FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2020

GROUP CHAIRMAN'S STATEMENT

	Group total income	Group profit before income tax	Group profit after income tax	Cost income ratio	Basic earnings per share	Net asset value per share	Asset base	Return on equity	Dividend declared
Inflation Adjusted	up 14% to **ZWL8.1 billion**	up 111% to **ZWL1.6 billion**	**ZWL1.5 billion** from a loss of ZWL1.6 billion last year	static at **64%**	**243.85 ZWL cents** from a negative of 263.21	up 25% to **810 ZWL cents**	up 19% to **ZWL32.4 billion**	improved to **30%** from a negative of 41%	**ZWL500 million** including ZWL200 million interim dividend
Historical	up 580% to **ZWL7.2 billion**	up 583% to **ZWL3.6 billion**	increased by 986% to **ZWL3.2 billion**	static at **50%**	up 980% to **517.10 ZWL cents**	up 491% to **782 ZWL cents**	up 440% to **ZWL31.9 billion**	improved to **65%** from 37%	**ZWL500 million** including ZWL200 million interim dividend

Financial Performance Review – Inflation Adjusted
While 2020 was an unprecedented, challenging year, the Group managed to post a commendable set of financial results. The Group achieved a profit before tax (PBT) of ZWL1.6 billion and a profit after tax (PAT) of ZWL1.5 billion. This performance in historical terms, translated to a profit before tax of ZWL3.6 billion and an after tax profit of ZWL3.2 billion. Total income was ZWL8.1 billion, which is 14% ahead of the previous year's comparative amount of ZWL7.2 billion.

Whilst foreign currency revaluation gains contributed significantly to the Group's reported total income, our lending operations managed to record modest growth, as a result of a combination of loan growth and re-pricing, despite the prevailing macro- economic challenges. Consequently, net interest income was 20% higher with ZWL1.7 billion being achieved during the period under review, against ZWL1.4 billion recorded in the prior year. A 5% decline in interest expense was also registered as a result of an improvement in the funding mix. Net fees and commission income receded 12% to ZWL1.2 billion from ZWL1.4 billion recorded last year, mainly as a result of a marked slowdown in the volume of transactions, in line with the reduced economic activity induced by the Covid-19 pandemic lockdown measures. The repricing of this revenue stream, implemented during the year, was inadequate to counterbalance the decrease in the volume of transactions.

The insurance business recorded a decrease of 5% in net earned insurance premium to ZWL845 million from ZWL886 million achieved last year. The significant decrease in insurance premium revenues of 21% was offset by an improvement in premium ceded to reinsures and retrocessionaires of 44%. The Covid-19 pandemic lockdown effects and the hyperinflationary environment had an initial negative effect on the insurance industry at large. This however, took a positive turn when the regulatory authorities subsequently permitted the underwriting of insurance policies in foreign currency.

The Group's administration expenses increased by 16% to ZWL4.5 billion from ZWL3.9 billion reported in 2019, mainly as a result of the repricing of expenses to match the inflationary environment. The cost to income ratio excluding the monetary loss, remained static at 64%. The monetary loss improved to ZWL1.4 billion from ZWL1.8 billion recorded last year, following the slowing down of inflation and an improvement in the hedging of monetary assets. The net monetary loss represents the effect of inflation on the net monetary assets of the Group and this is explained in detail in the notes to the financial statements.

As at 31 December 2020, the Group's total assets increased by 19% to ZWL32.4 billion against ZWL27.1 billion as at 31 December 2019. The growth was mainly driven by increase in deposits and the translation of foreign denominated assets. The Group's total equity was up 29% from the prior year, closing the current year at ZWL5.1 billion against ZWL3.9 billion reported in 2019.

Operating Environment
The operating environment remained difficult in 2020 and was exacerbated by the Covid-19 pandemic. The government instituted a number of measures to reduce the risk of infection among citizens. These measures included restrictive lockdown measures which had negative consequences on the economy and business in general. Some economic sectors such as tourism, recorded a sharp decrease in business volumes. Demand for products and services fell, resulting in weak earnings across a number of entities.

To help ease the Covid-19 induced pressures, the Government of Zimbabwe announced a ZWL18 billion stimulus package for industry on 1 May 2020. Similarly, an additional ZWL3 billion was availed by the Reserve Bank through a Medium Term bank accommodation facility for banks. The Reserve Bank of Zimbabwe furthermore reduced the Medium Term bank accommodation rate to 10% in order to boost productive sector lending. The Government of Zimbabwe awarded subsistence allowances to civil servants while various companies made similar arrangements for their employees.

Sadly however, due to supply chain disruptions and lower demand caused by movement restrictions, the economy is estimated to have contracted by 4.1%, against an initial expectation of a 3.0% growth rate. We are however, anticipating a marked improvement in 2021, with authorities projecting a growth of 7.4% after two consecutive years of negative GDP growth.

Foreign Exchange
During the period under review, a Dutch foreign currency exchange auction system was introduced, replacing the previous pegged exchange rate regime. This welcome development has resulted in price and exchange rate stability, coupled by a significant reduction in the difference between the official exchange rate and that prevailing in alternative markets. Further, access to foreign currency has since improved, resulting in an increase in capacity utilization across the productive sectors of the economy.

The USD/ZWL exchange rate stabilised around US$1:ZWL81 from June to December 2020. The introduction of the Dutch auction exchange rate system not only facilitated price discovery of the market exchange rate, but also greatly assisted in creating transparency in the management of foreign exchange. The RBZ has allocated more than US$625 million to importers from June to December 2020.

Inflation
The year 2020 was characterised by high inflation levels and year-on-year inflation which topped 837% in July 2020. The inflation levels however, dropped to 348.59% and the blended inflation was 188.91% as at 31 December 2020. The decline was attributable to a stable exchange rate regime recorded during the second-half of the year, fiscal discipline and a tight monetary policy. The Group realigned its business structures and pricing models to these macroeconomic developments.

Financial Services Sector
The financial services sector continued to function satisfactorily with all financial soundness indicators depicting a reasonable performance. Adequate capitalisation, improved asset quality and sustained earnings, bolstered the resilience against a turbulent economic landscape and the disruptive effects of the Covid19 pandemic. Growth in banking sector assets was however, largely attributable to gains from the translation of foreign currency denominated assets. Due to a cautious lending approach adopted by most banking institutions, banking sector financial intermediation remained low throughout the year, as most players prioritised capital preservation. On a positive note, the sector experienced an increased rate of digital transformation as institutions remodelled business operations to support and offer services to customers through electronic platforms. Customers' options to access financial services increased as a result. This was in response to the limitations of accessing financial services through traditional channels due to the Covid-19 pandemic.

To remain competitive and customer centric, the Group maintained a digitally oriented approach to ensure the provision of safe, convenient and remote access options to the transacting public. The Group introduced digital on-boarding for most accounts, with the intention of minimising direct interface and maximising convenience. Similarly, FBC Insurance introduced yakO Version 2.0 and a FBC Health mobile application with biometric authentication features. Other digital platforms rolled out during the course of 2020 include ZIPIT Smart, Noku digital assistant and an upgrade of the digital banking application which now includes beneficiary maintenance and proof of payment.

The Insurance Sector
The insurance sector continued to battle extremely challenging operating conditions, characterised by currency volatility and high inflation. During the period under review, the sector suffered an additional setback brought on by Covid-19-related restrictions, which dampened demand for both short and long term insurance services. Private insurance consumption remained under significant pressure throughout the period, due to high rates of unemployment, low capacity utilisation and business closures. Prospects for the industry have however, been renewed given that insurers are now underwriting business in foreign currency.

Property Market
The property market was not spared by the current economic challenges and the Covid-19 pandemic. This sector continually suffered from rental arrears, low occupancy levels and rental adjustments in line with inflation trends. Residential property demand declined sharply due to foreign currency shortages and non-availability of forex denominated mortgages. Rentals in the residential and retail market sector remained highly volatile during the course of 2020.

Office occupation in the Central Business District has remained low and unchanged since 2019. This was further compounded by the Covid19 induced lockdowns which led to a surge in remote working and a dampened demand for office space. The industrial market remained heavily curtailed by low capacity utilisation, power cuts, and shortages of foreign currency as well as high interest rates. The Group has however, taken a strategic decision in appreciation of the housing deficit in the country and continued further investments in real estate.

Stock Market Performance
Zimbabwe Stock Exchange market capitalisation continued with an upward momentum in 2020 as it rallied a further 968% during the year to close at $317.8 billion. The rally was predominantly spurred by investors seeking instruments with hedge characteristics in light of inflationary pressures and exchange rate dynamics. The All Share Index closed 2020 with a 1,046% nominal growth against 348.6% year-on-year inflation.

The stock market however suffered a temporary setback on 28 June 2020 when trading was suspended on the bourse to facilitate investigations of alleged trading malpractices. Trading resumed on 3 August 2020 with the suspension of certain counters which were earmarked for listing on the Victoria Falls Stock Exchange. Trading was launched on 23 October 2020.

Share Price Performance
The FBCH share outperformed the main benchmark index (All Share) after gaining 2,201% compared to 1,046% recorded by the All Share Index to close the period at ZWL15.01. A total of 27.9 million shares were traded at a weighted average price of ZWL7.13, a gain of 1,283% from 2019 full year's weighted price of ZWL0.5155.

Dividend
On behalf of the Board of Directors, I am pleased to advise shareholders that the company has proposed a final dividend of 44.65 ZWL cents per share. This is in addition to the interim dividend of 29.76 ZWL cents per share which was paid in September 2020. The total dividend declared for the year 2020 amount to ZWL500 million including the interim dividend of ZWL200 million that was paid in September 2020. The proposed dividend translates to approximately 6.25 times cover, which is 16% of the historical cost profit after tax.

FBCH Covid-19 Pandemic Response
The country and the rest of the world have been burdened by the Covid-19 pandemic. Resources have been rechanneled to fight the pandemic whilst economies have been decimated due to restrictive measures put in place to contain the rates of infection. The Group responded swiftly to this global threat by instituting work from home arrangements for staff, introduction of digital on-boarding for our customers, regular awareness and campaigns related to Covid-19 pandemic, procurement of all protective equipment and facilitating transport for staff to and from work. The Group also carried out risk-based testing for staff as part of detective and preventative measures. A regular review of the measures will continue to be done through the Covid-19 Taskforce that has been set up to focus on Covid-19 related issues.

FBC in the Community
FBCH is a purpose driven institution and responsible corporate citizen whose primary focus is to proffer sustainable and inclusive community enrichment solutions. Guided by the commitment to Shared Growth, the Group seeks to set a tone of excellence by giving back to the community while providing shareholder value. In light of this, we are involved in education, with particular attention being paid to ICT infrastructure rehabilitation of learning centres and tertiary education bursaries to underprivileged students. In the health sector, the Group has directed its intervention towards curbing the spread of Covid-19 through the provision of Personal Protective Equipment (PPEs) and Disinfectants to hospitals.

FBC Trendsetting
FBC Holdings' firm commitment towards adapting to the rapidly changing tech-driven market place, solid corporate governance, risk management and memorable customer experience was recognised locally and regionally. The Group scooped the following awards in 2020:

- FBC Holdings won the Contact Centre Association of Zimbabwe (CCAZ) Most Innovative Organisation Award.
- FBC Bank was crowned the Overall Winner in the Banks and Banking Survey.
- FBC Bank was awarded the Best Digital Bank by Digital Banker Africa (DBA).
- FBC Bank scooped the Digital Banker Africa (DBA) Best Mobile Banking Award.
- FBC Bank was awarded the Best Banking Board Governance Practice Award by the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ).
- FBC Bank won the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) Best Banking Risk Management Practices Award.
- FBC Bank scooped the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) Overall Best Corporate Governance Disclosures by a Banking Institution Award.
- MicroPlan won the Contact Centre Association of Zimbabwe (CCAZ) Service Excellence Award in the Microfinance Sector.

Digital Transformation and Innovation
The digital transformation journey has gathered momentum over the last three years in a quest to position FBC as a future-proofed and digitally-fit business equipped to deal with the rapidly changing global environment. The advent of the Covid-19 pandemic has necessitated the acceleration of the Group's digital transformation program, with a focus on developing capabilities that will help the Group to underwrite new business efficiently and conveniently.

The Group will also deliberately leverage the new digital capabilities to augment and diversify the revenue model. The adoption of cloud, scale, speed, and agility are enabling organizations to innovate and go to market faster than before. By initiating the transformation process three years ago, the Group is now well positioned to adapt and act fast, pivoting new initiatives into operations and processes, enabling it to navigate through the pandemic, whilst building resilience for the future. The digital transformation program will also accentuate the synergy value proposition through integrated and insights-based customer, product and service delivery. It is pertinent to note that the Group's digital transformation strategy fundamentally supports a number of sustainability development goals (SDGs); climate action through carbon emission reduction, industry innovation and infrastructure, decent work and economic growth, as well as poverty reduction through financial inclusion.

The Group has accelerated the use of technology to delight the customer, improve productivity and lower operational costs across all businesses. Through orchestrating an ecosystem approach, the Group is positioned for exponential digital impact internally as well as the market at large. FBC Group is well aware of the pivotal role that organisational culture plays in the digital transformation process. In that regard, we have embarked on a critical change management process that takes into account all our people, technology, business processes and attitude with a focus on the customer.

During the period under review, the Group also launched a new vision, mission and promise as part of its re-positioning strategy:

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

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

Promise
You matter most

Compliance
The Group is committed to complying with all applicable laws, regulations, standards and international best practices. We understand that any breach of the applicable laws and regulations exposes the Group to legal, regulatory and reputational risks which may result in de-risking and financial abandonment that can impair FBCH's ability serve its clients. As such, the Group has adopted a policy of zero tolerance to non-compliance to ensure strict adherence to laid down policies.

Capitalisation
The Reserve Bank of Zimbabwe (RBZ) extended the minimum capital requirements compliance date for banking institutions by a further twelve months. FBC Bank Limited and FBC Building Society are now required to have capital levels of the equivalent of US$30 million and US$20 million respectively by 31 December 2021. These subsidiaries are expected to self-capitalise through normal trading and/ or merging the two institutions by the regulated deadline. The Insurance and Pension Commission (IPEC) also reviewed minimum capital thresholds with reinsurance companies expected to have a minimum capital of ZWL150 million and composite primary insurance companies ZWL112.5 million. The Group has a detailed capitalisation plan in place to ensure full compliance.

Environment, Social and Governance (ESG) Priorities (Sustainability)
With the advent of rapid developments in the environmental, social and governance (ESG) space, financial services providers on a global scale are making concerted efforts to adopt a proactive approach to sustainability as it moves from the side-lines to the corporate mainstream. Within the new era of sustainable banking, where capital market decisions are now based on a triple dimensional approach centred on risk, return and social impact, the Group is adopting a sustainable business model that values environmental integrity and social coherence, without sacrificing its economic objectives.

We are aware of the fourteen national priorities outlined in the National Development Strategy 1 of 2020-2025. To strike a balance between achieving profits and safeguarding the environment, the Group has embarked on an agenda to align its strategy to these national priorities. In the same vein, FBC Bank is currently undergoing sustainability certification which will go a long way in ensuring institutional ownership in the adoption of sustainability as an integral business practice.

Outlook
The country is looking forward to better economic prospects in 2021, riding on a good agricultural season, improved access to foreign currency and effective responses to the Covid-19 pandemic. This positive economic outlook will translate to increased business activities across a number of economic sectors. The Group plans to diversify its revenue streams through innovative roll-out of services and products, whilst increasing business underwriting in a number of traditional business lines.

Appreciation
My sincere gratitude goes out to our various stakeholders, strategic partners, clients and regulatory authorities for their unwavering support and commitment in our journey to elevate and consolidate the FBC Holdings brand.

I am also grateful to my fellow Non-Executive Directors of FBCH, Group Chief Executive, John Mushayavanhu and the entire FBC Team for placing the Group on a path of sustainable growth and being able to adjust to the sudden changes of the operating environment in order to stay afloat. I look forward to your unwavering support throughout the year ahead.

Herbert Nkala
Group Chairman

10 May 2021

GROUP CHIEF EXECUTIVE'S REPORT

It is my great pleasure and honour to present to you, the FBC Holdings Limited (FBCH's) audited financial statements for the year ended 31 December 2020.

Introduction
The Group's financial statements are being published at a time when the country and the world at large are faced with the devastating pandemic in the form of the novel coronavirus 2019 (Covid-19), which has impacted business activities and operations across the globe. Businesses have been forced to adapt operating models that cope with the effects of the Covid-19 pandemic. Collaborative efforts by governments, aid organisations and corporate firms have resulted in concerted efforts to preserve life and reduce the adverse effects of the pandemic. In the same vein, FBCH remains committed to supporting all national and private sector initiatives that uphold these initiatives to combat the Covid-19 virus.

Operating Environment
The focal point of discussion in the year 2020 is undoubtedly Covid-19 and the unexpected consequences on business prospects and activities in general. Compared to other countries across the globe, the pandemic's negative impact was significantly less in Zimbabwe. What was however severe for Zimbabwe, were the spill-over effects from a resultant weaker global demand, lower commodity prices, and a drop in tourism activities.

Financial services distribution and development was drastically affected as institutions shifted to a defence and survival mode as a result of the uncertainty that was ushered in by the Covid-19 pandemic. In an effort to support the needs of customers, the Group accelerated the roll out of its digitalisation strategy which saw the Group's strategic business units launching new products that bring convenience to the customers by enabling them to transact their banking and insurance business in the comfort of their private spaces. This has enabled our customers to continue transacting, while ensuring that their productive and personal assets remain adequately insured throughout the lockdown periods. Our ability to bring this convenience to our customers reinforces our strategic realignment towards a digitally driven organisation.
The Group adopted a new vision, mission statement and pay-off line during the period under review, to better reflect the institution's digitalisation thrust and renewed philosophy to serve.

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

Mission statement: "To deliver a unique customer experience through value-adding relationships, simplified processes and relevant technologies"

Our promise: "You matter most"

As we continue to enable the markets we serve, we are encouraged by the Government of Zimbabwe's recently launched National Development Strategy 1 (NDS-1) as a predecessor to the Transitional Stabilisation Policy (TSP) which subsisted during the period 2018- 2020. We remain hopeful and in support of the government's initiatives towards macroeconomic stability as well as fostering inclusive growth. We are however conscious of the prevailing macroeconomic conditions and will continue to implement the relevant risk management responses, while also seeking out opportunities to optimise the Group's business model and product offering.

The introduction of the foreign exchange auction in June 2020 has managed to stabilise the exchange rate and contain inflation. Meanwhile the gazetting of Statutory Instrument 85 of 2020 facilitated the use of foreign currency by holders of free funds during the Covid-19 lockdown. While the statutory instrument provided flexibility to consumers in the use of free funds during this period, some business entities have proceeded to exclusively charge for their goods and services in foreign currency. General trade in United States dollars has also increased both in the formal and informal sectors of the economy, creating an opportunity for the Group to create a basket of foreign currency denominated products within the regulated horizon.

FBCH Group Performance
In accordance with the International Accounting Standard 29 (IAS 29), the inflation adjusted figures will form the basis of the Group's performance commentary.

During the period under review, the Group recorded a profit before tax of ZWL1.6 billion, which is 111% higher than ZWL0.76 billion reported in the prior year. Total income was ZWL8.1 billion, which is 14% ahead of the previous year's comparative amount of ZWL7.2 billion, while total expenses at ZWL5.2 billion were 13% higher than the previous year's comparative amount of ZWL4.6 billion. The Group's cost to income ratio for the period under review was 64%, in line with the previous year's figure of 64%. This is reflective of the aforementioned business disruptions which the Group contained relatively well under the prevailing circumstances.

The Group prioritised value preservation during the period under review, resulting in the Group's profit before tax being largely attributable to revaluation gains in foreign currency denominated assets. The Group is however, expected to drive growth in its core business of providing funding, investment as well as insurance solutions to the productive sectors of the economy, amidst indications of an improving economic environment.

Total assets were up 19%, from ZWL27.1 billion in FY2019 to close FY 2020 at ZWL32.4 billion as at 31 December 2020. Despite the aforementioned restrictions, total loans and advances were up 18% in FY 2020 compared to FY 2019, while total equity was up 29% to close FY 2020 at ZWL 5.08 billion.

The Group's commendable performance is attributable to the following performance of our subsidiaries;

FBC Bank Limited
FBC Bank achieved a profit before tax of ZWL1.39 billion and an after tax profit of ZWL1.46 billion, largely anchored by foreign exchange gains following the strategic decision to hedge and preserve value as a response to the conditions prevalent in FY 2020. Net interest income at ZWL1.67 billion was mainly driven by the review of lending interest rates, in an attempt to reduce the level of negative interest in a hyperinflationary environment. The associated reviews of fees and charges to compensate for the loss in purchasing power supported the non-funded revenue streams of the business. However, this was inadequate to compensate for the Covid-19 induced reduction in transaction volumes.

Given the positive economic outlook, FBC Bank will improve its participation in key lending business operations, with a number of initiatives lined up to support the agricultural sector on the back of a good rainfall season, which resulted in most dams in the country accumulating adequate water reserves for irrigation purposes. We further anticipate that the electricity supply situation will improve in the country, giving the bank opportunities to provide key productive sectors with exciting financing solutions to revitalise the economy.

Our transactional business was enabled by the Group's digitalisation program, which has successfully implemented ground-breaking products such as Digital on-boarding, Mobile Moola version 2.0, WhatsApp banking, Internet banking, QR Code capability and Send to Cell, which support our paperless banking initiative. In response to this successful transition to paperless banking, the bank rationalised its branch network, resulting in the closure of four branches, as the strategy shifts from brick and mortar branches to service provision through digital platforms.

FBC Building Society
The FY2020 strategic focus of FBC Building Society was to spearhead the real estate value preservation strategy by creating a sizable investment properties portfolio. Consequently, a sizeable number of residential properties were retained for value preservation and rental income generation. The Building Society implemented a strategy to hedge most of its assets for the long term preservation of value at the cost of profitability, with the unit recording a loss of ZWL14.66 million for the period under review.

As the economic environment stabilizes, we anticipate that the Building Society will be more aggressive, with the key focus being the recovery of market share and increasing property sales on a cash and mortgage basis. The Building Society will focus on cost control to make the housing units more affordable for the benefit of customers.

FBC Building Society's construction activities have been progressing well, with a number of residential units currently under development in Kuwadzana high density suburb of Harare, with also several housing units having been completed and available for sale. Additional high density construction opportunities will be pursued in Hwange and Zvishavane where FBC Building Society has secured land for residential property development.

MicroPlan Financial Services (Private) Limited
The Zimbabwean micro financing sector has been heavily affected by sub-optimal interest rates which have continued to trail inflation developments. The restriction of movement brought on by lockdowns and curfews have also had a negative impact on the target market of this sector. Subsequently, low business activity induced by the Covid-19 pandemic and the hyperinflationary environment, affected the viability of Microplan's operations which resulted in the business recording a loss of ZWL49.28 million. Furthermore, prospects of growing the loan book were significantly stifled by liquidity challenges prevalent in the market.

The stabilisation of exchange rates however, provides renewed impetus for the business to expand its product offering in favour of non-traditional markets. The business continues to seek out opportunities in the digitalisation of operations so as to manage costs and enhance its outreach to the target market.

FBC Insurance Company (Private) Limited
FBC Insurance recorded a profit before tax of ZWL42.37 million, largely influenced by the growth in investment income. The core business of insurance services continues to be affected by low disposable incomes and low industrial capacity utilisation culminating in reduced insurance uptake. Meanwhile, the sustained mismatch in premium collections to claims has continued to pose serious operational challenges to the sector, with industry players failing to satisfy both policyholder and fund member expectations.

FBC Insurance availed exciting digital insurance solutions that we anticipate will present exciting opportunities for the unit going forward. To complement digital business development initiatives, the company will continue to deploy cost containment strategies for the betterment of policyholders whilst monitoring developments in relation to foreign currency denominated policies.

FBC Reinsurance Limited
FBC Reinsurance achieved a profit before tax of ZWL203.55 million and an after tax profit of ZWL55.71 million attributable to the company's net earned premiums and trading income. The company is focusing on widening its revenue source markets by establishing operations outside the country; this initiative is at an advanced stage. The operating expenses of the unit continue to be a key focus area to improve the unit's profitability.

FBC Securities (Private) Limited
FBC Securities recorded a loss of ZWL2.69 million mainly due to the lost two months of business when trading on the ZSE was suspended. Macroeconomic challenges necessitated management to proactively refine the business model as a way to manage working capital levels as well as defend the unit's statement of financial position. The unit's business has however, remained resilient.

Capitalisation
The Group's banking entities that fall under the purview of the Reserve Bank of Zimbabwe were subject to adjustments to minimum capital requirements compliance deadline. FBC Bank Limited is expected to have a minimum reported ZWL equivalent capital level of US$30 million while FBC Building Society is expected to have a ZWL equivalent minimum capital position of US$20 million by 31 December 2021, instead of the original target date of 31 December 2020.

The insurance entities which are regulated by the Insurance and Pension Commission (IPEC) are also required to hold minimum capital thresholds. FBC Reinsurance has a new capital requirement of ZWL150 million whilst FBC Insurance is expected to have ZWL112.5 million in regulated capital.

The Group has a detailed capitalisation plan in place to ensure full compliance with the stipulated capital thresholds. To this end, all regulated subsidiaries are expected to be compliant when their capital requirements fall due.

Information Technology, Digital Transformation and Innovation
FBC Holdings continues to view Information Technology as a key enabler for the delivery of service to its valued customers. Despite being under lockdown for the greater part of 2020, the Group made significant strides in implementing its digitalisation program. In an effort to ensure that the digitalisation strategy maintains traction, the Group established a financial technology entity, which will, going forward, spearhead the Group's digitalisation thrust. Since its launch, the unit has developed some exciting digital products for consumption by Group company customers as well as other players in the financial services and insurance industries.

FBC Holdings embraced agile methodology, virtual teams and successfully launched the following products and services during the lockdown:
- Digital Insurance
- Digital Account On-boarding for consumer banking accounts
- Whatsapp Banking and Insurance
- ZIPIT Smart Mobile Merchant Payments
- Send-to-Cell money Transfer
- Third Party Digital On-boarding and Electronic Know-Your-Customer Service

Through the new digital on-boarding capabilities, consumer banking customers can now open all account types including a full KYC account on their mobile phones in less than five minutes. The account opening process is now completely dematerialised with no need for paper or a visit to the branch, except to collect their bank card. Similarly, the vehicle insurance and licensing process has been digitalised. However, complete dematerialisation is pending the alignment of all stakeholders and enabling statutes.

To support the digitally native client, the Group has established the FBC Virtual unit which provides second line support, managing operations, and relationship and compliance issues.

The "New Normal" has created a favourable environment for the acceleration of FBC's digitalisation strategy, which should see more exciting products and services being rolled out in 2021. The main focus is on providing exceptional service while employing the best technology standards. Risks associated with digital transacting also remain a key consideration for the organisation, with the aim of providing peace of mind to customers as they transact. FBC continues to invest in robust Information Security tools and standards.

In 2021 and beyond, we aim to reduce our physical and carbon footprint through technology, while increasing the availability of current and exciting new products and services through digital touch points.

Response to the Covid-19 Pandemic
The country witnessed an exponential rise in the number of local infections, which in part can be attributed to the general relaxation of the lockdown restrictions, especially in the fourth quarter of the year. The spike in infections as well as the emergence of new Covid-19 variants has culminated into what has now come to be known as the second Covid-19 wave.
This development increased the risk of infection within FBC Holdings, potentially disrupting business operations. In response, the Group instituted a number of health and safety measures to protect its employees, customers and the wider community. These measures are summarised as follows:
- Raising awareness and dissemination of Covid-19 related information as guided by the WHO and the Ministry of Health and Child Care.
- The adoption of risk based Group-wide testing across all business units.
- Adherence to Covid-19 hygiene protocols such as social distancing, sanitisation of persons, disinfection of offices, wearing of masks and other safety related practices.
- Introduction of work from home (WFH) arrangements where employee office presence is restricted to authorised numbers.
- Purchase of buses to ferry staff to and from work to avoid them being subjected to community infections through use of public transport.

The Group managed to provide medical solutions for staff members that tested positive with some requiring home based care while others required hospitalisation. Arrangements were made with competent medical practitioners to provide medical solutions in both circumstances. The Group unfortunately however lost 2 staff members to the novel Covid-19 virus while up-to 56 staff members tested positive but managed to recover. Our deepest condolences go to our dear colleagues' families.

Our approach to human development
FBC Holdings is an equal opportunity employer that is committed to diversity and inclusion in the workplace. We value the importance of the skills possessed by our human capital in achieving the strategic and operational objectives. As a result, the Group invests significantly in talent management and positive employee engagement.

The Group has observed that there is a positive correlation between high employee engagement and business performance. To this end, the Group has put in place a reward and incentive programmes to boost employee engagement, among other initiatives. Staff retention levels are high and this is in line with the company's strategic objectives.

The Group also prioritises employee learning and development. One of the key enablers to learning has been the installation and deployment of an e-learning management system which facilitates easier and cost effective access to learning materials for all our employees through an on-line platform. This system has come in handy, particularly at this point in time where covid-19 does not allow for physical or classroom type of training. The Group will continue to invest in systems that facilitate the enhancement of employee knowledge and the improvement of all our processes in the business and product value chains.

Our Risk Management approach
The Group Risk profile significantly changed during the period under review as the Group adapted its operations in line with regulatory prescriptions and lockdown measures. The Covid-19 pandemic significantly escalated operational and business risks due to its disruptive effects. The risk management framework was adjusted to incorporate the changes in business operations. Business Continuity Management (BCM) processes were reconfigured and consequently ensured the Group continued to deliver bespoke products and services. Efforts were biased towards enabling and creating new digital service channels. The majority of staff members were enabled to work from home and the Group continues to invest in this capacity. The internal control environment was also enhanced by the review of processes and policies to ensure that the Group's systems and all its information assets are protected from possible threats. The Group has embraced the new normal and will continue to take the necessary steps to ensure that customers will be served in a satisfactory manner.

With the advent of new strains of the virus and possible government reactions, the Group remains focused on ensuring that customer convenience is enhanced despite the operating environment, further investments are planned to help improve the business continuity processes.

Compliance and Regulatory Developments
A number of statutory instruments were promulgated during the year 2020, which impacted the Group's operations in a number of ways. Numerous Covid19 safety guidelines were rolled out in response to the unfolding circumstances. The regulatory and compliance environment continues to increase in complexity and thus increasing the Group's compliance burden.

As a result of the country's adverse designation under the Financial Action Task Force (FATF) and European Union (EU) regulations, banks and other entities are required to apply increased due diligence checks on financial operations involving customers and financial institutions from high-risk developing nations, to better identify any suspicious money flows. The period under review also saw the addition of Zimbabwean individuals and entities to the United States Office of Foreign Assets Control (OFAC) and Specially Designated Nationals (SDN) Listings. The United Kingdom also listed several Zimbabweans under its sanctions regime.

The Group is committed to adherence with all applicable laws, regulations, standards and international best practices. FBC Holdings cannot over emphasise the serious impact of non-compliance and as such will continue to commit resources on measures to mitigate the same.

Our Environment, Social and Governance (ESG) Priorities
The Covid-19 pandemic has brought about a wide range of environmental social governance factors into focus for corporate entities, including employee treatment and working conditions, access to healthcare, and socio- environmental impacts. Covid-19 has also made investment in the Social Development Goals (SDG's) and national priorities as defined in the National Development Strategy 1 (NDS1) more urgent than ever. As such FBC Holdings is redefining its corporate strategy making sure that it incorporates issues of environmental integrity, economic prosperity as well as social equity and cohesion. The Group is well positioned not only to provide financial support but also to share knowledge in order to help our clientele meet and create demand for products and services with a sustainability focus. FBC Holdings, through its diverse business model, is committed to playing a collaborative role to ensure that the communities we serve become inclusive and develop a greater social conscience.

Outlook
The outlook for 2021 is positive despite the uncertainty posed by the Covid-19 pandemic. Aid organisations, Governments and Corporate organizations continue to coordinate efforts and mobilise resources towards fighting the Covid-19 pandemic. The vaccination programme rollout across the globe is also expected to reduce the impact of the pandemic in 2021 allowing for more economic activity. The Group projects a positive outturn for 2021 on the back of a very strong recovery in the agricultural and energy sectors. Transaction volumes and values across the Group are expected to increase, resulting in much stronger performance in 2021. The Group will continue to seek opportunities to preserve its balance sheet and reconstitute its business model in line with regulatory requirements and the changes to the macroeconomic landscape.

Appreciation
My sincere and heartfelt appreciation goes out to all our stakeholders and in particular to our valued customers who have demonstrated an unwavering support for the FBCH Brand. To our customers, we would like to reaffirm our promise that "You matter most". We are dedicated to delivering innovative, market-led products for the present and future generations. To the FBC Holdings Board of Directors, management and staff members, I thank you for your guidance and support in the execution of our business strategy under unprecedented business conditions.

As we continue the fight against Covid-19, we will put all the necessary measures to create a safe and cordial transacting environment for our clients, employees, their families and the nation at large.

John Mushayavanhu
Group Chief Executive

10 May 2021

FBC Holdings Limited

Abridged Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITOR'S STATEMENT

The consolidated inflation adjusted financial results should be read in conjunction with the complete set of Group inflation adjusted financial statements as at and for the year ended 31 December 2020, which have been audited by KPMG Chartered Accountants (Zimbabwe) and a qualified opinion has been issued thereon. The auditors' report has a qualified opinion in respect of non-compliance with International Financial Reporting Standard IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior year and the impact of this non-compliance on the comparative financial information.

The opinion includes key audit matters in respect of valuation of owner-occupied property and investment property, valuation of intangible assets, accounting for the legacy debt asset, expected credit loss allowance on loans and advances, valuation of unlisted and suspended securities, valuation of incurred but not reported claims (IBNR), net outstanding claims and unearned premium reserve, and IAS 29 – Financial Reporting in Hyperinflationary Economies.

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

10 May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

		AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	Note	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Interest income calculated using the effective interest method	18	2 606 715 797	2 370 850 368	1 762 265 737	224 505 240
Interest expense	18.1	(902 980 185)	(954 366 376)	(605 774 749)	(93 158 365)
Net interest income		**1 703 735 612**	**1 416 483 992**	**1 156 490 988**	**131 346 875**
Fee and commission income	19	1 237 838 164	1 389 018 548	849 278 703	149 146 686
Fee and commission expense	19.1	(17 217 538)	(9 102 146)	(10 622 685)	(781 832)
Net fee and commission income		**1 220 620 626**	**1 379 916 402**	**838 656 018**	**148 364 854**
Revenue	20	27 735 160	142 881 212	10 812 476	16 586 687
Cost of sales	20.1	(22 918 271)	(55 888 149)	(6 948 589)	(3 073 238)
Net income from property sales		**4 816 889**	**86 993 063**	**3 863 887**	**13 513 449**
Insurance premium revenue	21	1 209 104 768	1 533 663 944	749 282 711	154 585 095
Premium ceded to reinsurers and retrocessionaires		(364 538 012)	(647 727 407)	(280 131 308)	(73 683 897)
Net earned insurance premium		**844 566 756**	**885 936 537**	**469 151 403**	**80 901 198**
Revenue		**3 773 739 883**	**3 769 329 994**	**2 468 162 296**	**374 126 376**
Net foreign currency dealing and trading income		3 459 603 141	1 926 719 588	3 153 911 932	416 365 612
Net gain from financial assets at fair value through profit or loss	22	716 553 819	326 162 453	752 575 545	72 709 084
Other operating income	23	197 654 528	1 148 070 045	834 064 585	196 626 084
Total other income		**4 373 811 488**	**3 400 952 086**	**4 740 552 062**	**685 700 780**
Total net income		**8 147 551 371**	**7 170 282 080**	**7 208 714 358**	**1 059 827 156**
Credit impairment losses	5.4	(137 460 519)	(151 694 528)	(137 460 519)	(33 816 186)
Insurance commission expense	24	(277 660 449)	(221 658 821)	(171 381 719)	(19 626 223)
Insurance commission recovered from reinsurers	24	93 611 774	60 635 974	74 908 190	7 876 187
Insurance claims and loss adjustment expenses	25	(473 370 765)	(671 787 657)	(332 365 872)	(91 650 593)
Insurance claims and loss adjustment expenses recovered from reinsurers	25	105 146 610	296 017 997	72 639 026	38 975 790
Administrative expenses	26	(4 502 295 711)	(3 890 518 831)	(3 100 788 438)	(432 235 679)
Monetary loss		(1 360 275 109)	(1 834 137 322)	-	-
Profit before income tax		**1 595 247 202**	**757 138 892**	**3 614 265 026**	**529 350 452**
Income tax expense	27	(78 960 741)	(2 386 932 730)	(400 887 352)	(233 482 765)
Profit/(loss) for the year		**1 516 286 461**	**(1 629 793 838)**	**3 213 377 674**	**295 867 687**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Gains on property revaluation		(174 184 727)	1 500 065 455	1 308 825 402	604 352 529
Tax		65 589 876	(307 418 310)	(204 497 453)	(98 119 717)
		(108 594 851)	**1 192 647 145**	**1 104 327 949**	**506 232 812**
Items that may be subsequently reclassified to profit or loss					
Gain/(loss) on financial assets at fair value through other comprehensive income		34 623 385	8 100 307	34 623 385	1 805 744
Tax		(740 728)	(81 002)	(740 728)	(18 057)
		33 882 657	**8 019 305**	**33 882 657**	**1 787 687**
Total other comprehensive (loss)/income, net income tax		**(74 712 194)**	**1 200 666 450**	**1 138 210 606**	**508 020 499**
Total comprehensive income/(loss) for the year		**1 441 574 267**	**(429 127 388)**	**4 351 588 280**	**803 888 186**
Profit/(loss) attributable to:					
Equity holders of the parent		1 514 538 110	(1 624 927 995)	3 211 693 386	295 598 000
Non - controlling interest		1 748 351	(4 865 843)	1 684 288	269 687
Profit/(loss) for the year		**1 516 286 461**	**(1 629 793 838)**	**3 213 377 674**	**295 867 687**
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		1 439 685 346	(427 203 095)	4 344 033 188	802 025 118
Non - controlling interest		1 888 921	(1 924 293)	7 555 092	1 863 068
Total comprehensive income/(loss) for the year		**1 441 574 267**	**(429 127 388)**	**4 351 588 280**	**803 888 186**
Earnings/(loss) per share (ZWL cents)					
Basic earnings/(loss) per share	28.1	243.85	(263.21)	517.10	47.88
Diluted earnings/(loss) per share	28.2	243.85	(263.21)	517.10	47.88
Headline earnings/(loss) per share	28.3	251.81	(265.16)	519.11	47.88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	Note	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
ASSETS					
Balances with other banks and cash	4	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680
Financial assets at amortised cost	5.5	1 085 461 468	855 588 436	1 085 461 468	190 730 266
Loans and advances to customers	5.1	13 343 058 826	11 488 025 929	13 342 940 672	2 560 920 299
Trade and other receivables including insurance receivables	5.2	519 563 948	463 703 524	485 619 884	104 144 323
Bonds and debentures	6	473 679 285	545 079 161	473 679 285	121 510 634
Financial assets at fair value through profit or loss	7	771 748 183	246 419 753	808 232 947	57 760 631
Financial assets at fair value through other comprehensive income	8	38 389 849	66 704 543	38 389 849	14 869 971
Inventory	9	297 715 820	295 899 508	126 312 625	13 525 576
Prepayments and other assets	10	2 176 313 487	1 618 006 458	2 042 880 343	318 540 053
Current income tax asset		9 153 007	179 618	9 153 007	40 041
Deferred tax assets		100 254 538	2 298 759	101 657 053	59 509
Investment property	11	978 507 514	692 089 729	978 507 514	154 282 658
Intangible assets	12	96 139 110	149 566 590	9 074 177	8 832 356
Property and equipment	13	1 861 241 945	2 055 612 557	1 861 241 945	458 243 138
Right of use asset		91 235 211	100 288 910	36 749 236	7 865 553
Total assets		**32 401 836 446**	**27 138 057 383**	**31 959 274 260**	**5 919 231 688**
EQUITY AND LIABILITIES					
Liabilities					
Deposits and borrowings from other banks and customers	14	20 472 979 005	17 684 800 752	20 472 979 005	3 942 347 289
Insurance liabilities	15	489 683 226	451 420 704	402 454 943	51 333 232
Trade and other payables	16	5 400 632 522	3 947 816 828	5 353 987 092	865 030 059
Current income tax liability		136 590 205	16 677 922	136 590 205	3 405 985
Deferred tax liability		778 631 958	1 047 266 993	642 741 559	242 833 805
Lease liability		33 818 029	35 771 881	33 818 029	7 974 372
Total liabilities		**27 312 334 945**	**23 183 755 080**	**27 042 570 833**	**5 112 924 742**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	17.3	544 272 895	544 272 895	14 089 892	14 089 892
Other reserves		1 651 437 732	1 737 379 632	1 490 651 987	386 562 531
Retained profits		2 884 450 818	1 665 198 641	3 402 259 409	403 507 476
Total equity, excluding non controlling interest		**5 080 161 445**	**3 946 851 168**	**4 907 001 288**	**804 159 899**
Non controlling interest in equity		9 340 056	7 451 135	9 702 139	2 147 047
Total equity		**5 089 501 501**	**3 954 302 303**	**4 916 703 427**	**806 306 946**
Total equity and liabilities		**32 401 836 446**	**27 138 057 383**	**31 959 274 260**	**5 919 231 688**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

		AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	Note	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Cash flow from operating activities					
Profit before income tax		1 595 247 202	757 138 892	3 614 265 026	529 350 452
Adjustments for non cash items:					
Depreciation	13	160 907 772	116 579 096	59 590 697	3 976 392
Amortisation charge	12	56 587 118	25 514 409	2 535 404	852 523
Credit impairment losses	5.4	137 460 519	151 694 528	137 460 519	33 816 186
Fair value adjustment on investment property	11	(173 660 390)	(385 896 331)	(818 937 884)	(143 905 214)
Net unrealised exchange gains and losses		(3 439 501 418)	2 745 067 469	(3 966 691 318)	(386 798 184)
Fair value adjustment on financial assets at fair value through profit or loss		(716 553 819)	(326 162 453)	(752 575 545)	(72 709 084)
Profit on disposal of property and equipment	23	49 427 123	(12 082 692)	12 494 316	(35 901)
Net cash (used)/generated before changes in operating assets and liabilities		**(2 330 085 893)**	**3 071 852 918**	**(1 711 858 785)**	**(35 452 830)**
(Increase)/decrease in financial assets at amortised cost		(229 873 032)	4 337 839 258	(894 731 202)	(4 661 970)
Decrease in loans and advances		6 207 545 600	5 482 117 911	(2 719 441 876)	(357 320 454)
Increase in trade and other receivables		(2 205 184)	(103 197 149)	(327 820 321)	(91 201 745)
Decrease in bonds and debentures		71 399 876	5 725 013 397	(352 168 651)	104 055 239
Decrease in financial assets at fair value through profit or loss		191 225 389	442 307 096	2 103 229	23 998 355
Decrease/(increase) in financial assets at fair value through other comprehensive income		62 938 079	(1 073 613)	11 103 507	(10 999 525)
(Increase)/decrease in inventory		(1 816 312)	9 518 811	(112 787 049)	(5 064 282)
Decrease/(increase) in prepayments and other assets		432 587 009	(124 725 380)	(746 553 119)	(86 812 360)
(Increase) in investment property		(116 976 031)	(59 932 368)	(15 342 264)	(1 539 444)
Decrease in deposits from customers		(2 804 741 070)	(12 088 653 617)	4 253 679 140	577 460 983
Decrease in deposits from other banks		(418 425 940)	(3 049 905 491)	261 807 374	54 267 613
Increase in insurance liabilities		38 262 522	18 232 980	351 121 711	37 411 330
Increase in trade and other payables		51 062 600	1 579 063 297	3 087 203 939	588 464 652
		1 150 897 613	**5 238 458 050**	**1 086 315 633**	**792 605 562**
Income tax paid		(269 763 510)	(1 374 701 297)	(183 744 069)	(35 635 223)
Net cash generated from operating activities		**881 134 103**	**3 863 756 753**	**902 571 564**	**756 970 339**
Cash flows from investing activities					
Right of use asset		9 053 699	(100 288 910)	(28 883 683)	(7 865 553)
Purchase of intangible assets		(3 159 152)	(38 541 300)	(2 777 332)	(5 270 623)
Purchase of property and equipment		(205 749 161)	(175 490 272)	(162 835 474)	(17 935 021)
Proceeds from sale of property and equipment		1 167 658	13 392 517	1 088 680	69 810
Net cash used in investing activities		**(198 686 956)**	**(300 927 965)**	**(193 407 809)**	**(31 001 387)**
Cash flows from financing activities					
Lease liabilities		(1 953 852)	35 771 881	25 843 657	7 974 372
Proceeds from borrowings		587 119 115	-	250 064 743	-
Repayment of borrowings		392 752 185	(36 865 928)	610 109 170	(1 369 710)
Dividend paid to the Company's shareholders		(295 285 933)	(262 059 016)	(212 941 453)	(20 976 846)
Dividend paid to non-controlling interests		-	(337 386)	-	(54 936)
Purchase of treasury shares		(57 974 728)	(157 252 476)	(49 051 407)	(11 098 900)
Sale of treasury shares		46 885 592	-	20 801 061	-
Net cash generated/(used in) from financing activities		**671 542 379**	**(420 742 925)**	**644 825 771**	**(25 526 020)**
Net increase in cash and cash equivalents		**1 353 989 526**	**3 142 085 863**	**1 353 989 526**	**700 442 932**
Cash and cash equivalents at beginning of the year		8 558 593 908	5 342 412 713	1 907 906 680	192 209 582
Effect of changes in exchange rates		646 790 821	74 095 332	7 297 478 049	1 015 254 166
Cash and cash equivalents at the end of year	4.2	**10 559 374 255**	**8 558 593 908**	**10 559 374 255**	**1 907 906 680**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

AUDITED INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Retained profits ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Regulatory reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2019	259 547	544 013 348	3 525 214 441	(237 194 770)	1 414 757 683	-	28 088 288	26 971 211	64 535 695	5 366 645 443	9 712 815	5 376 358 258
Profit for the year	-	-	(1 624 927 995)	-	-	-	-	-	-	(1 624 927 995)	(4 865 843)	(1 629 793 838)
Other comprehensive income;												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 189 705 594	-	-	-	1 189 705 594	2 941 550	1 192 647 144
Transfer to and from regulatory reserves	-	-	26 971 211	-	-	-	-	(26 971 211)	-	-	-	-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	8 019 306	-	-	8 019 306	-	8 019 306
Total other comprehensive income	-	-	26 971 211	-	-	1 189 705 594	8 019 306	(26 971 211)	-	1 197 724 900	2 941 550	1 200 666 450
Total comprehensive income	-	-	(1 597 956 784)	-	-	1 189 705 594	8 019 306	(26 971 211)	-	(427 203 095)	(1 924 293)	(429 127 388)
Transaction with owners:												
Dividend declared and paid	-	-	(262 059 016)	-	-	-	-	-	-	(262 059 016)	(337 387)	(262 396 403)
Treasury share purchase	-	-	-	(157 252 476)	-	-	-	-	-	(157 252 476)	-	(157 252 476)
Total transactions with owners recognised directly in equity	-	-	(262 059 016)	(157 252 476)	-	-	-	-	-	(419 311 492)	(337 387)	(419 648 879)
Balance as at 31 December 2019	259 547	544 013 348	1 665 198 641	(394 447 246)	1 414 757 683	1 189 705 594	36 107 594	-	64 535 695	4 520 130 856	7 451 135	4 527 581 991
Balance as at 1 January 2020, as previously stated	259 547	544 013 348	1 665 198 641	(394 447 246)	1 414 757 683	1 189 705 594	36 107 594	-	64 535 695	4 520 130 856	7 451 135	4 527 581 991
Prior period error on revaluation of intangible assets	-	-	-	-	-	(573 279 688)	-	-	-	(573 279 688)	-	(573 279 688)
Balance as at 1 January 2020 restated	259 547	544 013 348	1 665 198 641	(394 447 246)	1 414 757 683	616 425 906	36 107 594	-	64 535 695	3 946 851 168	7 451 135	3 954 302 303
Profit for the year	-	-	1 514 538 110	-	-	-	-	-	-	1 514 538 110	1 748 351	1 516 286 461
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	(108 735 421)	-	-	-	(108 735 421)	140 570	(108 594 851)
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	33 882 657	-	-	33 882 657	-	33 882 657
Total other comprehensive income	-	-	-	-	-	(108 735 421)	33 882 657	-	-	(74 852 764)	140 570	(74 712 194)
Total comprehensive income	-	-	1 514 538 110	-	-	(108 735 421)	33 882 657	-	-	1 439 685 346	1 888 921	1 441 574 267
Transaction with owners:												
Dividend declared and paid	-	-	(295 285 933)	-	-	-	-	-	-	(295 285 933)	-	(295 285 933)
Treasury share sale	-	-	-	16 418 213	30 467 379	-	-	-	-	46 885 592	-	46 885 592
Treasury share purchase	-	-	-	(57 974 728)	-	-	-	-	-	(57 974 728)	-	(57 974 728)
Total transactions with owners recognised directly in equity	-	-	(295 285 933)	(41 556 515)	30 467 379	-	-	-	-	(306 375 069)	-	(306 375 069)
Balance as at 31 December 2020	259 547	544 013 348	2 884 450 818	(436 003 761)	1 445 225 062	507 690 485	69 990 251	-	64 535 695	5 080 161 445	9 340 056	5 089 501 501

HISTORICAL COST UNAUDITED

	Share capital ZWL	Share premium ZWL	Retained profits ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Regulatory reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2019	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Profit for the year	-	-	295 598 000	-	-	-	-	-	-	295 598 000	269 687	295 867 687
Other comprehensive income;												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	504 639 431	-	-	-	504 639 431	1 593 381	506 232 812
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 787 687	-	-	1 787 687	-	1 787 687
Total other comprehensive income	-	-	-	-	-	504 639 431	1 787 687	-	-	506 427 118	1 593 381	508 020 499
Total comprehensive income	-	-	295 598 000	-	-	504 639 431	1 787 687	-	-	802 025 118	1 863 068	803 888 186
Transaction with owners:												
Dividend declared and paid	-	-	(20 976 846)	-	-	-	-	-	-	(20 976 846)	(54 936)	(21 031 782)
Treasury share purchase	-	-	-	(11 098 900)	-	-	-	-	-	(11 098 900)	-	(11 098 900)
Total transactions with owners recognised directly in equity	-	-	(20 976 846)	(11 098 900)	-	-	-	-	-	(32 075 746)	(54 936)	(32 130 683)
Balance as at 31 December 2019	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	-	1 670 671	948 322 424	2 147 047	950 469 471
Balance as at 1 January 2020, as previously stated	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	-	1 670 671	948 322 424	2 147 047	950 469 471
Prior period error on revaluation of intangible assets	-	-	-	-	-	(144 162 525)	-	-	-	(144 162 525)	-	(144 162 525)
Balance as at 1 January 2020 restated	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	363 640 639	2 853 886	-	1 670 671	804 159 899	2 147 047	806 306 946
Profit for the year	-	-	3 211 693 386	-	-	-	-	-	-	3 211 693 386	1 684 288	3 213 377 674
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	1 098 457 145	-	-	-	1 098 457 145	5 870 804	1 104 327 949
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	33 882 657	-	-	33 882 657	-	33 882 657
Total other comprehensive income	-	-	-	-	-	1 098 457 145	33 882 657	-	-	1 132 339 802	5 870 804	1 138 210 606
Total comprehensive income	-	-	3 211 693 386	-	-	1 098 457 145	33 882 657	-	-	4 344 033 188	7 555 092	4 351 588 280
Transaction with owners:												
Dividend declared and paid	-	-	(212 941 453)	-	-	-	-	-	-	(212 941 453)	-	(212 941 453)
Treasury share sale	-	-	-	7 284 034	13 517 027	-	-	-	-	20 801 061	-	20 801 061
Treasury share purchase	-	-	-	(49 051 407)	-	-	-	-	-	(49 051 407)	-	(49 051 407)
Total transactions with owners recognised directly in equity	-	-	(212 941 453)	(41 767 373)	13 517 027	-	-	-	-	(241 191 799)	-	(241 191 799)
Balance as at 31 December 2020	6 719	14 083 173	3 402 259 409	(59 994 649)	50 141 638	1 462 097 784	36 736 543	-	1 670 671	4 907 001 288	9 702 139	4 916 703 427

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2020

1 GENERAL INFORMATION

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

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

These consolidated financial statements were approved for issue by the Board of Directors on 10 May 2021

2 SIGNIFICANT ACCOUNTING POLICIES

A full set of the Group's accounting policies is available in the Group's annual report, which is ready for inspection at the Company's registered office. The following paragraphs describe the main accounting policies applied by the Group. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group's consolidated financial results have been prepared with policies consistent with International Financial Reporting Standards ("IFRS"), and the International Financial Reporting Interpretations Committee, ("IFRS IC") interpretations and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Zimbabwe Microfinance Act (Chapter 24:29) and the relevant Statutory Instruments ("SI") SI 62/96, SI 33/99 and SI 33/19. The consolidated financial results have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, through other comprehensive income, investment property and property and equipment.

The principle accounting policies

The principle accounting policies applied in the preparation of the Group consolidation financial statements are in terms of IFRS and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflation Economies) and have been applied consistently in all material respects with those of the previous consolidated financial statements. In 2019, the Group adopted the requirements of IAS 29 (Financial Reporting in Hyperinflation Economies) and IFRS 16 (Leases).

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

As noted in the Group's financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United Stated Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB) note the requirements of SI 33 were contrary of the provisions of IAS 21.

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

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

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

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

Period	Indices	Conversion Factors at 31-Dec-20
CPI as at 31 December 2019	551.63	4.4858
CPI as at 31 December 2020	2414.50	1

New and amended IFRS

Adoption of IFRS 16 (Leases)

The Group adopted IFRS 16 (Leases) as a replacement of IAS 17 (Leases) as well as its interpretation. IFRS 16 introduced a single balance sheet accounting model for leases by lessees and eliminated the distinction between operating income and finance leases. The Group, in compliance with IFRS 16, elected not to restate its comparative financial statements and the impact of adopting IFRS 16 will be applied prospectively.

Where the Group is a lessee, it is the Group's policy to recognize the right-of-use asset, representing its rights to use the underlying assets and lease liabilities, representing its obligation to make the lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted at using the Group's weighted average incremental borrowing rate. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by prepaid or accrued lease payments and initial direct costs, if any, relating to the specific lease recognized on the balance sheet. Where the Group is a Lessor, lessor accounting remains similar to previous accounting policies.

2.2 Going concern

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

2.3 Basis of consolidation

(a) Subsidiaries

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2020

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

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

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

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

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Unrealised profits or losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity within "changes in ownership reserve". Gains or losses on disposals to non-controlling interests are also recorded in equity within "changes in ownership reserve".

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

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

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

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

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

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

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

The areas involving critical accounting estimates and judgements include determination of functional curreny, impairment allowances, income taxes, claims and inventory valuation.

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
4 BALANCES WITH BANKS AND CASH				
4.1 Balances with Reserve Bank of Zimbabwe ("RBZ")				
Current account balances	641 523 415	3 420 603 888	641 523 415	762 530 981
Balances with banks and cash				
Notes and coins	3 401 869 708	1 245 842 552	3 401 869 708	277 726 850
Other bank balances	6 515 981 132	3 892 147 468	6 515 981 132	867 648 849
	9 917 850 840	5 137 990 020	9 917 850 840	1 145 375 699
Balances with banks and cash (excluding bank overdrafts)	**10 559 374 255**	**8 558 593 908**	**10 559 374 255**	**1 907 906 680**
Current	10 559 374 255	8 558 593 908	10 559 374 255	1 907 906 680
Non-current	-	-	-	-
Total	**10 559 374 255**	**8 558 593 908**	**10 559 374 255**	**1 907 906 680**
4.2 Cash and cash equivalents				
Cash and bank balances comprise of balances with less than three months maturity from date of acquisition, including cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.				
Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1)	641 523 415	3 420 603 888	641 523 415	762 530 981
Balances with banks and cash (note 4.1)	9 917 850 840	5 137 990 020	9 917 850 840	1 145 375 699
	10 559 374 255	**8 558 593 908**	**10 559 374 255**	**1 907 906 680**
5 FINANCIAL ASSETS				
5.1 Loans and advances to customers				
Loans and advance maturities				
Maturing within 1 year	6 816 344 808	6 203 091 230	6 816 226 654	1 382 811 163
Maturing after 1 year	6 672 080 387	5 477 663 735	6 672 080 387	1 221 072 854
Gross carrying amount	**13 488 425 195**	**11 680 754 965**	**13 488 307 041**	**2 603 884 017**
Impairment allowance	(145 366 369)	(192 729 036)	(145 366 369)	(42 963 718)
	13 343 058 826	**11 488 025 929**	**13 342 940 672**	**2 560 920 299**

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
5.2 Trade and other receivables including insurance receivables				
Retail trade and other receivables	54 690 838	118 256 095	54 690 838	26 361 993
- Due by insurance clients and insurance brokers	324 522 230	314 567 127	324 522 230	69 598 601
- Due by reinsurers	161 864 684	16 219 006	127 920 620	4 915 390
- Due by retrocessionaires	5 273 838	30 042 256	5 273 838	6 697 107
Gross carrying amount	**546 351 590**	**479 084 484**	**512 407 526**	**107 573 091**
Impairment allowance	(26 787 642)	(15 380 960)	(26 787 642)	(3 428 768)
	519 563 948	**463 703 524**	**485 619 884**	**104 144 323**
Current	514 857 501	309 065 090	480 913 437	69 671 868
Non-current	4 706 447	154 638 434	4 706 447	34 472 455
Total	**519 563 948**	**463 703 524**	**485 619 884**	**104 144 323**

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

5.4 Movement in credit impairment losses
AUDITED INFLATION ADJUSTED

	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at at armotised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Movement in credit impairment losses						
Balance at 1 January 2019	31 434 701	21 263 575	347 537 178	24 015 382	3 832 289	428 083 125
Effects of IAS 29	(26 373 973)	(17 840 314)	(291 586 563)	(20 149 106)	(3 215 322)	(359 165 278)
Impairment loss allowance	(2 260 511)	11 941 001	141 393 115	526 782	94 141	151 694 528
Amounts written off /reversals during the year	-	16 698	(4 614 694)	(62 675)	-	(4 660 671)
Balance as at 31 December 2019	**2 800 217**	**15 380 960**	**192 729 036**	**4 330 383**	**711 108**	**215 951 704**
Balance at 1 January 2020	2 800 217	15 380 960	192 729 036	4 330 383	711 108	215 951 704
Effects of IAS 29	(2 175 985)	(11 952 192)	(149 765 318)	(3 365 041)	(552 586)	(167 811 122)
Impairment loss allowance	1 574 425	24 509 009	103 019 148	3 957 391	4 400 546	137 460 519
Amounts written off /reversals during the year	-	-	(616 497)	-	-	(616 497)
Impairment reversal	-	(1 150 135)	-	-	-	(1 150 135)
Balance as at 31 December 2020	**2 198 657**	**26 787 642**	**145 366 369**	**4 922 733**	**4 559 068**	**183 834 469**

HISTORICAL COST UNAUDITED

	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at at armotised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Movement in credit impairment losses						
Balance at 1 January 2019	1 128 152	763 123	12 472 674	861 882	137 536	15 363 367
Impairment loss allowance	(503 920)	2 661 923	31 519 765	117 432	20 986	33 816 186
Amounts written off /reversals during the year	-	3 722	(1 028 721)	(13 972)	-	(1 038 971)
Impairment reversal	-	-	-	-	-	-
Balance as at 31 December 2019	**624 232**	**3 428 768**	**42 963 718**	**965 342**	**158 522**	**48 140 582**
Balance at 1 January 2020	624 232	3 428 768	42 963 718	965 342	158 522	48 140 582
Impairment loss allowance	1 574 425	24 509 009	103 019 148	3 957 391	4 400 546	137 460 519
Amounts written off /reversals during the year	-	-	(616 497)	-	-	(616 497)
Impairment reversal	-	(1 150 135)	-	-	-	(1 150 135)
Balance as at 31 December 2020	**2 198 657**	**26 787 642**	**145 366 369**	**4 922 733**	**4 559 068**	**183 834 469**

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
5.5 Financial assets at amortised cost				
Maturing within 1 year	1 070 751 350	515 370 929	1 070 751 350	114 887 989
Maturing after 1 year	19 632 851	344 547 890	19 632 851	76 807 619
Gross carrying amount	**1 090 384 201**	**859 918 819**	**1 090 384 201**	**191 695 608**
Impairment allowance	(4 922 733)	(4 330 383)	(4 922 733)	(965 342)
	1 085 461 468	**855 588 436**	**1 085 461 468**	**190 730 266**
6 BONDS AND DEBENTURES				
Maturing within 1 year	469 344 792	448 585 563	469 344 792	100 000 000
Maturing after 1 year	6 533 150	99 293 815	6 533 150	22 134 866
Gross carrying amount	**475 877 942**	**547 879 378**	**475 877 942**	**122 134 866**
Impairment allowance	(2 198 657)	(2 800 217)	(2 198 657)	(624 232)
	473 679 285	**545 079 161**	**473 679 285**	**121 510 634**
Bonds have fixed interest rates of 7% and 10%. They mature on, 30 June 2021 and 30 September 2021 respectively.				
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities at market value	518 718 731	194 615 442	555 203 495	46 212 263
Unlisted securities	202 230 454	51 804 311	202 230 454	11 548 368
Suspended securities	50 798 998	-	50 798 998	-
	771 748 183	**246 419 753**	**808 232 947**	**57 760 631**
Current	713 326 052	246 419 753	749 810 816	57 760 631
Non-current	58 422 131	-	58 422 131	-
Total	**771 748 183**	**246 419 753**	**808 232 947**	**57 760 631**
Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statement of cash flows.				
Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other operating income' in the statement of comprehensive income. The fair value of all equity securities is based on their bid prices on an active market, the Zimbabwe Stock Exchange at year end.				
8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Listed securities at market value	**38 389 849**	**66 704 543**	**38 389 849**	**14 869 971**
Current	38 389 849	66 704 543	38 389 849	14 869 971
Non-current	-	-	-	-
	38 389 849	**66 704 543**	**38 389 849**	**14 869 971**
9 INVENTORY				
Raw materials	20 565 225	19 355 538	15 486 307	957 600
Work in progress	277 150 595	245 507 268	110 826 318	11 685 054
Finished goods	-	31 036 702	-	882 922
	297 715 820	**295 899 508**	**126 312 625**	**13 525 576**
Current	297 715 820	295 899 508	126 312 625	13 525 576
Non-current	-	-	-	-
Total	**297 715 820**	**295 899 508**	**126 312 625**	**13 525 576**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	AUDITED INFLATION ADJUSTED 31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2019 ZWL
10 PREPAYMENTS AND OTHER ASSETS				
Prepayments	606 858 421	162 000 257	515 326 835	24 477 293
Deferred acquisition costs	55 141 036	85 516 683	38 894 642	5 715 239
Refundable deposits for Mastercard and Visa transactions	282 205 384	256 248 523	282 205 384	57 123 667
Stationery stock and other consumables	5 007 902	47 485 720	1 503 300	1 704 203
Time - share asset	17 030 685	15 985 907	17 030 685	3 563 625
Legacy debt assets	1 031 342 044	996 217 991	1 031 342 044	222 079 816
Zimswitch receivables	82 957 798	-	82 957 798	-
Bill payments receivables	19 836 243	6 879 477	19 836 243	1 533 593
Other	75 933 974	47 671 900	53 783 412	2 342 617
	2 176 313 487	**1 618 006 458**	**2 042 880 343**	**318 540 053**
Current	1 210 070 059	1 211 350 009	1 187 919 497	227 887 013
Non-current	966 243 428	406 656 449	854 960 846	90 653 040
Total	**2 176 313 487**	**1 618 006 458**	**2 042 880 343**	**318 540 053**
11 INVESTMENT PROPERTY				
Balance as at 1 January	692 089 729	246 261 030	154 282 658	8 838 000
Additions	116 976 031	61 822 039	15 342 264	1 814 773
Fair value adjustment	173 660 390	385 896 331	818 937 884	143 905 214
Disposals	(16 029 396)	(1 889 671)	(12 688 182)	(275 329)
Transfer from property and equipment	11 810 760	-	2 632 890	-
Balance as at 31 December	**978 507 514**	**692 089 729**	**978 507 514**	**154 282 658**
Non-current	978 507 514	692 089 729	978 507 514	154 282 658
Total	**978 507 514**	**692 089 729**	**978 507 514**	**154 282 658**
12 INTANGIBLE ASSETS				
Year ended 31 December				
Opening net book amount	149 566 590	136 539 699	8 832 356	4 414 256
Additions	3 159 152	38 541 300	2 777 332	5 270 623
Adjustment to cost	486	-	(107)	-
Amortisation charge	(56 587 118)	(25 514 409)	(2 535 404)	(852 523)
Closing net book amount	**96 139 110**	**149 566 590**	**9 074 177**	**8 832 356**
As at 31 December				
Cost	378 470 511	375 310 873	17 724 649	14 947 424
Accumulated amortisation	(282 331 401)	(225 744 283)	(8 621 245)	(6 085 841)
Accumulated impairment	-	-	(29 227)	(29 227)
Net book amount	**96 139 110**	**149 566 590**	**9 074 177**	**8 832 356**

Prior period error
The Group changed its accounting policy on intangible assets to revaluation model in 2019. The intangible assets comprised of computer software. The adoption of the revaluation model had been necessitated by the observation that the computer software assets class was the only class that had remained at cost, whilst all other items of property, plant and equipment had changed to the revaluation model and the historical cost values of the computer software was viewed not to faithfully represent the value of computer software used for the Group operations.

On further reassessment of application of revaluation model on computer software in the current year, the Group noted that it was difficult to satisfy the requirement of the existence of an active market "as is required by IAS 38 [Intangible Assets] for adoption of the revaluation model for intangible assets. This was due to the following reasons:
- The pricing information of the computer software is not publicly available as contracts are negotiated between individual buyers and sellers.
- The computer software is customized to the requirements of the Group thereby making it a unique product.

The above conditions were deemed present for the financial year ended 31 December 2019. This therefore entailed there was an error in adopting the revaluation model for computer software. The Group has accordingly reverted to the historical cost model from the 2020 financial year.

The financial statements for the year ended 31 December 2019 have been restated to reverse the revaluation gain adjustment on computer software. The financial statements have also been restated to apply the exchange rate of USD1:ZWL2.5 on the date of change of functional currency (23 February 2019), which was the earliest observable exchange rate per IAS21. The Group has not presented the earliest opening statement of financial position as is required buy IAS 8 due to it being impracticable to disclose the same as at 1 January 2019 as the statement of financial position for the year ended 31 December 2018 did not achieve fair presentation due to currency distortions since October 2018.

13 PROPERTY AND EQUIPMENT

AUDITED INFLATION ADJUSTED	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2019						
Opening net book amount	863 483 493	-	63 635 016	338 792 259	71 249 760	1 337 160 528
Additions	17 279 187	-	107 475 380	20 383 141	30 352 564	175 490 272
Revaluation of property	263 021 182	-	478 687 547	(208 206 642)	127 348 592	660 850 679
Disposals	-	-	(236 530)	(744 953)	(328 343)	(1 309 826)
Depreciation	(13 654 429)	-	(30 647 343)	(50 138 534)	(22 138 790)	(116 579 096)
Closing net book amount	**1 130 129 433**	**-**	**618 914 070**	**100 085 271**	**206 483 783**	**2 055 612 557**
As at 31 December 2019						
Cost or valuation	1 164 753 592	-	790 143 728	435 881 529	299 111 286	2 689 890 135
Accumulated depreciation	(34 624 159)	-	(171 229 658)	(335 796 258)	(92 627 503)	(634 277 578)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**1 130 129 433**	**-**	**618 914 070**	**100 085 271**	**206 483 783**	**2 055 612 557**
Year ended 31 December 2020						
Opening net book amount	1 130 129 433	-	618 914 070	100 085 271	206 483 783	2 055 612 557
Additions	5 451 656	49 180 792	46 619 589	9 361 468	95 135 656	205 749 161
Revaluation of property	90 502 885	4 343 000	(416 115 506)	129 491 454	(1 056 445)	(192 834 612)
Transfer to investment property	(11 810 764)	-	-	-	-	(11 810 764)
Adjustment to cost	-	14 199 369	(1 240)	-	(14 199 369)	(1 240)
Disposals	-	-	(385 112)	(1 159)	(34 179 114)	(34 565 385)
Depreciation	(15 188 355)	(2 696 509)	(69 120 290)	(40 422 683)	(33 479 935)	(160 907 772)
Closing net book amount	**1 199 084 855**	**65 026 652**	**179 911 511**	**198 514 351**	**218 704 576**	**1 861 241 945**
As at 31 December 2020						
Cost or valuation	1 248 897 369	67 723 161	420 261 459	574 733 292	344 812 014	2 656 427 295
Accumulated depreciation	(49 812 514)	(2 696 509)	(240 349 948)	(376 218 941)	(126 107 438)	(795 185 350)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**1 199 084 855**	**65 026 652**	**179 911 511**	**198 514 351**	**218 704 576**	**1 861 241 945**
HISTORICAL COST UNAUDITED						
Year ended 31 December 2019						
Opening net book amount	22 324 186	-	1 412 489	9 108 589	2 029 435	34 874 699
Additions	1 127 617	-	12 530 117	1 838 188	2 439 099	17 935 021
Revaluation of property	229 044 891	-	125 306 131	12 770 394	42 322 303	409 443 719
Disposals	-	-	(6 124)	(19 285)	(8 500)	(33 909)
Depreciation	(564 950)	-	(1 272 486)	(1 386 585)	(752 371)	(3 976 392)
Closing net book amount	**251 931 744**	**-**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**
As at 31 December 2019						
Cost or valuation	254 171 716	-	143 168 215	29 282 972	49 060 138	475 683 041
Accumulated depreciation	(2 241 601)	-	(5 198 088)	(6 963 789)	(2 778 621)	(17 182 099)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**251 931 744**	**-**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**
Year ended 31 December 2020						
Opening net book amount	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 138
Additions	4 398 288	32 861 570	34 230 463	4 857 653	86 487 500	162 835 474
Revaluation of property	952 143 844	11 978 788	38 290 331	173 297 799	111 890 227	1 287 600 989
Adjustment to cost	-	20 186 294	113	-	(14 753 112)	5 433 295
Adjustment to accumulated depreciation	2 929 781	1 699 850	1 264 425	489 081	3 864 313	10 247 450
Transfer to investment property	(2 632 890)	-	-	-	-	(2 632 890)
Disposals	-	-	(9 970)	(30)	(884 814)	(894 814)
Depreciation	(9 865 533)	(1 699 850)	(30 765 981)	(3 342 561)	(13 916 772)	(59 590 697)
Closing net book amount	**1 198 905 234**	**65 026 652**	**180 979 508**	**197 613 243**	**218 717 308**	**1 861 241 945**
As at 31 December 2020						
Cost or valuation	1 208 080 958	65 026 652	215 679 152	207 438 394	231 799 939	1 928 025 095
Accumulated depreciation	(9 177 353)	-	(34 699 644)	(9 817 269)	(12 831 080)	(66 525 346)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**1 198 905 234**	**65 026 652**	**180 979 508**	**197 613 243**	**218 717 308**	**1 861 241 945**

	AUDITED INFLATION ADJUSTED 31 Dec 20 ZWL	AUDITED INFLATION ADJUSTED 31 Dec 19 ZWL	HISTORICAL COST UNAUDITED 31 Dec 20 ZWL	HISTORICAL COST UNAUDITED 31 Dec 19 ZWL
14 DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS				
14.1 Deposits from customers				
Demand deposits	9 067 226 238	7 819 215 913	9 067 226 238	1 743 082 384
Promissory notes	1 239 944 150	988 062 280	1 239 944 150	220 261 721
Other time deposits	655 242 270	276 016 530	655 242 270	61 530 409
	10 962 412 658	**9 083 294 723**	**10 962 412 658**	**2 024 874 514**
Current	10 920 729 891	9 048 856 733	10 920 729 891	2 017 197 497
Non-current	41 682 767	34 437 990	41 682 767	7 677 017
Total	**10 962 412 658**	**9 083 294 723**	**10 962 412 658**	**2 024 874 514**
14.2 Deposits from other banks				
Money market deposits	456 948 363	875 374 303	456 948 363	195 140 989
Current	**456 948 363**	**875 374 303**	**456 948 363**	**195 140 989**
14.3 Borrowings				
Foreign lines of credit	8 945 612 533	7 723 642 574	8 945 612 533	1 721 776 897
Other borrowings	108 005 451	2 489 152	108 005 451	554 889
	9 053 617 984	**7 726 131 726**	**9 053 617 984**	**1 722 331 786**
Current	4 066 286 002	177 644 274	4 066 286 002	39 600 979
Non-current	4 987 331 982	7 548 487 452	4 987 331 982	1 682 730 807
Total	**9 053 617 984**	**7 726 131 726**	**9 053 617 984**	**1 722 331 786**
Total deposits and borrowings	**20 472 979 005**	**17 684 800 752**	**20 472 979 005**	**3 942 347 289**

14.4 Deposit concentration

AUDITED INFLATION ADJUSTED	31 Dec 20 ZWL	%	31 Dec 19 ZWL	%
Agriculture	954 940 032	5%	485 351 796	3%
Construction	524 303 199	3%	293 955 275	2%
Wholesale and retail trade	1 102 521 673	5%	2 039 429 967	13%
Public sector	2 029 171 306	10%	599 318 175	3%
Manufacturing	1 473 531 868	7%	1 067 728 922	6%
Telecommunication	988 065 942	5%	584 465 314	3%
Transport	673 940 932	3%	485 236 344	3%
Individuals	989 632 255	5%	1 414 692 167	8%
Financial services	9 877 985 198	48%	8 136 615 835	47%
Mining	1 192 532 767	6%	1 455 709 036	8%
Other	666 353 833	3%	1 122 297 921	6%
	20 472 979 005	**100%**	**17 684 800 752**	**100%**
HISTORICAL COST UNAUDITED				
Deposit concentration				
Agriculture	954 940 032	5%	108 196 036	3%
Construction	524 303 199	3%	65 529 366	2%
Wholesale and retail trade	1 102 521 673	5%	454 635 668	13%
Public sector	2 029 171 306	10%	133 601 753	3%
Manufacturing	1 473 531 868	7%	238 021 241	6%
Telecommunication	988 065 942	5%	130 290 710	3%
Transport	673 940 932	3%	108 170 299	3%
Individuals	989 632 255	5%	315 367 298	8%
Financial services	9 877 985 198	48%	1 813 838 099	47%
Mining	1 192 532 767	6%	324 510 898	8%
Other	666 353 833	3%	250 185 921	6%
	20 472 979 005	**100%**	**3 942 347 289**	**100%**

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	AUDITED INFLATION ADJUSTED 31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2019 ZWL
15 INSURANCE LIABILITIES				
Gross outstanding claims	136 449 200	144 921 685	113 175 075	29 018 115
Liability for unearned premium	353 234 026	306 499 019	289 279 868	22 315 117
	489 683 226	**451 420 704**	**402 454 943**	**51 333 232**
Current	**489 683 226**	**451 420 704**	**402 454 943**	**51 333 232**
16 TRADE AND OTHER PAYABLES				
Trade and other payables	873 190 941	443 514 877	873 190 941	97 474 651
Deferred income	310 742 955	111 910 085	264 097 525	11 578 331
Visa and MasterCard settlement payables	510 851 586	470 315 087	510 851 586	104 844 009
TT Resdex inwards	45 675 106	644 266 260	45 675 106	143 621 711
RBZ cash cover	2 665 456 415	1 576 129 233	2 665 456 415	351 355 319
Zimswitch settlement	44 069 797	40 606 490	44 069 797	9 052 117
Instant banking balances	56 079 104	25 101 673	56 079 104	5 595 738
Other liabilities	543 027 230	394 259 203	543 027 230	87 624 612
Legacy debt interest payable	242 579 199	148 411 591	242 579 199	33 084 344
Intermediary tax	108 960 189	93 302 329	108 960 189	20 799 227
	5 400 632 522	**3 947 816 828**	**5 353 987 092**	**865 030 059**
Current	5 014 571 355	3 675 768 857	5 014 571 355	819 216 750
Non-current	386 061 167	272 047 971	339 415 737	45 813 309
Total	**5 400 632 522**	**3 947 816 828**	**5 353 987 092**	**865 030 059**
17 SHARE CAPITAL AND SHARE PREMIUM				
17.1 Authorised				
Number of ordinary shares, with a nominal value of ZWL0.00001	800 000 000	800 000 000	800 000 000	800 000 000
17.2 Issued and fully paid				
Number of ordinary shares, with a nominal value of ZWL0.00001	671 949 927	671 949 927	671 949 927	671 949 927

17.3 Share capital movement

AUDITED INFLATION ADJUSTED	Number of shares	Share capital ZWL	Share premium ZWL	Total ZWL
As at 1 January 2019	671 949 927	259 547	544 013 348	544 272 895
Share issue	-	-	-	-
As at 31 December 2019	671 949 927	259 547	544 013 348	544 272 895
Share issue	-	-	-	-
As at 31 December 2020	**671 949 927**	**259 547**	**544 013 348**	**544 272 895**
HISTORICAL COST UNAUDITED				
As at 1 January 2019	671 949 927	6 719	14 083 173	14 089 892
Share issue	-			
As at 31 December 2019	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
Share issue	-	-	-	-
As at 31 December 2020	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

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For the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	AUDITED INFLATION ADJUSTED 31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2019 ZWL
18 INTEREST INCOME				
Cash and cash equivalents	25 851 441	23 885 758	21 292 203	3 285 192
Loans and advances to other banks	208 522 786	105 626 823	142 093 101	10 548 883
Loans and advances to customers	1 936 972 284	1 993 014 196	1 301 664 012	190 573 794
Banker's acceptances and tradable bills	378 553 775	231 930 749	258 302 254	19 876 933
Other interest income	56 815 511	16 392 842	38 914 167	220 438
	2 606 715 797	**2 370 850 368**	**1 762 265 737**	**224 505 240**
Credit related fees that are an integral part of the effective interest on loans and advances have been classified under interest income. No interest earned was at nominal rates.				
18.1 INTEREST EXPENSE				
Deposit from other banks	99 958 729	98 762 871	65 753 122	9 067 272
Demand deposits	46 812 468	32 696 608	32 181 524	3 306 963
Lines of credit from financial institutions	679 050 245	649 065 668	452 343 586	66 093 991
Time deposits	77 158 743	173 841 229	55 496 517	14 690 139
	902 980 185	**954 366 376**	**605 774 749**	**93 158 365**
19 FEE AND COMMISSION INCOME				
Retail service fees	1 100 855 516	1 257 360 045	740 138 361	133 093 984
Credit related fees	112 175 926	104 719 572	92 499 369	10 716 377
Investment banking fees	5 528 579	6 078 110	3 845 333	657 203
Brokerage commission	19 278 143	20 860 821	12 795 640	4 679 122
Other				
	1 237 838 164	**1 389 018 548**	**849 278 703**	**149 146 686**
19.1 FEE AND COMMISSION EXPENSE				
Brokerage	17 217 538	9 102 146	10 622 685	781 832
20 REVENUE				
Property sales	27 735 160	142 881 212	10 812 476	16 586 687
	27 735 160	**142 881 212**	**10 812 476**	**16 586 687**
20.1 COST OF SALES				
Property costs	22 918 271	55 888 149	6 948 589	3 073 238
	22 918 271	**55 888 149**	**6 948 589**	**3 073 238**
21 INSURANCE PREMIUM REVENUE				
Gross premium written	1 348 964 235	1 741 973 787	983 441 058	173 340 846
Change in unearned premium reserve ("UPR")	(139 859 467)	(208 309 843)	(234 158 347)	(18 755 751)
	1 209 104 768	**1 533 663 944**	**749 282 711**	**154 585 095**
22 NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				
Financial assets at fair value through profit or loss (note 7), fair value gains	716 553 819	326 162 453	752 575 545	72 709 084
23 OTHER OPERATING INCOME				
Rental income	18 988 921	9 057 373	10 827 170	550 045
(Loss)/profit on disposal of property and equipment	(49 427 123)	12 082 692	(12 494 316)	35 901
Sundry income	58 553 686	564 019 991	29 742 221	27 833 393
Bad debts recoveries	16 052 962	96 171 936	5 549 444	6 280 059
Fair value adjustment on investment property	153 486 082	385 896 331	800 440 066	143 905 214
Legacy debt interest claim	-	80 841 722	-	18 021 472
	197 654 528	**1 148 070 045**	**834 064 585**	**196 626 084**
24 NET INSURANCE COMMISSION EXPENSE				
Commissions paid	282 615 342	266 102 095	204 561 116	24 658 330
Change in technical provisions	(4 954 893)	(44 443 274)	(33 179 397)	(5 032 107)
	277 660 449	**221 658 821**	**171 381 719**	**19 626 223**
Commission received	(93 611 774)	(60 635 974)	(74 908 190)	(7 876 187)
	184 048 675	**161 022 847**	**96 473 529**	**11 750 036**

25 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES
AUDITED INFLATION ADJUSTED

	Gross ZWL	Reinsurance ZWL	Net ZWL
Year ended 31 December 2020			
Claims and loss adjustment expenses	404 396 800	(102 859 804)	301 536 996
Change in technical provisions	68 973 965	(2 286 806)	66 687 159
Total claims	**473 370 765**	**(105 146 610)**	**368 224 155**
Year ended 31 December 2019			
Claims and loss adjustment expenses	630 855 302	(286 165 497)	344 689 805
Change in technical provisions	40 932 355	(9 852 500)	31 079 855
Total claims	**671 787 657**	**(296 017 997)**	**375 769 660**

HISTORICAL COST UNAUDITED

	Gross ZWL	Reinsurance ZWL	Net ZWL
Year ended 31 December 2020			
Claims and loss adjustment expenses	266 421 613	(60 776 501)	205 645 112
Change in technical provisions	65 944 259	(11 862 525)	54 081 734
Total claims	**332 365 872**	**(72 639 026)**	**259 726 846**
Year ended 31 December 2019			
Claims and loss adjustment expenses	73 281 692	(38 054 603)	35 227 089
Change in technical provisions	18 368 901	(921 187)	17 447 714
Total claims	**91 650 593**	**(38 975 790)**	**52 674 803**

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	AUDITED INFLATION ADJUSTED 31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2019 ZWL
26 ADMINISTRATIVE EXPENSES				
Administrative expenses	1 323 245 360	1 632 510 658	852 236 209	148 609 889
Staff costs (note 26.1)	2 041 145 262	1 658 142 230	1 540 908 574	192 279 183
Directors' remuneration (note 26.2)	847 986 248	409 961 426	603 809 185	79 939 232
Audit fees:				
- Current year fees	30 122 139	19 277 287	20 013 380	3 225 311
- Prior year fees	21 145 079	1 000 108	11 339 395	66 932
- Other services	-	-	-	-
Depreciation	160 907 772	116 579 096	59 590 697	3 976 392
Amortisation	56 587 118	25 514 409	2 535 404	852 523
Leases of low value items and short term leases	21 156 733	27 533 617	10 355 594	3 286 217
	4 502 295 711	**3 890 518 831**	**3 100 788 438**	**432 235 679**
26.1 Staff costs				
Salaries and allowances	2 017 937 346	1 583 994 365	1 523 591 634	189 106 984
Social security	3 514 083	11 428 013	2 609 593	491 479
Pension contribution	19 693 833	62 719 852	14 707 347	2 680 720
	2 041 145 262	**1 658 142 230**	**1 540 908 574**	**192 279 183**
26.2 Directors remuneration				
Board fees	60 304 671	46 246 189	46 323 697	8 652 638
Other emoluments	8 301 855	10 056 947	5 528 351	764 709
For services as management	779 379 722	320 093 970	551 957 137	63 039 629
Termination benefits	-	33 564 320	-	7 482 256
	847 986 248	**409 961 426**	**603 809 185**	**79 939 232**
27 INCOME TAX EXPENSE:				
Charge for the year				
Current income tax on income for the reporting year	335 692 155	1 454 941 538	304 524 556	37 008 347
Adjustments in respect of prior years	(749 319)	-	-	-
Deferred income tax	(255 982 095)	931 991 192	96 362 796	196 474 418
Income tax expense	**78 960 741**	**2 386 932 730**	**400 887 352**	**233 482 765**
28 EARNINGS/(LOSS) PER SHARE				
28.1 Basic earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the parent	1 514 538 110	(1 624 927 993)	3 211 693 386	295 598 000
Total	**1 514 538 110**	**(1 624 927 993)**	**3 211 693 386**	**295 598 000**
Basic earnings/(loss) per share (ZWL cents)	243.85	(263.21)	517.10	47.88
	243.85	**(263.21)**	**517.10**	**47.88**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2020				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2020	671 949 927	64 708 627	607 241 300	607 241 300
Treasury shares purchased	-	3 483 111	(3 483 111)	(647 665)
Treasury shares sold	-	(23 629 577)	23 629 577	14 501 439
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**44 562 161**	**627 387 766**	**621 095 074**
Year ended 31 December 2019				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2019	671 949 927	44 827 282	627 122 645	627 122 645
Treasury shares purchased	-	19 881 345	(19 881 345)	(9 761 017)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**64 708 627**	**607 241 300**	**617 361 628**

28.2 Diluted earnings/(loss) per share

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

	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	AUDITED INFLATION ADJUSTED 31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2019 ZWL
Diluted earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the parent	1 514 538 110	(1 624 927 995)	3 211 693 386	295 598 000
Total	**1 514 538 110**	**(1 624 927 995)**	**3 211 693 386**	**295 598 000**
Weighted average number of ordinary shares at 31 December	**621 095 074**	**617 361 628**	**621 095 074**	**617 361 628**
Diluted earnings/(loss) per share (ZWL cents)	**243.85**	**(263.21)**	**517.10**	**47.88**
28.3 Headline earnings/(loss) per share				
Profit/(loss) attributable to equity holders of the parent	**1 514 538 110**	**(1 624 927 995)**	**3 211 693 386**	**295 598 000**
Adjusted for excluded remeasurements				
Profit on the disposal of property and equipment (note 23)	49 427 123	(12 082 692)	12 494 316	(35 901)
Impairment on asset (note 12 & 13)	-	-	-	-
Headline earnings/(loss)	**1 563 965 233**	**(1 637 010 687)**	**3 224 187 702**	**295 562 099**
Weighted average number of ordinary shares at 31 December	**621 095 074**	**617 361 628**	**621 095 074**	**617 361 628**
Headline earnings/(loss) per share (ZWL cents)	**251.81**	**(265.16)**	**519.11**	**47.88**

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2020

29 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

The Group comprises of 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.

AUDITED INFLATION ADJUSTED

31 December 2020	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	2 413 537 429	87 282 608	142 535 683	2 365 477	1 784 217	136 173	2 647 641 587
Interest expense	(745 684 101)	(16 219 906)	(106 814 248)	(1 353 398)	-	-	(870 071 653)
Net interest income	1 667 853 328	71 062 702	35 721 435	1 012 079	1 784 217	136 173	1 777 569 934
Sales	-	-	27 735 160	-	-	-	27 735 160
Cost of sales	-	-	(22 918 271)	-	-	-	(22 918 271)
Gross profit	-	-	4 816 889	-	-	-	4 816 889
Net earned insurance premium	-	-	-	678 787 025	187 414 391	-	866 201 416
Net fee and commission income	1 041 575 679	7 188 689	101 301 448	(2 807 494)	-	17 594 374	1 164 852 696
Net trading income and other income	2 910 905 838	669 647	290 813 604	827 453 106	126 029 325	14 114 746	4 169 986 266
Total net income for reported segments	5 620 334 845	78 921 038	432 653 376	1 504 444 716	315 227 933	31 845 293	7 983 427 201
Intersegment revenue	(50 749 882)	(539 912)	(18 067 504)	(114 048 954)	(67 128 806)	(136 173)	(250 671 231)
Intersegment interest expense and commission	14 552 581	13 545 185	24 852 865	5 419 918	141 090 632	283 251	199 744 432
Net income from external customers	**5 584 137 544**	**91 926 311**	**439 438 737**	**1 395 815 680**	**389 189 759**	**31 992 371**	**7 932 500 402**
Segment profit/(loss) before income tax	**1 387 650 475**	**(49 282 127)**	**(14 659 269)**	**203 548 463**	**42 369 456**	**(2 690 513)**	**1 566 936 485**
Impairment allowances on financial assets	102 909 315	2 303 778	8 906 917	19 229 221	4 112 761	(1 473)	137 460 519
Depreciation	120 646 991	8 681 324	16 724 664	5 287 182	8 940 498	359 937	160 640 596
Amortisation	48 078 740	5 893 986	108 612	2 258 476	247 304	-	56 587 118
Segment assets	**27 465 503 697**	**167 167 756**	**2 680 800 814**	**1 075 991 824**	**581 695 729**	**27 130 133**	**31 998 289 953**
Total assets include: Additions to non-current assets	145 972 005	578 304	54 519 071	812 238	4 975 533	448 108	207 305 259
Segment liabilities	**24 369 508 232**	**96 156 470**	**1 745 652 365**	**650 557 724**	**373 316 461**	**15 027 288**	**27 250 218 540**

31 December 2019	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	1 924 268 149	167 995 912	273 691 929	5 611 321	4 658 467	3 165 018	2 379 390 796
Interest expense	(761 531 267)	(27 361 328)	(107 405 165)	-	-	-	(896 297 760)
Net interest income	1 162 736 882	140 634 584	166 286 764	5 611 321	4 658 467	3 165 018	1 483 093 036
Sales	-	-	142 881 212	-	-	-	142 881 212
Cost of sales	-	-	(55 888 149)	-	-	-	(55 888 149)
Gross profit	-	-	86 993 063	-	-	-	86 993 063
Net earned insurance premium	-	-	-	617 716 477	255 499 717	-	873 216 194
Net fee and commission income	1 197 098 580	23 934 947	137 823 917	-	-	18 904 208	1 377 761 652
Net trading income and other income	2 499 812 052	26 345 385	144 448 167	295 293 177	90 402 497	3 993 744	3 060 295 022
Total net income for reported segments	4 859 647 514	190 914 916	535 551 911	918 620 975	350 560 681	26 062 970	6 881 358 967
Intersegment revenue	(13 463 259)	(13 198 917)	(4 960 262)	(161 534 454)	135 009 738	(39 327)	(58 186 481)
Intersegment interest expense and commission	35 206 946	(14 175 465)	23 178 721	966 859	14 624 737	(75 241)	59 726 557
Net income from external customers	**4 881 391 201**	**163 540 534**	**553 770 370**	**758 053 380**	**500 195 156**	**25 948 402**	**6 882 899 043**
Segment profit/(loss) before income tax	**1 284 280 821**	**(170 451 573)**	**(691 186 318)**	**(120 135 596)**	**(121 000 851)**	**(19 960 160)**	**161 546 323**
Impairment allowances on financial assets	115 878 878	1 397 752	22 996 685	8 971 711	2 458 622	(9 120)	151 694 528
Depreciation	94 396 229	2 879 372	14 219 027	2 252 698	2 644 840	186 930	116 579 096
Amortisation	19 677 327	1 428 261	651 683	905 326	2 851 812	-	25 514 409
Segment assets	**23 291 097 158**	**263 030 096**	**2 008 289 194**	**899 792 448**	**535 852 707**	**20 728 847**	**27 018 790 450**
Total assets include : Additions to non-current assets	178 210 516	13 180 683	15 434 527	3 121 720	4 084 126	-	214 031 572
Segment liabilities	**20 933 296 188**	**147 396 249**	**1 094 789 833**	**561 195 422**	**368 536 222**	**12 228 819**	**23 117 442 733**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

29 SEGMENT REPORTING (CONTINUED)

HISTORICAL COST UNAUDITED

31 December 2020	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	1 644 650 082	53 426 453	93 580 723	1 155 554	1 402 275	81 030	1 794 296 117
Interest expense	(499 821 060)	(10 407 362)	(74 613 399)	(1 298 556)	-	-	(586 140 377)
Net interest income	1 144 829 022	43 019 091	18 967 324	(143 002)	1 402 275	81 030	1 208 155 740
Sales	-	-	10 812 476	-	-	-	10 812 476
Cost of sales	-	-	(6 948 589)	-	-	-	(6 948 589)
Gross profit	-	-	3 863 887	-	-	-	3 863 887
Net earned insurance premium	-	-	-	358 697 601	130 613 014	-	489 310 615
Net fee and commission income	694 880 140	4 377 947	69 194 562	-	-	11 727 299	780 179 948
Net trading income and other income	3 261 719 194	272 977	514 587 618	345 358 754	64 705 127	10 436 746	4 197 080 416
Total net income for reported segments	5 101 428 356	47 670 015	606 613 391	703 913 353	196 720 416	22 245 075	6 678 590 606
Intersegment revenue	(33 713 754)	(292 844)	(16 334 321)	(48 121 720)	(43 865 593)	(72 939)	(142 401 171)
Intersegment interest expense and commission	14 286 551	8 447 128	17 061 178	6 510 260	63 786 555	200 578	110 292 250
Net income from external customers	**5 082 001 153**	**55 824 299**	**607 340 248**	**662 301 893**	**216 641 378**	**22 372 714**	**6 646 481 685**
Segment profit before income tax	**2 803 998 024**	**(4 450 285)**	**290 351 694**	**483 829 442**	**43 925 112**	**1 370 853**	**3 619 024 840**
Impairment allowances on financial assets	102 909 315	2 303 778	8 906 917	19 229 221	4 112 761	(1 473)	137 460 519
Depreciation	45 692 064	1 335 882	10 247 450	751 813	1 382 727	93 261	59 503 197
Amortisation	2 184 990	152 581	2 812	140 000	55 021	-	2 535 404
Segment assets	**27 304 166 574**	**131 516 569**	**2 472 494 046**	**1 058 918 165**	**579 068 058**	**27 130 133**	**31 573 293 545**
Total assets include : Additions to non-current assets	125 264 130	464 710	35 080 825	495 320	3 375 755	407 066	165 087 806
Segment liabilities	**24 234 610 808**	**95 616 434**	**1 745 652 365**	**555 825 650**	**368 019 921**	**14 673 318**	**27 014 398 496**

31 December 2019	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Consolidated ZWL
Total segment net income							
Interest income	193 359 765	13 218 010	21 733 243	356 642	196 121	168 684	229 032 465
Interest expense	(78 397 877)	(2 407 117)	(9 407 526)	-	-	-	(90 212 520)
Net interest income	114 961 888	10 810 893	12 325 717	356 642	196 121	168 684	138 819 945
Sales	-	-	16 586 687	-	-	-	16 586 687
Cost of sales	-	-	(3 073 238)	-	-	-	(3 073 238)
Gross profit	-	-	13 513 449	-	-	-	13 513 449
Net earned insurance premium	-	-	-	61 858 749	24 887 753	-	86 746 502
Net fee and commission income	128 422 414	4 749 924	13 020 098	-	-	1 692 076	147 884 512
Net trading income and other income	529 011 049	1 985 633	44 017 483	71 519 008	18 385 603	890 117	665 808 893
Total net income for reported segments	772 395 351	17 546 450	82 876 747	133 734 399	43 469 477	2 750 877	1 052 773 301
Intersegment revenue	(3 001 269)	(2 942 341)	(1 105 756)	(36 009 731)	30 096 764	(8 767)	(12 971 100)
Intersegment interest expense and commission	7 848 435	(3 160 036)	5 167 068	215 535	3 260 189	(16 773)	13 314 418
Net income from external customers	**777 242 517**	**11 444 073**	**86 938 059**	**97 940 203**	**76 826 430**	**2 725 337**	**1 053 116 619**
Segment profit before income tax	**400 931 739**	**2 570 090**	**32 478 756**	**55 345 922**	**6 904 783**	**510 389**	**498 741 679**
Impairment allowances on financial assets	25 832 057	311 591	5 126 488	2 000 000	548 082	(2 032)	33 816 186
Depreciation	3 059 818	170 803	441 972	76 692	221 265	5 842	3 976 392
Amortisation	676 959	61 032	16 869	23 443	74 220	-	852 523
Segment assets	**5 151 356 302**	**51 374 903**	**389 465 557**	**191 272 092**	**112 129 474**	**4 620 935**	**5 900 219 263**
Total assets include : Additions to non-current assets	19 946 178	1 170 492	1 622 358	221 481	245 135	-	23 205 644
Segment liabilities	**4 667 679 435**	**32 858 001**	**244 053 738**	**95 595 632**	**65 322 478**	**2 726 083**	**5 108 235 367**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
30 SEGMENT REPORTING				
Operating segments reconciliations				
Net income				
Total net income for reportable segments	7 932 500 402	6 882 899 041	6 646 481 685	1 053 116 619
Total net income for non reportable segments	1 444 646 624	1 032 423 747	1 127 884 625	112 712 183
Elimination of intersegment revenue received from the holding company	(83 953)	-	(75 637)	-
Intersegment eliminations	(1 229 511 702)	(745 040 708)	(565 576 315)	(106 001 646)
Group total net income	**8 147 551 371**	**7 170 282 080**	**7 208 714 358**	**1 059 827 156**
Group profit before tax				
Total profit before income tax for reportable segments	1 566 936 485	161 546 324	3 619 024 840	498 741 679
Intersegment eliminations	28 310 717	595 592 568	(4 759 814)	30 608 773
Profit before income tax	**1 595 247 202**	**757 138 892**	**3 614 265 026**	**529 350 452**
Group assets				
Total assets for reportable segments	31 998 289 953	27 018 790 450	31 573 293 545	5 900 219 263
Other group assets	4 465 020 914	4 002 176 450	2 038 849 645	425 345 534
Deferred tax asset allocated to the holding company	101 667 451	-	106 001 415	-
Intersegment eliminations	(4 163 141 872)	(3 882 909 517)	(1 758 870 345)	(406 333 109)
Group total assets	**32 401 836 446**	**27 138 057 383**	**31 959 274 260**	**5 919 231 688**
Group liabilities				
Total liabilities for reportable segments	27 250 218 540	23 117 442 733	27 014 398 496	5 108 235 367
Other group liabilities and elimination of intersegment payables	62 116 405	66 312 347	28 172 337	4 689 375
Group total liabilities	**27 312 334 945**	**23 183 755 080**	**27 042 570 833**	**5 112 924 742**

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

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

31 FINANCIAL RISK MANAGEMENT

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

The policies specifically cover foreign exchange risk, liquidity risk, interest rate risk , credit risk and the general use of financial instruments.

Group Risk and Compliance, Group Internal Audit review from time to time the integrity of the risk control systems in place and ensure that risk policies and strategies are effectively implemented within the Group.

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

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

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

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

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

31.1 Credit risk

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

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

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

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

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

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

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

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

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

Credit terms:

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

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

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

31.1 Credit risk (continued)

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

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

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

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

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

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

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

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

	AUDITED INFLATION ADJUSTED		HISTORICAL COST UNAUDITED	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
31.1.1 Exposure to credit risk				
Stage 3/Grade 8:	11 210 309	15 930 162	11 210 309	3 551 198
Stage 3/Grade 9:	2 356 550	4 211 738	2 356 550	938 893
Stage 3/Grade 10:	2 168 425	18 634 621	2 168 425	4 154 084
Gross amount	**15 735 284**	**38 776 521**	**15 735 284**	**8 644 175**
Allowance for impairment	(7 926 784)	(14 757 451)	(7 926 784)	(3 289 774)
Carrying amount	**7 808 500**	**24 019 070**	**7 808 500**	**5 354 401**
Stage 2/Grade 4 - 7:	1 301 020 512	279 179 073	1 301 020 512	62 235 412
Stage 1/Grade 1 - 3:	12 171 669 399	11 362 799 371	12 171 551 245	2 533 004 430
Gross amount	**13 472 689 911**	**11 641 978 444**	**13 472 571 757**	**2 595 239 842**
Allowance for impairment	(137 439 585)	(177 971 585)	(137 439 585)	(39 673 944)
Carrying amount	**13 335 250 326**	**11 464 006 859**	**13 335 132 172**	**2 555 565 898**
Total carrying amount	**13 343 058 826**	**11 488 025 929**	**13 342 940 672**	**2 560 920 299**

Loans and advances — AUDITED INFLATION ADJUSTED

	31 Dec 20				31 Dec 19			
	ECL staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	ECL staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Investment grade	12 171 669 399	-	-	12 171 669 399	11 362 799 371	-	-	11 362 799 371
Standard monitoring	-	1 223 362 502	-	1 223 362 502	-	177 822 695	-	177 822 695
Special monitoring	-	77 658 010	-	77 658 010	-	101 356 378	-	101 356 378
Default	-	-	15 735 284	15 735 284	-	-	38 776 521	38 776 521
Gross loans and advances	**12 171 669 399**	**1 301 020 512**	**15 735 284**	**13 488 425 195**	**11 362 799 371**	**279 179 073**	**38 776 521**	**11 680 754 965**
Loss allowance	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)	(132 745 646)	(45 225 939)	(14 757 451)	(192 729 036)
Net loans and advances	**12 056 697 194**	**1 278 553 132**	**7 808 500**	**13 343 058 826**	**11 230 053 725**	**233 953 134**	**24 019 070**	**11 488 025 929**
Analysis								
Gross amount								
Balance as at January	**11 362 799 371**	**279 179 073**	**38 776 521**	**11 680 754 965**	**9 546 450 789**	**1 978 944 265**	**136 263 571**	**11 661 658 625**
Effects of IAS29	(8 829 794 941)	(216 943 661)	(30 132 346)	(9 076 870 948)	(8 011 979 338)	(1 660 350 584)	(114 326 266)	(9 786 656 188)
Transfers	(15 185 374)	10 207 836	4 977 538		13 558 853	(31 169 430)	17 610 577	
Stage 1	(21 536 257)	18 425 976	3 110 281		(54 392 547)	38 916 134	15 476 414	
Stage 2	6 109 107	(8 586 741)	2 477 634		65 511 615	(71 049 655)	5 538 044	
Stage 3	241 776	368 601	(610 377)		2 439 785	964 091	(3 403 881)	
New issue	10 443 638 070	1 281 973 648	9 280 720	11 734 892 438	10 456 381 194	141 207 378	4 519 966	10 602 108 538
Repayments	(789 787 727)	(53 396 384)	(6 506 638)	(849 690 749)	(641 612 127)	(149 452 556)	(3 268 511)	(794 333 194)
Amounts written off during the year as uncollectible	-	-	(660 511)	(660 511)	-	-	(2 022 816)	(2 022 816)
Balance as at December	**12 171 669 399**	**1 301 020 512**	**15 735 284**	**13 488 425 195**	**11 362 799 371**	**279 179 073**	**38 776 521**	**11 680 754 965**
Impairment								
Balance as at January	**132 745 646**	**45 225 939**	**14 757 451**	**192 729 036**	**117 222 257**	**160 595 044**	**69 719 877**	**347 537 178**
Changes on initial application of IFRS 9	-	-	-	-	(98 350 442)	(134 740 569)	(58 495 553)	(291 586 564)
Effects of IAS29	(103 153 600)	(35 144 040)	(11 467 677)	(149 765 317)				
Transfers	(548 817)	635 636	(86 819)		1 199 213	(1 456 418)	257 205	
Stage 1	(1 008 480)	729 126	279 355		(1 361 964)	919 529	442 435	
Stage 2	274 104	(322 080)	47 975		2 048 677	(2 614 186)	565 509	
Stage 3	185 559	228 590	(414 149)		512 500	238 239	(750 739)	
Net change due to new issues and repayments	95 862 418	9 033 200	2 000 342	106 895 960	127 193 000	18 488 418	(2 018 657)	143 662 761
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	(9 933 442)	2 716 645	3 339 985	(3 876 812)	(14 518 382)	2 339 464	7 317 395	(4 861 523)
Amounts written off during the year as uncollectible	-	-	(616 498)	(616 498)	-	-	(2 022 816)	(2 022 816)
Balance as at December	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**	**132 745 646**	**45 225 939**	**14 757 451**	**192 729 036**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December 2020

Loans and advances

HISTORICAL COST UNAUDITED	31 Dec 20				31 Dec 19			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	12 171 551 245	-	-	12 171 551 245	2 533 004 430	-	-	2 533 004 430
Standard monitoring	-	1 223 362 502	-	1 223 362 502	-	39 640 752	-	39 640 752
Special monitoring	-	77 658 010	-	77 658 010	-	22 594 660	-	22 594 660
Default	-	-	15 735 284	15 735 284	-	-	8 644 175	8 644 175
Gross loans and advances	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**	**2 533 004 430**	**62 235 412**	**8 644 175**	**2 603 884 017**
Loss allowance	(114 972 205)	(22 467 380)	(7 926 784)	(145 366 369)	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)
Net loans and advances	**12 056 579 040**	**1 278 553 132**	**7 808 500**	**13 342 940 672**	**2 503 412 384**	**52 153 514**	**5 354 401**	**2 560 920 299**
Analysis								
Gross amount								
Balance as at January	**2 533 004 430**	**62 235 412**	**8 644 175**	**2 603 884 017**	**342 068 845**	**71 021 831**	**4 890 329**	**417 981 005**
Transfers	(15 185 374)	10 207 836	4 977 538		3 022 580	(6 948 380)	3 925 800	
Stage 1	(21 536 257)	18 425 976	3 110 281		(12 125 345)	8 675 298	3 450 047	
Stage 2	6 109 107	(8 586 741)	2 477 634		14 604 040	(15 838 596)	1 234 556	
Stage 3	241 776	368 601	(610 377)		543 885	214 918	(758 803)	
New issue	10 443 519 916	1 281 973 648	9 280 720	11 734 774 284	2 331 483 152	31 478 362	1 007 604	2 363 969 118
Repayments	(789 787 727)	(53 396 384)	(6 506 638)	(849 690 749)	(143 570 147)	(33 316 401)	(728 626)	(177 615 174)
Amounts written off during the year as uncollectible	-	-	(660 511)	(660 511)	-	-	(450 932)	(450 932)
Balance as at December	**12 171 551 245**	**1 301 020 512**	**15 735 284**	**13 488 307 041**	**2 533 004 430**	**62 235 412**	**8 644 175**	**2 603 884 017**
Impairment								
Balance as at January	**29 592 046**	**10 081 898**	**3 289 774**	**42 963 718**	**4 206 960**	**5 763 555**	**2 502 159**	**12 472 674**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	(548 817)	635 636	(86 819)		267 332	(324 669)	57 337	
Stage 1	(1 008 480)	729 126	279 355		(303 613)	204 984	98 629	
Stage 2	274 104	(322 080)	47 975		456 697	(582 762)	126 065	
Stage 3	185 559	228 590	(414 149)		114 248	53 109	(167 357)	
Net change due to new issues and repayments	95 862 418	9 033 200	2 000 342	106 895 960	28 354 234	4 121 492	(450 005)	32 025 721
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	(9 933 442)	2 716 646	3 339 985	(3 876 811)	(3 236 480)	521 520	1 631 215	(1 083 745)
Amounts written off during the year as uncollectible	-	-	(616 498)	(616 498)	-	-	(450 932)	(450 932)
Balance as at December	**114 972 205**	**22 467 380**	**7 926 784**	**145 366 369**	**29 592 046**	**10 081 898**	**3 289 774**	**42 963 718**

31.1.2 Sectoral analysis of utilizations of loans and advances to customers

	AUDITED INFLATION ADJUSTED				HISTORICAL COST UNAUDITED			
	31 Dec 20 ZWL	31 Dec 20 %	31 Dec 19 ZWL	31 Dec 19 %	31 Dec 20 ZWL	31 Dec 20 %	31 Dec 19 ZWL	31 Dec 19 %
Mining	2 300 432 842	17%	930 946 989	8%	2 300 432 842	17%	207 529 414	8%
Manufacturing	707 327 864	5%	230 090 148	2%	707 327 864	5%	51 292 366	2%
Mortgage	363 446 693	3%	453 293 584	4%	363 446 693	3%	101 049 526	4%
Wholesale	243 151 146	2%	98 508 856	1%	243 151 146	2%	21 959 881	1%
Distribution	691 938 047	5%	306 977 171	3%	691 938 047	5%	68 432 245	3%
Individuals	577 388 518	4%	750 328 794	6%	577 388 518	4%	167 265 480	6%
Agriculture	1 143 038 131	8%	678 794 227	6%	1 143 038 131	8%	151 318 786	6%
Communication	-	0%	27 115 293	0%	-	0%	6 044 620	0%
Construction	156 222 773	1%	77 325 977	1%	156 222 773	1%	17 237 732	1%
Local authorities	18 887 852	0%	40 495 680	0%	18 887 852	0%	9 027 415	0%
Other services	7 286 591 329	55%	8 086 878 246	69%	7 286 473 175	55%	1 802 726 552	69%
	13 488 425 195	**100%**	**11 680 754 965**	**100%**	**13 488 307 041**	**100%**	**2 603 884 017**	**100%**

Reconciliation of allowance for impairment for loans and advances

	31 Dec 20			31 Dec 19		
AUDITED INFLATION ADJUSTED	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL	Specific allowance / Stage 3 ZWL	Collective allowance / Stage 1-2 ZWL	Total ZWL
Balance at 1 January	14 757 451	177 971 585	192 729 036	69 719 877	277 817 301	347 537 178
Effects of IAS 29	(11 467 677)	(138 297 641)	(149 765 318)	(58 495 553)	(233 091 010)	(291 586 563)
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	5 253 507	97 765 641	103 019 148	7 795 942	133 597 173	141 393 115
Impairment reversal	-	-	-	(2 239 999)	(351 879)	(2 591 878)
Amounts written off during the year	(616 497)	-	(616 497)	(2 022 816)	-	(2 022 816)
Balance as at 31 December	**7 926 784**	**137 439 585**	**145 366 369**	**14 757 451**	**177 971 585**	**192 729 036**
HISTORICAL COST UNAUDITED						
Balance at 1 January	3 289 774	39 673 944	42 963 718	2 502 159	9 970 515	12 472 674
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	5 253 507	97 765 641	103 019 148	1 737 894	29 781 871	31 519 765
Impairment reversal	-	-	-	(499 347)	(78 442)	(577 789)
Amounts written off during the year	(616 497)	-	(616 497)	(450 932)	-	(450 932)
Balance as at 31 December	**7 926 784**	**137 439 585**	**145 366 369**	**3 289 774**	**39 673 944**	**42 963 718**

31.1.3 Bonds and Debentures

AUDITED INFLATION ADJUSTED	31 Dec 2020				31 Dec 2019			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	475 877 942	-	-	475 877 942	547 879 378	-	-	547 879 378
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**475 877 942**	**-**	**-**	**475 877 942**	**547 879 378**	**-**	**-**	**547 879 378**
Impairment loss allowance	(2 198 657)	-	-	(2 198 657)	(2 800 217)	-	-	(2 800 217)
Net Bonds and Debentures	**473 679 285**	**-**	**-**	**473 679 285**	**545 079 161**	**-**	**-**	**545 079 161**
Analysis								
Gross amount								
Balance as at January	**547 879 378**	**-**	**-**	**547 879 378**	**6 301 527 260**	**-**	**-**	**6 301 527 260**
Effects of IAS29	(425 744 512)	-	-	(425 744 512)	(5 284 610 591)	-	-	(5 284 610 591)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 120 000 000	-	-	1 120 000 000	115 214 716	-	-	115 214 716
Repayments	(766 256 924)	-	-	(766 256 924)	(584 252 007)	-	-	(584 252 007)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**475 877 942**		**-**	**475 877 942**	**547 879 378**	**-**	**-**	**547 879 378**
Impairment								
Balance as at January	**2 800 217**	**-**	**-**	**2 800 217**	**31 434 701**	**-**	**-**	**31 434 701**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(2 175 985)	-	-	(2 175 985)	(26 373 973)	-	-	(26 373 973)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	1 574 425	-	-	1 574 425	(2 260 511)	-	-	(2 260 511)
Interest in suspense (reclassifaction)	-	-	-		-	-	-	-
Changes in parameters	-	-	-		-	-	-	-
Amounts written off during the year as uncollectible	-	-	-		-	-	-	-
Balance as at December	**2 198 657**	**-**	**-**	**2 198 657**	**2 800 517**	**-**	**-**	**2 800 517**

HISTORICAL COST UNAUDITED	31 Dec 2020				31 Dec 2019			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	475 877 942	-	-	475 877 942	122 134 866	-	-	122 134 866
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**475 877 942**	**-**	**-**	**475 877 942**	**122 134 866**	**-**	**-**	**122 134 866**
Impairment loss allowance	(2 198 657)	-	-	(2 198 657)	(624 232)	-	-	(624 232)
Net Bonds and Debentures	**473 679 285**	**-**	**-**	**473 679 285**	**121 510 634**	**-**	**-**	**121 510 634**
Analysis								
Gross amount								
Balance as at January	**122 134 866**	**-**	**-**	**122 134 866**	**226 694 025**	**-**	**-**	**226 694 025**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 120 000 000	-	-	1 120 000 000	25 684 000	-	-	25 684 000
Repayments	(766 256 924)	-	-	(766 256 924)	(130 243 159)	-	-	(130 243 159)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**475 877 942**	**-**	**-**	**475 877 942**	**122 134 866**	**-**	**-**	**122 134 866**
Impairment								
Balance as at January	**624 232**	**-**	**-**	**624 232**	**1 128 152**	**-**	**-**	**1 128 152**
Changes on initial application of IFRS 9	-	-	-		-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	1 574 425	-	-	1 574 425	(503 920)	-	-	(503 920)
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**2 198 657**	**-**	**-**	**2 198 657**	**624 232**	**-**	**-**	**624 232**

31.1.4 Financial assets at amortised cost

AUDITED INFLATION ADJUSTED	31 Dec 2020				31 Dec 2019			
	ECL staging				ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 090 384 201	-	-	1 090 384 201	859 918 819	-	-	859 918 819
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**1 090 384 201**	**-**	**-**	**1 090 384 201**	**859 918 819**	**-**	**-**	**859 918 819**
Impairment loss allowance	(4 922 733)	-	-	(4 922 733)	(4 330 383)	-	-	(4 330 383)
Net financial asset at amortised cost	**1 085 461 468**	**-**	**-**	**1 085 461 468**	**855 588 436**	**-**	**-**	**855 588 436**
Analysis								
Gross amount								
Balance as at January	**859 918 819**	**-**	**-**	**859 918 819**	**5 217 443 077**	**-**	**-**	**5 217 443 077**
Effects of IAS29	(668 223 211)	-	-	(668 223 211)	(4 378 901 287)	-	-	(4 378 901 287)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 033 771 961	-	-	1 033 771 961	1 035 368 469	-	-	1 035 368 469
Repayments	(134 912 608)	-	-	(134 912 608)	(1 013 991 440)	-	-	(1 013 991 440)
Amounts written off during the year as uncollectible	(170 760)	-	-	(170 760)	-	-	-	-
Balance as at December	**1 090 384 201**	**-**	**-**	**1 090 384 201**	**859 918 819**	**-**	**-**	**859 918 819**
Impairment								
Balance as at January	**4 330 383**	**-**	**-**	**4 330 383**	**24 015 382**	**-**	**-**	**24 015 382**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(3 365 041)			(3 365 041)	(20 149 106)	-	-	(20 149 106)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	3 791 178	-	-	3 791 178	526 782	-	-	526 782
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	166 213	-	-	166 213	(62 675)	-	-	(62 675)
Balance as at December	**4 922 733**	**-**	**-**	**4 922 733**	**4 330 383**	**-**	**-**	**4 330 383**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2020

HISTORICAL COST UNAUDITED

	31 Dec 2020 ECL staging				31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	1 090 384 201	-	-	1 090 384 201	191 695 608	-	-	191 695 608
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**1 090 384 201**	**-**	**-**	**1 090 384 201**	**191 695 608**	**-**	**-**	**191 695 608**
Impairment loss allowance	(4 922 733)	-	-	(4 922 733)	(965 342)	-	-	(965 342)
Net financial asset at amortised cost	**1 085 461 468**	**-**	**-**	**1 085 461 468**	**190 730 266**	**-**	**-**	**190 730 266**
Analysis								
Gross amount								
Balance as at January	**191 695 608**	**-**	**-**	**191 695 608**	**186 930 178**	**-**	**-**	**186 930 178**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	1 033 771 961	-	-	1 033 771 961	230 807 355	-	-	230 807 355
Repayments	(134 912 608)	-	-	(134 912 608)	(226 041 925)	-	-	(226 041 925)
Amounts written off during the year as uncollectible	(170 760)	-	-	(170 760)	-	-	-	-
Balance as at December	**1 090 384 201**	**-**	**-**	**1 090 384 201**	**191 695 608**	**-**	**-**	**191 695 608**
Impairment								
Balance as at January	965 342	-	-	965 342	861 882	-	-	861 882
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	3 791 178	-	-	3 791 178	117 432	-	-	117 432
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	166 213	-	-	166 213	(13 972)	-	-	(13 972)
Balance as at December	**4 922 733**	**-**	**-**	**4 922 733**	**965 342**	**-**	**-**	**965 342**

31.1.5 Credit exposure on undrawn loan commitments and guarantees

AUDITED INFLATION ADJUSTED

	31 Dec 2020 ECL staging				31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	422 745 081	-	-	422 745 081	2 590 732 602	-	-	2 590 732 602
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**422 745 081**	**-**	**-**	**422 745 081**	**2 590 732 602**	**-**	**-**	**2 590 732 602**
Loss allowance	(4 559 067)	-	-	(4 559 067)	(711 107)	-	-	(711 107)
Net undrawn loan commitments and guarantees	**418 186 014**	**-**	**-**	**418 186 014**	**2 590 021 495**	**-**	**-**	**2 590 021 495**
Analysis								
Gross amount								
Balance as at January	2 590 732 602	-	-	2 590 732 602	1 254 870 955	-	-	1 254 870 955
Effects of IAS29	(2 013 198 945)	-	-	(2 013 198 945)	(1 052 847 095)	-	-	(1 052 847 095)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	132 787 135	-	-	132 787 135	2 643 443 360	-	-	2 643 443 360
Repayments	(287 575 711)	-	-	(287 575 711)	(254 734 618)	-	-	(254 734 618)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**422 745 081**	**-**	**-**	**422 745 081**	**2 590 732 602**	**-**	**-**	**2 590 732 602**
Impairment								
Balance as at January	**711 107**	**-**	**-**	**711 107**	**3 832 289**	**-**	**-**	**3 832 289**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	(552 585)	-	-	(552 585)	(3 215 322)	-	-	(3 215 322)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	4 400 545	-	-	4 400 545	94 140	-	-	94 140
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**4 559 067**	**-**	**-**	**4 559 067**	**711 107**	**-**	**-**	**711 107**

HISTORICAL COST UNAUDITED

	31 Dec 2020 ECL staging				31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL	Stage 1 12-month ECL ZWL	Stage 2 Lifetime ECL ZWL	Stage 3 Lifetime ECL ZWL	Total ZWL
Credit grade								
Investment grade	422 745 081			422 745 081	577 533 657	-	-	577 533 657
Standard monitoring	-			-	-	-	-	-
Special monitoring	-			-	-	-	-	-
Default	-			-	-	-	-	-
Gross undrawn loan commitments and guarantees	**422 745 081**	**-**	**-**	**422 745 081**	**577 533 657**	**-**	**-**	**577 533 657**
Loss allowance	(4 559 067)	-	-	(4 559 067)	(158 522)	-	-	(158 522)
Net undrawn loan commitments and guarantees	**418 186 014**	**-**	**-**	**418 186 014**	**577 375 135**	**-**	**-**	**577 375 135**
Analysis								
Gross amount								
Balance as at January	**577 533 657**	**-**	**-**	**577 533 657**	**45 035 747**	**-**	**-**	**45 035 747**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	132 787 135	-	-	132 787 135	589 284 093	-	-	589 284 093
Repayments	(287 575 711)	-	-	(287 575 711)	(56 786 183)	-	-	(56 786 183)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**422 745 081**	**-**	**-**	**422 745 081**	**577 533 657**	**-**	**-**	**577 533 657**
Impairment								
Balance as at January	**158 522**	**-**	**-**	**158 522**	**137 536**	**-**	**-**	**137 536**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	4 400 545	-	-	4 400 545	20 986	-	-	20 986
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**4 559 067**	**-**	**-**	**4 559 067**	**158 522**	**-**	**-**	**158 522**

31.1.6 Trade and other receivables including insurance receivables	AUDITED INFLATION ADJUSTED 31 Dec 2020 ZWL	31 Dec 2019 ZWL	HISTORICAL COST UNAUDITED 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Past due and impaired	26 483 900	14 833 198	26 483 900	3 306 659
Allowance for impairment	(26 483 900)	(14 833 198)	(26 483 900)	(3 306 659)
Carrying amount	**-**	**-**	**-**	**-**
Past due but not impaired	28 340 929	149 654 005	28 340 929	33 361 307
Neither past due nor impaired	491 526 761	314 597 281	457 582 697	70 905 125
Gross amount, not impaired	**519 867 690**	**464 251 286**	**485 923 626**	**104 266 432**
Allowance for impairment	(303 742)	(547 762)	(303 742)	(122 109)
Carrying amount, not impaired	**519 563 948**	**463 703 524**	**485 619 884**	**104 144 323**
Total carrying amount	**519 563 948**	**463 703 524**	**485 619 884**	**104 144 323**

31.2 Liquidity risk

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

Management of liquidity risk

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

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

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

AUDITED INFLATION ADJUSTED

Contractual maturity analysis on balance sheet items as at 31 December 2020	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 373 275 229	547 454 662	41 682 767	10 962 412 658
Deposits from other banks	421 832 267	35 116 096	-	456 948 363
Borrowings	1 397 423 896	2 668 862 106	4 987 331 982	9 053 617 984
Insurance liabilities	489 683 226	-	-	489 683 226
Trade and other liabilities excluding deferred income	2 549 379 885	2 465 191 470	75 318 212	5 089 889 567
Total liabilities - (contractual maturity)	**15 231 594 503**	**5 716 624 334**	**5 104 332 961**	**26 052 551 798**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	10 459 374 255	100 000 000	-	10 559 374 255
Financial assets at amortised cost	748 233 821	317 594 798	19 632 849	1 085 461 468
Loans and advances to customers	2 128 525 741	4 542 452 698	6 672 080 387	13 343 058 826
Bonds and debentures	-	467 146 135	6 533 150	473 679 285
Trade and other receivables including insurance receivables	484 141 572	30 715 929	4 706 447	519 563 948
Financial assets at fair value through profit or loss	713 326 052	-	58 422 131	771 748 183
Financial assets at fair value through other comprehensive income	38 389 849	-	-	38 389 849
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 210 070 059	-	282 205 384	1 492 275 443
	15 782 061 349	**5 457 909 560**	**7 043 580 348**	**28 283 551 257**
Liquidity gap	**550 466 846**	**(258 714 774)**	**1 939 247 387**	**2 230 999 459**
Cumulative liquidity gap - on balance sheet	**550 466 846**	**291 752 072**	**2 230 999 459**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	966 195 191	-	966 195 191
Commitments to lend	412 271 355	-	-	412 271 355
Total liabilities	**412 271 355**	**966 195 191**	**-**	**1 378 466 546**
Liquidity gap	**(412 271 355)**	**(966 195 191)**	**-**	**852 532 913**
Cumulative liquidity gap - on and off balance sheet	**138 195 491**	**(1 086 714 474)**	**852 532 913**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
For the year ended 31 December 2020

AUDITED INFLATION ADJUSTED

Contractual maturity analysis on balance sheet items as at 31 December 2019	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	8 985 772 918	63 083 816	34 437 990	9 083 294 724
Deposits from other banks	862 478 132	12 896 171	-	875 374 303
Borrowings	12 900 172	164 744 102	7 548 487 452	7 726 131 726
Insurance liabilities	107 010 494	94 641 734	249 768 476	451 420 704
Trade and other liabilities excluding deferred income	1 823 784 359	1 836 070 952	272 047 971	3 931 903 282
Total liabilities - (contractual maturity)	**11 791 946 075**	**2 171 436 775**	**8 104 741 889**	**22 068 124 739**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	8 558 593 908	-	-	8 558 593 908
Financial assets at amortised cost	25 244 825	490 126 106	340 217 505	855 588 436
Loans and advances to customers	1 227 809 363	2 570 799 904	7 689 416 662	11 488 025 929
Bonds and debentures	-	448 585 563	96 493 598	545 079 161
Trade and other receivables including insurance receivables	87 455 008	221 610 082	154 638 434	463 703 524
Financial assets at fair value through profit or loss	75 474 606	-	170 945 147	246 419 753
Financial assets at fair value through other comprehensive income	-	-	66 704 543	66 704 543
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	852 716 372	63 078 137	391 223 383	1 307 017 892
	10 827 294 082	**3 794 199 792**	**8 909 639 272**	**23 531 133 146**
Liquidity gap	**(964 651 993)**	**1 622 763 017**	**804 897 383**	**1 463 008 407**
Cumulative liquidity gap - on balance sheet	**(964 651 993)**	**658 111 024**	**1 463 008 407**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	2 488 475 307	-	2 488 475 307
Commitments to lend	102 257 295	-	-	102 257 295
Total liabilities	**102 257 295**	**2 488 475 307**	**-**	**2 590 732 602**
Liquidity gap	**(102 257 295)**	**(2 488 475 307)**	**-**	**(1 127 724 195)**
Cumulative liquidity gap - on and off balance sheet	**(1 066 909 288)**	**(1 932 621 578)**	**(1 127 724 195)**	**-**

HISTORICAL COST UNAUDITED

Contractual maturity analysis on balance sheet items as at 31 December 2020	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	10 373 275 229	547 454 662	41 682 767	10 962 412 658
Deposits from other banks	421 832 267	35 116 096	-	456 948 363
Borrowings	1 397 423 896	2 668 862 106	4 987 331 982	9 053 617 984
Insurance liabilities	402 454 943	-	-	402 454 943
Trade and other liabilities excluding deferred income	2 549 379 885	2 465 191 470	75 318 212	5 089 889 567
Total liabilities - (contractual maturity)	**15 144 366 220**	**5 716 624 334**	**5 104 332 961**	**25 965 323 515**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	10 459 374 255	100 000 000	-	10 559 374 255
Financial assets at amortised cost	748 233 821	317 594 798	19 632 849	1 085 461 468
Loans and advances to customers	2 128 407 587	4 542 452 698	6 672 080 387	13 342 940 672
Bonds and debentures	-	467 146 135	6 533 150	473 679 285
Trade and other receivables including insurance	-	-	-	
receivables	450 197 507	30 715 929	4 706 448	485 619 884
Financial assets at fair value through profit or loss	749 810 816	-	58 422 131	808 232 947
Financial assets at fair value through other comprehensive income	38 389 849	-	-	38 389 849
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	1 187 919 497	-	282 205 384	1 470 124 881
	15 762 333 332	**5 457 909 560**	**7 043 580 349**	**28 263 823 241**
Liquidity gap	**617 967 112**	**(258 714 774)**	**1 939 247 388**	**2 298 499 726**
Cumulative liquidity gap - on balance sheet	**617 967 112**	**359 252 338**	**2 298 499 726**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	966 195 191	-	966 195 191
Commitments to lend	412 271 355	-	-	412 271 355
Total liabilities	**412 271 355**	**966 195 191**	**-**	**1 378 466 546**
Liquidity gap	**(412 271 355)**	**(966 195 191)**	**-**	**920 033 180**
Cumulative liquidity gap - on and off balance sheet	**205 695 757**	**(1 019 214 208)**	**920 033 180**	**-**

Contractual maturity analysis on balance sheet items as at 31 December 2019	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	2 003 134 669	14 062 828	7 677 017	2 024 874 514
Deposits from other banks	192 266 137	2 874 852	-	195 140 989
Borrowings	2 875 744	36 725 235	1 682 730 807	1 722 331 786
Insurance liabilities	7 022 401	21 097 811	23 213 020	51 333 232
Trade and other liabilities excluding deferred income	406 563 321	401 075 098	45 813 309	853 451 728
Total liabilities - (contractual maturity)	**2 611 862 272**	**475 835 824**	**1 759 434 153**	**4 847 132 249**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	1 907 906 680	-	-	1 907 906 680
Financial assets at amortised cost	5 627 650	109 260 339	75 842 277	190 730 266
Loans and advances to customers	273 706 839	573 090 202	1 714 123 258	2 560 920 299
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Trade and other receivables including insurance receivables	20 269 903	49 401 965	34 472 455	104 144 323
Financial assets at fair value through profit or loss	16 825 019	-	40 935 612	57 760 631
Financial assets at fair value through other comprehensive income	-	-	14 869 971	14 869 971
Other assets excluding time share assets, deferred acquisition costs, stationery and prepayments	178 248 631	14 178 028	90 653 040	283 079 699
	2 402 584 722	**845 930 534**	**1 992 407 247**	**5 240 922 503**
Liquidity gap	**(209 277 550)**	**370 094 710**	**232 973 094**	**393 790 254**
Cumulative liquidity gap - on balance sheet	**(209 277 550)**	**160 817 160**	**393 790 254**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	22 795 494	-	-	22 795 494
Total liabilities	**22 795 494**	**554 738 163**	**-**	**577 533 657**
Liquidity gap	**(22 795 494)**	**(554 738 163)**	**-**	**(183 743 403)**
Cumulative liquidity gap - on and off balance sheet	**(232 073 044)**	**(416 716 497)**	**(183 743 403)**	**-**

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

31.3 Market risk

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

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

31.3.1 Interest rate risk

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

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

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

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

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

Scenario analysis of net interest income

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

31.3.2 Currency risk

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

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

31.3.3 Equity Price risk

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

31.4 Settlement risk

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

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

31.5 Operating risk

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

Operational risk exists in all products and business activities.

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

31.6 Capital risk

31.6.1 Regulatory Capital and Financial Risk Management

Capital risk refers to the risk of the Group's own capital resources being adversely affected by unfavourable external developments. The Group's objective when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:
- To comply with the capital requirements set by the regulators of the Group's subsidiaries;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its businesses.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (CONTINUED)
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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 31 December 2020	Regulatory Authority	Minimum* capital required US$	Minimum* capital required ZWL	Net Regulatory Capital ZWL	Total Equity ZWL
FBC Bank Limited	RBZ	30 000 000	2 453 598 000	1 998 606 121	3 069 555 765
FBC Building Society	RBZ	20 000 000	1 635 732 000	368 187 450	726 841 681
FBC Reinsurance Limited	IPEC		150 000 000	503 092 516	503 092 516
FBC Securities (Private) Limited	SECZ		150 000	12 456 815	12 456 815
FBC Insurance Company (Private) Limited	IPEC		37 500 000	211 048 135	211 048 135
Microplan Financial Services (Private) Limited	RBZ		25 000	35 900 135	35 900 135
As at 31 December 2019					
FBC Bank Limited	RBZ	30 000 000	503 202 000	566 671 769	627 839 389
FBC Building Society	RBZ	20 000 000	335 468 000	142 572 121	145 411 819
FBC Reinsurance Limited	IPEC		150 000 000	95 676 460	95 676 460
FBC Securities (Private) Limited	SECZ		150 000	1 894 851	1 894 851
FBC Insurance Company (Private) Limited	IPEC		37 500 000	46 806 996	46 806 996
Microplan Financial Services (Private) Limited	RBZ		25 000	18 516 902	18 516 902

* Effective 31 December 2021.

31.7 Reputational risk
Reputational risk refers to the risk of damage to the Group's image, which may affect its ability to retain and generate business.

The Group manages reputational risk by ensuring that business is conducted in accordance with the legal and regulatory requirements. In addition, the Group's corporate governance structure conforms to international standards. The Group also has systems in place to monitor customer service satisfaction levels as well as processes to resolve customer queries and complaints.

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

31.9 Strategic risk
Strategic risk refers to the potential for opportunity loss arising from failure to optimise the earnings potential of the Group.

The Board approves the Group's strategy as formulated by top management, while the Chief Executive Officer has the overall responsibility of strategy implementation. The Board conducts a quarterly review of the strategy's performance and its continued applicability.

32 Statement of Compliance
The Group complies with the following statutes inter alia:-
The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Insurance Act (Chapter 24:07) and the Companies Act (Chapter - 24:03). In addition, the Group also complies with the Reserve Bank of Zimbabwe and Insurance and Pensions Commission's directives on liquidity management, capital adequacy as well as prudential lending guidelines.

33 INTERNATIONAL CREDIT RATINGS
The Group suspended the credit ratings on 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+	A-	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-	BBB-
Microplan Financial Services Limited	BBB	BBB	BBB-	BBB-	N/A

34 SUBSEQUENT EVENTS

34.1 Dividend Declared
Notice is hereby given that a final dividend of 44.65 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 5 May 2021 in respect of the year ended 31 December 2020. The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 28 May 2021. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 24 May 2021 and ex-dividend as from 26 May 2021. Dividend payment will be made to Shareholders on or about 7 June 2021.

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

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

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

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

Key
√ - Attended
x - Apologies
n/a - not applicable

Q1 - Quarter 1
Q2 - Quarter 2
Q3 - Quarter 3
Q4 - Quarter4

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY

10 May 2021