Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2021

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDED 30 JUNE 2021

	Total Income	Profit Before Tax	Profit After Tax	Cost to Income	Basic Earnings Per share	Net Asset Value in ZWL
Inflation Adjusted	ZWL 4.75 billion	ZWL1.16 billion	ZWL529 million	76%	83.87	11.08
Historic	ZWL 4.82 billion	ZWL2.13 billion	ZWL1.48 billion	56%	235.13	10.91

It is with great pleasure that I present to you the Group's audit reviewed interim financial statements for the period ending 30 June 2021. The results are presented at a time when the country is confronted by a third wave of the Covid-19 pandemic. Barring protracted headwinds caused by the resurgence of the Covid-19 pandemic in the form of new variants, the Group showed resilience and tenacity in the period under review.

Financial Performance Review – Inflation Adjusted

Despite the negative impact of Covid-19, Group financial performance showed resilience, registering a profit before tax of ZWL1.16 billion and an after tax profit of ZWL529.14 million. This performance was largely anchored on the Group's core business revenue lines which accounted for 66% of total income. The Group's strategic thrust of intensive investment in digitalisation and hedging strategies contributed largely to overall performance.

The Group achieved a total income of ZWL4.75 billion for the period, representing a 34% decline from the prior year's corresponding period performance. The Group's subdued total income outturn was largely influenced by a 76% reduction in net trading and dealing income, following the stabilisation of the ZWL interbank exchange rate against all the major currencies, bolstered by the foreign exchange auction system. The significant reduction in this revenue line was counter balanced by a strong growth in other core business revenue streams.

Net interest and related income was 43% ahead of the prior year's corresponding period, at ZWL1.33 billion, leveraging on the Group's 12% growth in loans and advances. The Group reduced its minimum lending rate during the period under review in order to assist customers in coping with the Covid-19 induced low economic activity and reduced demand. Fee and commission income improved by 89% to ZWL1.12 billion, partly supported by the Group's digitalisation thrust which enhanced retail and service fee performance. Transactional volumes have generally been subdued within the financial services sector with most institutions implementing digital solutions to augment business growth.

The Group's net insurance premium earned was 40% ahead of the same period last year, at ZWL635.16 million. The insurance portfolio has remained susceptible to the subdued economic activity and general reduction of consumer disposable income.

Net profit from property sales was ZWL50.97 million, recording a significant growth of 350% compared to the same period last year. This was achieved as a result of an improvement in pricing and an increased number of units sold. The Group is set to improve this revenue line following significant progress achieved on the Fontaine Ridge project in Harare - Kuwadzana high density suburb.

Other income largely relating to the Group's net trading and dealing activities declined by 70% to ZWL1.62 billion following the stabilisation of the ZWL interbank exchange rate, which has depreciated by less than 5% against the USD from the end of December 2020.

Group cost to income ratio of 76% was achieved on the back of an 18.6% decline in administrative expenses. This ratio however, is significantly higher than the 39% achieved last year, mainly due to the 34% decline in total income caused by the dip in trading and exchange income. The Group will continue to implement prudent cost containment measures against declining revenue growth and relative inflationary pressures.

A net monetary loss of ZWL678.61 million was incurred, in contrast to a ZWL316.64 million gain achieved in the corresponding period last year, mainly as a result of the increased net holding of monetary assets in line with the Group's inherent business model. The slowing down of inflation helped to contain the net monetary loss.

The Group's statement of financial position grew by 7% to ZWL41.67 billion from the 31 December 2020 position of ZWL39.11 billion. This growth was mainly driven by a 5% growth in deposits from ZWL24.71 billion to ZWL 25.92 billion.

Total equity attributable to the Group's shareholders grew by 13% to ZWL6.90 billion, benefiting from an increase in retained profits and other non-distributable reserves following the disposal of treasury shares.

Operating Environment

The 2021 interim period was characterised by a challenging macroeconomic environment brought about by the Covid-19 pandemic, which had a significant impact on business operations. Successive episodes of lockdown measures have culminated in the adoption of remote working arrangements, with reduced business operating hours, militating against the Group's capacity to aggressively grow revenue lines across business segments.

Meanwhile, Zimbabwe's Gross Domestic Product (GDP) is anticipated to rebound, largely anchored on a good 2020/21 rainfall season, higher international mineral commodity prices, and a stable macroeconomic environment. Higher growth rates are projected in agriculture, electricity generation and manufacturing. The Government's efforts to stabilise prices through prudent fiscal policy and rules-based monetary and exchange rate policies, have been effective and must be continued in order to enhance confidence and improve macroeconomic conditions. On the fiscal side, in addition to measures improving revenue collection, stringent fiscal policies are required to reduce unbudgeted spending and redirect resources where they are most needed, including social service delivery and re-establishment of human capital.

Despite the tough operating environment, the Group is making good progress in its various strategies. We continue to grow our key focus areas, leveraging on emergent opportunities from the relatively stable macro-economic environment. We are in the process of simplifying our business processes through digital value chains in order to improve customer experience.

Foreign Exchange Rates

The Foreign Exchange Auction System has contributed immensely in bringing about transparency in the trading of foreign currency as well as

Share Price Performance

The FBC Holdings Limited share price, year to date, gained 103.39% to close the period at ZWL30.00. A total of 110,475,988 million shares were traded at a volume weighted average price of ZWL28.5110.

During the period under review, FBC Holdings Limited undertook a share repurchase of 47 949 688 (7.14% of the Issued Share Capital) under the approved Share Buy Back Scheme for subsequent resale to strategic investors. The Group appreciates that consistent corporate performance is an important factor in creating sustainable value to the shareholders.

Information Technology, Digital Transformation and Innovation

FBC Holdings Limited continues with its drive to leverage on information technology investment in response to the persisting global pandemic. To date the Group has achieved significant milestones in its digital transformation journey as evidenced by digital onboarding capabilities for banking and insurance customers.

To scale up on its digitalisation programme, the Group has established a wholly owned strategic business called Xarani. This latest addition to the FBC family is responsible for spearheading the development of innovative electronic products and services in response to the fast evolving needs of our customers. There is also a deliberate effort by the Group to enhance customer experience through effective product management.

The Group continues to prioritise the security of its information and technology environment through adopting market-leading standards to withstand growing cyber threats. Ultimately, the Group remains committed to building a viable digital business which is efficient, secure, sustainable and agile.

Response to the Covid-19 Pandemic

The Group has prioritised employees' and stakeholders' health and safety, given the successive onset of the Covid-19 second and third wave infections. In the interest of safety for all stakeholders, the Group has enhanced its 'remote working' capabilities leveraging on technological platforms and digital infrastructure.

The Group fully embraced the National Vaccination Roll-out programme initiated by the government. As at 30 June 2021, FBCH had achieved a vaccination level of over seventy five per cent of all its employees. The business will continue to promote employee health and safety, applying innovation to increase productivity and capacity utilisation in the face of the Covid-19 pandemic.

Employee engagement and experience in the Group continues to be high, notwithstanding lockdown-induced disruptions and restricted access to places of work. Our employees continue to access learning through digital platforms, enabling them to keep abreast of new knowledge and trends in the financial services sector. The Group will continue to be driven by innovation and value- creating interventions by leveraging on its vast skills base.

Corporate Social Responsibility

The FBC Holdings Limited continues to champion sustainable Corporate Social Responsibility (CSR) initiatives through investment in key areas of priority, namely Education, Health, Sports, Arts and Tourism. To this end, the Group invested more than ZWL9.8 million in various CSR initiatives in targeted segments.

The Group sponsored the tertiary education of underprivileged learners across the country's entire ten (10) provinces. The sponsorship also provides an opportunity for underprivileged academically gifted students in Zimbabwe to pursue university education.

Meanwhile, the Group completed the reconstruction of four modern classrooms at Charleswood Primary School in Chimanimani with construction works for an additional four classrooms now at an advanced stage. The school's classrooms blocks were destroyed by Cyclone Idai in 2019.

Accolades

FBC Holdings Limited received the Second Runner-Up award in the Innovation and Technology category of the Zimbabwe Independent Quoted Companies Survey 2021 in recognition of the Group's successful digital transformation thrust and the notable gains accrued since undertaking the initiative. The Group will continue to build on its digital thrust to consolidate the FBC Holdings Limited Brand in the market.

Environment, Social and Governance (ESG) Priorities

The Group continues to deepen its contribution towards a cleaner, more environmentally sustainable and socially just planet. In addition we continue to build a resilient and values-driven financial institution, becoming a true beacon of sustainability. FBC Holdings Limited is aligning its operations to international best practices in the field of sustainability.

Guided by the Global Reporting Initiative (GRI) standards, the Group continues to track, monitor, manage and report its environmental foot print, societal impact and economic contribution. We have also taken direction from the National Development Strategy 1 (2021-2025) and Statutory Instrument 134 of 2019 in enhancing our contributions towards the achievement of the country's Nationally Determined Contributions (NDCs) and the global goal of the Paris Agreement. During the period under review, a dedicated and fully fledged Sustainability and Climate Finance function was established to champion climate change related initiatives.

Compliance and Regulatory Developments

The Group operates within a complex and dynamic regulatory environment which constantly demands investment in robust compliance

stability to the exchange rate which has culminated in price stability. The efficient allocation of foreign currency through the Foreign Exchange Auction System has contributed to increased confidence and growth in economic activity. Encouragingly, the Foreign Exchange Auction System continues to support productive sectors of the economy with more than 70% of foreign exchange allotted to this sector.

The Reserve Bank of Zimbabwe's efforts in addressing the gap between the official and parallel exchange rates through tightening money supply and expunging the foreign exchange allotment backlog, are commendable. In addition, increasing the attractiveness of local currency and creating complimentary attributes is imperative. We are confident that these initiatives coupled with other monetary policy measures will continue to support the stability of the exchange rate going forward.

Inflation

Annual inflation has maintained a downward trend since July 2020. Encouragingly, the policies being implemented by Government and the Reserve Bank of Zimbabwe have managed to anchor inflation expectations as attested by a significant decline in inflation from 837.5% in July 2020 to 106.6% in June 2021. The environment brought about by foreign currency availability has greatly improved business confidence.

The success of the conservative monetary targeting framework since 2020, has helped to contain money supply growth, which in turn stabilised the exchange rate and eased inflationary pressures in the economy. Reserve money stock stood at ZWL24.17 billion which was well within the target of ZWL28 billion as at the end of June 2021. Concomitantly, moderate price increases were experienced during the period under review as evidenced by moderate marginal increases in month on month inflation. It is anticipated that the prices of goods and services will stabilise in the short to medium term if current measures are applied consistently.

Banking Sector

Notwithstanding the varied impact of Covid-19 on the different sectors of the economy, the banking sector continues to demonstrate resilience to various shocks and dynamics. Key areas adversely affected by the Covid-19 pandemic, relate to subdued transacting volumes and increased credit risk. In response, banks reviewed their business models with a thrust on digitilisation, to enhance customer convenience whilst government support and regulatory measures implemented, also provided relief against potential adverse impact.

Despite the tough operating environment, the Group's banking subsidiaries have continued to grow in their key areas of focus supported by the Group's accelerated digital transformation drive.

Insurance Sector

Zimbabwe's Insurance Industry remains challenging on the backdrop of economic volatility and the Covid-19 pandemic. The sustained inflationary environment in the past years has negatively affected the uptake of Insurance products due to lower disposable incomes. Following a return to multi – currency, the Insurance and Pensions Commission (IPEC) authorised Insurance Companies to underwrite insurance in foreign currency. This has provided the industry with the capacity to hedge against inflation and exchange rate volatility. In response to current market dynamics, the Group's insurance businesses remain focused on product development and penetrating new market segments, with special focus on micro insurance.

Property Market

The property market remained largely depressed with limited sales activity, and reduced demand for space owing to economic distress. Funding has predominantly remained short term in contrast to the sectors requirements for long term funding. Meanwhile, development activity has remained strong in the residential sector, largely supported by the country's housing backlog. FBC Building Society's construction activities are currently in progress at the 858 units Kuwadzana project in Harare with 150 units under phase 1 having already been commissioned.

Stock Market Performance

Mixed trading characterised stock market developments for the first half of the year, culminating in the All Share index closing 135% firmer at 6 194.88. The stock market remains the most valuable investment consideration in the capital market, owing to an efficient weighted average cost of investment and hedge characteristics. Various initiatives to deepen and broaden market product offering, such as the introduction of Exchange Traded Funds (ETF's), have largely been supported as they enhance the stock market's diversity.

frameworks. The period under review saw the promulgation of legislation and regulations relating to the COVID-19 pandemic which impacted the Group's operations. These include but are not limited to the currency regime, the foreign exchange auction system as well as cyber security.

The country remained grey listed under the Financial Action Task Force (FATF) and European Union (EU) regulations amongst countries considered to have strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks. This increases the country's risk profile, impacting on the ability of banking institutions to conduct international trade, since cross border transactions are subject to greater scrutiny. We are however encouraged by efforts being made by the Financial Intelligence Unit to address the shortcomings highlighted and achieve the removal of the country from the grey list.

The Group has put in place a sound compliance framework and is committed to complying with all applicable laws, regulations, standards and international best practices. In asserting that "everyone is a compliance manager", FBC Holdings Limited realises the impact of non-compliance and will continue to commit resources towards the mitigation of the same. In particular, the Group has invested in transaction surveillance systems in its endeavour to adopt best practice in averting money laundering and terrorist financing activities.

Capitalisation

The Reserve Bank of Zimbabwe reviewed the minimum capital requirements for banking institutions to the equivalent of US\$30 million and US\$20 million for Tier 1 commercial banks and Tier 2 financial institutions such as building societies respectively, by 31 December 2021. The Insurance and Pensions Commission recently launched the Zimbabwe Integrated Capital and Risk Program (ZiCARP) applicable to our insurance subsidiaries. This framework will promote the adoption of stronger risk management practices including capital management. The Group has put in place detailed capitalisation plans for all its subsidiaries to ensure full compliance by the regulated deadlines.

Dividend

On behalf of the Board of FBC Holdings Limited, I am pleased to advise shareholders that an interim dividend of 29.76 ZWL cents per share was proposed for the half year ended 30 June 2021 after taking into account the performance of the Group and the need to continue strengthening the Group's capital position. The dividend proposed translates to approximately 7.4 times cover.

Directorate

The Board was strengthened by the appointment of Mr. David Makwara and Dr. Sifiso Ndlovu with effect from 4 March 2021 and 12 April 2021 respectively. The two non-executive directors each bring a wealth of experience which will come to bear in providing strategic direction to the Group.

Mrs Gertrude Chikwava retired from the Board of FBC Holdings Limited on 30 June 2021 following expiry of her term of office. We wish her well in her future endeavours and thank her for her immense contribution during her tenure as a member of the Board.

Outlook

Economic outlook for the near term is optimistic, anchored on the growth prospects of key economic sectors, a stable inflationary environment and increased foreign currency availability supported by the International Monetary Fund Special Drawing Rights (SDR) allocation. There are hopes that the on-going inoculation exercise will result in significant progress towards the attainment of national herd immunity thresholds and lead to the gradual relaxation of Covid-19 induced restrictions. Downside risks relate to the possible resurgence of new Covid-19 variants which pose potential threats to both humanity and economic activity.

Appreciation

My sincere gratitude goes out to all our stakeholders and in particular to our valued customers for their unwavering commitment and loyalty, which has contributed immensely to the continued success of our Group subsidiaries. To our customers, we reaffirm our promise that You Matter Most and as such, we will endeavour to deliver sustainable financial solutions that enhance stakeholder value.



Herbert Nkala Group Chairman 31 August 2021

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, David Makwara, Sifiso Ndlovu, Aenesa Chuma, Gary S Collins, Franklin H Kennedy, Trynos Kufazvinei (Group Finance Director)*, Canada Malunga, Rute Moyo, Charles Msipa, Webster Rusere* (*Executive)

Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

AUDITOR'S REVIEW CONCLUSION

The interim financial results for the six months ended 30 June 2021 have been reviewed by KPMG and an unmodified review conclusion issued thereon.

The review conclusion has been made available to management and those charged with governance of FBC Holdings Limited. The engagement partner responsible for this review is Themba Mudidi. The auditor's review conclusion on the interim financial results is available for inspection at the Company's registered office.

31 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the six months ended 30 June 2021

		Inflatio	n Adjusted	Historical cost*		
		Reviewed 30 June 2021	Reviewed 30 June 2020	Reviewed 30 June 2021	Reviewed 30 June 2020	
	Note	ZWL	ZWL	ZWL	ZWL	
Interest income calculated using the effective interest method Interest and related expense	17 18	1 984 017 376 (653 889 549)	1 446 826 953 (514 327 399)	1 872 881 830 (619 935 604)	458 959 437 (157 887 133)	
Net interest and related income		1 330 127 827	932 499 554	1 252 946 226	301 072 304	
Fee and commission income Fee and commission expense	19	1 127 528 363 (10 303 588)	598 457 428 (6 086 633)	980 261 061 (9 675 486)	179 634 622 (1 716 567)	
Net fee and commission income		1 117 224 775	592 370 795	970 585 575	177 918 055	
Revenue from property sales Cost of property sales	20.1 20.2	195 722 319 (144 755 957)	33 473 074 (22 136 802)	179 432 314 (85 518 478)	10 812 476 (3 110 602)	
Net income from property sales		50 966 362	11 336 272	93 913 836	7 701 874	
Insurance premium revenue Premium ceded to reinsurers and retrocessionaires	21	990 247 712 (355 086 349)	624 967 774 (172 281 823)	858 818 181 (334 334 857)	130 965 294 (42 580 607)	
Net earned insurance premium		635 161 363	452 685 951	524 483 324	88 384 687	
Revenue		3 133 480 327	1 988 892 572	2 841 928 961	575 076 920	
Net trading and dealing income Net gains from financial assets at fair value through pro Other operating income	fit or loss 22	919 861 231 700 696 419 383 089	3 862 105 418 794 399 461 658 542 528	900 000 293 810 518 665 272 015 822	1 876 650 609 456 971 144 641 784 583	
Other income		1 620 940 739	5 315 047 407	1 982 534 780	2 975 406 336	
Total income		4 754 421 066	7 303 939 979	4 824 463 741	3 550 483 256	
Impairment allowance		(173 025 021)	(118 555 948)	(173 025 021)	(57 372 071)	
Insurance commission expense	23	(122 325 521)	(60 394 495)	(95 568 080)	(24 850 993)	
Insurance commission recovered from reinsurers	23	53 411 931	12 665 346	49 592 187	5 635 062	
Insurance claims and loss adjustment expenses	24	(393 834 887)	(115 478 944)	(372 808 724)	(62 288 236)	
Insurance claims and loss adjustment expenses recovered from reinsurers	24	91 810 358	21 831 086	88 216 622	11 918 776	
Administrative expenses	25	(2 372 656 095)	(2 917 798 468)	(2 190 138 187)	(1123 142 702)	
Monetary loss		(678 614 863)	316 636 739	-	-	
Profit before income tax		1 159 186 968	4 442 845 295	2 130 732 538	2 300 383 092	
Income tax expense	26	(630 048 791)	(1 107 993 783)	(645 735 317)	(401 320 006)	
Profit for the period		529 138 177	3 334 851 512	1 484 997 221	1 899 063 086	
Other comprehensive income						
Items that may be subsequently reclassified to profi Gain on equity instruments at fair value through other comprehensive income	t or loss	89 683 261	55 535 128	89 683 261	26 874 782	
Тах		(896 833) 88 786 428	(555 351) 54 979 777	(896 833) 88 786 428	(268 748) 26 606 034	
Items that will not be reclassified to profit or loss		00 700 420	34 31 3111	00 700 420	20 000 004	
Gain on property revaluation Tax		(132 326 951) 23 169 559	460 419 659 (16 482 605)	108 901 632 (12 041 964)	509 639 375 (18 296 087)	
		(109 157 392)	443 937 054	96 859 668	491 343 288	
Total comprehensive income for the period		508 767 213	3 833 768 343	1 670 643 317	2 417 012 408	
Profit attributable to : Equity holders of the parent Non-controlling interests		529 867 400 (729 223)	3 330 452 795 4 398 717	1 485 458 370 (461 149)	1 896 257 168 2 805 918	
Total		529 138 177	3 334 851 512	1 484 997 221	1 899 063 086	
Total comprehensive income attributable to : Equity holders of the parent Non-controlling interests		510 567 473 (1 800 260)	3 829 369 626 4 398 717	1 670 689 958 (46 641)	2414 206 490 2 805 918	
Total		508 767 213	3 833 768 343	1 670 643 317	2 417 012 408	
Earnings per share (ZWL cents) Basic earnings per share Diluted earnings per share	29.1 29.2	83.87 83.87	548.47 548.47	235.13 235.13	312.28 312.28	
Headline earnings per share	29.3	83.89	548.47	235.11	312.28	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2021

ASSETS		Reviewed	Audited	Deviewed	
				Reviewed	Audited
		30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
ASSETS	ote	ZWL	ZWL	ZWL	ZWL
Balances with banks and cash	4	11 707 267 554	12 743 920 936	11 707 267 554	10 559 374 255
Financial assets at amortised cost	5.3	1 023 216 263	1 310 024 135	1 023 216 263	1 085 461 468
Loans and advances to customers	5.1	18 064 587 817	16 103 500 323	18 064 444 569	13 342 940 672
Trade and other receivables including insurance receivables	5.2	824 366 676	627 052 486	824 366 676	485 619 884
Bonds and debentures	6	59 449 843	571 675 102	59 449 843	473 679 285
Financial assets at fair value through profit or loss	7	1 657 886 050	931 409 153	1 710 427 809	808 232 947
Financial assets at fair value through other comprehensive income	е	128 073 110	46 332 026	128 073 110	38 389 849
Inventory	8	216 084 574	359 307 927	85 022 058	126 312 625
Prepayments and other assets	9	4 029 277 960	2 626 554 031	3 968 752 087	2 042 880 343
Current income tax asset		-	11 046 601	-	9 153 007
Deferred tax asset		129 607 635	120 995 418	117 182 474	101 657 053
	12	1 630 371 947	1 180 943 311	1 630 371 947	978 507 514
	10	80 320 084	116 028 582	7 782 425	9 074 177
5	11	2 054 785 704	2 246 299 792	1 932 374 874	1 861 241 945
Right of use asset		69 348 711	110 110 153	32 894 793	36 749 236
				02 00 1 7 00	00110200
Total assets		41 674 643 928	39 105 199 976	41 291 626 482	31 959 274 260
EQUITY AND LIABILITIES					
Liabilities					
	13	25 921 075 333	24 708 474 146	25 921 075 333	20 472 979 005
•	14	735 935 766	590 989 974	705 649 194	402 454 943
	15	6 743 426 158	6 517 927 313	6 660 837 881	5 353 987 092
Current income tax liabilities		1 119 264 901	164 848 288	1 119 264 894	136 590 205
Deferred tax liabilities		209 110 461	939 717 055	42 038 488	642 741 559
Lease liability		32 809 478	40 814 377	32 809 478	33 818 029
		02 000 110		02 000 110	00010020
Total liabilities		34 761 622 097	32 962 771 153	34 481 675 268	27 042 570 833
Equity					
Capital and reserves attributable to equity					
holders of the parent entity	16	656 070 075	666 070 075	14,000,000	14 000 000
	16	656 873 275	656 873 275	14 089 892	14 089 892
Other reserves		2 521 263 904	1 993 090 820	2 184 135 260	1 490 651 987
Retained profits		3 725 412 565	3 481 192 381	4 602 070 564	3 402 259 409
		6 903 549 744	6 131 156 476	6 800 295 716	4 907 001 288
Non controlling interest in equity		9 472 087	11 272 347	9 655 498	9 702 139
Total equity		6 913 021 831	6 142 428 823	6 809 951 214	4 916 703 427
Total equity and liabilities		41 674 643 928	39 105 199 976	41 291 626 482	31 959 274 260

CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 30 June 2021

Note 20 June 2021 20 June 2020			Inflatio	n Adjusted	Historic	al cost*
Note ZVL ZVL <td></td> <td></td> <td>Reviewed</td> <td>Reviewed</td> <td>Reviewed</td> <td>Reviewed</td>			Reviewed	Reviewed	Reviewed	Reviewed
Cash flow from operating activities 1 159 186 986 4 442 845 205 2 130 732 538 2 300 383 (2) Profit before tax 1 159 186 986 4 442 845 205 2 130 732 538 2 300 383 (2) Adjustment for: Depreciation 133 65 845 497 1143 655 677 1428 809 20 510 (2) Profit from dipposed of property and equipment 22 158 700 147 369 773 (87 704 487) (87 704 487) (87 704 487) (87 704 487) (87 704 487) (87 704 487) (87 704 487) (87 704 487) (87 704 487) (87 704 487) (81 0 518 665) (45 65 971 1 (80 518 665) (45 65 971 1 (80 518 665) (45 65 971 1 (80 71 1 <td< td=""><td></td><td></td><td>30 June 2021</td><td>30 June 2020</td><td>30 June 2021</td><td>30 June 2020</td></td<>			30 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit before tax 1 159 188 986 4 442 845 285 2 130 732 538 2 300 383 0 Adjustments for: Depreciation 35 845 497 114 365 567 1 428 809 2 50 11 7 Credit impairment losses Profit form disposal of property and equipment 22 111 155 70 111 15 557 9476 114 365 567 1 428 809 2 50 11 7 Fair value adjustment on investment property 22 111 15 557 944 114 3655 617 (247 836 730) (91 201 846 821 28) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 202 94 82) (91 002 37) (91 86 34) (91 002 37) (91 86 34) (91 002 37) (91 86 34) (91 002 37) (91 86 34) (91 002 37) (91 86 34) (91 002 37) (91 86 34) (91 002 37) (91 86 34) (91 67 197) (93 98 95 77) (91 86 95 767) (92 93 86) 317 (91 66 197) (93 98 95 7) (91 86 31) (91 67 197) (93 98 95 7) (91 66 197) (93 98 95 7) (91 66 197) (93 98 95 7) (91 66 197) <td< td=""><td></td><td>Note</td><td>ZWL</td><td>ZWL</td><td>ZWL</td><td>ZWL</td></td<>		Note	ZWL	ZWL	ZWL	ZWL
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Cash flows from financing activities Repayment of borrowings Dividend paid to company's shareholders Sale of treasury shares Purchase of treasury shares Net cash used in financing activities Net cash used in financing activities Net increase in cash and cash equivalents Exchange gains and losses on cash and cash equivalents Cash and cash equivalents at beginning of the period	Net cash used in investing activities		(51 854 208)	(77 508 335)	(49 720 774)	(31 164 164)
Cash flows from financing activities Repayment of borrowings Dividend paid to company's shareholders Sale of treasury shares Purchase of treasury shares Net cash used in financing activities Net cash used in financing activities Net increase in cash and cash equivalents Exchange gains and losses on cash and cash equivalents Cash and cash equivalents at beginning of the period	Net cash flows before financing activities		2 400 474 383	8 044 917 324	566 663 212	1 228 734 334
Repayment of borrowings (1 925 287 176) (25 932 917) (52 254 679) (8 180 7 Dividend paid to company's shareholders (285 647 215) (106 066 899) (285 647 215) (20 027 5 Sale of treasury shares 1 049 615 796 (21 374 384) (502 142 786) (10 343 5 Net cash used in financing activities (1 663 461 381) (153 374 200) 170 349 791 (38 551 8) Net increase in cash and cash equivalents 737 013 002 7 891 543 124 737 013 003 1 190 182 4 Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 410 880 296 4 379 041 0 Output 10 329 214 730 10 329 214 730 10 559 374 255 1 907 906 6	.					
Dividend paid to company's shareholders (285 647 215) (106 066 899) (285 647 215) (20 027 5) Sale of treasury shares 1049 615 796 - (21 374 384) (502 142 786) (10 343 5) Net cash used in financing activities (1 663 461 381) (153 374 200) 170 349 791 (38 551 8) Net increase in cash and cash equivalents 737 013 002 7 891 543 124 737 013 003 1 190 182 4 Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 410 880 296 4 379 041 0 Cash and cash equivalents at beginning of the period - - - - - -	Cash flows from financing activities					
Sale of treasury shares 1 049 615 796 - 1 010 394 471 (10 343 5) Purchase of treasury shares (502 142 786) (21 374 384) (502 142 786) (10 343 5) Net cash used in financing activities (1 663 461 381) (153 374 200) 170 349 791 (38 551 8) Net increase in cash and cash equivalents 737 013 002 7 891 543 124 737 013 003 1 190 182 4 Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 10 329 214 730 1 907 906 6 Cash and cash equivalents at beginning of the period - - - - -	Repayment of borrowings		(1 925 287 176)	(25 932 917)	(52 254 679)	(8 180 767)
Purchase of treasury shares (502 142 786) (21 374 384) (502 142 786) (10 343 5 Net cash used in financing activities (1 663 461 381) (153 374 200) 170 349 791 (38 551 8) Net increase in cash and cash equivalents 737 013 002 7 891 543 124 737 013 003 1 190 182 4 Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 10 329 214 730 10 559 374 255 1 907 906 6	Dividend paid to company's shareholders		(285 647 215)	(106 066 899)	(285 647 215)	(20 027 547)
Net cash used in financing activities (1 663 461 381) (153 374 200) 170 349 791 (38 551 8) Net increase in cash and cash equivalents 737 013 002 7 891 543 124 737 013 003 1 190 182 4 Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 410 880 296 4 379 041 0 Cash and cash equivalents at beginning of the period 12 743 920 936 10 329 214 730 10 559 374 255 1 907 906 6	Sale of treasury shares		1 049 615 796	-	1 010 394 471	-
Net increase in cash and cash equivalents 737 013 002 7 891 543 124 737 013 003 1 190 182 4 Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 410 880 296 4 379 041 0 Cash and cash equivalents at beginning of the period 12 743 920 936 10 329 214 730 10 559 374 255 1 907 906 6	Purchase of treasury shares		(502 142 786)	(21 374 384)	(502 142 786)	(10 343 578)
Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 410 880 296 4 379 041 0 Cash and cash equivalents at beginning of the period 12 743 920 936 10 329 214 730 10 559 374 255 1 907 906 6	Net cash used in financing activities		(1 663 461 381)	(153 374 200)	170 349 791	(38 551 892)
Exchange gains and losses on cash and cash equivalents (1 773 666 384) (2 769 716 028) 410 880 296 4 379 041 0 Cash and cash equivalents at beginning of the period 12 743 920 936 10 329 214 730 10 559 374 255 1 907 906 0	Net increase in cash and cash equivalante		737 012 002	7 801 542 104	737 012 002	1 100 192 442
Cash and cash equivalents at beginning of the period 12 743 920 936 10 329 214 730 10 559 374 255 1 907 906 6	•	nte				
				,		
	Cash and Cash equivalents at beginning of the period		12 743 920 930	10 323 214 / 30	10 559 574 255	1 907 900 080
Cash and cash equivalents at the end of period 4.1 11/0/26/554 15 451 041 826 11/0/267 554 7 477 130	Cash and cash equivalents at the end of period	4.1	11 707 267 554	15 451 041 826	11 707 267 554	7 477 130 140

*In prior periods this was not presented separately.

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

Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
For the six months ended 30 June 2021											
Inflation Adjusted	Ch and	01	Detained	T	Non		inancial assets	Olympic in		Non	Tetel
	Share capital	Share premium	Retained profits	Treasury shares	distributable reserve	Revaluation reserve	at fair value reserve	Changes in ownership	Total	controlling Interest	Total equity
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Half year ended 30 June 2021											
Balance at 1 January 2021	313 243	656 560 032	3 481 192 380	(526 205 182)	1 744 216 417	612 722 615	84 469 989	77 886 982	6 131 156 476	11 272 347	6 142 428 823
Profit for the period	-	-	529 867 400	-	-	-	-	-	529 867 400	(729 223)	529 138 177
Other comprehensive income Gain on revaluation of property											
and equipment, net of tax	-	-	-	-	-	(108 086 355)	-	-	(108 086 355)	(1 071 037)	(109 157 392)
Net transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-
Gain on financial assets at fair value											
through other comprehensive income	-	-	-		-	-	88 786 428		88 786 428	-	88 786 428
Total other comprehensive income Total comprehensive income	-	-	- 529 867 400	-	-	(108 086 355) (108 086 355)	88 786 428 88 786 428	-	(19 299 927) 510 567 473	(1 071 037) (1 800 260)	(20 370 964) 508 767 213
rotar comprehensive income	-		529 807 400		-	(108 088 355)	00 700 420		510 507 475	(1 800 200)	506 707 213
Transaction with owners											
Net sale of treasury shares	-	-	-	96 376 322	953 239 474	-	-	-	1 049 615 796	-	1 049 615 796
Dividend paid	-	-	(285 647 215)	-	-	-	-	-	(285 647 215)	-	(285 647 215)
Treasury share purchase	-	-	- 3 725 412 565	(502 142 786)	2 607 455 004	-	- 173 256 417	-	(502 142 786)	-	(502 142 786)
Shareholders' equity at 30 June 2021	313 243	656 560 032	3 723 412 505	(931 971 646)	2 697 455 891	504 636 260	173 236 417	77 886 982	6 903 549 744	9 472 087	6 913 021 831
Half year ended 30 June 2020											
Balance at 1 January 2020	313 243	656 560 032	2 009 698 618	(476 051 364)	1 707 445 879	1 435 834 517	43 577 613	77 886 982	5 455 265 520	8 992 643	5 464 258 163
Profit for the period	-	-	3 330 452 795	-	-	-	-	-	3 330 452 795	4 398 717	3 334 851 512
Other comprehensive income											
Gain on revaluation of property						440.007.054			442.027.054		442 027 054
and equipment, net of tax Gain on financial assets at fair value	-	-	-	-	-	443 937 054	-	-	443 937 054	-	443 937 054
through other comprehensive income	_	-	-	-	-	-	54 979 777	_	54 979 777	-	54 979 777
Total other comprehensive income	-	-	-		-	443 937 054	54 979 777		498 916 831	-	498 916 831
Total comprehensive income	-	-	3 330 452 795	-	-	443 937 054	54 979 777		3 829 369 626	4 398 717	3 833 768 343
Transaction with owners											
Dividend paid	-	-	(106 066 899)	-	-	-	-	-	(106 066 899)	-	(106 066 899)
Treasury share purchase	-	-	-	(21 374 384)	-	-	-	-	(21 374 384)	-	(21 374 384)
Shareholders' equity at 30 June 2020	313 243	656 560 032	5 234 084 513	(497 425 748)	1 707 445 879	1 879 771 571	98 557 390	77 886 982	9 157 193 863	13 391 360	9 170 585 223
I Basa da al accest					New	-				New	
Historical cost*	Share	Share	Retained	Treasury	Non distributable	Revaluation	inancial assets at fair value	Changes in		Non controlling	Total
	capital	premium	profits	shares	reserve	reserve	reserve	ownership	Total	Interest	equity
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Half year ended 30 June 2021											
Balance 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 period	-	-	1 485 458 370	-	-	-	-	-	1 485 458 370	(461 149)	1 484 997 221
Other comprehensive income Gain on revaluation of property											
and equipment, net of tax	_	-	_	-	_	96 445 160	-	-	96 445 160	414 508	96 859 668
Gain on financial assets at fair value											
through other comprehensive income	-	-	-	-	-	-	88 786 428	-	88 786 428	-	88 786 428
Total other comprehensive income	-	-	-	-	-	96 445 160	88 786 428	-	185 231 588	414 508	185 646 096
Total comprehensive income	-	-	1 485 458 370		-	96 445 160	88 786 428		1 670 689 958	(46 641)	1 670 643 317
Transaction with owners											
Sale of treasury shares	-	-	_	92 774 999	917 619 472	-	-	-	1 010 394 471	-	1 010 394 471
Dividend paid	-	-	(285 647 215)	-	-	-	-	-	(285 647 215)	-	(285 647 215)
Treasury share purchase	-	-	-	(502 142 786)	-		-		(502 142 786)	-	(502 142 786)
Shareholders' equity at 30 June 2021	6 719	14 083 173	4 602 070 564	(469 362 436)	967 761 110	1 558 542 944	125 522 971	1 670 671	6 800 295 716	9 655 498	6 809 951 214
Half year ended 30 June 2020											
Balance at 1 January 2020	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	1 670 671	948 322 425	2 147 047	950 469 471
Profit for the period	-	-	1 896 257 168	,	-	-	-		1 896 257 168	2 805 918	1 899 063 086
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	
Gain on revaluation of property											
and equipment, net of tax	-	-	-	-	-	491 343 288	-	-	491 343 288	-	491 343 288
Gain on financial assets at fair value							06 606 004		00.000		06 600 00 1
through other comprehensive income Total other comprehensive income	-		-		-	491 343 288	26 606 034 26 606 034		26 606 034 517 949 322		26 606 034 517 949 322
Total comprehensive income	-	-	- 1 896 257 168	-		491 343 288	26 606 034	-	2 414 206 490	- 2 805 918	2 417 012 408
Transaction with owners			(00.000						(00.655.5.5		(00
Dividend paid	-	-	(20 027 547)	-	-	-	-	-	(20 027 547)	-	(20 027 547)
Treasury share purchase				(10 2/2 570)					(10 2/2 570)		
Treasury share purchase Shareholders' equity at 30 June 2020	6 719	- 14 083 173	- 2 279 737 097	(10 343 578) (28 570 854)	- 36 624 611	- 999 146 452	- 29 459 920	1 670 671	(10 343 578) 3 332 157 789	4 952 965	(10 343 578) 3 337 110 754

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

4

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS For the six months ended 30 June 2021

GENERAL INFORMATION

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

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 27 August 2021.

2 BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting, the Zimbabwe Companies Act (Chapter 24:03), Zimbabwe Insurance Act (Chapter 24:07) and the Zimbabwe Banking Act (Chapter 24:20). They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. There are no new standards effective 1 January 2021 that have a material effect on the Group.

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

3.2 Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Zimbabwean dollar ("ZWL"), which is the Group's presentation currency as at half year ended 30 June 2021 and as prescribed by statutory instrument 33 of 2019 and statutory instrument 142 of 2019. All the Group's subsidiaries operate in Zimbabwe and have the Zimbabwean dollar ("ZWL") as their functional and presentation currency as at half year ended 30 June 2021.

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

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

The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances.

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

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

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

Period	Indices	Conversion Factors at 30 June 2020
CPI as at 30 June 2020	1 445,2	2,0664
CPI as at 31 December 2020	2 474,5	1,2069
CPI as at 30 June 2021	2 986,4	1

3.3 Going concern

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

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

	Inflation A	djusted	Historical cost		
	Reviewed	Audited	Reviewed	Audited	
BALANCES WITH BANKS AND CASH	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	
	ZWL	ZWL	ZWL	ZWL	
Balances with Reserve Bank of Zimbabwe ("RBZ")					
Statutory reserves	355 320 003	-	355 320 003	-	
Current account balances	790 487 487	774 243 197	790 487 487	641 523 415	
	1 145 807 490	774 243 197	1 145 807 490	641 523 415	
Balances with other banks and cash					
Notes and coins	2 532 818 257	4 105 656 031	2 532 818 257	3 401 869 708	
Other bank balances	8 028 641 807	7 864 021 708	8 028 641 807	6 515 981 132	
Balances with banks and cash (excluding bank overdrafts)	11 707 267 554	12 743 920 936	11 707 267 554	10 559 374 255	
Current	11 383 528 443	12 743 920 936	11 383 528 443	10 559 374 255	
Non-current	323 739 111	-	323 739 111	-	
Total	11 707 267 554	12 743 920 936	11 707 267 554	10 559 374 255	

		Inflation Adjusted Historical cost				Historical cost	
		Reviewed	Audited	Reviewed	Reviewed	Audited	Reviewed
		30 June 2021	31 Dec 2020	30 June 2020	30 June 2021	31 Dec 2020	30 June 2020
		ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
4.1	For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances : Balances with other banks, cash and current account balances at RBZ (excluding bank overdrafts)	11 707 267 554	12 743 920 936	15 451 041 826	11 707 267 554	10 559 374 255	7 477 130 140
	Total cash and cash equivalents -						
	statement of cash flows	11 707 267 554	12 743 920 936	15 451 041 826	11 707 267 554	10 559 374 255	7 477 130 140

Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

	Inflation Reviewed	Adjusted	Histor	ical cost
	30 June 2021	Audited 31 Dec 2020	30 June 2021	Audited 31 Dec 2020
FINANCIAL ASSETS Loans and advances to customers	ZWL	ZWL	ZWL	ZWL
Loans and advances maturities	40.550.700.004			0 474 407 077
Maturing within 1 year Maturing after 1 year	10 556 733 884 7 813 310 273	11 434 493 351 4 844 447 056	10 690 732 335 7 679 168 574	9 474 407 077 4 013 899 964
Gross carrying amount Impairment allowance	18 370 044 157	16 278 940 407	18 369 900 909	13 488 307 041
imparment allowance	(305 456 340)	(175 440 084)	(305 456 340)	(145 366 369)
	18 064 587 817	16 103 500 323	18 064 444 569	13 342 940 672
Trade and other receivables including insurance receivables				
Trade receivables	41 198 115	66 005 399	41 198 115	54 690 838
Insurance receivables - Due by insurance clients and insurance brokers	682 727 153	391 660 106	682 727 153	324 522 230
- Due by reinsurers and retrocessionaires	149 269 469	201 716 510	149 269 469	133 194 458
Gross carrying amount Impairment allowance	873 194 737 (48 828 061)	659 382 015 (32 329 529)	873 194 737 (48 828 061)	512 407 526 (26 787 642)
Total	824 366 676	627 052 486	824 366 676	485 619 884
Current Non-current	824 366 676	605 153 178 21 899 308	824 366 676	467 474 528 18 145 356
Total	824 366 676	627 052 486	824 366 676	485 619 884
	024 300 010	027 032 400	024 000 070	100 010 001
Financial assets at amortised cost Maturing within 1 year	1 008 529 108	1 291 348 261	1 008 529 108	1069 986 988
Maturing after 1 year	19 170 841	24 617 030	19 170 841	20 397 213
Gross carrying amount Impairment allowance	1 027 699 949 (4 483 686)	1 315 965 291 (5 941 156)	1 027 699 949 (4 483 686)	1090 384 201 (4 922 733)
	1 023 216 263	1 310 024 135	1 023 216 263	1085 461 468
	. 520 210 203	. 510 027 103	. 525 210 203	
Movement in impairment allowance Balance at beginning of period	221 866 551	260 628 270	181 670 627	48 140 582
Effects of IAS 29	(40 195 923)	(202 528 258)	-	-
Impairment loss allowance Reversal of impairment	173 025 021 -	165 898 655 (1 388 077)	173 025 021 -	137 460 519 (1 150 135)
Amounts written off during the year as uncollectible	(156 922)	(744 039)	(156 922)	(616 497)
Balance at end of period	354 538 727	221 866 551	354 538 726	183 834 469
BONDS AND DEBENTURES				
Maturing within 1 year Maturing after 1 year	52 953 425 6 765 152	574 328 622	52 953 425 6 765 152	475 877 942
Gross carrying amount	59 718 577	574 328 622	59 718 577	475 877 942
Impairment allowance	(268 734)	(2 653 520)	(268 734)	(2 198 657)
	59 449 843	571 675 102	59 449 843	473 679 285
Current	52 715 134	571 675 102	52 715 134	473 679 285
Non-current	6 734 709	-	6 734 709	. <u> </u>
Total	59 449 843	571 675 102	59 449 843	473 679 285
FINANCIAL ASSETS AT FAIR VALUE				
THROUGH PROFIT OR LOSS	1 000 005 400	000 000 400	1 410 007 000	
Listed securities at market value Unlisted securities (Afreximbank class B shares)	1 366 285 469 233 687 639	626 032 408 244 068 337	1 418 827 228 233 687 639	555 203 495 202 230 454
Suspended securities (Old Mutual shares)	57 912 942	61 308 408	57 912 942	50 798 998
	1 657 886 050	931 409 153	1 710 427 809	808 232 947
Current	1 657 886 050	931 409 153	1 710 427 809	808 232 947
Non-current	-	-	-	
Total	1 657 886 050	931 409 153	1 710 427 809	808 232 947
INVENTORY				
Raw materials	33 363 178	24 819 804	20 489 934	15 486 307
Work in progress Finished goods	182 721 396 -	334 488 123	64 532 124 -	110 826 318
-	016 004 574	250 207 007	85 000 050	106 040 005
	216 084 574	359 307 927	85 022 058	126 312 625
Current Non-current	185 832 734 30 251 840	359 307 927	72 913 465 12 108 593	126 312 625
Total	216 084 574	359 307 927	85 022 058	126 312 625
PREPAYMENTS AND OTHER ASSETS	1 401 145 504		1 401 445 504	
Foreign currency auction system receivables Prepayments	1 401 145 581 480 789 150	- 732 406 632	1 401 145 581 438 209 615	- 515 326 835
Deferred acquisition costs Refundable deposits for Mastercard and Visa transactions	86 518 904 384 096 278	66 548 735 340 588 657	78 769 093 384 096 278	38 894 642 282 205 384
Stationery stock and other consumables	-	6 043 948	-	1 503 300
Time- share asset Legacy debt assets	18 498 628 854 234 000	20 554 031 1 244 708 365	15 327 617 854 234 000	17 030 685 1 031 342 044
Zimswitch receivables	1 652 258	100 120 292	1 652 258	82 957 798
Bill payments receivables Public service pension fund receivable	1 496 911 677 961 640	23 940 009 -	1 496 911 677 961 640	19 836 243 ·
Other	122 834 610	91 643 362	115 859 094	53 783 412
	4 029 277 960	2 626 554 031	3 968 752 087	2 042 880 343
Current	3 373 429 150	2 278 558 452	3 468 863 857	1 755 801 719
Non-current	655 848 810	347 995 579	499 888 230	287 078 624
Total	4 029 277 960	2 626 554 031	3 968 752 087	2 042 880 343
INTANGIBLE ASSETS				
As at end of period				
Opening net book amount Prior period adjustment	116 028 582 -	1 085 205 848 (904 696 591)	9 074 177 -	200 426 701 (191 594 345
Additions	137 057	3 812 724	- 137 057	2 777 332
Adjustment to cost Amortisation charge	(58) (35 845 497)	587 (68 293 986)	- (1 428 809)	(107) (2 535 404)
-	. ,		. ,	
Closing net book amount	80 320 084	116 028 582	7 782 425	9 074 177
As at and of named				
As at end of period	156 006 000	156 760 007	17 061 700	17 704 640
Cost Accumulated amortisation Accumulated impairment	456 906 326 (376 586 242)	456 769 327 (340 740 745)	17 861 706 (10 050 054) (29 227)	17 724 649 (8 621 245) (29 227)

PROPERTY AND EQUIPMENT Inflation Adjusted				Furniture		
Innation Adjusted	Freehold		Computer	and Office	Motor	
	premises	Machinery	equipment	equipment	vehicles	Tota
Half year ended 30 June 2021	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Hall year ended 30 Julie 2021	2002	ZWL	2002	2002	2002	2.001
Opening net book						
amount at January 2021	1447 154 181	78 479 509	217 132 003	239 583 438	263 950 661	2 246 299 792
Additions	5 113 093	-	23 114 813	22 403 861	2 145 762	52 777 529
Revaluation	(136 385 973)	-	-	-	-	(136 385 973
Adjustment to cost	-	-	-	-	(588)	(588
Disposals	-	-	-	-	(1 175 449)	(1 175 449
Depreciation	(9 974 170)	(2 967 771)	(36 049 507)	(27 910 372)	(29 827 787)	(106 729 607
Closing net book					·	
amount at June 2021	1 305 907 131	75 511 738	204 197 309	234 076 927	235 092 599	2 054 785 70
Year ended 31 December 2020						
Opening net book						
amount at January 2020	1 363 933 108	_	746 956 381	120 791 133	249 201 604	2 480 882 22
Additions	6 579 507	59 355 423	56 264 353	11 298 189	114 817 531	248 315 00
Revaluation	109 226 322	5 241 489	(502 202 401)	156 280 932	(1 275 005)	(232 728 663
Adjustment to cost		17 136 966	(302 202 401) (1 497)		(17 136 966)	(2.32 7 20 00)
Transfer to investment property	(14 254 201)	-	(1 107)	_	(17 100 000)	(14 254 20
Disposals	(11201201)		(464 785)	(1 399)	(41 250 165)	(41 716 349
Depreciation	(18 330 555)	(3 254 369)	(83 420 048)	(48 785 417)	(40 406 338)	(194 196 72)
Closing net book	(10 000 000)	(0 20 1 000)	(00 120 0 10)	(10/00/11)	(10 100 000)	(10110012)
amount at December 2020	1 447 154 181	78 479 509	217 132 003	239 583 438	263 950 661	2 246 299 79
Historical cost				Furniture		
	Freehold		Computer	and Office	Motor	
	premises	Machinery	equipment	equipment	vehicles	Tota
Half year ended 30 June 2021	ZWL	ZWL	ZWL	ZWL	ZWL	ZW
Opening net book						
amount at January 2021	1 198 905 234	65 026 652	180 979 508	197 613 243	218 717 308	1 861 241 94
Additions	4 800 000	-	22 090 929	22 222 877	2 065 580	51 179 38
Revaluation	109 511 953	-	-	-	-	109 511 95
Adjustment to cost	-	-	-	-	(6)	((
Disposals	-	-	-	-	(1 505 948)	(1 505 948
Depreciation	(11 008 582)	(5 251 745)	(28 315 909)	(12 977 181)	(30 499 039)	(88 052 456
Closing net book						
amount at June 2021	1 302 208 605	59 774 907	174 754 528	206 858 939	188 777 895	1 932 374 87
Year ended 31 December 2020						
Opening net book						
amount at January 2020	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 13
Additions	4 398 288	32 861 570	34 230 463	4 857 653	86 487 500	162 835 47
Revaluation	952 143 844	11 978 788	38 290 331	173 297 799	111 890 227	1 287 600 98
Adjustment to cost	-	20 186 294	113	-	(14 753 112)	5 433 29
	2 929 781	1 699 850	1 264 425	489 081	3 864 313	10 247 45
Adjustment to accumulated depreciation			-	-	-	(2 632 89
	(2 632 890)	-				
Transfer to investment property	(2 632 890) -	-	(9 970)	(30)	(884 814)	(894 81)
Transfer to investment property Disposals	(2 632 890) - (9 865 533)	- - (1 699 850)	(9 970) (30 765 981)	(30) (3 342 561)	(884 814) (13 916 772)	•
Adjustment to accumulated depreciation Transfer to investment property Disposals Depreciation Closing net book	-	- - (1 699 850)	, ,	. ,		(894 814 (59 590 697

Freehold premises was revalued at half year ended 30 June 2021

	Inflation Ac	djusted	Historical cost		
	Reviewed	Audited	Reviewed	Audited	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	
	ZWL	ZWL	ZWL	ZWL	
INVESTMENT PROPERTY					
Opening balance	1 180 943 310	835 270 782	978 507 514	154 282 658	
Additions	322 600 894	141 176 291	281 827 099	15 342 264	
Fair value adjustment	(105 499 754)	209 587 635	193 474 195	818 937 884	
Disposals	-	(19 345 593)	-	(12 688 182)	
Transfers from inventory	232 327 497	-	176 563 139	-	
Transfers from property and equipment	-	14 254 196	-	2 632 890	
Closing balance	1 630 371 947	1 180 943 311	1 630 371 947	978 507 514	
Non-current	1 630 371 947	1 180 943 311	1 630 371 947	978 507 514	
Total	1 630 371 947	1 180 943 311	1 630 371 947	978 507 514	

Fair valued adjustment of ZWL (76 560 331) and ZWL 193 474 195 in inflation and historical cost terms was made as at 30 June 2021.

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

		Inflation Adjusted		Histori	cal cost
		Reviewed	Audited	Reviewed	Audited
13	DEPOSITS FROM OTHER BANKS AND CUSTOMERS	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
		ZWL	ZWL	ZWL	ZWL
13.1	DEPOSITS FROM CUSTOMERS				
	Demand deposits	12 724 160 749	10 943 074 040	12 724 160 749	9 067 226 238
	Promissory notes	1 211 815 037	1 496 466 536	1 211 815 037	1 239 944 150
	Other time deposits	1 158 598 631	790 800 239	1 158 598 631	655 242 270
		15 094 574 417	13 230 340 815	15 094 574 417	10 962 412 658
13.2	DEPOSITS FROM OTHER BANKS				
	Money market deposits	1 498 030 845	551 482 850	1 498 030 845	456 948 363
	Bank borrowings and lines of credit	9 328 470 071	10 926 650 481	9 328 470 071	9 053 617 984
	5				
		10 826 500 916	11 478 133 331	10 826 500 916	9 510 566 347
	TOTAL DEPOSITS	25 921 075 333	24 708 474 146	25 921 075 333	20 472 979 005
	Current	16 202 930 226	24 659 632 788	16 202 930 226	20 432 509 970
	Non-current	9 718 145 107	48 841 358	9 718 145 107	40 469 035
	Total	25 921 075 333	24 708 474 146	25 921 075 333	20 472 979 005

Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

B Deposits concentration	Reviewed		Audited	
	30 June 2021		31 Dec 2020	
Inflation Adjusted	ZWL	%	ZWL	%
Agriculture	1 083 804 309	4%	1 152 500 136	5%
Construction	880 842 864	3%	632 772 203	3%
Wholesale and retail trade	3 828 547 509	15%	1 330 613 793	5%
Public sector	1 706 902 000	7%	2 448 970 750	10%
Manufacturing	2 223 403 261	9%	1 778 379 397	7%
Telecommunication	1 393 760 782	5%	1 192 479 208	5%
Transport	849 003 945	3%	813 367 321	3%
Individuals	1 467 939 924	6%	1 194 369 563	5%
Financial services	7 848 483 345	30%	11 921 564 605	50%
Mining	1 750 744 505	7%	1 439 246 581	6%
Other	2 887 642 889	11%	804 210 589	3%
	25 921 075 333	100%	24 708 474 146	100%
Historical cost				
Agriculture	1 083 804 309	4%	954 940 032	5%
Construction	880 842 864	3%	524 303 199	3%
Wholesale and retail trade	3 828 547 509	15%	1 102 521 673	59
Public sector	1 706 902 000	7%	2 029 171 306	10%
Manufacturing	2 223 403 261	9%	1 473 531 868	79
Telecommunication	1 393 760 782	5%	988 065 942	5%
Transport	849 003 945	3%	673 940 932	3%
Individuals	1 467 939 924	6%	989 632 255	5%
Financial services	7 848 483 345	30%	9 877 985 198	50%
Mining	1 750 744 505	7%	1 192 532 767	69
Other	2 887 642 889	11%	666 353 833	3%

There are material concentration of deposits to the following sectors; Financial services 35%, wholesale and retail trade 14%, mining 6% and other 10%.

		Inflation	Adjusted	Historical cost	
		Reviewed	Audited	Reviewed	Audited
		30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
		ZWL	ZWL	ZWL	ZWL
14	INSURANCE LIABILITIES				
	Gross outstanding claims	359 107 673	164 678 112	359 107 673	113 175 075
	Liability for unearned premium	376 828 093	426 311 862	346 541 521	289 279 868
		735 935 766	590 989 974	705 649 194	402 454 943
	Current	735 935 766	590 989 974	705 649 194	402 454 943
	Non-current	-	-	-	-
	Total	735 935 766	590 989 974	705 649 194	402 454 943
15	TRADE AND OTHER PAYABLES				
	Trade and other payables	2 329 346 984	1 053 838 613	2 329 346 984	873 190 941
	Deferred income	216 686 562	375 030 144	207 952 721	264 097 525
	Mastercard and Visa prepayments	553 723 519	616 537 691	553 723 519	510 851 586
	TT Resdex inwards	9 036 006	55 124 473	9 036 006	45 675 106
	RBZ cash cover	2 672 688 853	3 216 891 929	2 672 688 853	2 665 456 415
	Zimswitch settlement	65 691 921	53 187 054	65 691 921	44 069 797
	Instant banking balances	118 923 229	67 680 873	118 923 229	56 079 104
	Legacy debt interest payable	248 562 386	655 369 903	248 562 386	543 027 230
	Intermediary tax	194 981 164	292 764 520	194 981 164	242 579 199
	Other liabilities	333 785 534	131 502 113	259 931 098	108 960 189
		6 743 426 158	6 517 927 313	6 660 837 881	5 353 987 092
	Current	5 547 356 370	2 566 924 728	5 415 095 345	2 126 905 763
	Non-current	1 196 069 788	3 951 002 585	1 245 742 536	3 227 081 329
	Total	6 743 426 158	6 517 927 313	6 660 837 881	5 353 987 092
	The movement in trade and other payable is due to deposits				
	awaiting payment for auction system transactions.				
16	SHARE CAPITAL AND SHARE PREMIUM				
	Authorised				
	Number of ordinary shares, with a nominal value of ZWL0.00001	800 000 000	800 000 000	800 000 000	800 000 000
	•				
	Issued and fully paid				
	Number of ordinary shares, with a nominal value of ZWL0.00001	671 949 927	671 949 927	671 949 927	671 949 927
	Share capital movement				
		Number of		Share Premium	Total
		Shares	ZWL	ZWL	ZWL
	Inflation adjusted	074 0 10 017		050 500 005	050 070 075
	As at 1 January 2021	671 949 927	313 243	656 560 032	656 873 275
	Share issue	-		-	
	As at 30 June 2020	671 949 927	313 243	656 560 032	656 873 275
	Historical cost				
	As at 1 January 2021	671 949 927	6 719	14 083 173	14 089 892
	Share issue	-		-	
	As at 30 June 2020	671 949 927	6 719	14 083 173	14 089 892

		Inflation	Adjusted	Historical cost		
		Reviewed	Reviewed	Reviewed	Reviewed	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	
		ZWL	ZWL	ZWL	ZWL	
00.4						
20.1	REVENUE FROM PROPERTY SALES Property Sales	195 722 319	33 473 074	179 432 314	10 812 476	
	Property Sales	195 722 319	33 473 074	179 432 314	10 812 476	
20.2	COST OF PROPERTY SALES					
2012	Property development	144 755 957	22 136 802	85 518 478	3 110 602	
	Property development	144 755 957	22 136 802	85 518 478	3 110 602	
21	INSURANCE PREMIUM REVENUE					
	Gross Premium Written Change in Unearned Premium Reserve ("UPR")	1 015 810 445 (25 562 733)	667 475 698 (42 507 924)	951 746 650 (92 928 469)	186 227 049 (55 261 755)	
		. ,		. ,		
		990 247 712	624 967 774	858 818 181	130 965 294	
22	OTHER OPERATING INCOME					
	Rental income	12 971 758	4 024 722	12 099 590	1 327 278	
	Profit on disposal of property and equipment	(115 070)	-	89 721	-	
	Sundry income	92 198 538	208 895 410	81 374 673	116 040 291	
	Bad debts recovered	758 280	8 217 910	713 049	3 686 264	
	Fair value adjustment investment property	(105 430 417)	437 404 486	177 738 789	520 730 750	
		383 089	658 542 528	272 015 822	641 784 583	
23	NET INSURANCE COMMISSIONS EXPENSE					
	Commissions Paid	145 319 761	70 078 625	135 442 537	34 361 460	
	Change in technical provisions	(22 994 240)	(9 684 130)	(39 874 457)	(9 510 467)	
		122 325 521	60 394 495	95 568 080	24 850 993	
	Commissions Received	(53 411 931)	(12 665 346)	(49 592 187)	(5 635 062)	
		68 913 590	47 729 149	45 975 893	19 215 931	
24	INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES		70 500 605	005 400 450	20 225 646	
	Gross claims and loss adjustment expenses	250 697 346	73 508 635	235 432 450	39 335 646	
	Gross change in Technical Provisions	143 137 541 393 834 887	41 970 309 115 478 944	137 376 274 372 808 724	22 952 590 62 288 236	
	Reinsurance claims and loss adjustment expenses	(90 915 684)	(21 618 346)	(85 444 942)	(11 544 300)	
	Change in reinsurers' share of Technical Provisions	(894 674)	(212 740)	(2 771 680)	(374 476)	
		(91 810 358)	(21 831 086)	(88 216 622)	(11 918 776)	
		302 024 529	93 647 858	284 592 102	50 369 460	
25	ADMINISTRATIVE EXPENDITURE					
20	Administration expenses	982 356 783	1 052 509 829	868 665 569	243 804 974	
	Staff costs	1 162 947 886	1 520 766 872	1 156 796 528	803 420 438	
	Directors' remuneration	31 924 219	14 793 464	30 992 459	8 157 968	
	Audit fees:					
	- current year fees	8 500 847	13 111 032	7 972 081	4 260 947	
	- prior year fees	24 410 227	21 259 807	24 835 871	8 271 594	
	- other services	18 127 960	37 460 343	9 704 553	9 704 553	
	Depreciation	106 729 607	143 051 190	88 052 456	25 011 768	
	Amortisation	35 845 497	114 845 931	1 428 809	20 510 460	
	Operating lease payment	1 813 069		1 689 861		
		2 372 656 095	2 917 798 468	2 190 138 187	1 123 142 702	
26	INCOME TAX EXPENSE					
20		1 050 711 006	1 150 010 000	1 050 711 000	07 000 010	
	Current income tax on income for the half year Deferred tax	1 253 711 996 (623 663 205)	1 153 310 060 (45 316 277)	1 253 711 996 (607 976 679)	87 333 819 313 986 187	
		630 048 791	1 107 993 783	645 735 317	401 320 006	
27	CAPITAL COMMITMENTS Capital expenditure authorized but not yet contracted for	2 951 896 043	33 471 203	2 951 896 043	16 197 519	
00						
28	CONTINGENT LIABILITIES Guarantees and letters of credit	321 892 461	1 454 054 852	321 892 461	703 652 056	
29	EARNINGS PER SHARE					
23	LANNING FEITONARE					

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies Act (Chapter 24:03), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.

		Inflation	Adjusted	Historical cost		
		Reviewed	Reviewed	Reviewed	Reviewed	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020	
		ZWL	ZWL	ZWL	ZWL	
17	INTEREST AND RELATED INCOME					
	Cash and cash equivalents	59 625 246	11 339 183	58 037 021	3 489 030	
	Loans and advances to other banks	113 164 949	133 458 156	106 273 508	41 288 269	
	Loans and advances to customers	1 458 559 806	1 204 926 189	1 377 344 535	383 882 037	
	Bankers acceptances and tradable bills	352 667 375	97 103 425	331 226 766	30 300 101	
		1 984 017 376	1 446 826 953	1 872 881 830	458 959 437	
18	INTEREST AND RELATED EXPENSE		~~ ~~ ~~ ~~			
	Deposit from other banks	100 198 595	36 632 007	94 399 872	19 378 121	
	Demand deposits	50 977 793	59 635 314	47 481 448	18 287 759	
	Afreximbank	460 183 648	356 337 197	432 163 706	109 491 002	
	Time deposits	42 529 513	61 722 881	45 890 578	10 730 251	
		653 889 549	514 327 399	619 935 604	157 887 133	
19	FEE AND COMMISSION INCOME					
	Retail service fees	950 089 771	52 591 185	892 670 089	168 044 028	
	Credit related fees	95 445 000	518 468 832	23 501 116	7 260 092	
	Investment banking fees	17 493 439	13 985 594	1 386 381	848 986	
	Brokerage	64 500 153	13 411 817	62 703 475	3 481 516	
		1 127 528 363	598 457 428	980 261 061	179 634 622	

29.1 Basic earnings per share Profit attributable to equity holders of the parent

rione attributable to equity holdere er the parent	020 001 100	0 000 102 100	1 100 100 010	1 000 201 100
Total	529 867 400	3 330 452 795	1 485 458 370	1 896 257 168
Basic earnings per share				
Basic earnings per share (ZWL cents)	83.87	548.47	235.13	312.28
	83.87	548.47	235.13	312.28
Weighted average number of ordinary shares	Shares issued	Treasury shares	Shares outstanding	Weighted
Half Year ended 30 June 2021 Issued ordinary shares as at 1 January 2021 Treasury shares purchased Treasury shares sold	671 949 927 - -	(44 562 161) (47 949 688) 43 900 000	627 387 766 (47 949 688) 43 900 000	627 387 766 (5 269 196) 9 648 352
Weighted average number of ordinary shares as at 30 June	671 949 927	(48 611 849)	623 338 078	631 766 922
Weighted average number of ordinary shares Half Year ended 30 June 2020				
Issued ordinary shares as at 1 January 2020 Treasury shares purchased	671 949 927 -	(64 708 627) (634 700)	607 241 300 (634 700)	607 241 300 (17 437)
Weighted average number of ordinary shares as at 30 June	671 949 927	(65 343 327)	606 606 600	607 223 863

529 867 400 3 330 452 795 1 485 458 370 1 896 257 168

29.2 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.

	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2020 ZWL
Profit attributable to equity holders of the parent	529 867 400	3 330 452 795	1 485 458 370	1 896 257 168
Total	529 867 400	3 330 452 795	1 485 458 370	1 896 257 168
Weighted average number of ordinary shares at 30 June	631 766 922	607 223 863	631 766 922	607 223 863
Diluted earnings per share (ZWL cents) Diluted earnings per share (ZWL cents)	83.87	548.47	235.13	312.28
	83.87	548.47	235.13	312.28

Reviewed

ZWL

30 June 2021

Reviewed

ZWL

30 June 2020

1896 257 168

Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

Reviewed Reviewed 30 June 2020 30 June 2021 ZWL ZWL Headline earnings per share 29.3 1 485 458 370 Profit attributable to equity holders 529 867 400 3 330 452 795

Adjusted for excluded remeasurements Profit on the disposal of property and equipment	115 070	-	(89 721)	-
Other	-		-	
Headline earnings	529 982 470	3 330 452 795	1 485 368 649	1896 257 168
Weighted average number of ordinary shares at 30 June	631 766 922	607 223 863	631 766 922	607 223 863
Headline earnings per share (ZWL cents)	83.89	548.47	235.11	312.28

29.4 Diluted headline earnings per share

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

	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2020 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2020 ZWL
Headline earnings	529 982 470	3 330 452 795	1 485 368 649	1896 257 168
Weighted average number of ordinary shares at 30 June	631 766 922	607 223 863	631 766 922	607 223 863
Diluted earnings per share (ZWL cents)	83.89	548.47	235.11	312.28

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES FAIR VALUE HIERARCHY

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices - Level 1

30

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets in active markets where the quoted price is readily available.

Valuation technique using observable inputs - Level 2

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

Valuation technique using significant observable inputs - Level 3

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

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

Valuation technique using;

valuation teorinique using,	Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL
Recurring fair value measurements			
Inflation Adjusted			
As at 30 June 2021			
Investment property	-	-	1 630 371 947
Financial assets at amortised cost	-	-	1 023 216 263
Financial assets at fair value through profit or loss	1 657 886 050	-	-
Financial assets at fair value through other comprehensive income	128 073 110	-	-
Land and buildings	-	-	1 305 907 131
As at 31 December 2020			
Investment property	-	-	1 180 943 311
Financial assets at amortised cost	-	-	1 310 024 135
Financial assets at fair value through profit or loss	931 409 153	-	-
Financial assets at fair value through other comprehensive income	46 332 026	-	-
Land and buildings	-	-	1 447 154 181
Historical cost			

CLASSIFICATION OF FINANCIAL INSTRUMENTS 31

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

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Loans and receivables	Financial liabilities at amortised cost
Inflation Adjusted - As at 30 June 2021	ZWL	ZWL	ZWL	ZWL	ZWL
Trading assets					
Balances with other banks and cash Financial assets at amortised cost	- 1 023 216 263	-	-	11 707 267 554	-
Loans and advances to customers Trade and other receivables	-	-	-	18 064 587 817	-
including insurance receivables Bonds and debentures	- 59 449 843	-	-	824 366 676 -	-
Financial assets at fair value through profit or loss	-	1 657 886 050	-	-	-
Financial assets at fair value through other comprehensive income	-	-	128 073 110	-	-
	1 082 666 106	1 657 886 050	128 073 110	30 596 222 047	-
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-		25 921 075 333
Insurance liabilities Trade and other payables	-	-	-	-	735 935 766 6 743 426 158
					33 400 437 257
As at 31 December 2020					33 400 437 237
Trading assets				10 749 000 000	
Balances with other banks and cash Financial assets at amortised cost	- 1 310 024 135	-	-	12 743 920 936 -	-
Loans and advances to customers Trade and other receivables including	-	-	-	16 103 500 323	-
insurance receivables Bonds and debentures	- 571 675 102	-	-	627 052 486	-
Financial assets at fair value through profit or loss	-	931 409 153	-		-
Financial assets at fair value through other comprehensive income	_	_	46 332 026	_	-
	1 881 699 237	931 409 153	46 332 026	29 474 473 745	
Trading liabilities					
Deposits and borrowings from other banks and customers					24 708 474 146
Insurance liabilities	-	-	-	-	590 989 974
Trade and other payables		-		-	6 517 927 313
	-	-	<u> </u>	-	31 817 391 433
Historical cost As at 30 June 2021					
Trading assets Balances with other banks and cash	-	-	-	11 707 267 554	-
Financial assets at amortised cost Loans and advances to customers	1 023 216 263 -	-	-	18 064 444 569	-
Trade and other receivables including insurance receivables	-	_	-	824 366 676	-
Bonds and debentures Financial assets at fair value	59 449 843	-	-	-	
through profit or loss	-	1 710 427 809	-	-	-
Financial assets at fair value through other comprehensive income	-	-	128 073 110	-	-
	1 082 666 106	1 710 427 809	128 073 110	30 596 078 799	
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	25 921 075 333
Insurance liabilities Trade and other payables	-	-	-	-	705 649 194 6 660 837 881
	-	-	-	-	33 287 562 408
As at 31 December 2020					
Trading assets Balances with other banks and cash	-	_	-	10 559 374 255	-
Financial assets at amortised cost Loans and advances to customers	1 085 461 468 -	-	-	- 13 342 940 672	-
Trade and other receivables including insurance receivables				485 619 884	_
Bonds and debentures	473 679 285	-	-		-
Financial assets at fair value through profit or loss	-	808 232 947		-	-
Financial assets at fair value through other comprehensive income	-	-	38 389 849	-	-
	1 559 140 753	808 232 947	38 389 849	24 387 934 811	-
Trading liabilities					
Deposits and borrowings from other banks and customers	-	_	-	-	20 472 979 005
Insurance liabilities Trade and other payables	-	-	-	-	402 454 943 5 353 987 092
	-	_	-	_	26 229 421 040

As at 30 June 2021		
Investment property		1 630 371 947
Financial assets at amortised cost		1 023 216 263
Financial assets at fair value through profit or loss 1 710 427 80	9 -	-
Financial assets at fair value through other comprehensive income 128 073 11	0 -	-
Land and buildings		1 302 208 605
As at 31 December 2020		
Investment property		978 507 514
Financial assets at amortised cost		1 085 461 468
Financial assets at fair value through profit or loss 808 232 94	7 -	-
Financial assets at fair value through other comprehensive income 38 389 84	9 -	-
Land and buildings		1 198 905 234

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

RELATED PARTIES 32

The Group carried out banking, insurance and investment related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking and insurance regulations. The full list of related party transactions are provided in the Group's annual report for the year ended 31 December 2020.



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Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

33 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

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

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

Inflation Adjusted 30 June 2021	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Intersegment eliminations ZWL	Consolidated ZWL
Total segment revenue	1 751 740 050	100 005 010	170 001 110	004 400		00.057	(50.000.705)	
Interest income Interest expense	1 751 748 853 (493 009 550)	109 205 640 (20 101 020)	173 291 110 (148 944 438)	621 169 (15 921 461)	30 432	80 957 -	(50 960 785) 24 086 920	1 984 017 376 (653 889 549)
Net interest income	1 258 739 303	89 104 620	24 346 672	(15 300 292)	30 432	80 957	(26 873 865)	1 330 127 827
Turnover	-	-	195 722 319	-	-	-	-	195 722 319
Cost of sales	-	-	(144 755 957)	-		-	-	(144 755 957)
Gross profit Net earned	-	-	50 966 362	-	-	-	-	50 966 362
insurance premium	-	-	-	536 602 250	175 089 938	-	(76 530 825)	635 161 363
Net fee and commission income	953 385 645	7 676 534	100 668 338	(2 623 575)	-	60 543 478	(2 425 645)	1 117 224 775
Net trading income and other income	2 575 915 321	97 110 859	206 442 962	854 762 640	269 842 971	64 575 458	(2 447 709 472)	1 620 940 739
Total income	4 788 040 269	193 892 013	382 424 334	1 373 441 023	444 963 341	125 199 893	(2 553 539 807)	4 754 421 066
Intersegment revenue	(165 942 926)	(160 034)	(3 316 719)	(14 055 817)	(68 619 110)	(58 124)	252 152 730	-
Intersegment interest expense and commission	33 338 893	28 011 601	7 221 274	20 810 646	59 070 457	4 919 904	(153 372 775)	-
Revenue from external customers	4 655 436 236	221 743 580	386 328 889	1 380 195 852	435 414 687	130 061 673	(2 454 759 852)	4 754 421 066
0								
Segment profit before income tax	443 256 343	(31 092 544)	(41 160 022)	306 163 934	(10 477 461)	25 913 149	466 583 569	1 159 186 968
Impairment losses on								
financial assets	139 845 840	345 982	10 672 690	22 000 000	160 509	-	-	173 025 021
Depreciation Amortisation	81 506 031 30 119 722	3 796 118 3 560 875	11 215 662	4 742 996 1 365 760	4 920 566 799 142	349 256	-	106 729 607 35 845 497
Segment assets	34 414 146 855	220 692 829	3 445 760 681	1 906 293 721	799 457 224	89 751 561	798 541 057	41 674 643 928
Total assets includes:								
Additions to non-current								
assets	41 880 225	5 113 093	1 739 076	-	3 213 001	832 134	-	52 777 529
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	31 103 380 408	177 355 197	2 397 906 580	1 203 085 710	587 104 089	55 997 212	(763 207 100)	34 761 622 097
30 June 2020								
Total segment revenue								
Interest income	1 293 280 603	57 938 524	82 645 694	2 367 506	-	159 511	10 435 115	1 446 826 953
Interest expense	(399 912 917)	(9 877 712)	(53 219 362)	-	-	-	(51 317 408)	(514 327 399)
Net interest income	893 367 686	48 060 812	29 426 332	2 367 506	-	159 511	(40 882 293)	932 499 554
Turnover	-	-	33 473 074	-	-	-	-	33 473 074
Cost of sales	-	-	(22 136 802)	-	-	-	-	(22 136 802)
Gross profit Net earned insurance	-	-	11 336 272	-	-	-	-	11 336 272
premium	-	-	-	347 223 000	101 275 502	-	4 187 449	452 685 951
Net fee and commission income Net trading income	525 157 976	4 301 035	52 340 949	-	-	10 570 835	-	592 370 795
and other income	3 641 204 270	2 627 427	493 499 900	818 089 836	170 739 722	22 073 552	166 812 700	5 315 047 407

Journel 2000banking without we with a start of the start with a start	tions Consolidated ZWL ZWL 089) 1 872 881 830			Short term	Short term	Mortgage		Commercial	Historical cost
Total segment revenue lineers: locome lineers: locome l	089) 1 872 881 830	eliminations		insurance	reinsurance	financing	-	banking	
Interest norme (ebs 300 M) (cons partial interest norme194 800 M7 M (cons partial interest norme interest norme interest norme interest norme194 800 M7 M (cons partial interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interest norme interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interest norme100 000 bit interest norme interest norme interest norme interest norme interes		ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	30 June 2021
Lunower Cact of asies Image: Cact of asies Image: C	3 151 (619 935 604)	, ,	76 368 -	19 961 -					Interest income
Cod of sales	939) 1 252 946 226	(24 963 939)	76 368	19 961	(14 142 357)	23 731 375	83 740 531	1 184 484 286	Net interest income
Nate and incorrectory Nate and commension incourse and during income and during	- 179 432 314 - (85 518 478)	-	-	-	-			-	
Net ename Insurance provide Nate and commession income and dher income 164 607 30 5 253 119 42 17 40 20 7 249 01 18 420 420 8 253 253 420 8 253 254 62 18 420 420 8 253 255 70 18 77 764 8 258 727 70 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 727 72 18 45 72 727 18 57 77 73 19 72 60 22 25 70 17 77 72 19 72 60 19 72 600 19 72 600 19 72 600 19 72 600 19 72 600 19 72 600 19 72 600 19 72 600 19 72 600 19 72 700 10 72 601 10 72 601 10 72 601 10 72 601 10 72 601 10 72 601 10 72 600 10 72 600 10 72 600 10 72 600 10 72 600 10 72 600 10 72 600 10 72 600 10 72 600 10 72 600 72 600 720 10 72 60	- 93 913 836	_	_		_	93 913 836	_		Gross profit
communication income and other income 191 617 280 72 49 091 94 460 30 (2 503 113) 20 50 1130 20 50 10 50 20 50 00 502 Total income 4 52 92 1028 182 30 0190 57 73 78 43 147 816 544 42 68 281 121 573 61 22 57 38 980 Intersegnent income response and commission 168 812 122 (160 004) (0 07 95 50) 10 81 980 407 (28 181 980) (27 17 38 3) Revente from income from cincem fax 102 189 600 3 55 770 150 169 11 155 655 90 (34 47 32 2) (27 07 88 3) 27 38 59 28 30 02 22 Segment profit 102 189 600 3 55 770 107 670 35 972 77 (34 47 27 00 25 30 980 27 38 59 20 27 50 20 500 50 22 50 500	372) 524 483 324	(71 342 372)	-	164 601 738	431 223 958		-	-	Net earned insurance premium
and other income 2 500 114 42 91 30 574 395 272 40 833 238 400 290 011 10 92 502 792 (2 150 000 0202) Total income 4 529 251 028 182 300 199 577 378 43 147 815 144 23 62 61 81 121 573 61 (2 277 39 69) Interesegnent intervent interesegnent intervent interesegnent intervent intervent from external customers 4 401 290 216 233 403 231 591 069 117 19268 670 44 060 207 4588 276 (27 173 98) Revenue from external customers 4 401 290 216 233 403 231 591 069 117 19268 670 44 060 207 4588 276 (27 173 98) Revenue from external customers 1 032 180 603 3 555 770 106 757 691 35 972 773 (3 421 276) 27 368 560 22 511 9 Segment from income tax 1 39 855 840 3 45 981 10 672 691 2 500 000 100 503 22 511 9 20 500 50 Segment factor 1 223 774 3 23 390 10 872 691 2 500 200 100 503 22 518 52 30 106 53 Total assets includes: Additions: 3 38 796 690 175 793 69 58 260 37 59 972 12 837 065 50 Total assets includes: Additions: 11 517 3	970 585 575	(2 202 156)	58 934 441	-	(2 503 513)	94 460 432	7 249 091	814 647 280	
Consegnent revenue interesgnent liferest expense and commission (156 512 17.2) (160 034) (8 079 558) (10 619 479) (63 514 598) (64 389) 233 302 23 Revenue from external customers 4 401 290 216 233 492 23 581 096 117 256 455 594 44 605 207 4588 276 (127 173 983) Revenue from external customers 4 401 290 216 233 45 981 106 757 081 335 972 773 (8 421 276) 27 586 556 628 319 089 Impairment lobes on income fax 1 982 180 603 3 555 709 106 757 081 335 972 773 (8 421 276) 27 586 556 628 319 089 Segment accent income fax 1 982 180 603 2 355 709 106 757 681 35 972 773 (8 421 276) 27 586 55 69 287 53 81 995 033 Segment accent interest income interest income 42 27 986 66 2 109 777 2 596 950 717 3935 593 203 27 59 772 83 772 000 61 593 50 717 193 55 63 62 62 39 50 57 63 59 720 83 772 000 61 593 50 717 193 55 63 62 62 63 772 000 63 59 97 20 83 79 72 00 63 59 97 20 83 79 72 00 <th< td=""><td>) 502) 1 982 534 780</td><td>(2 159 030 502)</td><td>62 562 792</td><td>259 061 119</td><td>833 238 495</td><td>365 272 840</td><td>91 310 574</td><td>2 530 119 462</td><td>-</td></th<>) 502) 1 982 534 780	(2 159 030 502)	62 562 792	259 061 119	833 238 495	365 272 840	91 310 574	2 530 119 462	-
Interseguent interest exponse and commission 30 651 559 21 203 070 6 787 192 19 268 679 44 605 207 4 588 270 (12 173 383) Revenue form external customers 4 01 290 216 203 003 221 591 066 117 256 465 964 404 473 427 22 6107 465 2 148 372 722 Segment profit before income tax 1 032 180 663 3 555 700 106 757 681 335 972 773 (3 421 276) 27 368 559 623 319 069 Impairment losses on financle assets 1 39 845 844 345 981 1 0 672 691 22 000 000 160 5090 225 599 23 199 069 Segment ansets 34 227 089 660 210 3777 37 37 471 1 737 3 493 1 789 299 000 703 693 75 89 297 228 831 965 053 Total assets includes : Additions to non-current assets 41 03 7660 4800 00 1 600 798 2 908 285 559 697 212 837 073 200 559 697 212 837 073 200 1 108 198 Total assets includes : Additions to non-current assets 41 50 1827 71 142 206 2 40 28 171 676 853 636 29 297 55 997 212 837 06 560 2 49 781 3 181 519 </td <td>3 969) 4 824 463 741</td> <td>(2 257 538 969)</td> <td>121 573 601</td> <td>423 682 818</td> <td>1 247 816 584</td> <td>577 378 483</td> <td>182 300 196</td> <td>4 529 251 028</td> <td>Total income</td>	3 969) 4 824 463 741	(2 257 538 969)	121 573 601	423 682 818	1 247 816 584	577 378 483	182 300 196	4 529 251 028	Total income
expense and commission 30 66 1 spie 21 283 070 6 77 7120 19 288 879 44 60 5207 4 588 276 (127 173 983) Revenue form external curdomers 4401 290 216 203 403 221 581 066 117 256 455 98 404 473 427 126 107 482 148 372 722 Segment profit before income tax 1032 180 660 3 555 70 106 757 061 355 972 773 (3 421 276) 27 368 555 628 319 689 Impairment losses on financial assets 138 845 840 345 981 100 72 891 22 000 00 100 508 22 57 9 628 319 689 Segment assets 34 227 680 669 203 9101 3245 433 17 126 390 00 733 683 758 69 287 623 531 680 583 Segment assets 34 227 680 669 24 391 77 27 308 537 69 287 623 59 282 930 59 362 937 61 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 633 533 639 63 533 639 63 <td>) 229 -</td> <td>236 340 229</td> <td>(54 388)</td> <td>(63 814 598)</td> <td>(10 619 479)</td> <td>(3 079 558)</td> <td>(160 034)</td> <td>(158 612 172)</td> <td>Intersegment revenue</td>) 229 -	236 340 229	(54 388)	(63 814 598)	(10 619 479)	(3 079 558)	(160 034)	(158 612 172)	Intersegment revenue
external customers 4.01 290 210 203 403 221 591 006 117 256 465 940 4.04 473 427 128 107 48 1.08 27 222 Segment profit before income tax 1.032 180 600 355 570 106 757 081 335 972 773 (2) 421 276 (2) 386 580 (2) 386 580 (2) 390 080 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 390 380 (2) 3	983) -	(127 173 983)	4 588 276	44 605 207	19 268 879	6 797 192	21 263 070	30 651 359	-
income tax 1032 180 600 3 55 709 106 75 708 335 972 773 $(9.421 276)$ $27.985 559$ $(28.319 069)$ Impairment losses on financial assets 139 845 840 345 981 10 672 691 $22.000 000$ 180 509 $22.25 319$ $$	2 722) 4 824 463 741	(2 148 372 722)	126 107 488	404 473 427	1 256 465 984	581 096 117	203 403 231	4 401 290 216	
income tax 1032 180 600 3 55 709 106 757 08 325 72 73 $(3 421 276)$ $(27 268 559)$ $(28 319 069)$ Impairment losses on francibilities 139 845 840 $345 981$ $10 672 691$ $22 000 000$ $160 509$ $225 319$ $10 672 691$ $29 0000$ $10 692 691$ $93 9261$ $225 319$ $10 672 691$ $29 009 00$ $739 665 575$ $99 297 526$ $531 99 053$ Segment assets $41 037 660$ $4 600 000$ $1 660 798$ $$ $29 08 286$ $772 000$ $63 29 1003$ Segment labilities $30 929 443 640$ $176 5906$ $2 179 796$ $533 629 37$ $599 7212$ $(87 061 529)$ 30 Line 2020 Total assets $1135 01 827$ $174 2306$ $242 428 171$ $676 833$ $$ $48 701$ $316 159$ Total asgment revorue Interest expense $113 50 1827$ $174 2306$ $242 428 171$ $676 833$ $$ $49 761$ $316 159$ Total asgment revorue Interest expense $113 50 1827$ $174 2306$ $29 2424$ $676 833$ $$ $$ $-$									Segment profit before
inancial assets 199 445 840 345 981 10 672 691 22 000 000 10 0300 225 319	9 089 2 130 732 538	628 319 089	27 368 559	(3 421 276)	335 972 773	106 757 081	3 555 709	1 032 180 603	
Depreciation 56 333 106 3 253 380 17 37 493 17 98 686 6 926 603 225 319	170 005 001			100 500	00.000.000	10.070.001	0.45 0.04	100.045.040	•
Segment assets 34 227 986 66 210 31 9101 3 245 433 517 892 939 00 793 663 575 89 227 526 631 995 053 Total assets includes : Additions to non-current assets 41 037 660 4 800 000 1 660 798 2 908 928 772 000 - Segment liabilities 30 929 443 648 176 580 628 2 397 906 580 1 75 179 365 553 629 387 55 997 212 (87 061 582) 30 June 2020 Total asgment revenue Interest income 413 501 827 17 142 306 24 428 171 676 833 - 448 781 3 161 519 Net interest income 413 501 827 17 142 306 24 428 171 676 833 - 448 781 3 161 519 Net interest income 413 501 827 17 142 306 24 428 171 676 833 - 48 781 (12 907 323) Turrover - 10 0812 476 - 676 833 - 48 781 (12 907 323) Turrover - - 10 0812 476 - - - - - - - - - - - </td <td>- 173 025 021 - 88 052 455</td> <td>-</td> <td>- 225 319</td> <td>6 926 603</td> <td>1 769 686</td> <td></td> <td>3 253 380</td> <td>58 339 106</td> <td>Depreciation</td>	- 173 025 021 - 88 052 455	-	- 225 319	6 926 603	1 769 686		3 253 380	58 339 106	Depreciation
Total assets includes : Additions to non-current assets investment in associates 4 1 037 660 4 800 000 1 660 798 - 2 908 928 772 000 - Segment liabilities 30 929 443 648 176 580 628 2 397 906 500 1 175 179 365 583 629 387 55 997 212 (837 061 52) 30 June 2020 Total segment revenue Interest income 113 501 827 17 142 306 24 428 171 676 833 - 48 781 (12 907 323) Net interest income 220 800 054 14 163 535 8 290 424 676 833 - 48 781 (12 907 323) Turnover - 10 812 476 -	- 1 428 809	-	-	39 264	56 000	-	79 771	1 253 774	Amortisation
Additions to non-current assests 41037 660 480000 1 660798 2908 28 772 000 1 Segment liabilities 30 329 443 640 176 590 622 2307 906 500 175 179 365 563 623 37 559 972 12 (837 61 552) 30 June 2020 Total segment revenue Interest income 113 501 827 171 42 305 24 428 171 676 833 1.467.813 3 161 519 1660 788 Interest scorene 122 701 773 12 142 305 2 24 428 171 676 833 1.467.813 3 161 519 1660 788 Net interest income 290 800 654 14 163 535 2 24 428 171 676 833 1.467.813 3 161 519 1660 788 1.467.813 3 161 519 1660 788 1.467.813 3 161 519 1.660 6842 <t< td=""><td>5 053 41 291 626 482</td><td>831 995 053</td><td>89 287 528</td><td>793 663 575</td><td>1 892 939 040</td><td>3 245 433 517</td><td>210 319 101</td><td>34 227 988 666</td><td>Segment assets</td></t<>	5 053 41 291 626 482	831 995 053	89 287 528	793 663 575	1 892 939 040	3 245 433 517	210 319 101	34 227 988 666	Segment assets
assets 41 037 660 4 800 000 1 660 798 2 908 928 772 000 Segment liabilities 30 929 443 648 176 580 628 2 307 906 580 1 75 179 366 563 629 387 55 97 212 (837 061 552) 30 June 2020 Total segment revenue 141 3 501 827 17 142 306 24 428 171 676 833 448 781 (16 088 42) Net interest income 290 8000 65 14 163 535 8 290 424 676 833 448 781 (12 907 32) Turnover 290 8000 65 14 163 535 8 290 424 676 833 448 781 (12 907 32) Turnover 10 812 476									
30 June 2020 Total segment revenue Interest income 413 501 827 (12 2 701 773) 17 142 306 (2 978 771) 24 428 171 (16 137 747) 676 833 (- - 48 781 (12 907 323) (16 068 842) Net interest income 290 800 054 14 163 535 8 290 424 676 833 - 48 781 (12 907 323) Numover - - 10 812 476 - - - - Cost of sales - - 10 812 476 -	- 51 179 386	:	772 000	2 908 928	-	1 660 798 -	4 800 000 -	41 037 660	assets
Total segment revenue Interest income 413 501 822 (12 701 773) 17 142 306 (2 978 771) 24 428 171 (16 137 747) 676 833 676 833	552) 34 481 675 268	(837 061 552)	- 55 997 212	- 583 629 387	- 1 175 179 365	2 397 906 580	- 176 580 628	30 929 443 648	Segment liabilities
Interest income 413 501 827 17 142 306 24 428 171 676 833 48 781 3 161 519 Interest expense (122 701 773) (2978 771) (16 137 747) 676 833 48 781 (12 907 323) Net interest income 290 800 054 14 163 535 8 290 424 676 633 48 781 (12 907 323) Turnover 10 812 476 60 466 512 27 685 365 50 466 512 27 685 365 232 810 Order end commission income 156 935 720 14 87 133 16 013 686 60 466 512 27 685 365 3 481 516 Cost of sales 156 935 720 14 87 133 16 013 686 50 285 6770 107 636 787 1159 1049 123 733 597 Intersegment revenue 2 405 042 618 16 336 384 383 286 051 50 2856 770 107 636 787 1159 1049 123 733 597 Intersegment revenue 2 818 812 (55 3 677) 420 035 3 20 79 275 1 940 (34 766 385) Revenue from external customers 2 407 876 052 17 322 415									30 June 2020
Interest expense (122 701 773) (2 978 771) (16 137 747) (1									Total segment revenue
Turnover - 10 812 476 -		3 161 519 (16 068 842)	48 781 -	-	676 833 -				
Cost of sales . <	323) 301 072 304	(12 907 323)	48 781	-	676 833	8 290 424	14 163 535	290 800 054	Net interest income
Gross profit - 7701874 - 60466512 27685365 - 232810 Net earned 150935720 1487133 16013686 - - 3481516 - commission income 1957306844 685716 351280067 441713425 79951422 8060752 136408110 Total income 2405042618 16336384 383286051 502856770 107636787 11591049 123733597 Intersegment revenue 2818812 - (553677) 420035 32079275 1940 (34766385) intersegment revenue 2818812 - (553677) 420035 32079275 1940 (34766385) intersegment revenue 2818812 - (3677653) 6514 274252 4125 2392109 Revenue from 2407 876 052 17 322415 379 054721 503 283 319 139 990314 11 597 114 91 359 321 Segment profit 1552 955 094 (3683 549) 283 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses on financial assets 46 893 572 538	- 10 812 476 - (3 110 602)	-	-	-	-			-	
Net earned insurance premium Net fea and commission income 156 935 720 1 487 133 16 013 686 27 685 365 27 685 365 3481 516 232 810 Net trading income and other income 1957 306 844 685 716 351 280 067 441 713 425 79 951 422 8 060 752 136 408 110 Total income 2 405 042 618 16 336 384 383 286 051 502 856 770 107 636 787 11 591 049 123 733 597 Intersegment revenue Intersegment interest expense and commission 2 818 812 653 6771 420 035 32 079 275 1 940 (34 766 385) Revenue from external customers 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit before income tax 1 552 955 049 (3 683 549) 283 992 837 392 432 752 55 623 747 64 35 260 12 626 951 Impairment losses on financial assets 46 893 572 538 817 1 939 682 8 000 000 317 179 713 740 37 991 - Impairment losses on financial assets 46 893 572 538 817 1 939 682 8 000 000 317 179 713 740 37 991<	- 7 701 874	-	_		_	7 701 874	_		Gross profit
Net fee and commission income 156 935 720 1 487 133 16 013 686 - - 3 481 516 - Net trading income 1 957 306 844 685 716 351 280 067 441 713 425 79 951 422 8 060 752 136 408 110 Total income 2 405 042 618 16 336 384 383 286 051 502 856 770 107 636 787 11 591 049 123 733 597 Intersegment revenue 2 818 812 - (553 677) 420 035 32 079 275 1 940 (34 766 385) Intersegment interest 2 818 812 - (53 677) 6 514 274 252 4 125 2 392 109 Revenue from 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit before income tax 1 552 955 094 (3 683 549) 283 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses 0 financial assets 46 893 572 538 817 1 939 682 8 000 000 713 740 37 91 - - Impairment losses 0 financial assets 46 893 572 538 817 1 939 682	2 810 88 384 687	232 810		27 685 365	60 466 512	_		_	Net earned
Net trading income 1 957 306 844 685 716 351 280 067 441 713 425 79 951 422 8 060 752 136 408 110 Total income 2 405 042 618 16 336 384 383 286 051 502 856 770 107 636 787 11 591 049 123 733 597 Intersegment revenue 2 818 812 (553 677) 420 035 32 079 275 1 940 (34 766 385) Intersegment interest 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Revenue from 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit 1 552 955 094 (3 683 549) 283 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses 0 financial assets 46 893 572 538 817 1 939 682 8 000 000 713 740 37 991 - Impairment losses 19 748 716 660 395 3 479 148 770 000 8 890 713 740 37 991 - Segment assets 17 149 094 997 65 732 170 1 268 608 026		202 010	0 404 540	27 000 000	00 400 012	10.010.000	1 407 400	450.005.700	Net fee and
Total income 2 405 042 618 16 336 384 383 286 051 502 856 770 107 636 787 11 591 049 123 733 597 Intersegment revenue 2 818 812	- 177 918 055	-		-	-				Net trading income
Intersegment revenue 2 818 812 - (553 677) 420 035 32 079 275 1 940 (34 766 385) Intersegment interest 986 031 (3 677 653) 6 514 274 252 4 125 2 392 109 Revenue from 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit before income tax 1 552 955 094 (3 683 549) 283 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses 0 financial assets 46 893 572 538 817 1 939 682 8 000 000 - - - - Depreciation 19 748 716 660 395 3 479 148 371 779 713 740 37 991 - - Segment assets 17 149 094 997 65 732 170 1 268 608 602 693 109 580 248 191 052 14 395 791 641 922 003	3 110 2 975 406 336								
Intersegment interest expense and commission 14 622 986 031 (3 677 653) 6 514 274 252 4 125 2 392 109 Revenue from external customers 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit before income tax 1 552 955 094 (3 683 549) 283 992 837 392 432 752 555 623 747 6 435 260 12 626 951 Impairment losses on financial assets 46 893 572 538 817 1 939 682 8 000 000 713 740 37 991 - Segment assets 19 748 716 660 395 3 479 148 8 435 70 000 8 890 248 191 052 14 395 791 641 922 003	3 597 3 550 483 256						16 336 384		
Revenue from external customers 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit before income tax 1 552 955 094 (3 683 549) 263 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses on financial assets 46 893 572 538 817 1 939 682 8 000 000 371 779 713 740 37 991 - Depreciation 19 73 838 30 516 8 435 70 000 8 890 248 191 052 14 395 791 641 922 003	205)	(34 766 385)	1 940	32 079 275	420 035	(553 677)	-	2 818 812	-
external customers 2 407 876 052 17 322 415 379 054 721 503 283 319 139 990 314 11 597 114 91 359 321 Segment profit before income tax 1 552 955 094 (3 683 549) 283 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses on financial assets 46 893 572 538 817 1 939 682 8 000 000 Depreciation 19 748 716 660 395 3 479 148 371 779 713 740 37 991 Segment assets 17 149 094 997 65 732 170 1 268 608 062 693 109 580 248 191 052 14 395 791 641 922 003		2 392 109	4 125	274 252	6 514	(3 677 653)	986 031	14 622	
before income tax 1 552 955 094 (3 683 549) 283 992 837 392 432 752 55 623 747 6 435 260 12 626 951 Impairment losses on financial assets 46 893 572 538 817 1 939 682 8 000 000 - - - Depreciation 19 748 716 660 395 3 479 148 371 779 713 740 37 991 - Segment assets 17 149 094 997 65 732 170 1 268 608 062 693 109 580 248 191 052 14 395 791 641 922 003			11 597 114	139 990 314	503 283 319	379 054 721	17 322 415	2 407 876 052	
on financial assets 46 893 572 538 817 1 939 682 8 000 000 - - - Depreciation 19 748 716 660 395 3 479 148 371 779 713 740 37 991 - Amortisation 19 973 838 30 516 8 435 70 000 8 890 - - - Segment assets 17 149 094 997 65 732 170 1 268 608 062 693 109 580 248 191 052 14 395 791 641 922 003		91 359 321							Sogmont profit
Depreciation 19 748 716 660 395 3 479 148 371 779 713 740 37 991 - Amortisation 19 973 838 30 516 8 435 70 000 8 890 - - Segment assets 17 149 094 997 65 732 170 1 268 608 062 693 109 580 248 191 052 14 395 791 641 922 003	2 109 -		6 435 260	55 623 747	392 432 752	283 992 837	(3 683 549)	1 552 955 094	
Amortisation 19 973 838 30 516 8 435 70 000 8 890 - - Segment assets 17 149 094 997 65 732 170 1 268 608 062 693 109 580 248 191 052 14 395 791 641 922 003	2 109 9 321 3 550 483 256 5 951 2 300 383 092		6 435 260	55 623 747					before income tax Impairment losses
	2 109 9 321 3 550 483 256		_		8 000 000	1 939 682	538 817	46 893 572	before income tax Impairment losses on financial assets
Total assets includes -	2 109 3 321 3 550 483 256 5 951 2 300 383 092 - 57 372 071		_	- 713 740	8 000 000 371 779	1 939 682 3 479 148	538 817 660 395	46 893 572 19 748 716	before income tax Impairment losses on financial assets Depreciation
Additions to non-current assets 11 441 629 26 450 16 757 462 110 600 680 121 - Investment in associates	2 109 3 3 550 483 256 5 951 2 300 383 092 - 57 372 071 - 25 011 769	12 626 951 - - -	- 37 991 -	- 713 740 8 890	8 000 000 371 779 70 000	1 939 682 3 479 148 8 435	538 817 660 395 30 516	46 893 572 19 748 716 19 973 838	before income tax Impairment losses on financial assets Depreciation Amortisation
Segment liabilities 15 033 811 367 50 480 394 695 485 573 254 286 846 140 385 836 7 656 476 569 476 572	2 109 - 9 321 3 550 483 256 6 951 2 300 383 092 - 57 372 071 - 25 011 769 - 20 091 679	12 626 951 - - -	- 37 991 -	713 740 8 890 248 191 052	8 000 000 371 779 70 000 693 109 580	1 939 682 3 479 148 8 435 1 268 608 062	538 817 660 395 30 516 65 732 170	46 893 572 19 748 716 19 973 838 17 149 094 997	before income tax Impairment losses on financial assets Depreciation Amortisation Segment assets Total assets includes : Additions to non-current assets
Type of revenue generating activity Commercial Microlending Mortgage Underwriting Underwriting Equity market and retail financing short-term general classes dealing banking classes of of short term insurance insurance	2 109 9 321 3 550 483 256 5 951 2 300 383 092 - 57 372 071 - 25 011 769 - 20 091 679 2 003 20 081 053 655	12 626 951 - - - 641 922 003 : - -	- 37 991 - 14 395 791 - -	713 740 8 890 248 191 052 680 121	8 000 000 371 779 70 000 693 109 580 110 600	1 939 682 3 479 148 8 435 1 268 608 062 16 757 462 -	538 817 660 395 30 516 65 732 170 26 450	46 893 572 19 748 716 19 973 838 17 149 094 997 11 441 629	before income tax Impairment losses on financial assets Depreciation Amortisation Segment assets Total assets includes : Additions to non-current assets Investment in associates

Total income	5 059 729 932	54 989 274	586 603 453	1 167 680 342	272 015 224	32 803 898	130 117 857	7 303 939 979
Intersegment revenue	5 824 906	-	(1 144 140)	867 977	66 289 901	4 009	(71 842 653)	-
Intersegment interest expense and commission	30 215	2 037 574	(7 599 650)	13 461	566 725	8 524	4 943 151	-
Revenue from external customers	5 065 585 053	57 026 848	577 859 663	1 168 561 780	338 871 850	32 816 431	63 218 355	7 303 939 979
external customers	5 005 505 050	37 020 040	577 055 000	100 301 700	000 07 1 000	32 010 401	00 210 000	1 000 000 010
Segment profit								
before income tax	3 335 688 768	(63 744 597)	265 952 693	726 623 219	126 560 354	9 851 664	41 913 194	4 442 845 295
Impairment losses on								
financial assets	96 902 757	1 113 433	4 008 237	16 531 521	-	-	-	118 555 948
Depreciation	121 079 394	3 566 089	9 360 058	3 311 919	5 926 526	227 381	18 081	143 489 447
Amortisation	111 247 464	1 475 847	131 083	894 515	1 097 023	-	-	114 845 932
Segment assets	36 698 015 959	180 126 547	2 935 440 106	1 477 359 357	641 195 398	32 713 308	1 369 135 546	43 333 986 221
Total assets includes :								
Additions to non-current								
	25 973 404	25 002	00.050.000	515 963	0 440 700		1 084 885	CO 410 E11
assets	25 973 404	35 293	38 353 263	515 963	2 449 703	-	1 084 885	68 412 511
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	30 480 030 037	111 108 440	1 437 179 302	601 195 998	343 639 832	16 536 150	1 173 711 240	34 163 401 001
Type of revenue generating activi	itv Commercial	Microlending	Mortgage	Underwriting	Underwriting	Equity market		
	and retail		financing	short-term	general classes	dealing		
	banking		inditiong	classes of	of short term	dealing		
	Sandig			insurance	insurance			



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Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Other risks:

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

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

34.1 Credit risk

34

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet their obligations as and when they fall due. Credit risk arises from lending, trading, insurance products and investment activities and products.

Credit risk and exposure to loss are inherent parts of the Group's business.

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

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

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

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

Credit policies, procedures and limits

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

Credit risk mitigation and hedging

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

Credit risk stress testing

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

Impairments

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

Credit terms:

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

Past due loans

the debter is in default or expiry date

Inflation	Adjusted	Histori	cal cost
Reviewed	Audited	Reviewed	Audited
30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
ZWL	ZWL	ZWL	ZWL
131 315 878	13 529 522	131 315 878	11 210 309
2 366 689	2 844 078	2 366 689	2 356 550
3 435 959	2 617 034	3 435 959	2 168 425
137 118 526	18 990 634	137 118 526	15 735 284
(87 193 951)	(9 566 695)	(87 193 951)	(7 926 784)
49 924 575	9 423 939	49 924 575	7 808 500
1 344 270 500	1 570 178 511	1 344 270 500	1 301 020 512
16 888 655 131	14 689 771 263	16 888 511 883	12 171 551 245
18 232 925 631	16 259 949 774	18 232 782 383	13 472 571 757
(218 262 389)	(165 873 390)	(218 262 389)	(137 439 585)
18 014 663 242	16 094 076 384	18 014 519 994	13 335 132 172
18 064 587 817	16 103 500 323	18 064 444 569	13 342 940 672
	Reviewed 30 June 2021 2WL 131 315 878 2 366 689 3 435 959 137 118 526 (87 193 951) 49 924 575 1 344 270 500 16 888 655 131 18 232 925 631 (218 262 389) 18 014 663 242	30 June 2021 ZWL 31 Dec 2020 ZWL 131 315 878 2 366 689 3 435 959 13 529 522 2 844 078 2 844 078 2 617 034 137 118 526 (87 193 951) 18 990 634 (9 566 695) 49 924 575 9 423 939 1 344 270 500 1 570 178 511 16 888 655 131 14 689 771 263 18 232 925 631 (218 262 389) 16 094 076 384	Reviewed 30 June 2021 ZWL Audited 31 Dec 2020 ZWL Reviewed 30 June 2021 ZWL 131 315 878 2 366 689 3 435 959 13 529 522 2 844 078 2 617 034 131 315 878 2 366 689 2 844 078 2 617 034 2366 689 3 435 959 137 118 526 (87 193 951) 18 990 634 (9 566 695) 137 118 526 (87 193 951) 13990 634 (9 566 695) 137 118 526 (87 193 951) 49 924 575 9 423 939 49 924 575 1 344 270 500 1 570 178 511 1 344 270 500 16 888 655 131 14 689 771 263 16 888 511 883 18 232 925 631 16 259 949 774 (165 873 390) 18 014 262 389) 18 014 663 242 16 094 076 384 18 014 519 994

*A loan of ZWL111 million was down graded to stage 3/Grade 8 during the period.

.1.2 Sectoral analysis of utilisations - loans and advances	Reviewed 30 June 2021 ZWL	%	Audited 31 Dec 2020 ZWL	%
Inflation Adjusted	0.000 050 001	12%	2 776 351 472	17%
Mining Manufacturing	2 226 659 321 1 701 142 540	9%	853 661 416	5%
Mortgage	767 456 105	9% 4%	438 637 348	3%
Wholesale	418 855 410	4% 2%	293 454 792	2%
Distribution	1 497 956 007	8%	835 087 719	2 % 5%
Individuals	1 722 041 211	8% 9%	696 839 931	5% 4%
Agriculture	1 703 837 154	9%	1 379 512 386	8%
Construction	260 155 607	9% 1%	188 542 486	1%
Local Authorities	67 105 929	0%	22 795 413	0%
Other services	8 004 834 873	44%	8 794 057 444	55%
Other services	8 004 834 873	44%	8 / 94 05/ 444	55%
Gross loans and advances	18 370 044 157	100%	16 278 940 407	100%
Less credit impairment loss allowance	(305 456 340)		(175 440 084)	
Carrying amount	18 064 587 817		16 103 500 323	
Historical cost				
Mining	2 226 659 321	12%	2 300 432 842	17%
Manufacturing	1 701 142 540	9%	707 327 864	5%
Mortgage	767 456 105	4%	363 446 693	3%
Wholesale	418 855 410	2%	243 151 146	2%
Distribution	1 497 956 007	8%	691 938 047	5%
Individuals	1 722 041 211	9%	577 388 518	4%
Agriculture	1 703 837 154	9%	1 143 038 131	8%
Construction	260 155 607	1%	156 222 773	1%
Local Authorities	67 105 929	0%	18 887 852	0%
Other services	8 004 691 625	44%	7 286 473 175	54%
Gross loans and advances	18 369 900 909	100%	13 488 307 041	100%
Less credit impairment loss allowance	(305 456 340)		(145 366 369)	
Carrying amount	18 064 444 569		13 342 940 672	

There are material concentration of loans and advances to the following sectors: other services 44%, mining 12%, distribution 8% and manufacturing 9%

34.1.3 Loans and advances

34.

34.

				1	nflation Adjusted	l i i i i i i i i i i i i i i i i i i i		
			Reviewed				Audited	
			30 June 2021			3	1 December 202	0
	ECL staging				ECL staging			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit grade								
Investment grade	16 888 655 131	-	-	16 888 655 131	14 689 771 263	-	-	14 689 771 263
Standard monitoring	-	1 050 754 857	-	1 050 754 857	-	1 476 454 440	-	1 476 454 440
Special monitoring	-	293 515 643	-	293 515 643	-	93 724 071	-	93 724 071
Default	-	-	137 118 526	137 118 526	-	-	18 990 634	18 990 634
Gross financial assets								
at amortised cost	16 888 655 131	1 344 270 500	137 118 526	18 370 044 157	14 689 771 263	1 570 178 511	18 990 634	16 278 940 408
Credit impairment								
loss allowance	(159 359 953)	(58 902 436)	(87 193 951)	(305 456 340)	(138 757 909)	(27 115 481)	(9 566 695)	(175 440 085)
Net financial asset								
at amortised cost	16 729 295 178	1 285 368 064	49 924 575	18 064 587 817	14 551 013 354	1 543 063 030	9 423 939	16 103 500 323

i.e. the debtor fails to repay the loan by a specific given date.

Impaired loans

The Group's policy regarding impaired/ doubtful loans is all loans where the degree of default becomes extensive such that the Group no longer has reasonable assurance of collection of the full outstanding amount of principal and interest.

All such loans are classified in the 8, 9 and 10 under the Basel II ten tier grading system.

Provisioning policy and write offs

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

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

Rating	Descriptive classification	Risk level	Level of allowance	IFRS 9 grading/tier system	Type of allowance
1	Prime grade	Insignificant	1%		
2	Strong	Modest	1%	Stage 1	12 Months ECL
3	Satisfactory	Average	2%		
4	Moderate	Acceptable	3%		
5	Fair	Acceptable with care	4%	Stage 2	Lifetime ECL
6	Speculative	Management attention	5%		
7	Highly Speculative	Special mention	10%		
8	Substandard	Vulnerable	20%	010	
9	Doubtful	High default	50%	Stage 3	Lifetime ECL
10	Loss	Bankrupt	100%		

Expected Credit Losses (ECL)

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

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

Probability of Default (PD)

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

Exposure at Default (EAD)

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

Loss Given Default (LGD)

It is an estimate of the loss from a transaction given that a default has occurred. The LGD estimate is calculated as the quotient of the set of estimated cash flows resulting from the workout and/or collections process (the loss of principal, the carrying costs of nonperforming 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.

					Historical cost			
			Reviewed				Audited	
			30 June 2021			3	1 December 202	0
	ECL staging				ECL staging			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit grade								
Investment grade	16 888 511 883	-	-	16 888 511 883	12 171 551 245	-	-	12 171 551 245
Standard monitoring	-	1 050 754 857	-	1 050 754 857	-	1 223 362 502	-	1 223 362 502
Special monitoring	-	293 515 643	-	293 515 643	-	77 658 010	-	77 658 010
Default	-	-	137 118 526	137 118 526	-	-	15 735 284	15 735 284
Gross financial assets								
at amortised cost	16 888 511 883	1 344 270 500	137 118 526	18 369 900 909	12 171 551 245	1 301 020 512	15 735 284	13 488 307 041
Credit impairment								
loss allowance	(159 359 953)	(58 902 436)	(87 193 951)	(305 456 340)	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)
Net financial asset								
at amortised cost	16 729 151 930	1 285 368 064	49 924 575	18 064 444 569	12 056 579 040	1 278 553 132	7 808 500	13 342 940 672

34.1.4 Reconciliation of credit impairment allowance for loans and advances

	Inflation	Adjusted	Histori	cal cost
	Reviewed	Audited	Reviewed	Audited
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	ZWL	ZWL	ZWL	ZWL
Balance at 1 January	175 440 085	232 601 244	145 366 369	42 963 718
Effects of IAS 29	(30 073 717)	(180 749 097)	-	-
Change on initial application of IFRS 9	· · · · ·	-	-	-
Increase in impairment loss allowance	160 246 895	124 331 978	160 246 894	103 019 149
Impairment reversal	-	-	-	-
Write off	(156 923)	(744 040)	(156 923)	(616 498)
Interest in suspense	(/	-	-	
	305 456 340	175 440 085	305 456 340	145 366 369
1.5 Trade and other receivables				
Past due and impaired	48 642 937	31 896 000	48 642 937	26 428 428
Allowance for impairment	(48 642 937)	(31 896 000)	(48 642 937)	(26 428 428)
Carrying amount	-	-	-	-
Past due but not impaired	-	34 204 163	-	28 340 929
Niether past due nor impaired	824 551 800	593 214 903	824 551 800	457 582 697
Gross amount	824 551 800	627 419 066	824 551 800	485 923 626
Allowance for impairment	(185 124)	(366 580)	(185 124)	(303 742)
· · · · · · · · · · · · · · · · · · ·	((111100)	(()
Carrying amount	824 366 676	627 052 486	824 366 676	485 619 884
Total carrying amount	824 366 676	627 052 486	824 366 676	485 619 884

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, David Makwara, Sifiso Ndlovu, Aenesa Chuma, Gary S Collins, Franklin H Kennedy, Trynos Kufazvinei (Group Finance Director)*, Canada Malunga, Rute Moyo, Charles Msipa, Webster Rusere* (*Executive)

34.

Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

34.1.6 Financial assets at amortised cost

		In	flation Adjusted				
	Reviewed				Audited		
	30 June 2021			3	December 202	0	
ECL staging				ECL staging			
Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total
ECL	ECL	ECL		ECL	ECL	ECL	
ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
1 027 699 949	-	-	1 027 699 949	1 315 965 291	-	-	1 315 965 291
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1 027 699 949	-	-	1 027 699 949	1 315 965 291	-	-	1 315 965 291
(4 483 686)	-	-	(4 483 686)	(5 941 156)	-	-	(5 941 156)
1 023 216 263	-	-	1 023 216 263	1 310 024 135	-	-	1 310 024 135
	Stage 1 12-month ECL ZWL 1 027 699 949 - - 1 027 699 949 (4 483 686)	30 June 2021 ECL staging Stage 1 Stage 1 Lifetime ECL ECL ZWL ZWL 1 027 699 949 - - - 1 027 699 949 - - -	Reviewed 30 June 2021 ECL staging Stage 1 Stage 2 Stage 3 12-month Lifetime Lifetime ECL ECL ECL ZWL ZWL ZWL 1 027 699 949 - - - - - 1 027 699 949 - - (4 483 686) - -	Reviewed 30 June 2021 ECL staging Stage 1 Stage 2 Stage 3 12-month Lifetime Lifetime Total ECL ECL ECL ZWL ZWL 1027 699 949 - - 1 027 699 949 - - - - - 1027 699 949 - - 1 027 699 949 - - - - - 1027 699 949 - - 1 027 699 949 (4 483 686) - (4 483 686) - (4 483 686)	30 June 2021 3 ECL staging Stage 1 Stage 2 Stage 3 ECL staging Stage 1 ECL staging Stage 1 12-month Lifetime Lifetime Total 12-month ECL ECL ECL ECL 2WL ZWL ZWL ZWL 2WL 2WL	Reviewed 30 June 2021 Audited 31 December 202 ECL staging Stage 1 Stage 2 Stage 3 Total ECL Stage 2 Stage 1 Stage 2 Stage 1 Stage 1 Stage 2 Total ECL staging ECL ECL Stage 1 Stage 2 Total ECL ECL ECL ECL ECL ZWL ZWL ZWL ZWL 1 027 699 949 - - 1 027 699 949 1 315 965 291 - 1 027 699 949 - - 1 027 699 949 - - 1 027 699 949 - - 1 027 699 949 - - (4 483 686) - - (4 483 686) (5 941 156) -	Reviewed 30 June 2021 Audited 31 December 2020 ECL staging Stage 1 Stage 2 Stage 3 I2-month Lifetime Total ECL ECL

				Historical cost				
		Reviewed				Audited		
		30 June 2021			3	1 December 202	20	
	ECL staging				ECL staging			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit grade								
Investment grade	1 027 699 949	-	-	1 027 699 949	1 090 384 199	-	-	1 090 384 199
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets								
at amortised cost	1 027 699 949	-	-	1 027 699 949	1 090 384 199	-	-	1 090 384 199
Credit impairment								
loss allowance	(4 483 686)	-	-	(4 483 686)	(4 922 731)	-	-	(4 922 731)
Net financial asset								
at amortised cost	1 023 216 263	-	-	1 023 216 263	1 085 461 468	-	-	1 085 461 468

34.1.7 Bonds and debentures

Cred

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loss

Net f at ar

Credit grade

Investment grade

Standard monitoring

Special monitoring Default

			In	flation Adjusted				
		Reviewed				Audited		
		30 June 2021			3.	December 202	20	
	ECL staging				ECL staging			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total
	ECL	ECL	ECL		ECL	ECL	ECL	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
dit grade								
stment grade	59 718 577	-	-	59 718 577	574 328 622	-	-	574 328 622
idard monitoring	-	-	-	-	-	-	-	
cial monitoring	-	-	-	-	-	-	-	-
ault	-	-	-	-	-	-	-	
ss financial assets								
mortised cost	59 718 577	-	-	59 718 577	574 328 622	-	-	574 328 622
lit impairment								
allowance	(268 734)	-	-	(268 734)	(2 653 520)	-	-	(2 653 520)
financial asset								
mortised cost	59 449 843	-	-	59 449 843	571 675 102	-	-	571 675 102

Indiana Advertage

				listorical cost	F		
		Audited				Reviewed	
		December 2020	31			30 June 2021	:
			ECL staging				ECL staging
	Stage 3	Stage 2	Stage 1		Stage 3	Stage 2	Stage 1
Tot	Lifetime	Lifetime	12-month	Total	Lifetime	Lifetime	12-month
	ECL	ECL	ECL		ECL	ECL	ECL
ZW	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
475 877 94	-	-	475 877 942	59 718 577	-	-	59 718 577
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	

34.2 Liquidity risk

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

Management of liquidity risk

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

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

34.3 Market risk

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

The market risk for the trading portfolio is managed and monitored based on a collection of risk management methodologies to assess market risk including Value-at-Risk ("VaR") methodology that reflects the interdependency between risk variables, stress testing, loss triggers and traditional risk management measures. Non-trading positions are managed and monitored using other sensitivity analysis. The market risk for the non-trading portfolio is managed as detailed in notes 34.3.1 to 34.3.3.

34.3.1 Interest rate risk

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

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

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

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

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

34.3.2Currency risk

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

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

34.3.3Price risk

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

34.4 Settlement risk

GIUSS IIIIdiicidi assets									- 1
at amortised cost	59 718 577	-	-	59 718 577	475 877 942	-	-	475 877 942	
Credit impairment									
loss allowance	(268 734)	-	-	(268 734)	(2 198 657)	-	-	(2 198 657)	
Net financial asset									
at amortised cost	59 449 843	-	-	59 449 843	473 679 285	-	-	473 679 285	

34.1.8 Credit exposure on undrawn loan commitments and guarantees

	Inflation Adjusted										
		Reviewed			Audited						
		30 June 2021			31 December 2020						
	ECL staging				ECL staging						
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3				
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total			
	ECL	ECL	ECL		ECL	ECL	ECL				
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL			
Credit grade											
Investment grade	324 688 858	-	-	324 688 858	510 203 518	-	-	510 203 518			
Standard monitoring	-	-	-	-	-	-	-	-			
Special monitoring	-	-	-	-	-	-	-	-			
Default	-	-	-	-	-	-	-	-			
Gross financial assets											
at amortised cost	324 688 858	-	-	324 688 858	510 203 518	-	-	510 203 518			
Credit impairment											
loss allowance	(4 879 386)	-	-	(4 879 386)	(5 502 257)	-	-	(5 502 257)			
Net financial asset											
at amortised cost	319 809 472	-	-	319 809 472	504 701 261	-	-	504 701 261			

			1	Historical cost							
		Reviewed			Audited						
		30 June 2021			31 December 2020						
	ECL staging				ECL staging						
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3				
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total			
	ECL	ECL	ECL		ECL	ECL	ECL				
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL			
Credit grade											
Investment grade	324 688 858	-	-	324 688 858	422 745 081	-	-	422 745 081			
Standard monitoring	-	-	-	-	-	-	-	-			
Special monitoring	-	-	-	-	-	-	-	-			
Default	-	-	-	-	-	-	-	-			
Gross financial assets											
at amortised cost	324 688 858	-	-	324 688 858	422 745 081	-	-	422 745 081			
Credit impairment											
loss allowance	(4 879 386)	-	-	(4 879 386)	(4 559 067)	-	-	(4 559 067)			
Net financial asset	<u> </u>										
at amortised cost	319 809 472	-	-	319 809 472	418 186 014	-	-	418 186 014			

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

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

34.5 Operational risk

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

Reviewed Financial Results FOR THE SIX MONTHS ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED) For the six months ended 30 June 2021

34.6 Capital risk

34.6.1 Regulatory Capital and Financial Risk Management

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

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

• To comply with the capital requirements set by the regulators of the Group's subsidiaries;

• To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

· To maintain a strong capital base to support the development of its businesses.

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

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

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

- Tier 1 capital, which includes ordinary share capital and premium, retained profits, non distributable reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes
- Tier 2 capital, which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element
- of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

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

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

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

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

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

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

Company As at 30 June 2021	Regulatory Authority	Minimum capital required US\$	Minimum capital required ZWL	Net Regulatory Capital ZWL	Total Equity ZWL
FBC Bank Limited	RBZ	30 000 000	2 562 702 000	2 508 083 209	3 298 545 018
FBC Building Society	RBZ	20 000 000	1 708 468 000	474 944 532	847 526 937
FBC Reinsurance Limited	IPEC		150 000 000	717 759 676	717 759 676
FBC Securities (Private) Limited	SECZ		150 000	33 290 316	33 290 316
FBC Insurance Company (Private) Limited	IPEC		37 500 000	210 034 195	210 034 195
Microplan Financial Services (Private) Limited	RBZ		25 000	33 738 473	33 738 473

34.7 Compliance risk

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

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

STATEMENT OF COMPLIANCE

The Group complied with the following statutes inter alia:-

The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Statutory Instrument 33 of 2019; Statutory Instrument 33 of 1999; Statutory Instrument 62 of 1996; Statutory Instrument 142 of 2019 s Act (Chapter

INTERNATIONAL CREDIT RATINGS 36

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

The last ratings were done in 2019 and were as follows:

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

SUBSEQUENT EVENTS 37

37.1 Interim dividend declared

Notice is hereby given that an interim dividend of 29.76 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 27 August 2021 in respect of the half year ended 30 June 2021. The dividend is payable to shareholders registered in the books of the company at the close of business on Friday 24 September 2021. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 20 September 2021 and ex-dividend as from 21 September 2021. Dividend payment will be made to Shareholders on or about 1 October 2021.

CORPORATE GOVERNANCE 38

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

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

The Board meets regularly, with a minimum of four scheduled meetings annually. To assist the Board in the discharge of its responsibilities a number of committees have been established, of which the following are the most significant: (i) Board Audit Committee, (ii) Board Human Resources and Remuneration Committee, (iii) Board Finance and Strategy (iv) Board Risk Committee

Board Attendance

Board member	Main board		Board Audit		Board Human Resources		Board Finance and Strategy		Board Risk and Compliance		Board Marketing and Public Relations	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Herbert Nkala	\checkmark	\checkmark	N/A	N/A	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A
Chipo Mtasa	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	N/A	N/A	N/A	N/A	\checkmark	\checkmark
John Mushayavanhu	\checkmark	\checkmark	N/A	N/A	N/A	N/A	\checkmark	\checkmark	N/A	N/A	\checkmark	\checkmark
Kleto Chiketsani	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gertrude Chikwava	\checkmark	\checkmark	N/A	N/A	N/A	N/A	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark
Aeneas Chuma	\checkmark	\checkmark	\checkmark	\checkmark	N/A	N/A	N/A	N/A	\checkmark	\checkmark	\checkmark	\checkmark
Gary Collins	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franklin Kennedy	\checkmark	r	N/A	N/A	N/A	N/A	\checkmark	\checkmark	\checkmark	\checkmark	N/A	N/A
Trynos Kufazvinei	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Makwara	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canada Malunga	\checkmark	\checkmark	N/A	N/A	N/A	N/A	\checkmark	\checkmark	N/A	N/A	N/A	N/A
Charles Msipa	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A
Rutenhuro Moyo	\checkmark	\checkmark	N/A	N/A	N/A	N/A	\checkmark	\checkmark	\checkmark	\checkmark	N/A	N/A
Webster Rusere	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sifiso Ndlovu	N/A	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Garry Collins	\checkmark	\checkmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend Not a member - N/A Apologies - r

Attended - 🗸 Quarter - Q

By order of the Board

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

GROUP COMPANY SECRETARY 31 August 2021

We Are Investing In The Future For You, Because You Matter Most

Just as your fingerprints are unique, so is your journey to financial freedom. No two are ever the same. This is why as FBC Holdings, we have embraced technology and innovation, and are using them to create a customer experience that fits seamlessly into your life.

The journey is only beginning and you can be rest assured that we will always put you first, because with us, you matter most.

Vision

"To nurture sustainable solutions that enable the financial well-being of the communities we serve."

Mission Statement

To deliver unique customer experience through value adding elationships, simplified processes and relevant technologies."

Customer Promise

"You Matter Most"

www.fbc.co.zw Banking | Mortgages | Microfinance | Stockbroking | Insurance | Reinsurance

