
- Loan commitments	5 747 053 800	2 446 338 001	5 747 053 800	711 641 516
Total off balance sheet credit exposure	**13 272 572 707**	**15 728 147 891**	**13 272 572 707**	**4 575 329 739**
Total credit exposure	**252 755 275 161**	**152 026 462 076**	**252 291 155 704**	**44 209 910 479**

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2022, 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.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Credit quality of balances with other banks					
Counterparties with external credit rating					
Rating	**Agency**				
Aa3	Moody's	46 897 284 355	33 314 783 948	46 897 284 355	9 691 295 046
Baa3	Fitch	2 422 878 565	1 041 110 547	2 422 878 565	302 859 821
Baa1	Moody's	3 520 127	1 512 598	3 520 127	440 016
BB	S&P	60 463 454	25 981 137	60 463 454	7 557 932
BBB+	GCR	556 371 475	239 072 737	556 371 475	69 546 434
A-	GCR	6 416 472 965	3 125 422 762	6 416 472 965	909 187 770
A-1	S&P	-	-	-	-
		56 356 990 941	**37 747 883 729**	**56 356 990 941**	**10 980 887 019**

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.1 Credit risk (continued)
34.1.6 Maximum exposure to credit risk before collateral held or other credit enhancement (continued)

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 Managers 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 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.2 Liquidity risk (continued)

INFLATION ADJUSTED
Contractual maturity analysis
On balance sheet items as at 31 December 2022

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.2 Liquidity risk (continued)

HISTORICAL COST
Contractual maturity analysis
On balance sheet items as at 31 December 2022

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
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 held to maturity	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, stationary and prepayments	5 165 367 173	91 537 637	506 807 197	5 763 712 007
	28 510 001 067	**10 913 891 246**	**41 600 222 986**	**81 024 115 299**
Liquidity gap	**11 753 589 809**	**(15 184 541 769)**	**36 183 339 083**	**32 752 387 123**
Cumulative liquidity gap - on balance sheet	**11 753 589 809**	**(3 430 951 960)**	**32 752 387 123**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	3 863 688 223	-	3 863 688 223
Commitments to lend	711 641 516	-	-	711 641 516
Total liabilities	**711 641 516**	**3 863 688 223**	**-**	**4 575 329 739**
Liquidity gap	**(711 641 516)**	**(3 863 688 223)**	**-**	**28 177 057 384**
Cumulative liquidity gap - on and off balance sheet	**11 041 948 293**	**(8 006 281 699)**	**28 177 057 384**	**-**

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

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 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 has 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 analysing the impact of a shift in the yield curve on the Group's interest income the Group recognises 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			
	2022		2021		2022		2021	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
5% increase in interest rates								
Assets	224 666 767 572	1 711 167 120	97 383 716 585	883 180 083	224 666 767 572	1 711 167 120	28 289 218 854	256 915 991
Liabilities	98 850 423 526	(273 750 852)	49 144 577 946	(68 507 398)	98 850 423 526	(273 750 852)	14 296 193 712	(19 928 852)
Net effect		**1 437 416 268**		**814 672 685**		**1 437 416 268**		**236 987 139**

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.3.1 Interest Rate Risk (continued)

INFLATION ADJUSTED
INTEREST RATE REPRICING AND GAP ANALYSIS
Total position as at 31 December 2022

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 day ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	38 697 585 486	13 366 869 657	10 752 841 081	-	-	62 817 296 224
Financial assets at amortised cost	1 348 466 019	4 377 765 946	1 798 633 133	5 141 522	49 448 109	7 579 454 729
Loans and advances to customers	86 462 750 829	17 964 633	3 850 937 686	1 096 609 752	62 841 753 719	154 270 016 619
Total assets	**126 508 802 334**	**17 762 600 236**	**16 402 411 900**	**1 101 751 274**	**62 891 201 828**	**224 666 767 572**
Liabilities						
Deposits from customers	15 232 641 384	2 565 713 400	-	-	-	17 798 354 784
Deposits from other banks	9 304 525 817	4 127 498 064	57 240 487	-	14 824 852	13 504 089 220
Borrowings	-	76 987 564	-	8 164 525 637	59 306 466 322	67 547 979 523
Total liabilities	**24 537 167 201**	**6 770 199 028**	**57 240 487**	**8 164 525 637**	**59 321 291 174**	**98 850 423 527**
Interest rate repricing gap	**101 971 635 133**	**10 992 401 208**	**16 345 171 413**	**(7 062 774 363)**	**3 569 910 654**	**125 816 344 045**
Cumulative gap interest rate repricing gap	**101 971 635 133**	**112 964 036 341**	**129 309 207 754**	**122 246 433 391**	**125 816 344 045**	

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 day ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	3 571 485 784	5 292 552 380	826 296 332	-	-	9 690 334 496
Financial assets at amortised cost	-	3 018 708 651	1 256 876 049	2 239 057 530	256 479 092	6 771 121 322
Loans and advances to customers	56 875 893 465	1 989 655 074	18 460 758	11 206 503 244	10 807 891 920	80 898 404 461
Bonds and debentures	23 856 306	-	-	-	-	23 856 306
Total assets	**60 471 235 555**	**10 300 916 105**	**2 101 633 139**	**13 445 560 774**	**11 064 371 012**	**97 383 716 585**
Liabilities						
Deposits from customers	7 273 931 666	3 894 140 699	-	-	-	11 168 072 365
Deposits from other banks	6 146 749 035	2 464 541 221	89 087 424	171 742 435	15 469 194	8 887 589 309
Borrowings	6 158 363 300	2 184 684 226	-	10 627 206 442	10 118 662 304	29 088 916 272
Total liabilities	**19 579 044 001**	**8 543 366 146**	**89 087 424**	**10 798 948 877**	**10 134 131 498**	**49 144 577 946**
Interest rate repricing gap	**40 892 191 554**	**1 757 549 959**	**2 012 545 715**	**2 646 611 897**	**930 239 514**	**48 239 138 639**
Cumulative gap interest rate repricing gap	**40 892 191 554**	**42 649 741 513**	**44 662 287 228**	**47 308 899 125**	**48 239 138 639**	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.3.1 Interest Rate Risk (continued)

HISTORICAL COST
INTEREST RATE REPRICING AND GAP ANALYSIS
Total position as at 31 December 2022

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 day ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	38 697 585 486	13 366 869 657	10 752 841 081	-	-	62 817 296 224
Financial assets at amortised cost	1 348 466 019	4 377 765 946	1 798 633 133	5 141 522	49 448 109	7 579 454 729
Loans and advances to customers	86 462 750 829	17 964 633	3 850 937 686	1 096 609 752	62 841 753 719	154 270 016 619
Total assets	**126 508 802 334**	**17 762 600 236**	**16 402 411 900**	**1 101 751 274**	**62 891 201 828**	**224 666 767 572**
Liabilities						
Deposits from customers	15 232 641 384	2 565 713 400	-	-	-	17 798 354 784
Deposits from other banks	9 304 525 817	4 127 498 064	57 240 487	-	14 824 852	13 504 089 220
Borrowings	-	76 987 564	-	8 164 525 637	59 306 466 322	67 547 979 523
Total liabilities	**24 537 167 201**	**6 770 199 028**	**57 240 487**	**8 164 525 637**	**59 321 291 174**	**98 850 423 527**
Interest rate repricing gap	**101 971 635 133**	**10 992 401 208**	**16 345 171 413**	**(7 062 774 363)**	**3 569 910 654**	**125 816 344 045**
Cumulative gap interest rate repricing gap	**101 971 635 133**	**112 964 036 341**	**129 309 207 754**	**122 246 433 391**	**125 816 344 045**	

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 day 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**	**13 993 025 142**
Cumulative gap interest rate repricing gap	**11 895 568 468**	**12 406 841 038**	**12 992 292 060**	**13 762 193 399**	**13 993 025 142**	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
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, United states dollar, Botswana pula, 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 2022

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
Balances with other banks and cash	32 732 185 620	1 998 272 739	887 667 229	40 293 204	78 991 087	35 737 409 879
Trade and other receivables	52 224 132 564	1 457 043 782	3 782 328 258	14 447	50 554	57 463 569 605
Loans and advances to customers	88 553 200 352	299 283	38 853	-	-	88 553 538 488
Total assets	**173 509 518 536**	**3 455 615 804**	**4 670 034 340**	**40 307 651**	**79 041 641**	**181 754 517 972**
Liabilities						
Deposits from customers	99 959 807 491	660 699 911	392 152 657	10 224 952	9 251 056	101 032 136 067
Trade and other payables	24 606 415 843	-	64 417	155 646 395	490 133 167	25 252 259 822
Total liabilities	**124 566 223 334**	**660 699 911**	**392 217 074**	**165 871 347**	**499 384 223**	**126 284 395 889**
Net currency position	**48 943 295 202**	**2 794 915 893**	**4 277 817 266**	**(125 563 696)**	**(420 342 582)**	**55 470 122 083**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.3.2 Currency risk (continued)

INFLATION ADJUSTED
Foreign exchange gap analysis as at 31 December 2021

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
Balances with other banks and cash	59 258 244 219	2 444 107 048	344 520 755	25 701 276	10 578 677	62 083 151 975
Trade and other receivables	2 088 039 759	-	4 445	564	-	2 088 044 768
Loans and advances to customers	48 913 485 344	2 849 171	-	-	-	48 916 334 515
Total assets	**110 259 769 322**	**2 446 956 219**	**344 525 200**	**25 701 840**	**10 578 677**	**113 087 531 258**
Liabilities						
Deposits from customers	100 039 406 154	1 244 687 169	149 506 554	10 328 541	2 123 666	101 446 052 084
Trade and other payables	1 656 085 453	7 218 830	789 414	103 510	2 574 060	1 666 771 267
Total liabilities	**101 695 491 607**	**1 251 905 999**	**150 295 968**	**10 432 051**	**4 697 726**	**103 112 823 351**
Net currency position	**8 564 277 715**	**1 195 050 220**	**194 229 232**	**15 269 789**	**5 880 951**	**9 974 707 907**

HISTORICAL COST
Foreign exchange gap analysis as at 31 December 2022

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
Balances with other banks and cash	32 732 185 620	1 998 272 739	887 667 229	40 293 204	78 991 087	35 737 409 879
Trade and other receivables	52 224 132 564	1 457 043 782	3 782 328 258	14 447	50 554	57 463 569 605
Loans and advances to customers	88 553 200 352	299 283	38 853	-	-	88 553 538 488
Total assets	**173 509 518 536**	**3 455 615 804**	**4 670 034 340**	**40 307 651**	**79 041 641**	**181 754 517 972**
Liabilities						
Deposits from customers	99 959 807 491	660 699 911	392 152 657	10 224 952	9 251 056	101 032 136 067
Trade and other payables	24 606 415 843	-	64 417	155 646 395	490 133 167	25 252 259 822
Total liabilities	**124 566 223 334**	**660 699 911**	**392 217 074**	**165 871 347**	**499 384 223**	**126 284 395 889**
Net currency position	**48 943 295 202**	**2 794 915 893**	**4 277 817 266**	**(125 563 696)**	**(420 342 582)**	**55 470 122 083**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.3.2 Currency risk (continued)

HISTORICAL COST

Foreign exchange gap analysis as at 31 December 2021

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
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**
Base currency						
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**

Below are major cross rates to the ZWL used by the Group as at 31 December:

Currency	31 Dec 2022 Cross rate	31 Dec 2021 Cross rate
British pound (“GBP”)	846.108	146.683
SA rand (“ZAR”)	41.322	6.826
Euro (“EUR”)	747.652	122.934
Pula (“BWP”)	54.827	9.227
United states dollar (“USD”)	684.339	108.666

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.3.2 Currency risk (continued)

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 experience 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 2022						
Assets	17 350 951 854	345 561 580	467 003 434	4 030 765	7 904 164	18 175 451 797
Liabilities	(12 456 622 333)	(66 069 991)	(39 221 707)	(16 587 135)	(49 938 422)	(12 628 439 588)
Net impact on profit or loss and equity	**4 894 329 521**	**279 491 589**	**427 781 727**	**(12 556 370)**	**(42 034 258)**	**5 547 012 209**
For the year ended 31 December 2021						
Assets	11 025 976 933	244 695 623	34 452 519	2 570 183	1 057 869	11 308 753 127
Liabilities	(10 169 549 161)	(125 190 599)	(15 029 598)	(1 043 205)	(469 772)	(10 311 282 335)
Net impact on profit or loss and equity	**856 427 772**	**119 505 024**	**19 422 921**	**1 526 978**	**588 097**	**997 470 792**

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 2022						
Assets	17 350 951 854	345 561 580	467 003 434	4 030 765	7 904 164	18 175 451 797
Liabilities	(12 456 622 333)	(66 069 991)	(39 221 707)	(16 587 135)	(49 938 422)	(12 628 439 588)
Net impact on profit or loss and equity	**4 894 329 521**	**279 491 589**	**427 781 727**	**(12 556 370)**	**(42 034 258)**	**5 547 012 209**
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**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 comprehensive 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 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Impact of 25% increase or decrease in the equity index:				
Financial assets at fair value through profit or loss	3 649 859 003	3 129 241 369	3 746 790 936	931 204 965
Financial assets at fair value through other comprehensive income	53 006 537	134 066 734	53 006 537	39 000 111

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)
34.5 Capital risk (continued)
34.5.1 Regulatory Capital and Financial Risk Management (continued)

Various limits are applied to elements of the capital base. The amount of capital qualifying for tier 2 capital cannot exceed tier 1 capital and the qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investment in the capital of other banks and certain other regulatory items. The Group's operations are categorised as either banking or trading book and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels or risk attached to assets and off balance sheet exposures.

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

The Securities Commission of Zimbabwe ("SECZ") sets and monitors capital requirements for the stockbroking subsidiary and the Insurance and Pensions Commission ("IPEC") sets and monitors capital requirements for the insurance subsidiaries. The following subsidiaries have their capital regulated by the regulatory authorities:

Company	Regulatory Authority	Minimum capital required US$	Minimum capital required ZWL	Net regulatory capital ZWL	Total equity ZWL
As at 31 December 2022					
FBC Bank Limited	RBZ	30 000 000	20 530 170 000	25 030 757 963	36 988 394 341
FBC Building Society	RBZ	20 000 000	13 686 780 000	15 197 288 600	18 941 629 799
FBC Reinsurance Limited	IPEC		150 000 000	3 343 774 286	3 343 774 286
FBC Securities (Private) Limited	SECZ		150 000	181 864 220	181 864 220
FBC Insurance Company (Private) Limited	IPEC		37 500 000	2 238 049 863	2 238 049 863
Microplan Financial Services (Private) Limited	RBZ	25 000	17 108 475	496 478 280	496 478 280
As at 31 December 2021					
FBC Bank Limited	RBZ	30 000 000	3 259 980 000	5 503 063 672	7 496 905 646
FBC Building Society	RBZ	20 000 000	2 173 320 000	2 433 035 168	3 175 267 012
FBC Reinsurance Limited	IPEC		150 000 000	1 169 766 287	1 169 766 287
FBC Securities (Private) Limited	SECZ		150 000	102 553 687	102 553 687
FBC Insurance Company (Private) Limited	IPEC		37 500 000	428 576 366	428 576 366
Microplan Financial Services (Private) Limited	RBZ	25 000	2 716 650	96 859 762	96 859 762

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.5 Capital risk (continued)

34.5.2 Capital allocation (continued)

Capital adequacy ratios

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
FBC Bank Limited capital adequacy ratio				
Ordinary share capital	3 949 176 996	3 949 176 996	18 502 313	18 502 313
Share premium	2 816 945 329	2 816 945 329	13 197 687	13 197 687
Retained profits	23 526 206 939	16 097 100 101	28 104 168 290	5 746 945 751
Capital allocated for market and operational risk	(8 895 346 286)	(5 880 652 792)	(8 895 346 286)	(1 710 686 203)
Advances to insiders	(3 105 110 327)	(947 340 616)	(3 105 110 328)	(275 582 079)
Tier 1 capital	**18 291 872 651**	**16 035 229 018**	**16 135 411 676**	**3 792 377 469**
Other reserves	5 943 308 191	3 244 021 670	8 852 526 051	1 718 259 895
Tier 1 and 2 capital	**24 235 180 842**	**19 279 250 688**	**24 987 937 727**	**5 510 637 364**
Tier 3 capital allocated for market and operational risk	8 895 346 286	5 880 652 792	8 895 346 286	1 710 686 203
	33 130 527 128	**25 159 903 480**	**33 883 284 013**	**7 221 323 567**
Risk weighted assets	**180 032 513 393**	**131 676 902 479**	**180 032 513 393**	**38 304 907 355**
Tier 1 ratio (%)	10%	12%	9%	10%
Tier 2 ratio (%)	3%	2%	5%	4%
Tier 3 ratio (%)	5%	4%	5%	4%
Capital adequacy ratio (%)	**18%**	**19%**	**19%**	**19%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**
FBC Building Society capital adequacy ratio				
Share capital and share premium	6 084 240 881	6 084 240 882	1 081 627 589	1 081 627 589
Accumulated surplus	10 906 372 076	4 232 483 072	14 115 661 011	1 351 407 579
Capital allocated for market and operational risk	(7 365 074 144)	(584 055 292)	(1 143 653 626)	(140 880 690)
Tier 1 capital	**9 625 538 813**	**9 732 668 662**	**14 053 634 974**	**2 292 154 478**
Revaluation reserves	2 632 002 140	1 373 782 145	3 744 341 199	742 231 844
Tier 1 and 2 capital	**12 257 540 953**	**11 106 450 807**	**17 797 976 173**	**3 034 386 322**
Tier 3 capital allocated for market and operational risk	7 365 074 144	584 055 292	1 143 653 626	140 880 690
	19 622 615 097	**11 690 506 099**	**18 941 629 799**	**3 175 267 012**
Risk weighted assets	**48 441 619 891**	**29 254 020 678**	**48 441 619 891**	**7 091 680 031**
Tier 1 ratio (%)	20%	33%	29%	32%
Tier 2 ratio (%)	5%	5%	8%	10%
Tier 3 ratio (%)	15%	2%	2%	2%
Capital adequacy ratio (%)	**41%**	**40%**	**39%**	**45%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.5 Climate related risk

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

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

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

The Group has developed a climate risk framework for:

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

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

The Group has identified the following climate-related risk factors as having an impact on the Group's financial instruments and included them in its principal risk management processes.

- Industries exposed to increased transition risks: The Group has identified industries that are subject to increased risk of climate regulation negatively affecting their business model. The Group Credit Committee has set overall lending limits for these industries.
- Physical risk to real estate: The Group has identified areas in which it operates that are exposed to increased physical risk such as hurricanes or floods. Heightened physical risk is considered in valuing collateral such as real estate plant or inventory.

In addition, the Group is in the process of developing models that aim to assess how borrowers' performance is linked to climate change.

The Group plans to use these models in pricing credit risk and in calculating ECLs.

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).

Notes to the Consolidated Financial Statements (Continued)
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35 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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			
As at 31 December 2022	Quoted market prices Level 1 ZWL	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL	Quoted market prices Level 1 ZWL	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
Assets								
Financial assets at fair value through profit or loss	9 200 504 495	-	5 398 931 518	14 599 436 013	9 588 232 226	-	5 398 931 518	14 987 163 744
Financial assets at fair value through other comprehensive income	212 026 146	-	-	212 026 146	212 026 146	-	-	212 026 146
Investment property	-	-	27 644 769 068	27 644 769 068	-	-	27 644 769 068	27 644 769 068
Property and equipment	-	-	21 059 327 497	21 059 327 497	-	-	21 059 327 497	21 059 327 497
Liabilities								
As at 31 December 2021								
Assets								
Financial assets at fair value through profit or loss	11 207 757 799	-	1 309 207 677	12 516 965 476	3 343 970 387	-	380 849 472	3 724 819 859
Financial assets at fair value through other comprehensive income	536 266 935	-	-	536 266 935	156 000 444	-	-	156 000 444
Investment property	-	-	14 356 707 923	14 356 707 923	-	-	4 176 376 848	4 176 376 848
Property and equipment	-	-	13 929 402 247	13 929 402 247	-	-	4 052 073 314	4 052 073 314
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. 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.

These valuations are done in ZWL. There are still few ZWL transactions which indicates material uncertainty in ZWL valuations. Refer to investment property note 11.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

35 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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 2022
INFLATION ADJUSTED

	At fair value through profit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Financial assets at amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	83 802 420 171	-	83 802 420 171
Financial assets at amortised cost			8 078 817 179		8 078 817 179
Loans and advances to customers	-	-	149 660 348 799	-	149 660 348 799
Trade and other receivables including insurance receivables	-	-	5 323 095 683	-	5 323 095 683
Financial assets at fair value through profit or loss	14 599 436 013	-	-	-	14 599 436 013
Financial assets at fair value through other comprehensive income	-	212 026 146	-	-	212 026 146
Total	**14 599 436 013**	**212 026 146**	**246 864 681 832**	**-**	**261 676 143 991**
Liabilities					
Deposits from customers	-	-	-	110 579 907 317	110 579 907 317
Deposits from other banks	-	-	-	13 501 664 368	13 501 664 368
Borrowings	-	-	-	68 162 013 119	68 162 013 119
Insurance liabilities	-	-	-	5 469 140 144	5 469 140 144
Trade and other liabilities	-	-	-	58 852 033 751	58 852 033 751
Total	**-**	**-**	**-**	**256 564 758 699**	**256 564 758 699**
Position as at 31 December 2021					
INFLATION ADJUSTED					
Balances with other banks and cash	-	-	60 637 822 290	-	60 637 822 290
Financial assets at amortised cost	-	-	6 771 121 322	-	6 771 121 322
Loans and advances to customers	-	-	80 898 404 461	-	80 898 404 461
Bonds and debentures	-	-	23 856 306	-	23 856 306
Trade and other receivables including insurance receivables	-	-	2 176 852 002	-	2 176 852 002
Financial assets at fair value through profit or loss	12 516 965 476	-	-	-	12 516 965 476
Financial assets at fair value through other comprehensive income	-	536 266 935	-	-	536 266 935
Total	**12 516 965 476**	**536 266 935**	**150 508 056 381**	**-**	**163 561 288 792**
Liabilities					
Deposits from customers	-	-	-	89 235 477 576	89 235 477 576
Deposits from other banks	-	-	-	8 887 589 308	8 887 589 308
Borrowings	-	-	-	29 088 916 273	29 088 916 273
Insurance liabilities	-	-	-	2 681 471 584	2 681 471 584
Trade and other liabilities	-	-	-	34 442 314 038	34 442 314 038
Total	**-**	**-**	**-**	**164 335 768 779**	**164 335 768 779**

Notes to the Consolidated Financial Statements (Continued)
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36 FINANCIAL INSTRUMENTS (CONTINUED)
36.2 Position as at 31 December 2022

HISTORICAL COST

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Financial assets at amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	83 802 420 171	-	83 802 420 171
Financial assets at amortised cost	-		8 078 817 179		8 078 817 179
Loans and advances to customers	-	-	149 659 681 728	-	149 659 681 728
Trade and other receivables including insurance receivables	-	-	4 859 643 297	-	4 859 643 297
Financial assets at fair value through profit or loss	14 987 163 744	-	-	-	14 987 163 744
Financial assets at fair value through other comprehensive income	-	212 026 146	-	-	212 026 146
Total	**14 987 163 744**	**212 026 146**	**246 400 562 375**	**-**	**261 599 752 265**
Liabilities					
Deposits from customers	-	-	-	110 579 907 317	110 579 907 317
Deposits from other banks	-	-	-	13 501 664 368	13 501 664 368
Borrowings	-	-	-	68 162 013 119	68 162 013 119
Insurance liabilities	-	-	-	4 524 170 127	4 524 170 127
Trade and other liabilities	-	-	-	57 174 486 324	57 174 486 324
Total	**-**	**-**	**-**	**253 942 241 255**	**253 942 241 255**
Position as at 31 December 2021					
HISTORICAL COST					
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 other banks	-	-	-	25 958 665 772	25 958 665 772
Deposits from customers	-	-	-	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	-	-	-	9 635 885 014	9 635 885 014
Total	**-**	**-**	**-**	**47 323 027 344**	**47 323 027 344**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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	**2022**	**2021**
AA-	0	0
A+	1	1
A-	2	2
B	4	4
B++	1	1
B+	0	0
BB+	5	5
BBB	0	0
BBB-	0	0
Non rated	1	1
Total	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.

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

37 INSURANCE RISK MANAGEMENT (CONTINUED)

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	*	*

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

37 INSURANCE RISK MANAGEMENT (CONTINUED)

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

37 INSURANCE RISK MANAGEMENT (CONTINUED)

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

37 INSURANCE RISK MANAGEMENT (CONTINUED)

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% (2021 - 15%) of net premium written for the reinsurance subsidiary and 5% (2021 - 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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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

In the normal course of business group companies trade with one another and the material intergroup transactions include:

1) Underwriting of insurance risk by the insurance subsidiary;
2) Reinsurance of the insurance subsidiary's insurance risk by the reinsurance subsidiary;
3) Borrowings from the banking subsidiary by group companies and placement of funds and operating of current accounts; and
4) Placement of funds with the Bank and the Building Society by Group companies.

These transactions result in income, expenses, assets and liabilities that are eliminated on consolidation.

Entity wide information

Breakdown of total net income from all services is as follows;

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Analysis of net income by category:				
- Gross profit from residential properties	13 420 237	895 521 156	6 747 777	130 272 951
Revenue	30 942 783	2 071 609 763	10 786 026	345 152 838
Cost of sales	(17 522 546)	(1 176 088 607)	(4 038 249)	(214 879 887)
- Net income from services	119 042 176 005	60 664 335 558	108 147 618 832	16 194 478 561
Total	**119 055 596 242**	**61 559 856 714**	**108 154 366 609**	**16 324 751 512**

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.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

38 SEGMENT REPORTING (CONTINUED)

Segment information is presented in respect of business segments.

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

The Group comprises of seven business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short term insurance 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 2022	Commercial banking ZWL	Mortgage Microlending ZWL	Short term financing ZWL	Short term reinsurance ZWL	insurance ZWL	Stockbroking ZWL	Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	37 942 556 185	1 997 079 800	3 436 019 240	35 322 873	71 950 266	592 798	-	43 483 521 162
Interest expense	(9 649 611 362)	(473 047 714)	(4 053 598 050)	-	(127 850 445)	(23 066 439)	(218 419 739)	(14 545 593 749)
Net interest income	28 292 944 823	1 524 032 086	(617 578 810)	35 322 873	(55 900 179)	(22 473 641)	(218 419 739)	28 937 927 413
Sales	-	-	30 942 783	-	-	-	-	30 942 783
Cost of sales	-	-	(17 522 546)	-	-	-	-	(17 522 546)
Gross profit	-	-	13 420 237	-	-	-	-	13 420 237
Net earned insurance premium	-	-	-	6 107 310 643	3 004 155 783	-	-	9 111 466 426
Net fee and commission income	15 106 598 357	111 725 912	1 692 195 145	-	-	238 966 248	30 203 835	17 179 689 497
- Retail service fees	14 982 182 599	-	1 547 383 727	-	-	-	-	
- Credit related fees	109 508 369	111 725 912	144 811 418	-	-	-	-	
- Investment banking fees	14 907 389	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	238 966 248	30 203 835	
Net trading income and other income	37 537 717 335	84 406	12 475 100 071	6 338 607 147	1 702 635 986	649 335 370	(17 306 222)	58 686 174 093
Total net income for reported segments	80 937 260 515	1 635 842 404	13 563 136 643	12 481 240 663	4 650 891 590	865 827 977	(205 522 126)	113 928 677 666
Intersegment revenue	(954 057 798)	8 328 417	(24 840 670)	(578 526 895)	(769 323 648)	(592 798)	(110 212 501)	(2 429 225 893)
Intersegment interest expense and commission	1 061 540 768	552 241 210	628 891 430	80 874 985	1 236 774 958	28 595 298	218 805 836	3 807 724 485
Net income from external customers	**81 044 743 485**	**2 196 412 031**	**14 167 187 403**	**11 983 588 753**	**5 118 342 900**	**893 830 477**	**(96 928 791)**	**115 307 176 258**
Segment profit/(loss) before income tax	**24 989 014 388**	**330 633 395**	**6 673 889 003**	**(539 521 496)**	**486 861 483**	**(131 918 904)**	**(595 652 120)**	**31 213 305 749**
Impairment allowances on financial assets	4 329 652 541	81 503 260	101 068 776	-	15 286 931	-	28 334 398	4 555 845 906
Depreciation	828 115 102	50 645 072	186 631 241	75 791 769	60 398 815	4 830 279	26 484 629	1 232 896 907
Amortisation	90 793 288	38 469	-	3 852 385	-	-	3 660 861	98 345 002
Segment assets	**272 805 461 747**	**5 736 116 870**	**38 517 109 582**	**9 115 928 776**	**6 943 303 849**	**494 637 285**	**630 389 876**	**334 242 947 985**
Total assets include :								
Additions to non-current assets	1 750 230 236	21 764 680	156 840 452	125 972 075	40 675 040	1 608 168	172 137 034	2 269 227 685
Segment liabilities	**236 569 824 290**	**5 101 207 177**	**18 894 494 485**	**6 466 397 632**	**4 547 179 764**	**337 548 086**	**1 053 246 173**	**272 969 897 607**
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	Short term insurance broking	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

38 SEGMENT REPORTING (CONTINUED)

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	19 001 404 200	1 322 308 435	2 019 323 968	4 589 201	4 072 527	545 193	22 352 243 524
Interest expense	(3 386 639 024)	(255 880 016)	(1 598 261 236)	(90 009 956)	-	(19 817 588)	(5 350 607 820)
Net interest income	15 614 765 176	1 066 428 419	421 062 732	(85 420 755)	4 072 527	(19 272 395)	17 001 635 704
Sales	-	-	2 071 609 763	-	-	-	2 071 609 763
Cost of sales	-	-	(1 176 088 607)	-	-	-	(1 176 088 607)
Gross profit	-	-	895 521 156	-	-	-	895 521 156
Net earned insurance premium	-	-	-	5 209 986 703	1 824 911 669	-	7 034 898 372
Net fee and commission income	9 761 029 578	99 410 011	1 146 632 889	-	-	555 418 086	11 562 490 564
- Retail service fees	9 633 374 888	-	1 021 284 988	-	-	-	
- Credit related fees	114 185 367	99 410 011	125 347 900	-	-	-	
- Investment banking fees	13 469 323	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	555 418 086	
Net trading income and other income	10 409 528 485	631 937	3 511 920 898	4 021 746 167	1 008 778 516	219 587 068	19 172 193 071
Total net income for reported segments	35 785 323 239	1 166 470 367	5 975 137 675	9 146 312 115	2 837 762 712	755 732 759	55 666 738 867
Intersegment revenue	(707 394 778)	58 194 687	(59 243 783)	(105 071 038)	(705 641 142)	(544 670)	(1 519 700 724)
Intersegment interest expense and commission	808 461 708	333 155 672	264 316 426	131 897 279	584 614 819	29 416 189	2 151 862 093
Net income from external customers	**35 886 390 169**	**1 557 820 726**	**6 180 210 318**	**9 173 138 356**	**2 716 736 389**	**784 604 278**	**56 298 900 236**
Segment profit/(loss) before income tax	**9 381 517 061**	**139 573 145**	**2 360 274 251**	**2 455 213 318**	**178 223 951**	**325 353 086**	**14 840 154 812**
Impairment allowances on financial assets	1 170 196 528	50 255 360	98 500 199	230 319 118	29 521 177	-	1 578 792 382
Depreciation	665 936 639	29 718 960	105 941 387	43 466 409	44 757 960	2 588 205	892 409 560
Amortisation	81 908 818	29 891 750	-	12 505 964	3 658 739	-	127 965 271
Segment assets	**176 152 074 736**	**1 400 802 483**	**25 344 416 789**	**8 453 534 292**	**4 106 265 026**	**582 765 508**	**216 039 858 834**
Total assets include :							
Additions to non-current assets	808 188 804	23 409 405	98 059 062	3 139 064	29 906 684	4 043 462	966 746 481
Segment liabilities	**150 044 830 641**	**961 492 183**	**13 653 910 689**	**4 584 306 339**	**2 578 688 658**	**234 989 185**	**172 058 217 695**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

38 SEGMENT REPORTING (CONTINUED)

HISTORICAL COST

31 December 2022	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	28 757 073 909	1 571 933 128	2 405 204 714	32 425 275	64 485 112	478 716	-	32 831 600 854
Interest expense	(7 808 961 553)	(369 672 383)	(3 368 472 954)	-	(78 694 385)	(22 490 427)	(210 944 304)	(11 859 236 006)
Net interest income	20 948 112 356	1 202 260 745	(963 268 240)	32 425 275	(14 209 273)	(22 011 711)	(210 944 304)	20 972 364 848
Sales	-	-	10 786 026	-	-	-	-	10 786 026
Cost of sales	-	-	(4 038 249)	-	-	-	-	(4 038 249)
Gross profit	-	-	6 747 777	-	-	-	-	6 747 777
Net earned insurance premium	-	-	-	3 609 981 926	2 259 251 005	-	-	5 869 232 931
Net fee and commission income	10 904 551 078	59 720 081	1 217 328 853	-	-	154 084 835	23 027 724	12 358 712 571
- Retail service fees	10 821 788 679	-	1 121 716 246	-	-	-	-	-
- Credit related fees	71 183 555	59 720 081	95 612 607	-	-	-	-	-
- Investment banking fees	11 578 844	-	-	-	-	-	-	-
- Brokerage commission	-	-	-	-	-	154 084 835	23 027 724	-
Net trading income and other income	39 883 785 462	7 663 952	17 127 900 061	1 122 209 386	656 422 594	373 495 256	(17 376 090)	59 154 100 621
Total net income for reported segments	71 736 448 896	1 269 644 778	17 388 708 451	4 764 616 587	2 901 464 326	505 568 380	(205 292 670)	98 361 158 748
Intersegment revenue	(775 327 023)	7 040 745	(16 650 544)	(523 043 034)	(486 458 157)	(448 521)	(96 320 980)	(1 891 207 514)
Intersegment interest expense and commission	723 452 176	426 150 537	547 861 227	56 727 207	950 071 068	25 871 576	211 309 362	2 941 443 153
Net income from external customers	**71 684 574 049**	**1 702 836 060**	**17 919 919 134**	**4 298 300 760**	**3 365 077 237**	**530 991 435**	**(90 304 288)**	**99 411 394 387**
Segment profit before income tax	**36 660 885 297**	**322 472 043**	**12 764 253 433**	**2 369 026 573**	**876 062 299**	**88 910 453**	**(704 095 852)**	**52 377 514 246**
Impairment allowances on financial assets	4 329 652 541	81 503 260	101 068 776	-	15 286 931	-	28 334 398	4 555 845 906
Depreciation	425 040 799	25 981 545	92 664 864	12 186 832	36 805 058	1 432 883	7 034 335	601 146 316
Amortisation	6 272 155	6 962	-	89 600	56 429	-	1 182 709	7 607 855
Segment assets	**271 990 528 833**	**5 461 558 599**	**37 836 124 284**	**8 967 711 659**	**6 930 144 460**	**494 637 285**	**576 122 180**	**332 256 827 300**
Total assets include :								
Additions to non-current assets	1 385 861 201	19 984 206	130 448 234	126 746 045	36 900 980	1 099 947	54 332 905	1 755 373 518
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	**235 002 134 492**	**4 965 080 317**	**18 894 494 485**	**5 623 937 373**	**4 692 094 597**	**312 773 066**	**1 051 759 822**	**270 542 274 152**
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	Short term insurance broking	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2022

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
- Retail service fees	2 265 089 064	-	242 135 612	-	-	-	-
- Credit related fees	29 561 997	23 911 976	29 666 198	-	-	-	-
- Investment banking fees	3 280 137	-	-	-	-	-	-
- Brokerage commission	-	-	-	-	-	131 293 408	-
Net trading income and other income	3 281 141 628	(1 212 559)	1 403 471 180	990 100 775	238 452 478	63 519 753	5 975 473 255
Total net income for reported segments	9 323 546 845	274 770 754	1 909 508 573	2 028 685 649	672 535 026	190 924 613	14 399 971 460
Intersegment revenue	(145 943 970)	14 293 293	(14 206 829)	(23 856 360)	(169 935 635)	(124 954)	(339 774 455)
Intersegment interest expense and commission	194 187 381	78 455 115	67 470 325	27 996 015	128 030 683	6 304 769	502 444 288
Net income from external customers	**9 371 790 256**	**367 519 162**	**1 962 772 069**	**2 032 825 304**	**630 630 074**	**197 104 428**	**14 562 641 293**
Segment profit before income tax	**4 274 927 688**	**37 604 176**	**994 486 727**	**901 251 713**	**83 554 196**	**102 057 075**	**6 393 881 575**
Impairment allowances on financial assets	340 411 027	14 619 321	28 653 780	67 000 000	8 587 732	-	459 271 860
Depreciation	126 239 559	6 546 760	35 274 980	3 555 961	9 979 090	481 909	182 078 259
Amortisation	2 900 720	146 828	-	112 000	67 673	-	3 227 221
Segment assets	**51 068 531 835**	**356 280 281**	**7 147 199 630**	**2 417 379 290**	**1 192 994 425**	**169 526 913**	**62 351 912 374**
Total assets include :							
Additions to non-current assets	187 037 356	4 800 000	25 260 888	782 925	7 329 606	836 277	226 047 052
Segment liabilities	**43 571 626 190**	**259 420 517**	**3 971 932 618**	**1 247 613 005**	**764 418 059**	**66 973 226**	**49 881 983 615**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2022

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.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
40 POST EMPLOYMENT BENEFITS				
Contributions made during the year are as follows:				
Self administered pension fund	1 600 701 873	645 056 987	970 981 839	145 991 974
National Social Security Authority ("NSSA") Scheme	334 530 386	73 571 410	205 004 589	16 665 945
	1 935 232 259	**718 628 397**	**1 175 986 428**	**162 657 919**

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% (2021 : 3.5%) of pensionable salary to a maximum as set from time to time.

	INFLATION ADJUSTED 31 Dec 2022 ZWL	INFLATION ADJUSTED 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2021 ZWL
41 CAPITAL COMMITMENTS				
Capital expenditure authorised but not yet contracted	**31 730 120 031**	**14 759 533 325**	**31 730 120 031**	**4 293 559 052**

Capital commitments will be funded from the Group's own resources

	INFLATION ADJUSTED 31 Dec 2022 ZWL	INFLATION ADJUSTED 31 Dec 2021 ZWL	HISTORICAL COST 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2021 ZWL
42 CONTINGENT LIABILITIES				
(a) Letters of credit				
The contingent liabilities relate to guarantees and letters of credit undertaken on behalf of various customers.	**7 525 518 907**	**13 281 809 890**	**7 525 518 907**	**3 863 688 223**

(b) Legal proceedings

The Group had no other material contingent liabilities as at 31 December 2022 (2021 - ZWLnil).

(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 297 64 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 22 March 2023 in respect of the year ended 31 December 2022.

The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 14 April 2023. The shares of the Company will be traded cum-dividend on the Zimbabwe.

Stock Exchange up to the market day of 11 April 2023 and ex-dividend as from 12 April 2023. Dividend payment will be made to Shareholders on or about 28 April 2023.

44 SUBSEQUENT EVENTS

There were no material events subsequent to 31 December 2022 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 2022

	Note	INFLATION ADJUSTED 31-Dec-22 ZWL	INFLATION ADJUSTED 31-Dec-21 ZWL	HISTORICAL COST 31-Dec-22 ZWL	HISTORICAL COST 31-Dec-21 ZWL
ASSETS					
Balances with banks and cash		5 861 273 545	4 186 800 937	5 861 273 545	1 217 943 459
Amounts due from related parties	2	5 012 086 242	1 497 245 186	5 012 086 242	435 549 721
Financial assets at fair value through other comprehensive income	3	133 656 377	434 851 517	133 656 377	126 498 625
Financial assets at fair value through profit or loss	4	10 226 204 805	7 352 294 663	10 226 204 805	2 138 787 902
Investments in subsidiaries	5	17 557 508 158	17 557 508 158	1 173 356 731	1 173 356 731
Time - share asset	6	184 500 000	95 522 276	184 500 000	27 787 500
Other assets	7	1 142 494 424	698 112 363	708 581 758	135 383 991
Current income tax asset		348 782 453	-	348 782 453	-
Deferred tax asset	12.4	2 161 427 129	1 004 397 238	2 004 035 867	237 222 825
Property and equipment	8	1 875 815 600	1 282 086 838	1 875 815 600	372 960 000
Total assets		**44 503 748 733**	**34 108 819 176**	**27 528 293 378**	**5 865 490 754**
EQUITY AND LIABILITIES					
Liabilities					
Amounts due to related parties	9	5 952 692 432	1 130 743 372	5 952 692 432	328 934 075
Borrowings	10	6 843 339 000	3 735 501 081	6 843 339 000	1 086 660 000
Other liabilities	11	11 008 826 460	4 648 050 327	9 401 113 496	1 073 104 030
Current income tax liability		-	490 661 990	-	142 733 932
Deferred tax liability	12.4	818 924 252	401 537 109	711 661 041	100 072 641
Total liabilities		**24 623 782 144**	**10 406 493 879**	**22 908 805 969**	**2 731 504 678**
Equity					
Share capital and premium	18	3 007 379 455	3 007 379 455	14 089 892	14 089 892
Other reserves	19	10 328 337 988	11 306 535 292	1 727 175 272	1 546 005 491
Retained profits		6 544 249 146	9 388 410 550	2 878 222 245	1 573 890 693
Total equity		**19 879 966 589**	**23 702 325 297**	**4 619 487 409**	**3 133 986 076**
Total equity and liabilities		**44 503 748 733**	**34 108 819 176**	**27 528 293 378**	**5 865 490 754**

The Company financial statements on pages 182 to 200 were authorised for issue by the board of directors on 31 March 2023 and were signed on its behalf.

Herbert Nkala
(Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Company Secretary)

Company Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

		INFLATION ADJUSTED		HISTORICAL COST	
	Note	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Interest income calculated using the effective interest method	13.1	1 361 184 806	1 040 425 072	931 553 820	254 037 865
Interest and related expense	13.2	(714 186 186)	(528 099 265)	(399 647 432)	(116 216 730)
Net interest related income		**646 998 620**	**512 325 807**	**531 906 388**	**137 821 135**
Net foreign currency dealing and trading income		1 625 189 392	2 306 972 176	1 625 189 392	671 099 895
Net gain from financial assets at fair value through profit or loss	13.3	2 707 195 041	3 565 571 520	2 707 195 041	1 037 227 366
Other operating income	13.4	15 217 593 920	5 442 720 260	11 371 603 777	1 278 113 359
Total other income		**19 549 978 353**	**11 315 263 956**	**15 703 988 210**	**2 986 440 620**
Total net income		**20 196 976 973**	**11 827 589 763**	**16 235 894 598**	**3 124 261 755**
Operating expenditure	14	(16 894 884 831)	(4 870 254 591)	(14 004 518 097)	(1 272 428 565)
Impairment allowance	2.1	(19 821 597)	-	(19 821 597)	-
Monetary Loss		(3 237 234 059)	(2 412 072 675)	-	-
Operating profit		**45 036 486**	**4 545 262 497**	**2 211 554 904**	**1 851 833 190**
Taxation	15	543 386 101	(943 128 530)	1 018 995 336	(249 219 477)
Profit for the year after taxation		**588 422 587**	**3 602 133 967**	**3 230 550 240**	**1 602 613 713**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gain on financial assets at fair value through other comprehensive income		7 157 752	337 360 600	7 157 752	98 138 446
Tax		(71 578)	(3 373 606)	(71 578)	(981 385)
Gain on property and equipment revaluation		682 435 810	606 148 381	1 645 256 519	259 650 417
Tax		(56 831 566)	(32 150 957)	(116 858 908)	(15 296 327)
Other comprehensive income, net income tax		**632 690 418**	**907 984 418**	**1 535 483 785**	**341 511 151**
Total comprehensive income for the year		**1 221 113 005**	**4 510 118 385**	**4 766 034 025**	**1 944 124 864**
Profit for the year attributable to:					
Equity holders of parent		588 422 587	3 602 133 967	3 230 550 240	1 602 613 713
Total profit for the year		**588 422 587**	**3 602 133 967**	**3 230 550 240**	**1 602 613 713**
Total comprehensive income attributable to:					
Equity holders of parent		1 221 113 005	4 510 118 385	4 766 034 025	1 944 124 864
Total comprehensive income for the year		**1 221 113 005**	**4 510 118 385**	**4 766 034 025**	**1 944 124 864**
Earnings per share (ZWL cents)					
Basic	16.1	93.56	572.21	513.66	254.58
Diluted	16.2	93.56	572.21	513.66	254.58
Headline	16.3	93.56	572.21	513.66	254.58
Diluted headline	16.4	93.56	572.21	513.66	254.58

Company Statement of Changes in Equity
For the year ended 31 December 2022

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 2021	**1 434 119**	**3 005 945 336**	**(168 193 719)**	**7 940 907 907**	**(2 566 564 509)**	**334 961 608**	**7 933 833 351**	**16 482 324 093**
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	337 360 600	-	337 360 600
Deferred tax on Gain on financial assets as fair value comprehensive income	-	-	-	-	-	(3 373 606)	-	(3 373 606)
Profit for the year	-	-	-	-	-	-	3 602 133 965	3 602 133 965
Gain on revaluation of property and equipment, net of tax	-	-	573 997 425	-	-	-	-	573 997 425
Sale of treasury shares				6 050 653 616	1 291 641 296			7 342 294 912
Purchase of treasury shares	-	-	-	-	(2 484 855 326)	-	-	(2 484 855 326)
Dividend declared and paid	-	-	-	-	-	-	(2 147 556 766)	(2 147 556 766)
Balance at 31 December 2021	**1 434 119**	**3 005 945 336**	**405 803 706**	**13 991 561 523**	**(3 759 778 539)**	**668 948 602**	**9 388 410 550**	**23 702 325 297**
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	7 157 752	-	7 157 752
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(71 578)	-	(71 578)
Profit for the year	-	-	-	-	-	-	588 422 588	588 422 588
Gain on revaluation of property and equipment, net of tax	-	-	625 604 244	-	-	-	-	625 604 244
Purchase of treasury shares	-	-	-	-	(1 610 887 722)	-	-	(1 610 887 722)
Dividend declared and paid	-	-	-	-	-	-	(3 432 583 992)	(3 432 583 992)
Balance at 31 December 2022	**1 434 119**	**3 005 945 336**	**1 031 407 950**	**13 991 561 523**	**(5 370 666 261)**	**676 034 776**	**6 544 249 146**	**19 879 966 589**

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 2021	**6 719**	**14 083 173**	**127 386 794**	**44 304 421**	**(112 698 045)**	**27 367 311**	**460 668 779**	**561 119 152**
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	98 138 446	-	98 138 446
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(981 385)	-	(981 385)
Profit for the year	-	-	-	-	-	-	1 602 613 713	1 602 613 713
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**	**1 573 890 693**	**3 133 986 076**
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	7 157 752	-	7 157 752
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(71 578)	-	(71 578)
Profit for the year	-	-	-	-	-	-	3 230 550 240	3 230 550 240
Gain on revaluation of property and equipment, net of tax	-	-	1 528 397 612	-	-	-	-	1 528 397 612
Purchase of treasury shares	-	-	-	-	(1 354 314 005)	-	-	(1 354 314 005)
Dividend declared and paid	-	-	-	-	-	-	(1 926 218 688)	(1 926 218 688)
Balance at 31 December 2022	**6 719**	**14 083 173**	**1 900 138 496**	**1 413 989 121**	**(1 718 562 891)**	**131 610 546**	**2 878 222 245**	**4 619 487 409**

Company's Statement of Cash Flows
For the year ended 31 December 2022

	Note	INFLATION ADJUSTED 31-Dec-22 ZWL	INFLATION ADJUSTED 31-Dec-21 ZWL	HISTORICAL COST 31-Dec-22 ZWL	HISTORICAL COST 31-Dec-21 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		45 036 486	4 545 262 497	2 211 554 904	1 851 833 190
Non cash items:					
Monetary Loss		3 237 234 059	2 412 072 675	-	-
Depreciation		30 352 445	21 344 171	9 249 583	3 805 120
Provisions*		12 809 246 900	3 629 276 447	10 685 011 005	982 536 099
Fair value adjustment on financial assets at fair value through profit or loss		(2 707 195 041)	(3 565 571 519)	(2 707 195 041)	(1 037 227 366)
Net unrealised exchange gains and losses		(4 262 040 248)	(439 072 401)	(1 625 189 392)	(3 142 476)
Credit impairment loss		19 821 597	-	19 821 597	-
Net cash generated before changes in operating assets and liabilities		**9 172 456 198**	**6 603 311 870**	**8 593 252 656**	**1 797 804 567**
Changes in operating assets and liabilities					
Increase in amounts due from related parties		(3 988 039 307)	(786 637 535)	(3 988 039 307)	(306 944 576)
(Increase)/decrease in other assets		(935 366 213)	4 533 709 265	(569 150 953)	1 203 125 492
Increase in amounts due to related parties		5 149 137 874	354 177 630	5 149 137 874	188 391 893
Decrease in other liabilities		(3 882 990 576)	(2 464 837 453)	(3 087 450 430)	(543 013 147)
Increase in financial assets at fair value through profit or loss		(2 954 222 085)	(1 849 577 640)	(2 954 222 085)	(750 977 653)
		(6 611 480 307)	**(213 165 733)**	**(5 449 724 901)**	**(209 417 991)**
Income tax paid		(1 092 604 231)	(481 744 340)	(744 676 176)	(145 343 848)
Net cash generated in operating activities		**1 468 371 660**	**5 908 401 797**	**2 398 851 579**	**1 443 042 728**
Cash flows from investing activities					
Change in subsidiary investments		-	(3 679 471 625)	-	(1 070 360 990)
Purchase of property and equipment		(30 623 121)	-	(23 561 164)	-
Cash used in investing activities		**(30 623 121)**	**(3 679 471 625)**	**(23 561 164)**	**(1 070 360 990)**
Cash flows from financing activities					
Purchase of treasury shares		(1 610 887 722)	(2 484 855 326)	(1 354 314 005)	(556 216 080)
Sale of treasury shares		-	7 342 294 916	-	1 674 349 939
Dividend paid		(3 432 583 992)	(2 147 556 766)	(1 926 218 688)	(489 391 799)
Proceeds from borrowings	10	-	3 735 501 081	-	1 086 660 000
Repayment of borrowings	10	-	(3 735 501 081)	-	(1 086 660 000)
Net cash (used in) / generated from financing activities		**(5 043 471 714)**	**2 709 882 824**	**(3 280 532 693)**	**628 742 060**
Net (decrease) / increase in cash and cash equivalents		**(3 605 723 175)**	**4 938 812 996**	**(905 242 278)**	**1 001 423 798**
Cash and cash equivalents at beginning of the year		**4 186 800 937**	**1 133 389 515**	**1 217 943 459**	**205 119 833**
Effect of changes in exchange rates		5 548 572 364	39 188 035	5 548 572 364	11 399 828
Effects of inflation on cash and cash equivalents		(268 376 581)	(1 924 589 609)	-	-
Cash and cash equivalents at the end of year		**5 861 273 545**	**4 186 800 937**	**5 861 273 545**	**1 217 943 459**

*Provisions are comprised of staff related provisions

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

1 COMPANY ACCOUNTING POLICIES

The financial statements of the Company for the year ended 31 December 2022 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 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
2 AMOUNTS DUE FROM RELATED PARTIES				
Other intercompany receivables:				
FBC Bank Limited	764 578 121	-	764 578 121	-
FBC Building Society	-	167 246 499	-	48 652 129
FBC Reinsurance Limited	238 083 394	129 502 651	238 083 394	37 672 416
FBC Securities (Private) Limited	97 729 661	41 235 530	97 729 661	11 995 446
FBC Insurance Company (Private) Limited	475 383 358	424 081 081	475 383 358	123 365 497
OutRisk Underwriting Management Agency	614 033 596	-	614 033 596	-
Microplan Financial Services (Private) Limited	2 842 099 709	735 179 425	2 842 099 709	213 864 233
Gross carrying amount	**5 031 907 839**	**1 497 245 186**	**5 031 907 839**	**435 549 721**
Impairment allowance	(19 821 597)	-	(19 821 597)	-
	5 012 086 242	**1 497 245 186**	**5 012 086 242**	**435 549 721**
Current	5 012 086 242	1 497 245 186	5 012 086 242	435 549 721
Non-current	-	-	-	-
Total	**5 012 086 242**	**1 497 245 186**	**5 012 086 242**	**435 549 721**

Amounts receivable from group companies were at arm's length

2.1 Movement in credit impairment losses

INFLATION ADJUSTED

	Amounts due from related parties ZWL	Total ZWL
Movement in credit impairment losses		
Balance at 01 January 2021	-	-
Effects of IAS 29	-	-
Change on initial application of IFRS 9	-	-
Impairment loss allowance	-	-
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2021	**-**	**-**
Balance at 01 January 2022	-	-
Effects of IAS 29	-	-
Change on initial application of IFRS 9	-	-
Impairment loss allowance	19 821 597	19 821 597
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2022	**19 821 597**	**19 821 597**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

2.1 Movement in credit impairment losses (Continued)
HISTORICAL COST

	Amounts due from related parties ZWL	Total ZWL
Movement in credit impairment losses		
Balance at 01 January 2021	-	-
Change on initial application of IFRS 9	-	-
Impairment loss allowance	-	-
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2021	**-**	**-**
		-
Balance at 01 January 2022	-	-
Change on initial application of IFRS 9	-	-
Impairment loss allowance	19 821 597	19 821 597
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2022	**19 821 597**	**19 821 597**

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
3 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
As at 1 January	434 851 517	156 704 153	126 498 625	28 360 179
Acquisition	-	-	-	-
Net fair value gain transfer to equity	7 157 752	337 360 601	7 157 752	98 138 446
Impairment	-	-	-	-
Effects of IAS 29 application	(308 352 892)	(59 213 237)	-	-
As at 31 December	**133 656 377**	**434 851 517**	**133 656 377**	**126 498 625**

The financial assets at fair value through other comprehensive income include both Zimbabwe Stock Exchange listed shares and unlisted shares. The listed shares represents the remaining interest of 5% in Turnall Holdings Limited and the unlisted shares are shares in the Zimbabwe Stock Exchange. The fair value was ZWL133 656 377 for these shares for the year.

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
As at 1 January	7 352 294 663	1 937 145 502	2 138 787 902	350 582 882
Acquisitions	4 084 456 263	2 995 878 086	2 958 995 826	750 977 654
Net fair value gain transfer to profit or loss	2 707 195 041	3 565 571 519	2 707 195 041	1 037 227 366
Effects of IAS 21 application	2 421 226 036	-	2 421 226 036	-
Effects of IAS 29 application	(6 338 967 198)	(1 146 300 444)	-	-
As at 31 December	**10 226 204 805**	**7 352 294 663**	**10 226 204 805**	**2 138 787 902**
Listed Securities	7 111 184 641	6 599 290 476	7 111 184 641	1 919 738 432
Unlisted securities	3 115 020 164	753 004 187	3 115 020 164	219 049 470
	10 226 204 805	**7 352 294 663**	**10 226 204 805**	**2 138 787 902**

Unlisted securities comprises of Afreximbank class B shares

Notes to the Company Financial Statements (Continued)

For the year ended 31 December 2022

5 INVESTMENT IN SUBSIDIARIES

5.1 Investment in subsidiaries

	Equity interest		INFLATION ADJUSTED		HISTORICAL COST	
			31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	2022	2021	ZWL	ZWL	ZWL	ZWL
FBC Bank Limited	100%	100%	8 436 791 138	8 436 791 138	39 527 261	39 527 261
FBC Building Society	100%	100%	6 453 535 848	6 453 535 848	1 083 357 775	1 083 357 775
FBC Reinsurance Limited	100%	100%	2 221 547 880	2 221 547 880	43 995 330	43 995 330
FBC Securities (Private) Limited	100%	100%	80 951 199	80 951 199	379 265	379 265
FBC Insurance Company (Private) Limited	95.4%	95.4%	363 614 877	363 614 877	6 092 100	6 092 100
Microplan Financial Services (Private) Limited	100%	100%	1 067 216	1 067 216	5 000	5 000
			17 557 508 158	**17 557 508 158**	**1 173 356 731**	**1 173 356 731**

5.2 Movement analysis - investment in subsidiaries

As at 1 January	17 557 508 158	17 557 508 158	1 173 356 731	1 173 356 731
As at 31 December	**17 557 508 158**	**17 557 508 158**	**1 173 356 731**	**1 173 356 731**

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL

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.

Balance at 1 January	95 522 276	94 103 039	27 787 500	17 030 685
Acquisition	-	15 104 847	-	4 154 734
Depreciation	(23 880 569)	(18 946 810)	(6 946 875)	(3 475 383)
Revaluation gain	112 858 293	5 261 200	163 659 375	10 077 464
Balance as at 31 December	**184 500 000**	**95 522 276**	**184 500 000**	**27 787 500**

The time - share asset is included in prepayments and other assets in the consolidated statement of financial position.

7 OTHER ASSETS

Norsad interest claim legacy debt	-	179 413 165	-	52 191 421
Other	1 142 494 424	518 699 198	708 581 758	83 192 570
	1 142 494 424	**698 112 363**	**708 581 758**	**135 383 991**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

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 Dec-21						
Opening net book amount	676 005 510	7 591 504	683 597 014	122 342 880	1 373 904	123 716 784
Additions	-	-	-	-	-	-
Revaluation of property	596 799 811	4 087 374	600 887 185	247 917 120	1 655 833	249 572 953
Depreciation	-	(2 397 361)	(2 397 361)	-	(329 737)	(329 737)
Closing net book amount	**1 272 805 321**	**9 281 517**	**1 282 086 838**	**370 260 000**	**2 700 000**	**372 960 000**
As at 31 December 2021						
Cost or valuation	1 272 805 321	11 678 878	1 284 484 199	370 260 000	3 029 737	373 289 737
Accumulated depreciation	-	(2 397 361)	(2 397 361)	-	(329 737)	(329 737)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**1 272 805 321**	**9 281 517**	**1 282 086 838**	**370 260 000**	**2 700 000**	**372 960 000**
Year ended 31-Dec-22						
Opening net book amount	1 272 805 321	9 281 517	1 282 086 838	370 260 000	2 700 000	372 960 000
Additions	-	30 623 121	30 623 121	-	23 561 164	23 561 164
Revaluation of property	567 274 679	2 302 838	569 577 517	1 469 820 000	11 777 144	1 481 597 144
Depreciation	-	(6 471 876)	(6 471 876)	-	(2 302 708)	(2 302 708)
Closing net book amount	**1 840 080 000**	**35 735 600**	**1 875 815 600**	**1 840 080 000**	**35 735 600**	**1 875 815 600**
As at 31 December 2022						
Cost or valuation	1 840 080 000	44 604 837	1 884 684 837	1 840 080 000	38 368 045	1 878 448 045
Accumulated depreciation	-	(8 869 237)	(8 869 237)	-	(2 632 445)	(2 632 445)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**1 840 080 000**	**35 735 600**	**1 875 815 600**	**1 840 080 000**	**35 735 600**	**1 875 815 600**

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
If land was stated on historical cost basis, the amount would be as follows;				
Land	965 796 025	965 796 025	4 524 857	4 524 857
Computer equipment	35 590 059	4 966 938	24 086 164	525 000
	1 001 386 084	**970 762 963**	**28 611 021**	**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.

9 AMOUNTS DUE TO RELATED PARTIES

	31-Dec-22 ZWL (Inflation adjusted)	31-Dec-21 ZWL (Inflation adjusted)	31-Dec-22 ZWL (Historical cost)	31-Dec-21 ZWL (Historical cost)
Other intercompany payables				
FBC Bank Limited	4 530 015 066	1 114 256 312	4 530 015 066	324 137 977
FBC Building Society	19 122 676	-	19 122 676	-
FBC Reinsurance Limited	336 615 459	15 905 880	336 615 459	4 627 032
FBC Securities (Private) Limited	17 250	59 299	17 250	17 250
FBC Insurance Company (Private) Limited	391 317 902	521 881	391 317 902	151 816
Microplan Financial Services (Private) Limited	675 604 079	-	675 604 079	-
	5 952 692 432	**1 130 743 372**	**5 952 692 432**	**328 934 075**

These transactions are at arm's length

Notes to the Company Financial Statements (Continued)

For the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
10 BORROWINGS				
Opening	3 735 501 081	4 519 118 088	1 086 660 000	817 866 000
Additions	-	3 735 501 081	-	1 086 660 000
Repayments	-	(3 735 501 081)	-	(1 086 660 000)
Non cash movements	3 107 837 919	(783 617 007)	5 756 679 000	268 794 000
Closing balance	**6 843 339 000**	**3 735 501 081**	**6 843 339 000**	**1 086 660 000**
Current	-	-	-	-
Non-current	6 843 339 000	3 735 501 081	6 843 339 000	1 086 660 000
Total	**6 843 339 000**	**3 735 501 081**	**6 843 339 000**	**1 086 660 000**

The loan is comprised of 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.

	INFLATION ADJUSTED 31-Dec-22 ZWL	INFLATION ADJUSTED 31-Dec-21 ZWL	HISTORICAL COST 31-Dec-22 ZWL	HISTORICAL COST 31-Dec-21 ZWL
11 OTHER LIABILITIES				
Provisions*	8 905 483 843	4 387 237 231	7 297 770 881	997 233 309
Norsad legacy debt future interest payable	-	75 454 795	-	21 949 855
Other	2 103 342 617	185 358 301	2 103 342 615	53 920 866
	11 008 826 460	**4 648 050 327**	**9 401 113 496**	**1 073 104 030**

*The provisions include provision for leave pay, provision for long service awards and provision for bonus.

12 DEFERRED 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% (2021: 24.72%) and capital gains tax rate of 20% (2021: 20%).

The movement on the deferred tax account is as follows:

	INFLATION ADJUSTED 31-Dec-22 ZWL	INFLATION ADJUSTED 31-Dec-21 ZWL	HISTORICAL COST 31-Dec-22 ZWL	HISTORICAL COST 31-Dec-21 ZWL
As at 1 January	(602 860 129)	(561 763 441)	(137 150 184)	(106 001 414)
Statement of profit or loss charge (note 15)	(796 545 893)	(76 621 251)	(1 272 155 128)	(47 426 481)
Tax charge relating to components of other comprehensive income	56 903 144	35 524 563	116 930 486	16 277 711
As at 31 December	**(1 342 502 878)**	**(602 860 129)**	**(1 292 374 826)**	**(137 150 184)**

12.1 Analysis of charge in the statement of profit or loss

The deferred tax charge in the statement of profit or loss comprises the following temporary differences:

	INFLATION ADJUSTED 31-Dec-22 ZWL	INFLATION ADJUSTED 31-Dec-21 ZWL	HISTORICAL COST 31-Dec-22 ZWL	HISTORICAL COST 31-Dec-21 ZWL
Allowance for loan impairment	(4 899 899)	-	(4 899 899)	-
Property and equipment allowances	(4 442 048)	(361 367)	(4 442 048)	(105 122)
Unrealised gains on foreign exchange and equities	544 739 665	180 948 972	544 739 665	52 638 188
Accrual for leave pay	(5 769 721)	(26 296 217)	(3 955 734)	(7 649 589)
Other liabilities	(1 326 173 890)	(230 912 639)	(1 803 597 113)	(92 309 959)
Total	**(796 545 893)**	**(76 621 251)**	**(1 272 155 128)**	**(47 426 481)**

12.2 Analysis of charge in the statement of comprehensive income

	INFLATION ADJUSTED 31-Dec-22 ZWL	INFLATION ADJUSTED 31-Dec-21 ZWL	HISTORICAL COST 31-Dec-22 ZWL	HISTORICAL COST 31-Dec-21 ZWL
Property and equipment revaluations	56 831 566	32 150 957	116 858 908	15 296 327
Investment in securities at FVOCI	71 578	3 373 606	71 578	981 384
	56 903 144	**35 524 563**	**116 930 486**	**16 277 711**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL	ZWL	ZWL	ZWL
12.3 Deferred income tax assets and liabilities				
Deferred tax assets and liabilities are attributable to the following items:				
Allowance for loan impairment	(4 899 899)	-	(4 899 899)	-
Financial assets at fair value through other comprehensive income	71 578	3 373 606	71 578	981 384
Property and equipment allowances	(4 442 048)	(361 367)	(4 442 048)	(105 122)
Unrealised gains on foreign exchange and equities	544 739 665	180 948 970	544 739 665	52 638 188
Accrual for leave pay	(39 004 333)	(26 991 819)	(11 731 212)	(7 775 478)
Prepayments and other assets	127 666 769	151 279 877	20 403 558	27 272 628
Other provisions	(1 966 634 609)	(911 109 396)	(1 836 516 468)	(210 161 786)
	(1 342 502 877)	**(602 860 129)**	**(1 292 374 826)**	**(137 150 184)**
12.4 Timing of reversal temporary differences				
Deferred income tax assets				
Deferred tax asset to be recovered after more than 12 months	2 161 427 129	1 004 397 238	2 004 035 867	237 222 825
Total	**2 161 427 129**	**1 004 397 238**	**2 004 035 867**	**237 222 825**
Deferred income tax liabilities				
Deferred tax liability to be recovered after more than 12 months	818 924 252	401 537 109	711 661 041	100 072 641
Net deferred income tax liability/(asset)	**(1 342 502 877)**	**(602 860 129)**	**(1 292 374 826)**	**(137 150 184)**

The deferred tax arising from property and equipment allowances has been determined using income tax values that the Company has ascertained with the aid of guidance issued by the Zimbabwe Revenue Authority ("ZIMRA").
Deferred tax assets arise from staff costs provisions which are disclosed for tax purposes.

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL	ZWL	ZWL	ZWL
13 REVENUE				
13.1 Interest and related income				
Loans to investment subsidiaries	1 361 184 806	1 040 425 072	931 553 820	254 037 865
	1 361 184 806	**1 040 425 072**	**931 553 820**	**254 037 865**
13.2 Interest and related expense				
Norsad Line of Credit	714 186 186	528 099 265	399 647 432	116 216 730
	714 186 186	**528 099 265**	**399 647 432**	**116 216 730**
13.3 Net gain from financial instruments carried at fair value				
Net gain on financial assets at fair value through profit or loss	2 707 195 041	3 565 571 520	2 707 195 041	1 037 227 366
	2 707 195 041	**3 565 571 520**	**2 707 195 041**	**1 037 227 366**
13.4 Other operating income				
Dividend income	7 807 754 865	2 512 316 131	5 606 367 574	557 570 966
Management fees	6 411 835 940	2 623 888 075	4 892 681 752	656 094 729
Other	998 003 115	306 516 054	872 554 451	64 447 664
	15 217 593 920	**5 442 720 260**	**11 371 603 777**	**1 278 113 359**
14 OPERATING EXPENDITURE				
Staff costs	15 235 870 206	4 456 383 653	12 518 617 610	1 171 062 894
Administration expenses	1 500 346 075	265 036 253	1 365 480 631	62 042 236
Audit fees	128 316 105	127 490 514	111 170 273	35 518 315
Depreciation	30 352 445	21 344 171	9 249 583	3 805 120
	16 894 884 831	**4 870 254 591**	**14 004 518 097**	**1 272 428 565**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

		INFLATION ADJUSTED		HISTORICAL COST	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		ZWL	ZWL	ZWL	ZWL
15	**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	(253 159 792)	(1 019 749 781)	(253 159 792)	(296 645 958)
	Deferred income tax	796 545 893	76 621 251	1 272 155 128	47 426 481
	Income tax expense	**543 386 101**	**(943 128 530)**	**1 018 995 336**	**(249 219 477)**
	The income tax rate applicable to the Group`s taxable income or the year ended 31 December 2022 is 24.72% (2021: 24.72%).				
15.1	**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% (2021:24.72%) as follows;				
	Profit before income tax	**45 036 486**	**4 545 262 497**	**2 211 554 904**	**1 851 833 190**
	Income tax charged based on profit for the year at 24.72% (2021:24.72%)	(11 133 019)	(1 123 588 889)	(546 696 372)	(457 773 165)
	Tax effect of:				
	Exempt income				
	- dividend income	1 385 894 064	317 129 312	1 385 894 064	137 831 543
	- unrealised fair value gains	668 038 546	589 943 201	668 038 546	256 402 605
	- unrealised exchange gains	409 618 600	1 787 344	409 618 600	776 820
	Additional/(savings) tax resulting from permanent differences	1 466 592	-	1 466 592	-
	Income subject to tax at lower rates	(163 556 377)	-	(208 683 643)	-
	Impairment allowance	(4 899 899)	-	(4 899 899)	-
	Expenses not deductible for tax purposes				
	- Provisions	(2 162 039 739)	(807 020 811)	(2 162 039 739)	(234 762 945)
	- Other	(9 441 483)	(4 065 171)	(9 441 483)	(1 238 869)
	Assessed losses	-	7 281 018	-	2 118 053
	Other	429 438 816	75 405 466	1 485 738 670	47 426 481
	Income tax expense	**543 386 101**	**(943 128 530)**	**1 018 995 336**	**(249 219 477)**
	Effective rate	**1206.5%**	**-20.7%**	**46.1%**	**-13.5%**

		INFLATION ADJUSTED		HISTORICAL COST	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		ZWL	ZWL	ZWL	ZWL
16	**EARNINGS PER SHARE**				
16.1	**Basic earnings per share**				
	Profit attributable to equity holders of the parent	588 422 587	3 602 133 967	3 230 550 240	1 602 613 713
	Total	**588 422 587**	**3 602 133 967**	**3 230 550 240**	**1 602 613 713**
	Basic earnings per share (ZWL cents)	**93.56**	**572.21**	**513.66**	**254.58**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

16 EARNINGS PER SHARE (Continued)
16.1 Basic earnings per share (continued)

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2022				
Issued ordinary shares as at 1 January	671 949 927	34 530 484	637 419 443	637 419 443
Treasury shares purchased	-	26 717 921	(26 717 921)	(8 488 036)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**61 248 405**	**610 701 522**	**628 931 407**
Year ended 31 December 2021				
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**

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL	ZWL	ZWL	ZWL
16.2 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.				
Earnings				
Profit attributable to equity holders of the parent	588 422 587	3 602 133 967	3 230 550 240	1 602 613 713
Total	**588 422 587**	**3 602 133 967**	**3 230 550 240**	**1 602 613 713**
Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
Diluted earnings per share (ZWL cents)`	**93.56**	**572.21**	**513.66**	**254.58**
16.3 Headline earnings per share				
Profit attributable to equity holders of the parent	588 422 587	3 602 133 967	3 230 550 240	1 602 613 713
Adjusted for excluded remeasurements	-	-	-	-
Headline earnings	**588 422 587**	**3 602 133 967**	**3 230 550 240**	**1 602 613 713**
Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
Headline earnings per share (ZWL cents)	**93.56**	**572.21**	**513.66**	**254.58**
16.4 Diluted headline earnings per share				
Diluted headline earnings per share is calculated after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have dilutive ordinary shares.				
Profit attributable to equity holders of the parent	588 422 587	3 602 133 967	3 230 550 240	1 602 613 713
Adjusted for excluded remeasurements	-	-	-	-
Diluted headline earnings	**588 422 587**	**3 602 133 967**	**3 230 550 240**	**1 602 613 713**
Weighted average number of ordinary shares at 31 December	**628 931 407**	**629 511 006**	**628 931 407**	**629 511 006**
Headline earnings per share (ZWL cents)	**93.56**	**572.21**	**513.66**	**254.58**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

17 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.

17.1 Fair value of assets and liabilities

The company uses three levels of the fair value hierarchy as per note 35 in the Group financial statements. The following table shows the Company's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy);

	INFLATION ADJUSTED				HISTORICAL COST			
As at 31 December 2022	Quoted market prices Level 1 ZWL	Significant Observable inputs Level 2 ZWL	unobservable inputs Level 3 ZWL	Total ZWL	Quoted market prices Level 1 ZWL	Significant Observable inputs Level 2 ZWL	unobservable inputs Level 3 ZWL	Total ZWL
Assets								
Financial assets at fair value through profit or loss	7 111 184 641	-	3 115 020 164	10 226 204 805	7 111 184 641	-	3 115 020 164	10 226 204 805
Financial assets at fair value through other comprehensive income	119 200 226	-	14 456 151	133 656 377	119 200 226	-	14 456 151	133 656 377
Property and equipment	-	-	1 875 815 600	1 875 815 600	-	-	1 875 815 600	1 875 815 600
Liabilities	-	-	-	-	-	-	-	-
As at 31 December 2021								
Assets								
Financial assets at fair value through profit or loss	6 599 290 476	-	753 004 187	7 352 294 663	1 919 738 432	-	219 049 470	2 138 787 902
Financial assets at fair value through other comprehensive income	385 157 070	-	49 694 447	434 851 517	123 841 410	-	2 657 215	126 498 625
Property and equipment	-	-	1 282 086 838	1 282 086 838	-	-	372 960 000	372 960 000
Liabilities	-	-	-	-	-	-	-	-

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

17 FINANCIAL RISK MANAGEMENT (continued)

17.1 Fair value of assets and liabilities (continued)

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 under level 3 is a commercial property. Refer to property and equipment note 8.

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 company uses the next closest available net asset value per share based on the most recent published financial statements of companies we are invested in.

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

Amounts due from related parties

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

Amounts due to related parties and other payables

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

17.2 Financial instruments by category

A summary of the financial instruments held by category is provided below:

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL	ZWL	ZWL	ZWL
Financial assets				
At amortised cost				
Balances with bank and cash	5 861 273 545	4 186 800 937	5 861 273 545	1 217 943 459
Amounts due from related parties	5 012 086 242	1 497 245 186	5 012 086 242	435 549 721
At fair value through profit or loss				
Financial assets at fair value through profit or loss	10 226 204 805	7 352 294 663	10 226 204 805	2 138 787 902
Financial assets at fair value through other comprehensive income	133 656 377	434 851 517	133 656 377	126 498 625
	21 233 220 969	**13 471 192 303**	**21 233 220 969**	**3 918 779 707**
Financial liabilities				
At amortised cost				
Borrowings	6 843 339 000	3 735 501 081	6 843 339 000	1 086 660 000
Amounts due to related parties	5 952 692 432	1 130 743 372	5 952 692 432	328 934 075
Other liabilities	379 773 713	146 058 503	379 773 712	41 953 417
	13 175 805 145	**5 012 302 956**	**13 175 805 144**	**1 457 547 492**

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.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

17 FINANCIAL RISK MANAGEMENT (Continued)

17.3 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 have amounts due from related parties for which loss allowance has been recognised. Credit on assets at amortised cost is insignificant.

17.4 Reconciliation of Amounts due from related parties

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL	ZWL	ZWL	ZWL
Past due and impaired	-	-	-	-
Allowance for impairment	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**
Past due but not impaired	-	-	-	-
Neither past due nor impaired	5 031 907 839	1 497 245 186	5 031 907 839	435 549 721
Gross amount	**5 031 907 839**	**1 497 245 186**	**5 031 907 839**	**435 549 721**
Allowance for impairment	(19 821 597)	-	(19 821 597)	-
Carrying amount	**5 012 086 242**	**1 497 245 186**	**5 012 086 242**	**435 549 721**
Total carrying amount	**5 012 086 242**	**1 497 245 186**	**5 012 086 242**	**435 549 721**

As at 31 December 2022, amounts due from related parties amounting to ZWL5 031 907 839 (2021: ZWL1 497 245 186) in inflation adjusted terms and ZWL5 031 907 839 (2021: ZWL435 549 721) in historical cost terms were neither past due nor impaired. These relate to intercompany balances and shareholder loans to subsidiaries.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

17 FINANCIAL RISK MANAGEMENT (Continued)

17.5 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 amounts disclosed in the table below are the contractual undiscounted cash flows:

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 2022					
Liabilities					
Borrowings	-	-	6 843 339 000	-	6 843 339 000
Amounts due to related parties	5 952 692 432	-	-	-	5 952 692 432
Other liabilities	-	379 773 713	-	-	379 773 713
	5 952 692 432	**379 773 713**	**6 843 339 000**	**-**	**13 175 805 145**
Assets					
Balances with banks and cash	5 861 273 545	-	-	-	5 861 273 545
Amounts due from related parties	5 012 086 242	-	-	-	5 012 086 242
Financial assets at fair value through other comprehensive income	133 656 377	-	-	-	133 656 377
Financial assets at fair value through profit or loss	10 226 204 805	-	-	-	10 226 204 805
Other assets	626 043 093	-	-	-	626 043 093
	21 859 264 062	**-**	**-**	**-**	**21 859 264 062**
Liquidity gap	**15 906 571 630**	**(379 773 713)**	**(6 843 339 000)**	**-**	**8 683 458 917**
Cumulative liquidity gap-on balance sheet	**15 906 571 630**	**15 526 797 917**	**8 683 458 917**	**8 683 458 917**	**-**
As at 31 December 2021					
Liabilities					
Borrowings	-	-		3 735 501 081	3 735 501 081
Amounts due to related parties	1 130 743 372	-	-	-	1 130 743 372
Other liabilities	-	146 058 503		-	146 058 503
	1 130 743 372	**146 058 503**	**-**	**3 735 501 081**	**5 012 302 956**
Assets					
Balances with banks and cash	4 186 800 937	-	-	-	4 186 800 937
Amounts due from related parties	1 497 245 186	-	-	-	1 497 245 186
Financial assets at fair value through other comprehensive income	434 851 517	-	-	-	434 851 517
Financial assets at fair value through profit or loss	7 352 294 663	-	-	-	7 352 294 663
Other assets	-	698 112 363	-	-	698 112 363
	13 471 192 303	**698 112 363**	**-**	**-**	**14 169 304 666**
Liquidity gap	**12 340 448 931**	**552 053 860**	**-**	**(3 735 501 081)**	**9 157 001 710**
Cumulative liquidity gap-on balance sheet	**12 340 448 931**	**12 892 502 791**	**12 892 502 791**	**9 157 001 710**	**-**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

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 2022					
Liabilities					
Borrowings	-	-	6 843 339 000	-	6 843 339 000
Amounts due to related parties	5 952 692 432	-	-	-	5 952 692 432
Other liabilities	-	379 773 712	-	-	379 773 712
	5 952 692 432	**379 773 712**	**6 843 339 000**	**-**	**13 175 805 144**
Assets					
Balances with banks and cash	5 861 273 545	-	-	-	5 861 273 545
Amounts due from related parties	5 012 086 242	-	-	-	5 012 086 242
Financial assets at fair value through other comprehensive income	133 656 377	-	-	-	133 656 377
Financial assets at fair value through profit or loss	10 226 204 805	-	-	-	10 226 204 805
Other assets	626 043 093	-	-	-	626 043 093
	21 859 264 062	**-**	**-**	**-**	**21 859 264 062**
Liquidity gap	**15 906 571 630**	**(379 773 712)**	**(6 843 339 000)**	**-**	**8 683 458 918**
Cumulative liquidity gap-on balance sheet	**15 906 571 630**	**15 526 797 918**	**8 683 458 918**	**8 683 458 918**	**-**
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	-	41 953 417		-	41 953 417
	328 934 075	**41 953 417**	**-**	**1 086 660 000**	**1 457 547 492**
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**	**93 430 574**	**-**	**(1 086 660 000)**	**2 596 616 206**
Cumulative liquidity gap-on balance sheet	**3 589 845 632**	**3 683 276 206**	**3 683 276 206**	**2 596 616 206**	**-**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

17.6 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 25% positive or negative change in stock market prices would affect the Company's profit before tax and equity as follows:

	31 December 2022		
	ZWL	Change	Effect on profit before tax ZWL
Financial assets at fair value through profit or loss	2 707 195 041	25%	676 798 760

b) Foreign exchange risk - Emanating from transactions with local, 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 2022, the company held both receivables and liabilities and is, therefore, exposed to foreign exchange risk. Included in the financial statements are liabilities relating to lines of credit owed to foreign suppliers at a US$/ZWL closing rate of ZWL684.3339: US$ 1.

31 December 2022			
	Foreign currency amount (US$)	Rate of exchange	Equivalent ZWL
Norsad lines of credit	10 000 000	684.334	6 843 339 000
Money market	7 446 769	684.334	5 096 076 664
Amounts due from related parties	6 236 260	684.334	4 267 684 399
Amounts due to related parties	1 030 855	684.334	705 449 180
USD nostro balance	98 694	684.334	67 539 493

A 10% positive or negative change in foreign currency would affect the Company's profit before tax and equity as follows:

	31 December 2022		
	ZWL	Change	Effect on profit before tax ZWL
Financial assets at fair value through profit or loss	1 625 189 392	10%	162 518 939

17.7 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 2022. 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**
2022		
5% Interest rate movement	(35 709 309)	35 709 309
2021		
5% Interest rate movement	(26 404 963)	26 404 963

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
18 SHARE CAPITAL AND SHARE PREMIUM				
18.1 Authorised				
Number of ordinary shares, with a nominal value of ZWL0,00001	800 000 000	800 000 000	800 000 000	800 000 000
18.2 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

18.3 Share capital movement

	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
INFLATION ADJUSTED				
As at 31 December 2022	**671 949 927**	**1 434 119**	**3 005 945 336**	**3 007 379 455**
As at 31 December 2021	**671 949 927**	**1 434 119**	**3 005 945 336**	**3 007 379 455**
HISTORICAL COST				
As at 31 December 2022	**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.

19 OTHER RESERVES

Revaluation reserves	1 031 407 950	405 803 706	1 900 138 496	371 740 884
Non distributable reserves	13 991 561 523	13 991 561 523	1 413 989 121	1 413 989 121
Financial assets at fair value through other comprehensive income reserve	676 034 776	668 948 602	131 610 546	124 524 372
Treasury shares reserves	(5 370 666 261)	(3 759 778 539)	(1 718 562 891)	(364 248 886)
	10 328 337 988	**11 306 535 292**	**1 727 175 272**	**1 546 005 491**

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 Company has issued and subsequently reacquired.

20 SUBSEQUENT EVENTS

There were no material events subsequent to 31 December 2022 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements or equivalent.

Shareholding Information
For the year ended 31 December 2022

Spread of shareholding

Range	Shareholders Number	% of Holders	Shares held Number('000)	% of Shares
0 - 500	5450	64.62	1 207 846	0.18
501 - 1.000	972	64.62	684 541	0.10
1.001 - 10.000	1484	64.62	4 573 792	0.68
10.001 - 50.000	313	64.62	6 637 042	0.99
50.001 - 100.000	66	64.62	4 804 597	0.72
100.001 - 500.000	88	64.62	20 418 150	3.04
500.001 - 1.000.000	15	64.62	10 873 115	1.62
1.000.001 - 10.000.000	36	64.62	146 851 405	21.85
10.000.001 -	10	64.62	475 899 439	70.82
Total	**8 434**	**581.57**	**671 949 927**	**100.00**

Analysis of shareholding

Industry	Shares held Number ('000)	%
Banks	54 760	0.01
Companies	271 901 698	40.46
Employee	994 670	0.15
Deceased Estate	12 082	0.00
External Companies	3 493 684	0.52
Fund Managers	42 109	0.01
Insurance Companies	2 924 048	0.44
Investment Trusts And Property	266 149	0.04
Local Resident	25 382 344	3.78
Nominees Local	7 799 268	1.16
Non Residents	1 004 954	0.15
Non Resident Individual	8 726 433	1.30
Other Corporate Holdings	36 318	0.01
Pension Fund	349 311 410	51.98
Total	**671 949 927**	**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	74 607	11.10	The country's civil service pension scheme
FBC HOLDINGS LIMITED	54 336	8.09	Treasury Shares
TIRENT INVESTMENTS (PRIVATE) LIMITED	45 779	6.81	Dr. John Mushayavanhu
CASHGRANT INVESTMENTS (PVT) LTD.	27 620	4.11	DMH Law Firm
STRAUSS ZIMBABWE (PVT) LTD.	17 126	2.55	Joshi Family
STANBIC NOMINEES (PRIVATE) LIMITED	13 552	2.02	Various local Shareholders
VIDRYL INTERNATIONAL (PVT) LTD.	11 408	1.70	Trynos Kufazvinei
DINKRAIN INVESTMENTS	11 348	1.69	Trynos Kufazvinei
KETAN JOSHI	10 914	1.62	Ketan Joshi
Total	**502 727**	**74.82**	

Performance on the Zimbabwe Stock Exchange

	2022	2021
Number of shares in issue	671 949 927	671 949 927
Market prices (ZWL cents per share)		
Closing	6 200.00	3 385.35
High	8 000.00	3 448.19
Low	2 900.00	1 400.00
Market Capitalisation (ZWL)	**41 660 895 474**	**22 747 856 854**

Notice of Annual General Meeting

Notice is hereby given that the Nineteenth 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, 29 June 2023 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 2022.
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, Mrs Chipo Mtasa, Mr Herbert Nkala and Mrs Vimbayi Nyemba retire by rotation. Being eligible, Mrs Mtasa, Mr Nkala and Mrs Nyemba are offering themselves for re-election. The directors will be elected by separate resolutions.

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 third year of auditing the Group.

6. Special business

Share buy-back as special resolutions

To consider, and if deemed fit, to resolve by way of special 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
Group Company Secretary

6th Floor, FBC Centre
45 Nelson Mandela Avenue HARARE
7 June 2023

Proxy Form
For the year ended 31 December 2022

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 ……………………………………………………………………………………………

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, 29 June 2023 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 Chipo Mtasa			
		3.1.2	Resolution to elect Herbert Nkala			
		3.1.3	Resolution to elect Vimbayi 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……………………………………………………2023

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, 27 June 2023.

Notes

Notes

FBC Holdings Limited

www.fbc.co.zw