FBC Holdings Limited

2023
Annual Report

FBC Holdings Limited

You Matter Most

Contents

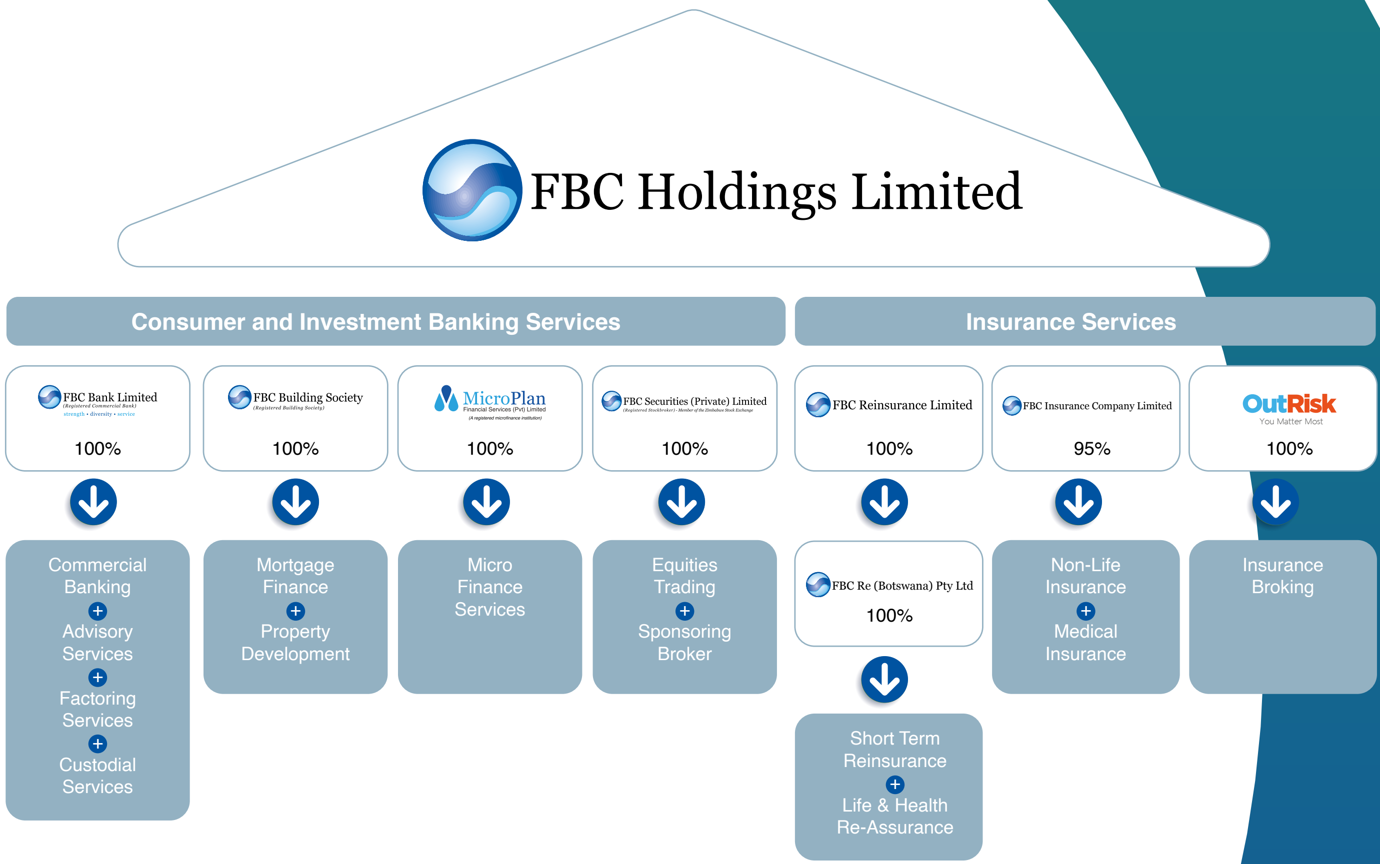
About This Report

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

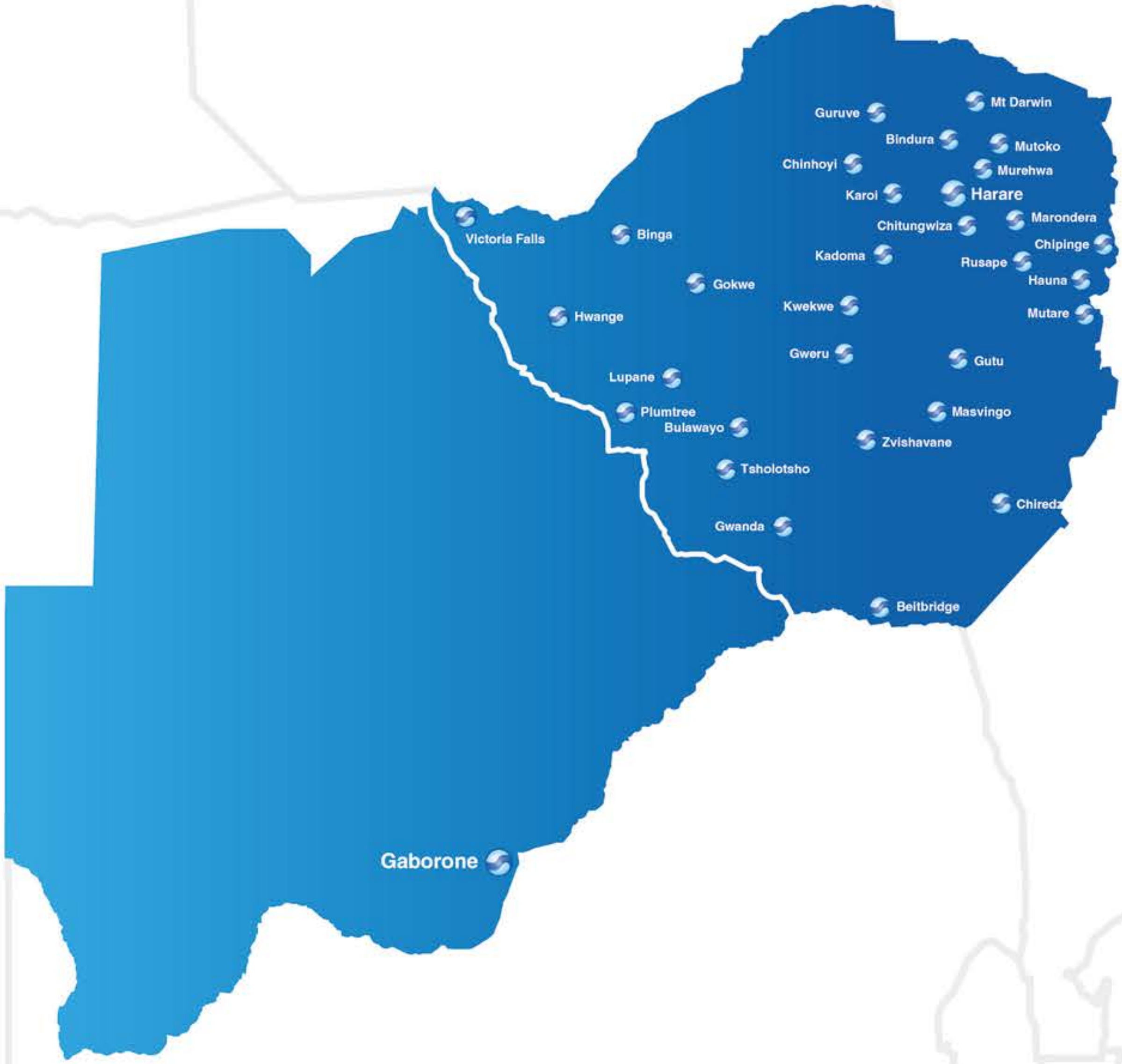
This annual report can be viewed at

www.fbc.co.zw

Group Structure



FBCH Footprint



Our Pillars of Strength

CORE VALUES	GOVERNANCE	OUR TEAM	SOCIAL IMPACT AND FINANCIAL INCLUSION
Integrity	8 Boards of Directors in the Group	588 Permanent Employees	+ 550 000 Mobile Banking Subscribers
Teamwork	Independent Chairpersons	77% of Staff < 45 years	+99 Construction Jobs
Commitment	31 Non-Executive Directors	42% Female Employees	26 Micro-Finance Institution branches nationwide including agencies
Communication	20 Executive Directors	254 Contract Employees	
Life-long learning and Entrepreneurship			

Our Vision and Mission Statement

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

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

General Information

Registered Office
6th Floor FBC Centre
45 Nelson Mandela Avenue
P.O. Box 1227, Harare
Zimbabwe
Telephone : +263-0242-700312/797770
: +263-0242-708071/2
Telex : 24512 FIRSTB ZW
Swift : FBCPZWHA
Fax : +263-0242-700761
E-mail : info@fbc.co.zw
Website : http://www.fbc.co.zw

Transfer Secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Avenue, Eastlea
P.O. Box 11 Harare
Telephone : +263-0242-782869
Mobile : +263 772146157/8

Independent Auditors
KPMG Zimbabwe
Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6 Harare
Zimbabwe
Telephone : +263-0242-303700, 302600
Fax : +263-0242-303699

Attorneys
DMH Legal Practitioners
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Telephone : +263-0242-250909-13

Costa & Madzonga Legal Practitioners
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P.O. Box CY1221, Causeway, Harare
Telephone : +263-08644133638/9

FBC Bank Limited

Belgravia Private Banking Branch
No. 2 Lanark Road, Belgravia
P.O. Box A852, Avondale, Harare
Telephone : +263-0242-251975
: +263-0242-251976
Fax : +263-0242-253556

Chinhoyi Branch
Stand Number 14 Robson Manyika
P.O. Box 1220, Chinhoyi
Telephone : +263-067-24086
Fax : +263-067-26162

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

Masvingo Branch
FBC Centre
179 Robertson Street, Masvingo
Telephone : +263-039-264118-9
: +263-039-264415-6
: +263-039-262671
Fax : +263-039-262912

Gweru Branch
71 Sixth Street
P.O. Box 1833, Gweru
Telephone : +263-054-26491
: +263-054-26493
: +263-054-26497
Fax : +263-054-26498

Kwekwe Branch
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P.O. Box 1963, Kwekwe
Telephone : +263-055-24116
: +263-055-24160
Fax : +263-055-24208

Mutare Branch
101 A Herbert Chitepo Avenue
P.O. Box 2797, Mutare
Telephone : +263-020-62586
: +263-020-62114
Fax : +263-020-60543

General Information (Continued)

FBC Bank Limited (Continued)

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

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

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

Victoria Falls Branch
Shop 7 & 8 Sawanga Complex
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Telephone : +263-083-45995/6
Fax : +263-083-5995/6

Msasa Branch
104 Mutare Road
P.O. Box AY1 Amby, Msasa, Harare
Telephone : +263-0242-446806
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Bulawayo Private Branch
Asbestos Harare
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Telephone : +263-029-76079
: +263-029-76371
: +263-029-67536

Borrowdale Branch
Unit 122-125, Sam Levy's Village
Borrowdale, Harare
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FBC Reinsurance Limited

Head Office
4th Floor, FBC Centre
45 N Mandela Avenue
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Telephone : +263-0242-772703/7
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Bulawayo Office
FBC House
Cnr R Mugabe Way and 11th Avenue
P.O. Box 2199, Bulawayo
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FBC Insurance Company Limited

Head Office
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105 Jason Moyo Avenue, Harare
Telephone : +263-0242-708212
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Mutare Branch
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1st Floor, Asbestos House
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OutRisk Underwriting Management Agency (Private) Limited

Head Office
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45 Nelson Mandela Avenue, Harare

General Information (Continued)

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Leopold Takawira Branch
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113 Leopold Takawira
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Impala Seeds Building
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FBC Securities (Private) Limited

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Microplan Financial Services (Private) Limited

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Microplan Financial Services (Private) Limited (Continued)

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Kadoma

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: +263 773 396 657

Hauna Office
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Guruve Office
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Hwange
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Cell : +263 778 942 055

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Zvishavane
Phone : +263 774 381 574

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

USD SecureSave Account

Secure Savings

Earn Interest

No Monthly Charges

USD Currency

Achieve Financial Peace of Mind with **SecureSave**.
The Safest Way to Save and Grow Your Money!

@FBCHoldings

You Matter Most

FBC Bank

Report Profile

FBC Holdings Limited is once again pleased to present its annual integrated financial statements including sustainability reporting on the Group's non-financial performance for the period ended 31 December 2023. The reporting cycle is annual with the last report having been published in June 2023.

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

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

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

Financial Highlights

For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST *	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Consolidated statement of profit or loss				
Profit before income tax	403 517 483 458	113 711 550 624	576 304 128 087	47 861 293 816
Profit for the year	327 387 094 340	60 243 978 364	478 418 009 911	38 715 289 691
Consolidated statement of financial position				
Total equity	705 878 332 372	293 082 444 525	707 409 043 612	63 292 123 765
Total assets	3 393 891 910 412	1 593 496 136 577	3 389 407 631 152	329 806 332 498
Share statistics				
Shares in issue - actual (m)	672	672	672	672
Shares in issue - weighted (m)	611	629	611	629
Basic earnings/(loss) per share - (ZWL cents)	53 593.92	9 568.25	78 335.07	6 154.63
Diluted earnings/(loss) per share - (ZWL cents)	53 593.92	9 568.25	78 335.07	6 154.63
Headline earnings/(loss) per share - (ZWL cents)	53 948.31	9 567.93	78 379.46	6 153.07
Dividend per share - ordinary (ZWL cents)	4 830.83	2 622.68	2 714.51	306.27
Closing share market price - (ZWL cents)	90 605.00	6 200.00	90 605.00	6 200.00
Ratios				
Return on shareholders equity	46%	21%	68%	61%
Cost to income ratio	75%	67%	52%	53%

**This is due to initial application of IFRS 17

Herbert Nkala
Group Chairman

Total Income ZWL		
Inflation Adjusted	1.27 trillion (2023)	533.0 billion (2022)
Historical Cost	1.19 trillion (2023)	102.6 billion (2022)

Profit Before Tax ZWL		
Inflation Adjusted	403.5 billion (2023)	113.7 billion (2022)
Historical Cost	576.3 billion (2023)	47.9 billion (2022)

Profit After Tax ZWL		
Inflation Adjusted	327.4 billion (2023)	60.2 billion (2022)
Historical Cost	478.4 billion (2023)	38.7 billion (2022)

Total Assets ZWL		
Inflation Adjusted	3.4 trillion (2023)	1.6 trillion (2022)
Historical Cost	3.4 trillion (2023)	329.8 billion (2022)

Total Equity ZWL		
Inflation Adjusted	705.9 billion (2023)	293.1 billion (2022)
Historical Cost	707.4 billion (2023)	63.3 billion (2022)

Net Asset Value Per Share ZWL		
Inflation Adjusted	1 156 (2023)	480 (2022)
Historical Cost	1 159 (2023)	104 (2022)

Basic Earnings Per Share ZWL (Cents)		
Inflation Adjusted	53 594 (2023)	9 568 (2022)
Historical Cost	78 335 (2023)	6 155 (2022)

Cost-to-Income Ratio		
Inflation Adjusted	75% (2023)	67% (2022)
Historical Cost	52% (2023)	53% (2022)

Dividend US$ (Cents)	
Final	0.45
Interim	0.45

Group Chairman's Statement

Financial Performance Review – Inflation Adjusted

Notwithstanding the challenges faced in 2023, FBC Holdings achieved a commendable set of financial results. The Group's profit before tax, adjusted for inflation, was ZWL403.5 billion, which represents a 255% increase from ZWL113.7 billion recorded in the previous year. This notable performance was mainly driven by the growth in total income and in part, by cost containment. The Group's profit after tax increased by 443% to ZWL327.4 billion.

Total income for the Group increased by 138% to ZWL1.3 trillion, up from ZWL533.0 billion, driven by the growth in all revenue streams, save for insurance and property sales. The Group's net interest income increased by 69% to ZWL239.8 billion, compared to ZWL142.2 billion in 2022, supported by a 121% growth in loans and advances, which closed the year at ZWL1.6 trillion. The Group's banking subsidiaries experienced a higher demand for foreign-currency-denominated loans in response to increased usage of multiple currencies for local transactions. The loan book is now predominantly USD-denominated.

The Group's net fee and commission income registered a 179% growth to ZWL231.5 billion, mainly due to increased transactional volumes across the various digital delivery channels. The Group's insurance subsidiaries reported an insurance service loss of ZWL12.4 billion due to a persistent mismatch between premium recording, collections and foreign currency-indexed claims.

Total other income, which includes foreign exchange and investment income, grew by 163%, significantly contributing to the Group's total revenue. This income was mainly derived from the Group's hedged positions.

Administration expenses increased by 169% to ZWL955.5 billion from ZWL354.8 billion reported in the previous year as a result of the re-pricing of overheads in line with exchange rate movements and inflation trends. Consequently, the Group's cost-to-income ratio was 75%, compared to 67% in 2022.

The Group's statement of financial position strengthened to ZWL3.4 trillion, anchored by a growth in loans and advances. Shareholders' funds grew by 141% to ZWL706 billion, mainly due to increased profitability for the year. The Group remains committed to preserving shareholder value and growth.

Operating Environment

The Zimbabwean economy experienced growth despite the currency instability and high levels of inflation. According to the International Monetary Fund (IMF), the country achieved a GDP growth of 5.3% in 2023, driven by the remarkable expansion of the agricultural and mining sectors. Foreign currency inflows and remittances continue to support the growth of domestic trade and services, which are heavily dollarized. Remittances are expected to remain strong and the current account is projected to be in a small surplus.

Despite the growing disparity between the Zimbabwean Dollar (ZWL) and the United States Dollar (USD) in both the official and alternative markets, we believe that increased dollarization will continue to stabilize the economy. While power outages have continued to have a significant impact on business productivity across all sectors, there was an improvement in power generation capacity in the second half of the year.

The government is making concerted efforts to re-engage with the international community, restore macroeconomic stability, and establish a track record of sound economic policies. We have faith in the structural reforms being implemented by the government to improve the business climate, strengthen economic governance, and reduce vulnerabilities. FBC Holdings will continually seek opportunities to promote sustained and inclusive growth that complements Zimbabwe's development objectives embodied in the country's National Development Strategy 1 (2021-2025).

"The Group's net fee and commission income registered a **179% growth** to ZWL231.5 billion, mainly due to increased transactional volumes across the various digital delivery channels."

Group Chairman's Statement (Continued)

Financial Services
The financial services industry remained stable and profitable in 2023. Market liquidity tightened as the election period approached but gradually eased towards the end of the year. As a result, the financial services sector invested in various hedging strategies to preserve shareholder capital and profitability, resulting in increased revaluation and foreign exchange gains.

The banking sector experienced significant growth in aggregate loans in real terms. Asset quality remained favourable at 3.5%, well below the regulatory threshold of 5%.

The Reserve Bank of Zimbabwe launched the National Financial Inclusion Strategy (NFIS) II (2022-2026) to promote sustainable livelihoods; create wealth and employment; and support gender equality. The strategy provides clear guidelines for the financial services sector to follow. In this regard, our microfinance subsidiary and fintech unit are developing products and services that promote inclusivity.

Foreign Exchange
During the reviewed period, the country experienced significant changes in foreign exchange rates. The official exchange rate, which was pegged at ZWL930.00:US$1.00 at the beginning of the year, reached a rate of ZWL6 105.00:US$1.00 by the end of the year. The Reserve Bank of Zimbabwe implemented various measures aimed at enhancing transparency, promoting fair pricing, and stabilizing the foreign exchange market. Some of these measures include increasing the frequency of auctions and introducing a willing-buyer, willing-seller interbank foreign exchange market. Despite these efforts, the foreign exchange market remained volatile throughout the year, negatively impacting economic activity.

Inflation
The government was able to control high annual headline inflation by implementing strict monetary and fiscal policies despite a difficult start to the year. The inflation rate, which began at 34.8%, peaked at 44.1% in February but ultimately decreased to 26.5% by the end of the year. Additionally, the month-on-month inflation rate peaked at 12.1% in June, before dropping to 4.7% in December.

Despite these fluctuations, the Group managed to hedge part of its balance sheet to preserve shareholder value. We commend the government for its continuous efforts to address structural challenges and guide the country towards sustained economic growth and low inflation.

Insurance Sector
The government introduced the Insurance (Amendment) Regulations, 2023 (No. 26), through Statutory Instrument 81 of 2023. This regulation discourages credit insurance and aims to manage high-premium debtors as well as improve the quality of insurance collections. Our insurance subsidiaries are expected to benefit through increased cash inflows and increased investments, subsequently improving the capacity to settle claims. On 28 November 2023, the government launched the third Money Laundering National Risk Assessment (ML-NRA). This initiative encourages all insurance companies to perform sectoral and institutional risk assessments to heighten awareness of money laundering risks on a national scale. I am pleased to report that our Group's insurance subsidiaries remained compliant with all regulatory requirements throughout the year.

Property Market
Although some sectors of the real estate market demonstrated resilience during the period under review, the overall market faced challenges due to the economic environment. Towards the end of the year, the multi-currency regime stabilized and there was increased circulation of the United States Dollar (USD), resulting in a slight growth in the construction of residential properties. Sales of residential properties, however, remained low due to the market's insistence on foreign currency payments. Demand for Central Business District (CBD) office space continued to decline as most occupants shifted their preference to the suburban market. This shift was primarily due to high rentals, increased parking fees, and traffic congestion in the CBD. Resultantly, many corporate entities are migrating to the suburban market. Nonetheless, the rental market remained highly active in 2023, with most rentals denominated in USD.

The Group firmly believes that the development of strong communities is dependent on the country's ability to meet the basic needs of its people. In the review period, we supported national housing initiatives by providing over 300 rental units at Fontaine Ridge (Harare) and at Eastlea (Zvishavane). Additionally, we constructed thirteen townhouses in Glen Lorne, further contributing to the development of the area.

Stock Market Performance
The Zimbabwe Stock Exchange All Share Index gained 981.54% in the year ending December 31, 2023, closing at 210 833.92 points. Liquidity constraints, however, resulted in low trading volumes on the local bourse, due to strict monetary and fiscal policies aimed at controlling inflation and exchange rate movements. The market capitalization of the

Group Chairman's Statement (Continued)

> "Our major milestones for the year ending 31 December 2023 include seamless customer onboarding, lending platforms and payment solutions."

Zimbabwe Stock Exchange increased by 722.20%, reaching ZWL16.8 trillion. In US dollar terms, the ZSE All Share Index and market capitalisation both declined by 7.78% and 32% respectively, having been adjusted for migrations to the Victoria Stock Exchange. The market capitalisation was recorded at US$1.48 billion in US dollar terms.

Meanwhile, the Victoria Falls Stock Exchange All Share Index declined 25.69%, while the market capitalization rose 74% to US$1.2 billion.

FBCH Share Price Performance

The FBCH share price closed the year at ZWL906.05 after gaining 1,361.37%. Subsequently, the Group's market capitalization improved from ZWL41.7 billion to ZWL608.8 billion. During the year, a total of 9.52 million shares were traded at a weighted average price of ZWL656.18. The Group remains committed to the preservation and growth of shareholder value.

Sustainability

FBC Holdings believes that the organization's long-term success hinges on its connectedness to and alignment of its operations with the environmental and social priorities of the communities it serves. The company has integrated sustainability best practices into its core strategy and is collaborating with partners and stakeholders to create more sustainable and inclusive communities. The primary goal is to redefine finance by making it affordable, accessible, and inclusive, while nurturing sustainable solutions in response to evolving stakeholder needs and the changing global economic and regulatory landscape.

The Group appreciates the regulatory authorities' commitment to facilitating sustainable growth and returns, by prioritizing sustainability and climate-related risks and opportunities. In 2023, the Reserve Bank of Zimbabwe Climate Risk Management Guideline and the International Financial Reporting Standards (IFRS) sustainability disclosures were introduced, capital allocation and compelling all players to consider environmental impact, as they pursue profitability. The Group has significantly progressed in adopting these sustainability best practices.

Our Community Impact

The Group has continued with its community-driven initiatives which are designed to create long-term benefits for vulnerable communities. The Group invested over USD580,000.00 in community-driven initiatives during the review period. Entembeni Old People's Home in Bulawayo, Shungu Dzevana Children's Home farm in Mhondoro and Gurungweni Secondary School in Chikombedzi received assistance in the form of groceries, farming implements, and building materials. The Group also sponsored the 2023 Zimbabwe Open Golf Championship as the title sponsor in association with the Zimbabwe Golf Association (ZGA), which has a vibrant grassroots training program, aimed at exposing disadvantaged youth to the world of golf.

Digital Transformation and Innovation

In today's fast-changing financial landscape, digital transformation and innovation are no longer optional but necessary. FBC Holdings understands this and is committed to the journey of digital transformation. Through our dedicated fintech unit, we continuously review the Group's technology architecture and develop comprehensive strategies that align with the customers' ever-changing needs. Our main goal is to provide a secure, user-friendly, and seamless digital experience, increase resource efficiency and foster a culture of innovation across FBC Holdings.

Our major milestones for the year ending 31 December 2023 include seamless customer onboarding, lending platforms and payment solutions. These digital advancements have enabled FBCH to improve service, operational efficiency and ensure regulatory compliance. We aim to be a leading force in the market, building a future-proof organization centred on customer needs and continuous stakeholder engagement. While we celebrate our achievements in 2023, we understand the importance of exploring and integrating emerging technologies into our business to respond to the evolving needs of our diverse customer base.

Group Chairman's Statement (Continued)

Compliance

The Group understands the importance of maintaining stakeholder trust and confidence in its pursuit of providing excellent service. Throughout the reporting period, we have continued to prioritize compliance and governance as fundamental pillars of our business strategy. Our Board of Directors provides robust oversight of our compliance efforts, ensuring that we adhere to the highest standards of corporate governance and ethical conduct. We have established clear lines of accountability and a robust framework for monitoring and evaluating compliance risks, which enable us to identify and mitigate potential issues in a timely and effective manner.

Standard Chartered Bank Zimbabwe (SCBZ) Acquisition Update

During the period under review, the shareholders of FBC Holdings Limited approved the acquisition of Standard Chartered Bank's operations in Zimbabwe. The Group has subsequently received most of the necessary regulatory approvals and is working towards fulfilling conditions precedent to the acquisition. The complete takeover of the business is expected in the second half of the year.

Directorate

The Board of Directors of FBC Holdings wishes to advise that Dr John Mushayavanhu stepped down as Group Chief Executive of FBC Holdings with effect from 31 December 2023, following his appointment as Governor of the Reserve Bank of Zimbabwe. The Group is grateful for his exceptional leadership over the years and wishes him success in his new role.

Subsequently, the Board of Directors of FBC Holdings Limited appointed Mr Trynos Kufazvinei as the Group Chief Executive of FBC Holdings Limited, effective 1 January 2024. Prior to his new role, he was the Deputy Chief Executive of FBC Holdings and has a proven track record of success as part of the core team that has been instrumental in the development and execution of corporate strategy over the years. He is well-positioned to lead the FBCH team and advance the growth of the FBC brand.

Furthermore, the Board wishes to advise that Mr Webster Rusere, the Managing Director of FBC Bank Limited, was appointed Deputy Group Chief Executive of FBC Holdings Limited, effective 1 January 2024. Mr Abel Magwaza was appointed Group Finance Director with effect from 1 January 2024, he was previously an executive director with FBC Bank.

The Board looks forward to a productive stewardship of the new appointees.

Dividend

I am pleased to advise that the Company has declared a final dividend of US 0.45 cents per share. This is in addition to an interim dividend of US 0.45 cents, which was paid in September 2023. The dividend is payable to Shareholders registered in the books of the Company at the close of business on Friday 19 April 2024. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 15 April 2024 and ex-dividend as from 16 April 2024. The dividend payment will be made to Shareholders on or about 29 April 2024.

Outlook

GDP is projected to be around 3.5% in 2024, which is a decrease from 5.3% in 2023. This partly reflects the impact of the El Nino drought on agricultural production and lower commodity prices. The Group will continue to scout for opportunities to create value for all key stakeholders, while emphasizing the preservation of capital.

Appreciation

Despite operating in a challenging environment, our Group has managed to not only survive but thrive, thanks to the unwavering support of our esteemed customers. Their loyalty has been a beacon of hope and motivation, enabling us to overcome obstacles and emerge stronger than ever before. We are deeply grateful to all stakeholders for their trust and confidence in us and we remain committed to providing them with the highest standards of service and quality that they have come to expect from us. To the FBC Holdings Board, management, and staff, we extend our heartfelt appreciation for your unparalleled guidance, commitment, and exceptional performance.

Herbert Nkala
FBC Holdings Chairman

30 March 2024

Trynos Kufazvinei
Group Chief Executive

I am pleased to present FBC Holdings Limited's audited financial results for the year ended 31 December 2023. These results showcase our journey as a diversified financial services Group committed to delivering an exceptional customer experience through value-added relationships.

Operating Environment

The country has witnessed a strong economic rebound since the COVID-19 pandemic, making it one of the fastest-growing economies in the Southern African Development Community. Growth is, however, expected to slow down to 3.5% in 2024, which is a decrease from 5.3% in 2023, due to depressed global growth and erratic below-average rainfall, caused by the El Niño weather pattern, affecting agricultural output. The mining sector is expected to grow by 7.6% and accommodation and food services by 6.9%, while the agriculture sector is projected to contract by 4.9%. Despite the challenging operating environment, FBC Holdings Limited will strive to facilitate economic growth, manage risk, and promote financial inclusion through various value chain financing initiatives.

Zimbabwe has faced increased global turmoil over the years, notwithstanding an expansionary monetary policy that has added initial pressure on inflation and the exchange rate. The Reserve Bank of Zimbabwe has, however, taken proactive measures to bring down inflation and quell informal market premiums by tightening the monetary policy. The government has also extended the use of the US dollar as legal tender until 2030, inspiring confidence in the local operating environment. It is noted that the attainment of foreign exchange and inflation rate stability is progressive and requires consistent implementation of monetary policy and budget discipline. The extension of the multi-currency environment will allow the Group to mobilize resources and realign investment tenors to achieve business growth.

Group Chief Executive's Report

> "FBC Holdings had a strong financial performance for the period ending 31 December 2023, with solid balance sheet growth and sustained earnings across its various subsidiaries."

The first half of 2024 could be challenging, due to local food insecurity, a slowdown in global output, reduced trade and investment and increased volatility in commodity prices. The Group will strive to preserve shareholder value and seek out opportunities for sustained growth and profitability.

Our Consolidated Group Performance

FBC Holdings had a strong financial performance for the period ending 31 December 2023, with solid balance sheet growth and sustained earnings across its various subsidiaries. The Group achieved a commendable profit before tax of ZWL403.5 billion, which is an improvement of 255% compared to the prior year's ZWL113.7 billion. Total net income improved by 138% to ZWL1.3 trillion, largely comprising net interest income and exchange gains emanating from the group's foreign currency net asset position. The composition of the Group's earnings profile demonstrates growth and agility in a challenging operating environment, where capital preservation is critical.

Total operating expenses were recorded at ZWL955.5 billion, which is 169% higher than the previous year. Consequently, the cost-to-income ratio for the review period was recorded at 75%, against a figure of 67% recorded in the previous year. The increase in group expenses was primarily a reflection of the movement in prices of goods and services in the local currency, which responded rapidly to the depreciation in the exchange rate. The government has however, instituted fiscal and monetary measures to re-establish stability in the foreign exchange market. The Group is confident that these measures will relatively stabilize the prices of goods and services.

An increase in lending portfolios, especially in foreign currency by the banking subsidiaries, supported the balance sheet to ZWL3.4 trillion, representing a growth of 113% compared to the ZWL1.6 trillion achieved in the previous year. Total equity increased by 141% to ZWL705.9 billion from ZWL293.1 billion, reflecting the Group's sustained business underwriting capacity. The Group's total equity is hedged through hard currency-denominated assets and investment properties. As of December 31, 2023, all Group subsidiaries complied with their applicable regulatory minimum capital requirements.

Group Segment Reviews

FBC Holdings' performance in 2023 reflects the Group's strength to navigate the challenging environment. The Group achieved growth well ahead of its strategic targets and maintained its focus on cost discipline while investing in key priority areas of growth.

FBC Bank Limited (FBC Bank)

FBC Bank made a profit before tax of ZWL299 billion, representing a 150% increase from the previous year's ZWL120 billion. The impressive performance was driven by strong growth in the lending portfolio and increased transactional fees, thanks to the Group's digitalization strategy. As of 31 December 2023, FBC Bank's lending portfolio was valued at ZWL1.4 trillion, driving interest income to ZWL184.6 billion, registering a 36% growth from the previous year.

The Bank's total payments and processing income improved by 182% to ZWL204.6 billion from ZWL72.6 billion in the previous year, benefitting from the Group's paperless banking initiatives. The Bank has deployed 6 004 Point of Sale machines into the market and has over 300,000 active accounts across its digital banking channels.

Looking ahead, FBC Bank will continue to implement strategies to grow and hedge its balance sheet in both local and foreign currency terms.

FBC Building Society

The Building Society achieved a surplus position of ZWL85.4 billion, which represents a growth of 166% compared to the previous year. The Society's income performance is derived mainly from fair value gains achieved through its investment properties, in line with the Group's value preservation strategy. The Building Society is committed to reducing the country's housing backlog as it undertakes housing development and student accommodation projects, following the Country's Vision 2030.

During the review period, the Building Society constructed 98 high-density cluster homes at the Zvishavane Eastlea project and 13 low-density townhouses at the GlenLorne

Group Chief Executive's Report (Continued)

project in Harare. Rental income from the leasing of investment properties contributes to foreign currency income generation. The Fontaine Ridge Phase 1A project, with 149 units, and Phase 1B project, with 109 units, both have a 100% occupancy rate. The Zvishavane Eastlea Phase 2 project, comprising 24 housing units, had a 95% occupancy rate. In 2024, the Building Society is exploring project funding for other property segments, such as retail and commercial properties. Additionally, the Society has started to incorporate climate-proofing methodologies into its project designs, to address climate risk-related concerns and create sustainable communities.

Microplan Financial Services

Microplan Financial Services experienced a significant increase in profitability from ZWL1.6 billion to ZWL9.01 billion, which represents a growth of 463%. The growth was due to a heightened demand for loans by micro, small-to-medium enterprises, as well as low-income households seeking to supplement their incomes. Net income also improved from ZWL7.8 billion to ZWL66.3 billion, driven by robust growth in vendor financing partnerships across the information, communications, technology, solar, and agriculture sectors. Microplan's net interest income for the year of ZWL61.4 billion accounted for 93% of its net income.

The microfinance sector plays a crucial role in achieving the country's goal of becoming an upper-middle-income society by 2030. It provides essential financial services to low-income and marginalized communities, as well as micro and small enterprises. In 2023, Microplan introduced its digital lending platform, which is expected to significantly boost earnings and create sustainable profitability going forward. With the digitalization of financial services, the long-term outlook for the microfinance sector is expected to be robust in terms of outreach and profitability.

FBC Securities

In 2023, the Zimbabwe Stock Exchange faced another tough year in terms of constrained trading liquidity. Barring tight liquidity conditions which prevailed especially in the second half of the year, the Zimbabwe Stock Exchange achieved positive real returns when compared to inflation altitudes and interbank exchange rate developments. The benchmark All Share Index (ALSI) registered a year-to-31 December 2023 gain of 981.54%.

The Victoria Falls Stock Exchange however, saw a rise in market capitalization by 74% to US$1.2 billion due to the transfer listings from ZSE by some companies. The All Share Index declined by 25.69%.

As a result of the limited trading liquidity in the equities market, FBC Securities recorded a profit before tax of ZWL713 million. The unit remains strategic to the Group's deal origination, structuring, and execution in capital market transactions.

FBC Insurance Company

FBC Insurance reported a ZWL3.8 billion profit before tax, up 65% from last year's ZWL2.3 billion. The gap between the premiums collected and claims paid has been widening due to the foreign exchange rate differentials in the economy. This has made it difficult for industry players to meet the expectations of both policyholders and fund members. As a result, FBC Insurance is focusing on increasing the underwriting of foreign currency-denominated businesses to preserve value.

During the review period, Statutory Instrument 81 of 2023, also known as "no insurance premium, no cover," was introduced to protect the insurance industry from dishonest creditors. The regulation aims to enhance the industry's liquidity and claims settlement capacity. As a result, FBC Insurance will continue to evaluate the company's asset and liability management strategies to align revenues with the risk-based capital requirements.

FBC Reinsurance Limited

FBC Reinsurance reported a profit before tax of ZWL7.3 billion, rebounding from a loss of ZWL2.6 billion in the previous year. The company's investment income contributed significantly to this outcome.

To enhance its product portfolio, FBC Reinsurance is developing new products focusing on Agriculture, Health, and Funeral business. The introduction of these new product segments is aimed at increasing the company's underwriting capacity and improving the quality of earnings.
Furthermore, FBC Reinsurance is a signatory to the Nairobi Declaration on Sustainable Insurance, which is supported by the United Nations Environmental Programme (UNEP). The declaration encourages insurance practitioners in Africa to collaborate in the implementation of sustainable insurance solutions. Leveraging its geographical footprint in Botswana, FBC Reinsurance aims to explore opportunities to collaborate in the deployment of sustainable insurance risk solutions.

Our Compliance Priorities

The Group has unwaveringly, maintained its commitment to compliance and regulatory excellence amidst a rapidly changing financial landscape. Over the past year, we have proactively monitored regulatory changes and made necessary adjustments to our policies, procedures, and systems to ensure strict alignment with the latest standards.

Group Chief Executive's Report (Continued)

> "The Group is committed to creating a safe and healthy work environment that is free from any form of harassment, violence, bullying, and intimidation."

Our compliance efforts are driven by a steadfast commitment to integrity, transparency, and accountability. We strongly believe in fostering a culture of compliance throughout the organization, where every employee understands their role in upholding the highest ethical standards and complying with applicable laws and regulations.

Our Digital Transformation Journey

The digitalization thrust of the Group is a key focus area, aimed at providing convenience to customers. To achieve this, the internal software development teams were strengthened to deliver solutions within the shortest possible time. As a result, seamless integrations with customers, back-office automation for increased efficiency, reduced turnaround for compliance with regulators and faster deployment of new products and services were achieved.

In 2023, FBCH completed a data centre upgrade to ensure that its infrastructure continues to provide uninterrupted service. Disaster recovery and business continuity capability remain critical to the operations of the organization. During the review period, the Group also invested in sound infrastructure at its Disaster Recovery site and conducted regular drills to ensure the ability to recover in the event of a disaster.

Furthermore, the organization has included the technology team in its sustainability initiatives to reduce FBCH's carbon footprint and ensure that electronic waste is disposed of in an environmentally friendly manner. In 2024, FBCH will continue to focus on enhancing service delivery through its electronic channels and innovating its technology for increased customer satisfaction.

Our People

FBCH is an equal opportunity employer that highly values its human capital, which is its most valuable asset. Our company firmly believes that the well-being and wellness of employees are crucial factors in ensuring their productivity and service delivery to our customers.

The Group is committed to creating a safe and healthy work environment that is free from any form of harassment, violence, bullying, and intimidation. This is to ensure that our employees remain focused on their work and deliver their best performance for the benefit of our stakeholders. Our employee relations are sound, and we have achieved high levels of employee engagement, experience, and fulfilment, due to these policies.

FBCH is a learning organization that ensures our skills and talent remain relevant in this fast-changing business environment. We have built a strong culture that is focused on customer service, performance, digitalization, compliance, ethics, innovation, and change, through our employees.

Our Transformative Journey Towards Sustainability

The Group has a vibrant human resource base, a business-oriented mindset, and a desire to impact the communities it serves. Over the past three years, we have adopted a three-dimensional approach to capital allocation, encompassing risk, return, and impact. As such, we have integrated social and environmental safeguards as part of our transaction cycle.

In 2023, we partnered with the Rural Electrification Fund (REF) to construct a 50m3 biogas digester and also donated farming implements to Shungu Dzevana Children's Home. We aim to create sustainable and self-sufficient communities, prioritizing shared economic value.

Additionally, we participated in COP28, which was held in Dubai, United Arab Emirates, in November and December 2023 under the slogan "Unite. Act. Deliver". This annual

Group Chief Executive's Report (Continued)

global platform allowed us to interact with international financial institutions, multilateral development banks, impact investors, and United Nations financial mechanisms to mobilize climate finance for the country.

Going forward, we will take the lessons learned and progress made in this transformative year, to continuously shape our collective journey towards a more sustainable and equitable future.

Outlook

The El Nino effect

The impending drought caused by El Niño is expected to significantly impact various industries, including agriculture, energy, food and nutrition, water, education, health and wildlife. Zimbabwe is taking decisive action by prioritizing private financing to achieve its climate change targets and transition towards green and inclusive growth. To facilitate this, the country has developed the National Climate Change Fund, Food Relief Program, and Climate Finance Facility. The Group is actively pursuing opportunities for collaboration to support Zimbabwe's national development priorities.

Financial Markets

In 2024, we anticipate broader financial market regulations, as both monetary and fiscal authorities strive to address market liquidity, price and exchange rate disparities, as well as public debt arrears to support economic growth and job creation. In this environment, the Group is well-prepared to leverage market opportunities and sustain shareholder value. It is critical to maintain an efficient and cost-effective business, coupled with the agility to move and take advantage of opportunities.

The Acquisition of Standard Chartered Bank Zimbabwe.

The process of acquiring Standard Chartered Bank Zimbabwe (SCBZ) is currently underway. We anticipate a seamless integration of operations and reporting in the second half of 2024. In the meantime, Standard Chartered Zimbabwe will operate as a semi-autonomous business.

Appreciation

In closing, I wish to express my sincere gratitude to all our clients for choosing FBC as your financial services partner. We are truly humbled by the trust that you place in us and commit ourselves to building a partnership that goes beyond transactional interactions.

I would also like to extend my appreciation to the FBC Holdings Limited Team, including the Board of Directors and Management. Your invaluable insights and unwavering dedication to serving our clients, have been the cornerstone of our success. Despite the challenging operating environment, I am confident that we will continue to work together to nurture sustainable solutions that promote the financial well-being of the communities we serve.

On behalf of the FBCH Group Board, Management, and Staff Members, I wish to express my profound gratitude to my predecessor, Dr John Mushayavanhu, who served the entity exceptionally well for over two and a half decades. During his tenure, Dr John Mushayavanhu championed FBCH's evolution, leading to significant market share growth across key business segments and the transformation of FBCH into a solid-performing brand.

Trynos Kufazvinei
Group Chief Executive

30 March 2024

Sustainability Report

About this report

Reporting Period

The 2023 FBC Holdings Sustainability Report covers the period from 1 January 2023 to 31 December 2023. References in this Report to 'year' are to the financial year ended 31 December 2023 unless otherwise stated.

Scope & Boundary

The report highlights our performance and impact within Zimbabwe and Botswana and how we plan to improve on environmental, social, governance and economic issues. Entities that we do not control but have a significant influence on our non-financial performance have been included as partnerships.

Assurance

To ensure transparent and accurate disclosure of both quantitative and qualitative aspects contained herein, this report was reviewed internally by Group Risk Management and received reasonable independent assurance from KPMG.

Oversight & Strategy

FBC Holdings applies an integrated sustainability approach which combines risk-based, corporate social responsibility-focused and resource mobilization strategies. As such, the Group engages a range of stakeholders to understand their key concerns and ensure that material sustainability-related risks and opportunities are comprehensively reported on. During the preparation of this report, we sought guidance and direction from the following frameworks:

- Reserve Bank of Zimbabwe (RBZ) Climate Risk Management Guideline
- Zimbabwe Stock Exchange (ZSE) Listing Rules
- International Financial Reporting Standards (IFRS) Sustainability Disclosures
- Global Reporting Initiative (GRI) Standards - Core Option

Sustainability Report (Continued)

Message from Directors

Our sustainability report comes at a decisive juncture when the repercussions of climate change are more evident than ever before within our communities. Global geopolitics conflicts and events have had a negative impact on the global economy, which retarded post-COVID-19 recovery efforts. In-spite of the gloomy picture, we are constantly seeing the value in strategically positioning our Group towards achieving impact-driven economic development.

The past year tested every one of us on many fronts as we experienced heat waves, below normal rains, and reduced agriculture productivity. From a regulatory perspective, the evolving landscape created new thinking and requirements on the business shift towards a low-carbon and climate-resilient future. Regardless of all these challenges, our resolve to create a world where people and the environment sustainably thrive remains steadfast.

Environmental Stewardship

The Group is alive to the principle of responsible stewardship which we believe is a key component driving our community engagement and financial inclusion programmes. As part of our commitment to follow decarbonization and climate resilient pathways in the communities we serve, the Group constructed and commissioned a 50 m3 biogas digester at a rural-based children's home, in Mashonaland West province leveraging on expertise within our partnership circle. It is indeed encouraging to note that we have willing partners who have a shared interest in the provision of sustainable and clean energy solutions. The donation provided valuable new skills to twenty builders from the local community and 487 students are benefitting from the clean energy and the donated farming equipment. The programme was a milestone achievement and testament of our ability to sustainably develop rural communities towards green economic growth, with the community driving the initiative. In the same vein, we continue to relentlessly seek opportunities to mobilize and deploy funding for this noble cause.

Stakeholders

Our people are the greatest asset we have. We are committed to creating a diverse and inclusive work environment where employee and customer rights are upheld, respect is fostered, and teamwork thrives. Our human capital strategy hinges on driving a high-performance culture with values and reputation as non-negotiables, celebrating wins as a family, and continuously exploring learning opportunities together.

Our stakeholders' needs are important to us and always inform our strategic priorities. As such, we actively listen to concerns from our diverse set of stakeholders who are directly or indirectly affected by the Group's operations and ensure that transparent information and feedback is duly disseminated. Active stakeholder engagement enables the Group to proactively respond to customer needs, collaborate with industry peers and support regulatory authorities as we seek win-win relationships.

Risk Management and Regulatory Developments

The regulatory focus on the integration of social and environmental safeguards into the corporate mainstream increased during the period under review. The Group witnessed the promulgation of the Reserve Bank of Zimbabwe (RBZ) Climate Risk Management Guideline and the International Financial Reporting Standards Sustainability Disclosures (IFRS S1 & S2). We are pleased to have been part of the consultation pool during the development of the RBZ Climate Risk Management Guideline and submissions to the Public Accountants and Auditors Board (PAAB) on IFRS S1 & S2.

Cognisant of the transition risk emanating from these regulatory changes, the Group has stepped up to quickly align and build a robust and comprehensive risk management framework that ensures a sustainable and inclusive paradigm shift. An Environmental, Social and Governance Procedure Manual was developed, during the period under review, to guide integration of the new regulatory requirements into the transaction cycle. This manual, together with the ESG Policy, underpins how our team and valued stakeholders engage and transition flawlessly. The FBC Holdings Board Corporate Governance, Nominations and Sustainability Committee defines and guides the strategic direction in terms of sustainability and climate finance resource mobilization issues.

Outlook

We realize more value when our societies are equitable, fair, and inclusive. As such, we are committed to contribute to the country's transformations to a more digital, resilient, and sustainable economy. Having made progress in policy alignment, we deliberately set our focus on sustainability targets with a view to understand and implement foundational principles as stipulated in the recent regulatory changes. Going into 2024, we aim to continue the adoption of a consultative approach in socialising the social and environmental safeguards as we integrate sustainability into the transaction cycle. Our key objective is to always maintain fair, balanced, and transparent disclosure of our non-financial performance in line both local and international best practice.

Sustainability Report (Continued)

Our Approach to Sustainability

FBC Holdings Limited's strategy is tied to the actualization of Zimbabwe's Vision 2030, the National Development Strategy (NDS) I, the Paris Agreement, and the Sustainable Development Goals (SDGs). Since embarking on the sustainability journey, we have made efforts to integrate environmental protection principles, social priorities and governance safeguards into our financing and investing decisions. Our business approach depends on the trust that we build with our stakeholders, and we strive to responsibly address their needs.

Materiality Assessment

The Group applies a robust materiality assessment process to identify material topics. This enables us to gain perspectives on stakeholder expectations and understand the sustainability-related risks and opportunities that we need to manage. Whilst there is still room for improvement on reach and quality of engagements, this stakeholder-centric approach continues to enhance our culture and inform our strategic direction.

In light of the evolving business environment, we carried out an ESG Materiality Assessment which was informed and guided by the Global Reporting Initiative Standards. The assessment began with internal screening to narrow down on the key topics considered important in our sustainability strategy. The final list of potentially material issues was then shared as part of an ESG Materiality Survey across various internal and external stakeholder engagement platforms. Different stakeholder groups were requested to rate the importance of the provided metrics to themselves and their significance to the business operations.

The schematic below highlights the FBCH materiality matrix for the year ended 31 December 2023:

Sustainability Report (Continued)

Engaging our valued stakeholders

The Group has a range of stakeholders which are engaged throughout the year to gather insights into their concerns and priorities. The gathered issues filter down into strategic formulation and response priorities of FBC Holdings and are used to rate the business' performance on both financial and non-financial aspects. From stakeholder needs and insights, we always seek to identify ways to maximise stakeholder value as well as explore potential areas of collaboration. Engagement responsibility is shared across the Group's different strategic business units, and we reach out through various touchpoints.

Our stakeholders

FBC Holdings defines its stakeholders as organisations, groups or individuals who have direct and/or indirect interest in our operations. These stakeholders are listed below:

- Clients
- Investors
- Employees and contractors
- Suppliers and service providers
- Regulatory authorities and government
- Civil Society Organisations
- Communities & Media

Clients

Constitute our source of business, we always need to disclose our approach towards financial services

Our Engagement Touchpoints

- Radio shows
- Outreach campaigns
- Through branch network
- Print & Social Media
- Mobile Banking platforms

Material topics

- Customer service
- Privacy, Data Protection and Cybersecurity
- Access to foreign currency denominated loans
- Cash shortages
- System downtime

Our Response

- Improved system uptime to 98%
- Rolled out customer service training
- Opened US$ loan facilities in line with SI 218 of 2023 Amendment of Exchange Control Act
- 346 587 queries and complaints resolved through our 24/7 call center

Sustainability Report (Continued)

Employees

+800 motivated employees & skilled people with diverse skills that are applicable to modern day financial services

How we engage

- Open door engagements
- Induction
- Performance appraisals
- Intranet

Material topics

- Training on Social & Environmental Safeguards
- Impact of the Standard Chartered acquisition
- Recognition, appreciation & career growth
- Compensation and benefits
- Harassment

Our response

- ESG training & product knowledge tests
- Group Chief Executive (GCE) addresses on the acquisition of Standard Chartered Bank Zimbabwe
- Introduction of customer service awards
- Leadership training
- Cost of living allowances
- Townhall GCE addresses on Harassment
- Maternity Leave policy adjustment

Sustainability Report (Continued)

Regulatory Authorities & Government

RBZ, ZSE, Insurance & Pensions Commission, Government arms etc.

How we engage

- Conferences, meetings, and workshops
- Compliance visits

Material Topics

- Alignment to best practices on Climate & Sustainability Risk management
- Integration of social & environmental safeguards into the transaction cycle
- Non-financial disclosures
- Resource mobilization & contribution to NDS 1

Our response

- Policy updates in line with new regulations and stakeholder expectations
- Staff training on social and environmental safeguards
- Peer-to-peer knowledge exchanges with CSOs

Civil Society Organizations (CSOs)

How we engage

- Conferences and workshops
- Project visits
- Direct engagements

Material Topics

- Sustainability related risks and opportunities
- Social and Environmental safeguards in the transaction cycle
- Capacity

Our Response

- Positive and consultative engagements
- Commitment to zero-tolerance to non-compliance
- Integration of social and environmental safeguards into the transaction cycle
- Amplifying digital transformation & cybersecurity

Sustainability Report (Continued)

Communities

The interest of our socities determine how far we can reach and engaging them helps understand how best we can play our role to transform such communities

How we engage
- Road shows
- Corporate Social Investment visits
- TV & Radio campaigns
- Social media handles

Material Topics
- Community partnerships and development
- Environmental protection
- Employment opportunities

Communities
- +/- US$490 000 deployed to community initiatives
- FBCH-NBSZ Blood Donation Partnership
- Community capacitation – Shungu Dzevana Biogas Project
- Three additional Agencies introduced as part of the Group's financial inclusion drive
- 2 Graduate Trainees and 77 student attachees recruited

Investors & Shareholders

95% local investors 5% International

These constitute the providers of both debt and equity capital. We disclose relevant financial and non-financial information to enable them to make informed investment decisions

How we engage
- Financial Statements & Annual Reports
- Analyst Briefing
- Board Updates

Material Topics
- Acquisition of Standard Chartered Zimbabwe
- Shareholder value created – sustained returns, growth, and profitability
- Non-financial performance

Our Response
- Regular updates on the acquisition + Extraordinary General Meeting
- Alignment of our policy framework to regulatory guidelines on Climate Risk & Sustainability
- Being an attractive investee company for pension funds, with a consistent dividend pay-out.

Sustainability Report (Continued)

Sustainable Workplace

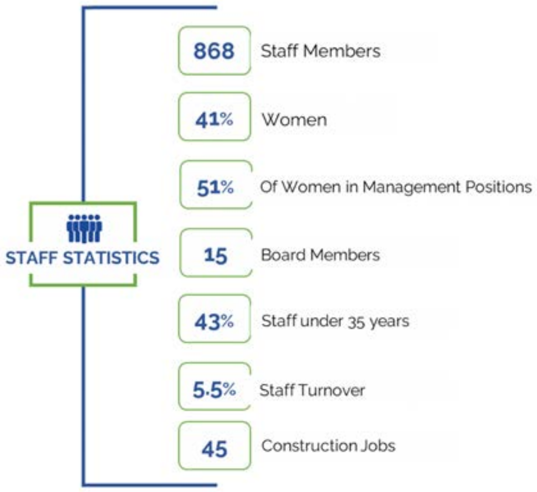
Cultivating Diversity & Inclusion

Remaining ever mindful of the foundational role a diverse and inclusive environment plays in achieving organisational success, we have put in place a deliberate strategy to improve female representation in decision making positions. The Group aims to embrace varied stakeholder perspectives and strive to ensure equitable growth, access to resources and opportunities regardless of gender, age, ethnicity, creed, or background.

Celebrating Female Talent

Staff diversity and inclusion metrics

- Female Representation at Management Level stands at 40%
- Female Managers as a percentage of permanent female employees was 51%
- Female representation at FBC Holdings remained at 13.3%

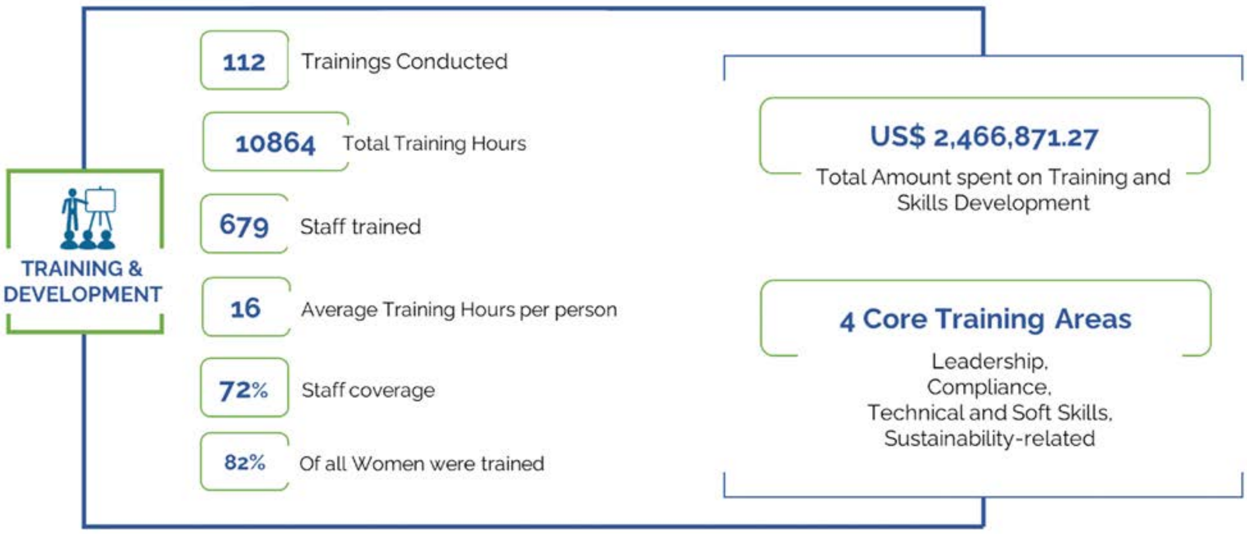


Sustainability Report (Continued)

Talent Acquisition, Retention, and Development

Human Capital is a cornerstone for all performance-based organisations. To ensure that an organisation retains its competitive advantage, it must have the capacity to attract and retain top talent. We believe that acquisition of top talent alone is not enough, employee upskilling is a key element to foster a culture of continuous growth and improvement that can ultimately drive performance. Life-long learning at FBC Holdings is directly linked to our strategic priorities enabling the Group and its subsidiaries to consistently deliver exceptional customer service. Through continuous employee engagement, we align employee learning needs to business requirements.

Our human capital approach is designed to create an environment where continuous development is encouraged, and learning resources are readily available. To this end, the Group's dedicated Training Department carried out 112 training programmes, committed over US$2.4 million and dedicated over 10 000-man hours to the upskilling of employees.



Safe, Inclusive, and Respectful Workplace

We subscribe to the International Labour Organisation's narrative in relation to issues around sexual harassment at the work place, which states that harassment is widespread but underreported. Victims of sexual harassment seldom report or discuss incidences mainly because in certain circles it has been normalised, they lack awareness on what constitutes sexual harassment, or they fear reprisals. In the same context, the Group continues to push an anti-sexual harassment agenda through robust, diverse, and inclusive frameworks and structures.

These structures seek to ensure that everyone has the right to feel and be safe at work, while being treated with respect and dignity. Both men and women are offered a platform where they are free to discuss and/or report issues relating to sexual assault, sexual harassment, and sex discrimination. These structures provide internal support and safe spaces to victims and ensures that all reported cases of sexual assault and sexual harassment are thoroughly investigated, and legal action is followed. The Policy on Safeguards against Violence and Harassment guides how we create a work environment free from sexual harassment. This policy is socialised to all staff regularly through the Group Chief Executive's townhall meetings and Women's Forum Awareness campaigns.

- 2 GCE Townhall meetings conducted
- 868 staff members attended the townhall meetings
- 4 Quarterly Meetings held

Policy on Safeguards against Violence and Harassment

The FBC Holdings Policy on Safeguards against Violence and Harassment was operationalised in response to a global demand for a documented operational procedure manual to ensure that individuals work in an environment without fear of prejudice and discrimination. This policy sets out FBC Holdings' responsibilities, processes and procedures whilst outlining how the organisation provides a safe and supportive environment for all stakeholders during interactions with the organisation's employees. The policy also sets forth the

Sustainability Report (Continued)

expectations of conduct, mutual respect regarding violence and harassment in the workplace. Supported by our Grievance Redress Mechanism, we continue to ensure that any reported case receives due attention and resolved in line with both organisational policies and national laws.

Maternity Leave

We believe that the plight of women during and after pregnancy is not adequately acknowledged in business. It is in-lieu of this sentiment that the Group welcomes the amendment of the Labour Act and are pleased to have instantly incorporated the changes in our policy framework. As such, the paid maternity leave aspect was duly adjusted to ninety-eight days and the limit on the number of pregnancies was scrapped to reflect requirements under the amended Labour Act.

Committing to Employee Wellness

We are cognizant of the importance of wellness initiatives in ensuring a highly motivated and engaged staff complement. As such, the Group actively undertakes and invests in wellness programmes. Employee wellness at FBC Holdings is viewed through a holistic wellness approach to include all key tenets of life. Our Wellness Program is defined as follows:

FINANCIAL AID

- Loan Facilities
  - Personal,
  - Motor Vehicle,
  - Educational
- Overdraft Facilities
- Medical Insurance

EXTRACURRICULAR

- Sponsored Sporting Events
- Club Memberships
- Access to Sporting Facilities
- Gym Memberships

POLICY FRAMEWORK

- Safeguarding Policy
- Open-Door Policy
- Women's Forum
- Mentorship Program

CAPACITATION

- Financial Literacy
- Retirement Planning
- Training & Upskilling Program
- Career Development
- Cancer Awareness Campaigns

Prioritising Health and Safety

The Group continues to strengthen health and safety priorities across the entire workforce. We continue to enhance our system for reporting, investigating, and monitoring work-related health and safety hazards. To minimise injuries and loss of life, the Group delivers refresher trainings and courses to all employees, and these include but not limited to emergency preparedness and response drills. On our construction sites, we hold daily toolbox talks as well as pre and post task checks. The Group provides relevant safety gear to both construction and anyone involved in potentially dangerous tasks.

Training Statistics

306	Safety Training Days
1	Disaster Preparedness and Emergency Response Training
10	Daily Pre- and Post- Task safety checks
44	Contractors trained

HEALTH & SAFETY

Safety Statistics

Number of Incidents:	9
Number of First Aid Cases:	9
Covid-19 cases:	5
Lost Time Injuries:	9*
Fatalities:	0
LTIFR:	4.86
Work hours without injury:	2 056

* All employees injured at work are given time off work regardless of the severity of injury and are treated as Lost Time Injuries.

Sustainability Report (Continued)

Cancer Awareness

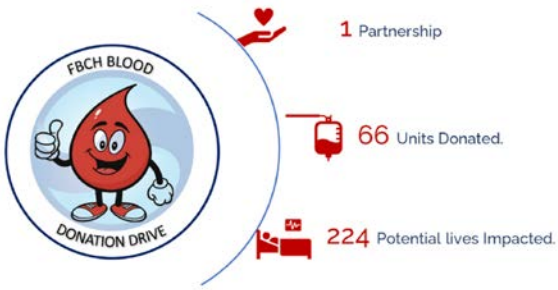
During the period under review, FBC Health in collaboration with Expert Oncologists rolled out a series of cancer awareness trainings. The experts touched on the importance of regular screening to improve early cancer detection in addition to advising people on how to reduce lifestyle-based diseases and improve their livelihoods. The sessions also covered awareness around issues to do with breast cancer, cervical cancer as well as prostate cancer.

Mental Health Awareness

We believe that fostering a mentally healthy workplace has a direct impact on staff morale, productivity, and performance. Our approach is hinged on facilitating open discussions, providing necessary resources, and promoting access to mental health support. Through the services of experienced psychologists, all staff members received training on mental health triggers and how people can deal with that. To reduce stigma surrounding mental health issues, we have partnered with various service providers to ensure that our customers receive expert external assistance where privacy and confidentiality is upheld.

Employee Volunteerism

Understanding that blood donation has tremendous essence in saving lives, the Group rolled out a blood donation drive in partnership with National Blood Services of Zimbabwe (NBSZ). As this was our initial volunteerism effort to motivate and enable employees to effectively serve community needs, donation turnout for the year was 8% of the total staff complement. In collaboration with NSBZ, we are raising awareness on blood donation and target to rollout this good cause across all units.



Sustainability Report (Continued)

Environmental Protection

Reducing and adapting to the impacts of climate change

Climate change is upon us and reducing its impact entails also reducing the negative social and environmental impact of our business operations. The journey to decarbonise our energy supply and lower our institutional carbon footprint remains a priority despite continued power cuts. Whilst we are making efforts to adopt renewable energy for all branches, our reliance on fuel-powered generators increased during the period under review. We are, however, committed to amplifying the transition to using renewable energy as the main source of energy.

Our Carbon Footprint

While our carbon footprint monitoring currently focuses on Scopes 1 and 2 emissions, we are actively developing methods to capture and report Scope 3 emissions, providing a more comprehensive view of our environmental impact. We understand that our clients' need to be handheld through the transition. The Group has a mandate to capacitate its valued clients to adopt sustainable ways of doing business regardless.

GHG EMISSIONS

	2023	2022
Scope 1 Emissions	279.9 tCO_2eq	269 tCO_2eq
Scope 2 Emissions	1,303.4 tCO_2eq	608 tCO_2eq

Material Usage

We continue to monitor material usage metrics to ensure that the Group is conscious of its environmental impact and to assess the viability and efficacy of short-, medium- and long-term resource efficiency strategies. Material usage metrics for the period under review are as follows:

MATERIAL USAGE

	2023	2022
Electricity	1,480.67 MWh	982 MWh
Diesel	265,066 litres	79,513 litres
Petrol	67,808 litres	28,406 litres
Water	9.26 Megalitres	8.2 Megalitres
Paper	12.84 tonnes	6.69 tonnes

Sustainability Report (Continued)


Biogas Digester Site Selection


Biogas Digester domed slurry chamber (under construction)


Inlet and Overflow construction phase


Donated Farming Implements

FBC HOLDINGS- RURAL ELECTRIFICATION FUND (FBCH-REF) PARTNERSHIP

In partnership with REF, FBCH constructed a 50 m3 biogas digester for Shungu Dzevana Children's Home Trust. The Group funded all project expenses and REF brought in the labour and expertise. Project summaries are highlighted below.

SHUNGU DZEVANA CHILDREN'S HOME TRUST

+500 Direct Beneficiaries (+/-2000 indirect beneficiaries)
2 children's homes (1 Rural and 1 Urban)
Beneficiary programme covering 9 districts and towns.
22 Hectares of Arable land available
Chicken project Capacity ~ 15000 birds
Piggery Project: ~ 250 pigs

SALIENT FEATURES OF THE BIOGAS DIGESTER

Size: 50m3
Daily Biogas Generation capacity: 12kg
Annual Biogas Generation: 4.38 tonnes of biogas.
Biogas Digester Daily Feed: 437.5 kg/day.
Usage: Cooking & fowl run heating

COMMUNITY SELF-SUSTENANCE

The Group's Corporate Social Investment has been reconfigured to encompass projects that have a positive and sustainable impact in the communities we serve. As a way of building community sustenance, we also availed the following farming implements to Shungu Dzevana Trust:

- 75 hp tractor, grass cutter
- 4.8m open trailer,
- 20-disc Rhome harrow
- 3-disc plough

A shed was also built to house the provided equipment.

KEY BENEFITS

- 20 local builders hired and trained on how to construct biogas digesters
- 100% avoidance of deforestation, replaced by biogas for domestic cooking & heating
- Replaced charcoal heating for the fowl runs to biogas
- Above 80% electricity cost savings
- Lifting the gendered burden of firewood collection

Alignment with The SDGs and our High Impact Goals

High Impact Goal | **SDGs**

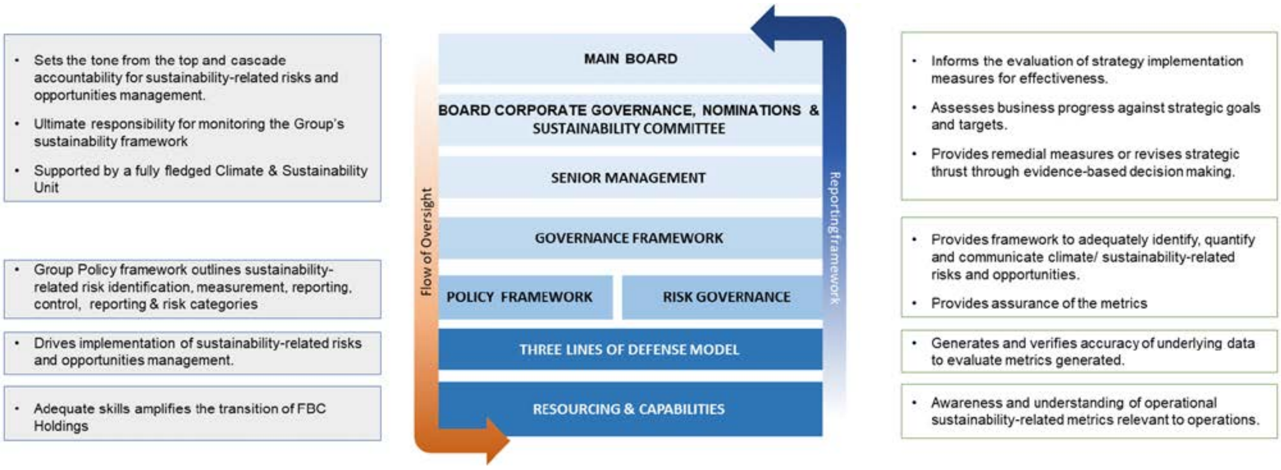
1. Facilitate Sustainable transition to food self-sufficiency
2. Foster sustainable social inclusivity and empowerment
3. Engender environmental protection and climate resilience

Sustainability Report (Continued)

Managing Sustainability-Related Risks & Opportunities

The Board upholds sound corporate governance as a foundational pillar to securing trust, loyalty, and dependability. Having the right governance structures, policies, and compliance underpins our overarching objective of driving stakeholder value. The schematic below outlines how sustainability-related risks and opportunities are managed within FBC Holdings.

Sustainability Governance



Strategy

Our sustainability & resource mobilization strategy forms an integral part of how we operate. The FBC Holdings mission, "To Nurture sustainable solutions that enable the financial well-being of the communities we serve", spells our long-term strategic direction in terms of advancing our inclusive business model. All subsidiaries set their respective strategic targets guided by this mission in line with their respective mandates. Further to the Group mission statement, our flagship subsidiary, FBC Bank, managed to set its own purpose and high impact goals which are aligned with the long-term direction of the organization. Our key strategic pillars are as follows:

Strategic Pillar	Key Activities	SDG Alignment
Prioritize Partnerships	• We strive to be a bank of choice as we complement government efforts to mobilize climate finance targeting community adaptation and mitigation measures	17 PARTNERSHIPS FOR THE GOALS
Support the transition to a greener society	• Embedding sustainability into our culture • Enhancing capacity in climate & sustainability risk management • Shift to renewable energy – own operations & clients	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Protect customers	• Robust cyber security framework -information & data privacy • Financial education and building financial confidence • Proactive stakeholder engagement	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Champion Impact-driven community solutions	• Providing self-sustenance within the communities we serve • Promoting inclusivity and socio-economic empowerment	4 QUALITY EDUCATION 5 GENDER EQUALITY 11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainability Report (Continued)

Sustainability-related Risk Management

Building a more sustainable future for all stakeholders is dependent on our capacity and ability to manage sustainability-related risks and opportunities. In the same vein, sustained shareholder value creation and long-term organisational performance is hinged on the adoption of a proactive risk management approach. We applaud the promulgation of the Climate Risk Management Guideline by the Reserve Bank of Zimbabwe which is working as a guidebook for us to redesign our policy framework and process flows.

In this light of these regulatory developments, an Environmental Social and Governance Procedure Manual was developed, and approved by the Board. The policy sets out specific procedures to be followed and toolkits to be used during each phase of the investment lifecycle. The procedure manual outlines risk categories, the exclusion list, and a step-by-step guide of the climate and sustainability risk management process from investment screening stage up to exit stage.

Whilst we have made strides in effecting changes that align with the new IFRS Sustainability Disclosures, an organisational self-assessment revealed certain gaps that need to be bridged to make our framework robust and comprehensive. Over the years, we have been improving all frameworks on an incremental basis and, we remain resolute in ensuring that such gaps are addressed in line with our ethos of zero tolerance to non-compliance.

Risk Management Capacity

To tackle emerging sustainability and climate risks effectively, we are encouraging and enrolling our staff members to pursue climate-related courses and trainings. Nine team members enrolled for the Sustainability and Climate Risk (SCR) Certificate in 2023 courtesy of the Group. The team comprises of senior management and officers from Group Risk Management and Climate Finance & Sustainability Divisions. Further trainings held in the period under review include internally facilitated and partner-facilitated climate-change related workshops.

Business Ethics

FBC Holdings is committed to ethical business practices in adherence to sound corporate governance principles, applicable legislation, regulation as well as adopted industry codes and standards. Our Ethics, Integrity, and Compliance Framework articulates our commitment to the highest standards of professionalism and ethics in the conduct of our business.

Staff members play a critical role in maintaining the Group’s reputation and contributing to a responsible organisation. Awareness, in this instance, is fostered through induction trainings for new recruits and directors as well as regular refresher trainings that are rolled out for all staff members. The following policies guide how we do business and relate with our stakeholders:

- Ethics & Integrity Policy
- Stakeholder Management Policy
- Gifts Policy
- Financial Crime Compliance
- Gender Policy
- Human Resources Policy

Anti-bribery & Anti-corruption

In today’s business landscape where corruption and unethical practices are rife, the essence of anti-bribery and anti-corruption measures cannot be overstated. The Group is committed to fostering the highest level of anti-corruption and anti-bribery, safeguarding its reputation, maintaining fair competition, and promoting a culture of ethical behaviour across all subsidiaries both in Zimbabwe and Botswana. To actively promote transparency, integrity, and accountability, we are updating our internal controls, implementing comprehensive compliance programs, providing regular training to employees on bribery prevention, and encouraging the reporting of any suspicious activities.

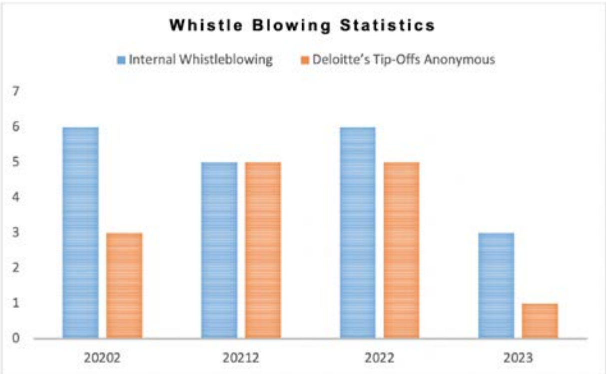
Sustainability Report (Continued)

Anti-bribery & Anti-corruption Training Statistics

	Unit	Total
Fraud Awareness	Staff trained	624
Security & Robberies training	Units trained	All FBCH Units
GTs Induction	GTs trained	2
Circulars & Employee Feedback Bulletins	Count	6

Whistle blowing

The Group's whistleblowing channels play a critical role in fostering transparency and holding us accountable. The whistleblowing mechanism exposes unethical and illegal activities happening within the organisation to safeguard the interests of all stakeholders. We are committed to serve with honesty and integrity and ensure that we drive stakeholder value whenever we conduct business.



Cyber Security & Data Privacy

Anti-Money Laundering/Combating the Financing of terrorism

By virtue of being a key player in the financial services space, we have an obligation to identify any potential violations on our anti-money laundering mandate. The Group's policy framework takes a broad view of the crimes related to money laundering, and specifically includes tax evasion, human trafficking/modern slavery, and illegal wildlife trade as Money Laundering offences. This framework is guided by both local legislation and international standards which include but not limited to the following:

- Financial Action Task Force (FATF) Forty Recommendations
- Wolfsberg Anti Money Laundering Principles
- Basel Committee on Banking Supervision Guidelines
- Money Laundering and Proceeds of Crime Act (Chapter 9:24) (Money Laundering Act)
- Bank Use Promotion Act (Chapter 24:24)
- Trafficking In Persons (Chapter 9:25)
- UNSCR 1267 &1373 Statutory Instrument 76 of 2014
- Reserve Bank of Zimbabwe Anti-Money Laundering and Combating of Financing of Terrorism Guidelines

Throughout the reporting period, we have continued to strengthen our AML/CFT policies, procedures, and controls to effectively identify, assess, and mitigate risks associated with financial crime. Our robust AML/CFT program encompasses comprehensive customer due diligence, transaction monitoring, suspicious activity reporting, and ongoing training and awareness initiatives for our employees.

Compliance Statistics

- +/- 250 000 daily transactions screened for AML
- 600 Staff members trained
- 10 Graduate Trainees trained on-job and during induction

Sustainability Report (Continued)

Supporting Sustainable Growth

Key Highlights

ZWL13.8 billion & US$1 million
Invested in agricultural bonds.

US$500 000
Invested in food processing commercial paper.

13 Housing units
constructed in 2023.
402 Housing constructed since 2020

ZWL118.5 billion
disbursed towards agriculture.

550 Agencies

+/- 600 000
customers served.

1 728 small-holder
farmers supported

4 240 micro-educational loans disbursed

379 solar loans disbursed

** KYC-lite accounts
650000 customers served.

2 042 retail investors
onboarded in 2023

Sustainable Funding Approach

We target to:

- To create and deploy cost-saving financial services and products that foster inclusivity.
- Champion a client-oriented and action-oriented transition to food self-sufficiency and more sustainable energy supply
- Positively contribute to national priorities and Sustainable Development Goals
- Win together with our partners and the communities we serve.

Sustainability Report (Continued)

Financing the transition towards food self-sufficiency

Agricultural systems play a critical role in the provision of sustainable livelihoods in Zimbabwe. With the advent of climate change coupled with inability to decisively address its impact, communities in developing countries like Zimbabwe have had to grapple with several challenges ranging from low and erratic rainfall, declining soil fertility, increasing livestock diseases, poor physical and institutional infrastructure as well as recurring food insecurity. As part of our drive to promote food self-sufficiency, we have amplified our engagements through the Agribusiness arm, Business Banking and Microplan Financial Services with an effort to reach all sectors – large or small scale, primary or secondary. While we understand that we can do more in future-proofing this sector, it is encouraging to note that we have managed to improve our agricultural portfolio both in terms of size and coverage.

- Our overall agricultural portfolio size increase from ZWL5.4 billion in 2022 to ZWL118.5 billion in 2023
- Small to Medium Enterprises portfolio increased to +/- ZWL100 billion 2023 from +/-ZWL 7 billion 2022
- +/- ZWL20 billion invested in agricultural bonds & commercial paper

Inclusive & Equal Access to education

Supporting the provision of learning opportunities for all children is one of the Group's strategic priorities. Our aim is to immensely contribute towards building an inclusive educational system where life skills are imparted, and diversity is embraced. Whilst progress may appear to come slow, we celebrate the strides that we continue to make, particularly in uplifting underprivileged students and communities.

- 3 classroom blocks (6 classrooms) constructed & handed over since 2020.
- 36 students on FBC Scholarship in 2023
- Micro-educational loans increased from ZWL910 million in 2022 to ZWL9.8 billion in 2023
- 77 student attaches recruited in 2023

Infrastructure Development

The urban population has been increasing constantly during the past 20 years and so has the need for decent accommodation. We acknowledge government efforts, through National Development Strategy 1 and other policy frameworks, to address the issue of housing adequacy. In line with this thrust, the Group has consistently managed to deliver several properties ranging from fully developed houses to serviced residential stands. Taking cognizance of the market differences and income disparities, FBC Holdings is making deliberate efforts to address the accommodation requirements of different market segments. Going forward, our infrastructure projects will be designed and constructed to withstand the increasing climate-related risks whilst maximizing on the available climate-related opportunities.

Year	Projects	Housing Type	Number of units
2020	Greendale Alfred Project	Medium Density	24 flats
2021	Fontaine Ridge, Kuwadzana	High Density	267 housing units
2022	Zvishavane Eastlea Project	High Density	98 cluster homes
2023	Glen Lorne Townhouses	Low Density	13 Townhouses
Total		402 Units	

Sustainability Report (Continued)

Clean Energy

To reduce the usage of fossil fuels and achieve access to modern energy, a deliberate strategy is required from within an organization's operations cascading down to the communities we serve. A year ago, the Group took a strategic step to adopt a rooftop solar energy provision concept for all branches. Notwithstanding the fact that the installed solar systems are not able power certain appliances, we have at least managed to transition from diesel- or petrol-powered backup during power cuts.

We are proud to have partnered with more than ten renewable energy companies, to provide solar kits under our microfinance subsidiary. To this end, 133 solar kits were distributed covering mostly rural areas. Under other lending subsidiaries, we are driving adoption of renewable energy through a solar loan facility which caters for bigger solar packages. It remains the Group's key objective to mobilize reasonably priced funding with the aim of offering renewable energy facilities at a competitive interest rate. In the same vein, our first biogas digester concept at Shungu Dzevana is proof that FBC Holdings wishes to see communities adopting clean sources of energy.

Financial Inclusion

We take cognizance of the National Financial Inclusion Strategy II of 2022-2026 which highlights the importance of evidence-based, well-prioritized, well-resourced, and comprehensive approaches to expanding uptake and usage of quality formal financial services. By virtue of us being at the forefront of capital allocation, we seek to ensure that every economic agent has access to financial services, particularly credit facilities. Having a deep understanding of the vulnerabilities affecting our communities, our intention is to close that vulnerability gap by driving socio-economic empowerment at all levels.

	Count	Value (ZWL$)
Small-holder farmers supported	1 728	5 304 778 5867
Micro-educational loans disbursed	4 240	9 762 382 126
Solar loans disbursed	379	569 296 761

Empowerment of small to medium enterprises (SMEs)

Small to medium enterprises play are critical in driving economic growth and providing sustainable livelihoods. The Group understands that it has an important mandate to play in the attainment of a just, stable, and prosperous economy where decent jobs are created, and entrepreneurship is nurtured. As such we have in place tailor-made products and services suitable to enable small businesses to grow, employ more people and ultimately contribute to economic growth.

- +/- 2 100 SMEs supported
- 10 Women owned businesses
- 7 Youth owned businesses
- ZWL 80 billion disbursed

Retail Access to Trading & Investment

Understanding that every big investor was once small, we adopted a strategy to foster financial inclusion by making trading and investment more accessible to everyone. We offer investment training, encourage all communities to participate and nurture new investors. Our retail investor base was up 5.3%, from a total of 1 939 as of 31 December 2022 to 2 042 as at 31 December 2023.

Sustainability Report (Continued)

Health

Our focus is to continue providing quality, affordable and reliable medical insurance for our valued clients regardless of the turbulent macroeconomic landscape. We celebrate more than 1 500 partnerships with different service providers spanning ambulance services, emergency rooms, general practitioners, and specialists. FBC Health is also working with various hospitals outside Zimbabwe to ensure that members with complex needs get specialist services not available locally. Whilst we have made commendable progress in the provision of medical insurance, we believe that we can expand our coverage in terms of children's health. In this case, we aim to partner learning institutions to support the World Health Organization's goal of ending preventable child deaths and promoting the healthy growth and development of all children.

Payments to Government

We understand that taxes, royalties, and other levies immensely contribute to economic development. Our stance of "zero-tolerance to non-compliance" compels us to abide by the tax policies of both the Zimbabwean and Botswana jurisdictions. The Group collaborates with external tax consultants to always review and monitor any fiscal developments. The table below highlights our tax contributions as at 31 December 2023:

	2023 ZWL Billion	2023 ZWL Billion	2022 ZWL Billion	2022 ZWL Billion
Income Tax Bill	76.1	53.5	97.9	9.1

Pension & Retirement Planning

The transition to retirement is one of the most difficult experiences for everyone. Retirement can be isolating – leaving behind the camaraderie of work colleagues and coworkers can trigger anxiety, stress, and depression. We are always working diligently to care for our employees beyond the time they are contracted with us, ensuring that they fight the stress that comes with an off-work environment and find new purpose in life. The Group has a deliberate retirement plan which ensures joint financial contributions from the organization and employees. These funds are ring-fenced and invested to secure our valued employees' post-retirement lives.

Pension Contributions

	2023 ZWL Billion	2023 ZWL Billion	2022 ZWL Billion	2022 ZWL Billion
Pension Contributions	11.1	9.2	6.6	1.1

Sustainability Report (Continued)

Our Commitment Service Excellence

Customer Service

At FBC, the way we treat our customers and handle their concerns sets our brand apart from our competitors and determines our customer satisfaction and retention levels. Through the FBCH Service Charter, we commit to delivering an exceptional customer experience to all stakeholders. Mindful of evolving stakeholder needs, we have deployed measures to nurture the necessary skills within our teams and roll out self-service touchpoints to complement that. FBC promises to offer services that are reliable, consistent, responsive, and empathetic.

Our service leverages on teams that are committed to service excellence, motivated to go above and beyond, and treat all customer concerns with the highest degree of confidentiality. Our commitment to continual improvement harnesses all stakeholder feedback, negative or positive, to meet the requirements of a diverse and evolving clientele.

Service standards

To enhance our service and ensure exceptional customer experience, our performance is guided by the following service standards:

- Timely and accurate information dissemination.
- Continuous adoption of advanced technologies in product development to ensure user convenience, accessibility, and cost effectiveness.
- Continuous systems upgrade to improve on availability with a constant target of ensuring system uptime above 98%.
- Courteous, considerate, and non-discriminatory treatment of all stakeholders.
- Continuous capacitation of all staff members to ensure responsiveness.

Responsible Marketing

Our products are the primary source of interface with our stakeholders. To foster a lasting relationship, we are continuously improving our systems to provide one-point of service. This echoes our commitment to customer service excellence and continuous engagement. Customers are at the core of the Group's corporate strategy formulation, ensuring that their needs and requirements guide our growth and development.

We believe in protecting people's rights when we offer our products and services. We always put our customers first and want to be fair, kind to the environment, and responsible in everything we do. This helps us build real connections with our customers.

RECOGNITION

FBC Holdings

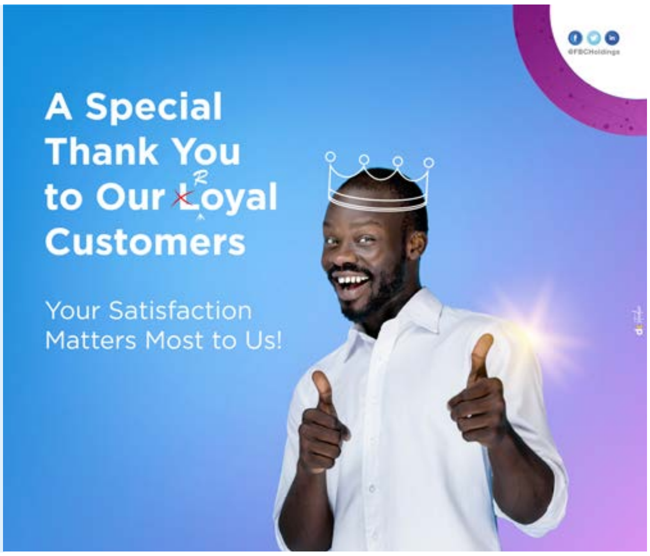
- Best ESG Impact Projects and Sustainability Governance Oriented Organization (Winner): ESG Network Zimbabwe
- Zimbabwe Cyber Security Excellence Awards: Cyber Security Financial Team of the Year (Winner)-Institute of Cyber Security Zimbabwe : ICSZ
- Zimbabwe Cyber Security Excellence Awards: Outstanding Cyber Security Team of the Year (Winner): ICSZ
- HR Technology Transformation Award (Winner): The Institute of People Management of Zimbabwe (IPMZ) HR Excellence Awards
- People Impact Award (1st Runner Up) Environmental, Social and Governance (2nd Runner Up): IPMZ HR Excellence Awards
- Environmental, Social and Governance Award (2nd Runner Up): IPMZ
- Corporate Social Responsibility of the Year Diamond Award National Exceptional Marketing Awards (EMA)-Marketers Association of Zimbabwe(MAZ)

Sustainability Report (Continued)

FBC Bank Limited
- Overall Best – Banking Institutions (Winner): Chartered Governance and Accountancy Institute in Zimbabwe (CGI)
- Best Risk Management (Winner): CGI
- Best Governance Practices (First Runner Up): CGI
- Digital Innovation Award (1st Runner Up): Banks and Banking Survey:

FBC Reinsurance
- Top Life Reinsurance Company (Winner): Top Companies Survey Award
- Reinsurance Company of the Year (1st Runner Up): The Independent 2023 Insurance Survey

Microplan
- Service Excellence Awards – Microfinance Sector (1st Runner Up): Contact Centre Association of Zimbabwe: (CCAZ)



Our Value Creation Capitals

Human Capital

Impact Area	Key Milestones	SDG-Alignment
Talent retention & Human Capital Development	• 112 training programs rolled out • Over US$2.4 million committed to training & development • Staff retention 94.47% against a target of 95%	8 DECENT WORK AND ECONOMIC GROWTH; 4 QUALITY EDUCATION
Employee wellness	• 14 sporting disciplines supported • +/- 260 staff members participated in sports • Loans and cushion allowances offered to all staff at concessional rates	3 GOOD HEALTH AND WELL-BEING
Diversity	• Female Managers as a percentage of permanent female employees 51% • Female representation across all boards stood at 13.3%.	10 REDUCED INEQUALITIES

Social & Relationship Capital

Impact Area	Key Milestones	SDG-Alignment
Complaints & queries resolution	• 100% of all lodged complaints were resolved. 346 586 complaints and queries lodged and resolved through our Customer Experience unit	17 PARTNERSHIPS FOR THE GOALS
Clientele	• Average of +/- 5 million customers and potential customers reached in 2023 – 4.8 million through radio, 3.2 million through press (print & online)	10 REDUCED INEQUALITIES
Corporate Social investment	• +US$490 000 invested in community development initiatives	11 SUSTAINABLE CITIES AND COMMUNITIES; 17 PARTNERSHIPS FOR THE GOALS
Financial inclusion	• +/- 2100 small to medium enterprises supported • Digital accounts 25 231 accounting for 60% of total accounts opened in 2023 • +/- 200 000 KYC-lite accounts	8 DECENT WORK AND ECONOMIC GROWTH

Sustainability Report (Continued)

Intellectual

Impact Area	Key Milestones	SDG-Alignment
Skills diversity	• The FBCH Team successfully won the bidding of the Standard Chartered Zimbabwe & ultimate signing of the sale & purchase agreement. • 52% of our staff have post graduate qualifications which include but not limited to master's degrees, CA, CFA, ITIL Certification, GARP SCR etc.	

Natural

Impact Area	Key Milestones	SDG-Alignment
Energy transition	• 134 solar kits distributed to help rural population transition from biofuel • Solar facilities of different magnitudes offered under the Group's three lending subsidiaries • 12 FBC Bank & Microplan branches with installed renewable energy backup • 1 50m3 biogas digester constructed for a community thus improving our community bond	
Sustainability in the built environment	• Adopted a strategy of planting a tree for every house built	

Technological

Impact Area	Key Milestones	SDG-Alignment
Digitalization Thrust	• Launched the FBC Pulse, internal intranet for communication and resource • Launched Microplan Digital Lending • Aggressive deployment of US$ POS	

Financial

Economic Value-added Statement

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Net interest income	239 755 026 578	142 166 643 118	147 963 279 323	21 504 271 236
Net fee & commission income	231 471 778 746	82 823 874 596	142 616 455 755	12 406 317 429
Net income from property sales	-	64 489 262	-	6 747 777
Net earned insurance premium	(12 421 740 345)	(162 691 016)	(12 868 984 595)	(317 305 381)
Other income	811 720 184 359	308 140 656 450	913 135 480 430	68 956 136 248
Economic Value Generated	1 270 525 249 338	533 032 972 410	1 190 846 230 913	102 556 167 309
Employees: salaries, wages & benefits	496 650 792 957	176 674 119 843	340 448 613 868	26 039 494 230
Communities: Expenditure on community initiatives	4 426 267 598	1 714 644 238	1 961 245 592	230 708 429
Government: Income tax, capital gains tax	76 130 389 118	53 467 572 260	97 886 118 176	9 146 004 125
Other Stakeholders: administrative expenses, commissions & claims paid	400 787 947 904	154 456 699 119	218 546 811 623	23 849 003 331
Economic Value Distributed	977 995 397 577	386 313 035 460	658 842 789 259	59 265 210 115
Economic Value Retained	292 529 851 761	146 719 936 950	532 003 441 654	43 290 957 194

Directors' Report

The Directors have pleasure in submitting the annual report and financial statements, for the financial year ended 31 December 2023, for FBC Holdings Limited.

ACTIVITIES AND INCORPORATION

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

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital of the Company was 800 000 000 ordinary shares of a nominal value of ZWL0.00001 each as at 31 December 2023. The issued and fully paid ordinary shares remained at 671 949 927 ordinary shares of ZWL0.00001 with no movements during the year. The details of the authorized and issued share capital are set out in note 18 of the consolidated financial statements.

RESERVES

The Group's total shareholders' equity attributable to equity holders of the parent as at 31 December 2023 was ZWL 705 088 771 091 (2022: ZWL 292 695 134 036).

FINANCIAL STATEMENTS

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
The results reflected a profit before income tax for the year of	403 517 483 458	113 711 550 624	576 304 128 087	47 861 293 816
Income tax expense	(76 130 389 118)	(53 467 572 260)	(97 886 118 176)	(9 146 004 125)
Profit/(loss) for the year	**327 387 094 340**	**60 243 978 364**	**478 418 009 911**	**38 715 289 691**
Equity holders of the parent	327 243 720 152	60 177 706 481	478 312 818 140	38 708 406 307
Non-controlling interest	143 374 188	66 271 883	105 191 771	6 883 384
	327 387 094 340	**60 243 978 364**	**478 418 009 911**	**38 715 289 691**

DIRECTORS' INTERESTS

As at 31 December 2023, the Directors' interest in the issued shares of the Company directly or indirectly is shown below:

Directors' shareholding Number of shares	**Direct holding**	**Indirect holding**	**Total**
H. Nkala (Group Chairman)	-	410 339	410 339
J. Mushayavanhu (Former Group Chief Executive)*	142 241	45 778 925	45 921 166
T. Kufazvinei (Group Chief Executive)	35 114	22 756 547	22 791 661
W. Rusere (Executive Director)	5 000	8 500 519	8 505 519
C. Mtasa (Non-Executive Director)	10 000	-	10 000
	192 355	**77 446 330**	**77 638 685**

The other directors have no shareholding in the Company.

** Retired 31 December 2023*
*** This is due to initial application of IFRS 17*

Directors' Report (Continued)

CAPITAL ADEQUACY

The following subsidiaries have their capital regulated by the regulatory authorities:
FBC Bank Limited, FBC Building Society and Microplan Financial Services (Private) Limited are all regulated by the Reserve Bank of Zimbabwe ("RBZ"). The Securities Commission of Zimbabwe ("SECZ") sets and monitors capital requirements for the stockbroking subsidiary and the Insurance and Pensions Commission ("IPEC") sets and monitors capital requirements for the insurance subsidiaries.

The capital position for these subsidiaries is detailed in the table below;

Company	Regulatory Authority	Minimum capital required US$	Minimum capital required ZWL	Discounted capital ZWL	Total equity ZWL
As at 31 December 2023					
FBC Bank Limited	RBZ	30 000 000	183 141 600 000	306 191 310 478	443 231 132 471
FBC Building Society	RBZ	20 000 000	122 094 400 000	156 546 870 639	188 754 960 721
FBC Reinsurance Limited	IPEC		150 000 000	19 255 956 641	19 255 956 641
FBC Securities (Private) Limited	SECZ		150 000	2 170 712 836	2 170 712 836
FBC Insurance Company (Private) Limited	IPEC		37 500 000	15 035 179 294	15 035 179 294
Microplan Financial Services (Private) Limited	RBZ	25 000	152 618 000	8 206 376 910	8 206 376 910
As at 31 December 2022					
FBC Bank Limited	RBZ	30 000 000	20 530 170 000	25 030 757 963	36 988 394 341
FBC Building Society	RBZ	20 000 000	13 686 780 000	15 197 288 600	18 941 629 799
FBC Reinsurance Limited	IPEC	-	150 000 000	3 343 774 286	3 343 774 286
FBC Securities (Private) Limited	SECZ	-	150 000	181 864 220	181 864 220
FBC Insurance Company (Private) Limited	IPEC	-	37 500 000	2 238 049 863	2 238 049 863
Microplan Financial Services (Private) Limited	RBZ	25 000	17 108 475	496 478 280	496 478 280

At 31 December 2023, the banking subsidiary's capital adequacy ratio computed under the Reserve Bank of Zimbabwe regulations was 24% and that of the building society was 33%, against the statutory minimum ratios of 12%. The respective capital adequacy ratios are determined as illustrated below.

FBC Bank Limited capital adequacy ratio	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	UNAUDITED HISTORICAL COST 31 Dec 2023 ZWL	UNAUDITED HISTORICAL COST 31 Dec 2022 ZWL
Ordinary share capital	18 977 273 629	18 977 273 629	18 502 313	18 502 313
Share premium	13 536 476 679	13 536 476 679	13 197 687	13 197 687
Retained profits	309 695 217 248	113 052 230 121	320 397 250 241	28 104 168 290
General reserve	-	-	-	-
Capital allocated for market and operational risk	(82 035 521 528)	(42 745 468 402)	(82 035 521 528)	(8 895 346 286)
Advances to insiders	(14 237 639 763)	(14 921 217 355)	(14 237 639 763)	(3 105 110 328)
Tier 1 Capital	**245 935 806 265**	**87 899 294 670**	**224 155 788 950**	**16 135 411 676**
Other reserves	102 998 104 670	28 559 820 419	122 802 182 230	8 852 526 051
General provisions	-	-	-	-
Tier 1 and 2 Capital	**348 933 910 935**	**116 459 115 089**	**346 957 971 180**	**24 987 937 727**
Tier 3 capital allocated for market and operational risk	82 035 521 528	42 745 468 402	82 035 521 528	8 895 346 286
	430 969 432 463	**159 204 583 491**	**428 993 492 708**	**33 883 284 013**
Risk weighted assets	**1 819 700 271 393**	**865 123 612 392**	**1 819 700 271 393**	**180 032 513 393**
Tier 1 ratio (%)	14%	10%	12%	9%
Tier 2 ratio (%)	6%	3%	7%	5%
Tier 3 ratio (%)	5%	5%	5%	5%
Capital adequacy ratio (%)	**24%**	**18%**	**24%**	**19%**
Minimum statutory capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

Directors’ Report (Continued)

FBC Building Society capital adequacy ratio	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	UNAUDITED HISTORICAL COST 31 Dec 2023 ZWL	UNAUDITED HISTORICAL COST 31 Dec 2022 ZWL
Share capital and share premium	29 237 054 743	29 237 054 743	1 081 627 589	1 081 627 589
Accumulated surplus	135 371 373 475	52 409 200 042	155 465 243 050	14 115 661 011
Capital allocated for market and operational risk	(39 198 740 851)	(35 391 937 983)	(14 944 239 745)	(1 143 653 626)
Advances to insiders	-	-	-	-
Tier 1 Capital	**125 409 687 367**	**46 254 316 802**	**141 602 630 894**	**14 053 634 974**
Non distributable reserves	-	-	-	-
Revaluation reserves	27 469 778 172	12 647 755 432	32 208 090 082	3 744 341 199
Tier 1 and 2 Capital	**152 879 465 539**	**58 902 072 234**	**173 810 720 976**	**17 797 976 173**
Tier 3 capital allocated for market and operational risk	39 198 740 851	35 391 937 983	14 944 239 745	1 143 653 626
	192 078 206 390	**94 294 010 217**	**188 754 960 721**	**18 941 629 799**
Risk weighted assets	**581 631 885 405**	**232 780 115 104**	**581 631 885 405**	**48 441 619 891**
Tier 1 ratio (%)	22%	20%	24%	29%
Tier 2 ratio (%)	5%	5%	6%	8%
Tier 3 ratio (%)	7%	15%	3%	2%
Capital adequacy ratio (%)	**33%**	**41%**	**32%**	**39%**
Minimum statutory capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

DIVIDEND

Notice is hearby given that a final dividend of US 0.45 cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 28 March 2024 in respect of the year ended 31 December 2023. The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 19 April 2024. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 15 April 2024 and ex-dividend as from 16 April 2024. Dividend payment will be made to Shareholders on or about 29 April 2024.

DIRECTORS’ RESPONSIBILITY STATEMENT

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

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

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

Directors' Report (Continued)

2. Compliance with legislation

These consolidated and company inflation adjusted financial statements, which have been prepared on the basis of historical cost financial information as restated using IAS 29 principles (except for fair value measurements where applicable), are in agreement with the underlying books and records and have been properly prepared in accordance with the accounting policies set out in note 2, and in the manner required by the Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07) Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29) the Companies and Other Business Entities Act (Chapter 24:31).

3. Compliance with IFRSs

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

4. Going concern

The Board has satisfied itself that the group and company have adequate resources to continue in operation for the foreseeable future.

As at the end of February 2024, our Group operations were in line with the Budget and had adequate liquidity for operations. The Group is leveraging on its Group financial position which had adequate cash resources as at the end of February 2024 to preserve its financial flexibility in the uncertain environment. The Group currently believes that it has adequate liquidity and business plans to continue operating using e-commerce to mitigate some of the risks associated with the environment we are operate in.

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

As a result of this satisifaction, the group and company financial statements have accordingly been prepared on a going concern basis. The annual financial statements for the year ended 31 December 2023 set out on pages 4 to 68 were approved by the Board of Directors on 28 March 2024.

Independent auditor

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

By order of the Board

Tichaona K. Mabeza
SECRETARY

30 March 2024

Preparer of Financial Statements

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

Abel Magwaza CA(Z), ACA
PAAB Number : 04408

Tichaona K. Mabeza
Group Company Secretary

Company Secretary’s Certification

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

Tichaona K. Mabeza
Group Company Secretary

30 March 2024

Board of Directors

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

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

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

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

TRYNOS KUFAZVINEI
B Acc (Hons), CA(Z), MBA
(GROUP CHIEF EXECUTIVE)

Trynos is a Chartered Accountant (Zimbabwe) who completed his articles with PriceWaterhouse and holds a Masters degree in Business Administration from the University of Manchester, United Kingdom. Trynos joined FBC Bank Limited in January 1998 as Head of Finance and Administration and was appointed to the board in October 2003. He became Group Finance Director in 2004 following the consolidation of the FBC Group and was appointed Chief Executive of the FBC Group on the 1st of January 2024.

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

Aeneas has in excess of 33 years diverse experience in development work with the United Nations in various countries and is a holder of an Msc in Applied Economics.

Board of Directors (Continued)

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

Kleto has over 30 years experience in reinsurance gathered with two leading reinsurers in Zimbabwe. He is one of the founder members of FBC Reinsurance Limited, having joined the company (then Southern Africa Reinsurance Company Limited) on 1 January 1995 as Senior Underwriter and rose through the ranks to become Executive Director, Operations of FBC Reinsurance Limited in 2006. He holds a Bachelor of Business Studies (Honours) Degree from the University of Zimbabwe and is also an Associate of the Insurance Institute of South Africa. He was appointed Managing Director for FBC Reinsurance Limited on 1 March 2012.

GARY COLLINS
PGD JMC
(NON EXECUTIVE DIRECTOR)

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

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

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

ABEL MAGWAZA
BA (Hons) Accounting, MSc Accounting and Finance, CA(Z),ACCA, ACIS, ACA,MBA
(EXECUTIVE DIRECTOR, FINANCE AND ADMINISTRATION)/ GROUP FINANCE DIRECTOR

Abel has over 20 years of experience in the financial services industry, having served in various capacities within the Banking, Asset Management, and Insurance industries. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Zimbabwe (ICAZ), the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Secretaries and Administrators (CIS). He is a holder of a Bachelor's Degree in Accounting, a Master of Science Degree in Accounting and Finance, and a Master of Business Administration degree. Abel joined FBC Bank in 2006 as an accountant. He was appointed to the position of Head of Finance and Administration for FBC Bank in 2011 and in 2017 and he was promoted to Executive Director, Finance & Administration, a position which he held until his appointment to the position of Group Finance Director with effect from 1 January 2024

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

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

Board of Directors (Continued)

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

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

RUTENHURO MOYO
MSIO
(NON-EXECUTIVE DIRECTOR)

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

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

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

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

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

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

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

WEBSTER RUSERE
AIBZ, MBA
(DEPUTY GROUP CHIEF EXECUTIVE)

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

Corporate Governance

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

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

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

Board Attendance

	Main Board				Board Audit				Board HR				Board Finance & Strategy				Board Risk & Compliance				Board Marketing and PR				Board Digitalisation and Innovations				Board Corporate Governance, Nominations and Sustainability			
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	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	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	√	√	√	√	√	√	√	√	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	N/A	N/A	N/A	N/A
Aeneas Chuma	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	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	√	√	x	√	√	√	√	√	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	√	√	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
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	N/A	N/A	N/A	N/A
David Makwara	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A
Canada Malunga	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A
Charles Msipa	√	√	√	√	√	√	√	x	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	x	√
Rutenhuro Moyo	√	√	√	√	√	x	√	√	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	N/A	N/A	N/A	N/A
Sifiso Ndlovu	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vimbai Nyemba	√	√	√	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	x	√	x	√	N/A	N/A	N/A	N/A	√	√	√	x
Webster Rusere	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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:

Corporate Governance (Continued)

Board Finance and Strategy Committee

Members

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

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

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

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

Board Human Resources and Remuneration Committee

Members

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

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

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

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

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

Board Audit Committee

Members

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

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

The Committee meets regularly to:

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

Board Risk and Compliance Committee

Members

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

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

Board Credit Committee

Members

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

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

Corporate Governance (Continued)

of Credit and Risk Management attend the committee meetings by invitation.

Board Loans Review Committee
Members
P. Moyo (Chairman)
Y. Halimana
C. Mathonzi
M. Nzwere

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

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

Board Assets and Liabilities Committee
Members
F. Makoni (Chairperson)
T. Mutseyekwa
T. Kufazvinei
M. Nzwere
W. Rusere

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

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

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

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

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

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

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

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

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

Corporate Governance (Continued)

Risk Management and Control

Introduction and overview

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

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

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

The most important risks that the Group is exposed to are listed below:
- Credit risk,
- Market risk,
- Liquidity risk,
- Reputational risk,
- Strategic risk,
- Operational risk and
- Compliance risk.

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

Risk management framework

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

The Group's Board of Directors has the ultimate responsibility for ensuring that an adequate and effective system of internal controls is established and maintained. The Board delegates its responsibilities to the following Committees through its respective Board Committees:
- Group Risk and Compliance Committee,
- Group Audit Committee,
- Group Human Resources and Remuneration Committee,
- Group Finance and Strategy Committee,
- Credit Committees for the Bank and Building Society,
- Loans Review Committees for the Bank and Building Society and
- Assets and Liabilities Committees ("ALCO") for the Bank and Building Society.

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

In addition to the above Committees, the following three risk related functions are directly involved in Group-wide risk management:
- Group Risk Management,
- Group Internal Audit and
- Group Compliance.

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

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

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

The principal risks to which the Group is exposed to and which it continues to manage are detailed in note 31 under Financial Risk Management.

Corporate Governance (Continued)

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

The Compliance function assesses the conformity of codes of conduct, instructions, procedures and organizations in relation to the rules of integrity in financial services activities. These rules are those which arise from the Group's own integrity policy as well as those which are directly provided by its legal status and other legal and regulatory provisions applicable to the financial services sector.

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

Statement of Compliance

The Group complied with the following statutes inter alia:-
The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23), the Companies and Other Business Entities Act (Chapter 24:31), the relevant Statutory Instruments ("SI") SI 33/99, SI 33/19 and SI 62/96, The Income Tax Act (Chapter 23:06), The Capital Gains Act (Chapter 23:01), the Value Added Tax Act (Chapter 23:12), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Zimbabwe Microfinance Act (Chapter 24:29).

Corporate Governance (Continued)

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

International credit ratings

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

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

Subsidiary	2023	2022	2021	2019	2018	2017	2016	2015
FBC Bank Limited	A-	A-	A-	BBB+	BBB+	BBB+	A-	A-
FBC Reinsurance Limited	A-	A-	A-	A-	A-	A-	A-	A-
FBC Building Society	BB+	-	-	BBB-	BBB-	BBB-	BBB-	BBB-
FBC Insurance Company Limited	-	-	-	A-	A-	A-	BBB	BBB-
Microplan Financial Services Limited	-	-	-	BBB	BBB-	BBB-	N/A	N/A

Herbert Nkala
(Group Chairman)

Trynos Kufazvinei
(Group Chief Executive)

Tichaona K. Mabeza
(Group Company Secretary)

Group
Financial Statements

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Independent Auditors' Report
To the shareholders of FBC Holdings Limited

Opinion
We have audited the inflation adjusted consolidated and separate financial statements of FBC Holdings Limited (the Group and Company) set out on pages 69 to 218, which comprise the inflation adjusted consolidated and company statements of financial position as at 31 December 2023, and the inflation adjusted consolidated and company statements of profit or loss and other comprehensive income, inflation adjusted consolidated and company statements of changes in equity and the inflation adjusted consolidated and company statements of cash flows for the year then ended, and notes to the inflation adjusted consolidated and company financial statements , comprising material accounting policies and other explanatory information.

In our opinion, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of FBC Holdings Limited as at 31 December 2023, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the manner required by the Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29), and Companies and Other Business Entities Act (Chapter 24:31).

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

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

Independent Auditors' Report (Continued)

1. Valuation of land and buildings and investment property

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

Refer to:

material accounting policies - the investment property accounting policy note 2.10 and the property and equipment accounting policy note 2.12 critical accounting estimates and judgements - investment property and property and equipment valuation note 3.4 notes to the inflation adjusted consolidated financial statements - the investment property note 10, the property and equipment note 12 and the fair value of assets and liabilities note 32 notes to the inflation adjusted company financial statements
- the property and equipment note 8.

Key audit matter	How the matter was addressed in our audit
The Group and Company holds land and buildings measured at fair value in accordance with IAS 16, Property, Plant and Equipment (IAS 16). The Group also holds investment property which is measured at fair value in accordance with IAS 40, Investment Property (IAS 40). As at reporting date, the Group had land and buildings of ZWL 161,7 billion inflation adjusted and investment property of ZWL326,2 billion, inflation adjusted. The Company had land and buildings of ZWL 18,8 billion inflation. Investment property and land and buildings are subject to variability in values given the rapid changes in a hyperinflationary environment. The fair values of the Group and Company's properties are classified as Level 3 in the fair value hierarchy, through their use of unobservable inputs, such as rental rates, void rates, capitalisation rates and price per square meter, where applicable, and have estimation uncertainty inherent in their values. The Group and Company uses independent professionally qualified valuers to perform the property valuations. Determination of the fair value of investment property and land and buildings is subject to significant judgement and represents a material balance. The valuation of the Group and Company's land and buildings and investment property was considered a key audit matter.	Our procedures included the following: • Evaluating the professional competence and capabilities, independence and objectivity of the independent external valuers engaged by the directors to value the properties through inquires and inspection of the valuers' qualifications. • Engaged our own professional independent property valuer to reperform valuations on a sample basis and compare to the valuations as determined by the directors' valuers. • Evaluating the professional competence and capabilities, independence and objectivity of our own engaged professional independent property valuer through inquiries and inspection of qualifications of the valuer. • Our engaged independent professional property valuer evaluated whether the valuation methodologies and assumptions used by the directors' engaged valuers are appropriate, based on their knowledge of the industry and the requirements of IFRS 13, Fair value measurement (IFRS 13). • Assessing the adequacy of the disclosures in the inflation adjusted consolidated and separate financial statements in respect of the valuation of land and buildings and investment properties in accordance with IAS 16, IAS 40 and IFRS 13.

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

This matter relates to the inflation adjusted consolidated financial statements.

Refer to:

material accounting policies - the financial assets impairment accounting policy note 2.5.1 (vi) critical accounting estimates and judgements - the impairment of financial assets note 3.1 notes to the inflation adjusted consolidated financial statements - the loans and advances to customers note 5.1 and the financial risk management - credit risk note 31.1.

Independent Auditors' Report (Continued)

Key audit matter	How the matter was addressed in our audit
The Group provides loans and advances to customers. As at reporting date, the Group had gross loans and advances to customers of ZWL 1,6 trillion inflation adjusted with an expected credit loss impairment allowance of ZWL 53.6 billion inflation adjusted. The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances to customers. The Group's ECL model includes certain judgements and assumptions such as: • the credit grade allocated to the counterparties in the retail and corporate banking category; • the probability of a loan becoming past due and subsequently defaulting (probability of default - PD); • the determination of the Group's definition of default; • the magnitude of the likely loss if there is default (loss given default - LGD); • the expected exposure in the event of a default (exposure at default - EAD); • the criteria for assessing significant increase in credit risk (SICR); • the rate of recovery on the loans that are past due and in default; • the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows; • market values and estimated time and cost to sell collateral; and • the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, central bank policy on interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. Due to the significance of the loans and advances to customers to the Group and the level of judgement, complexity and estimation applied in determining the ECL, the expected credit loss on loans and advances was considered a key audit matter.	Our procedures included the following: • Assessing whether the Group's credit policies are aligned with IFRS 9: Financial Instruments (IFRS 9). • Assessing and testing the design, implementation and operating effectiveness of the key controls over credit origination and monitoring in the loan granting process. • For a sample of loans and advances, we evaluated the appropriateness of the credit grade through the performance of credit reviews and an analysis of the financial performance of selected entities. • We assessed the completeness, accuracy and validity of data and inputs used during the development and application of the ECL model by testing the relevant data elements over a sample of loans and advances from the loan books. • Assessing the adequacy of the Group's disclosures in respect of ECL as required in terms of IFRS 7, Financial instruments disclosures (IFRS 7). • Engaged our Financial Risk Management specialists to: • Evaluate the appropriateness of the Group's IFRS 9 expected credit losses model and review the reasonability of the methodology updates within the Group's IFRS 9 ECL model since the prior year; • Assess the reasonableness of management's assumptions in the determination of the PD, EADs and LGDs by comparing against industry benchmarks. • Assess the appropriateness of the Group's IFRS 9 ECL models by reperforming management's calculations using our own independent models. • Challenge management's judgements and assumptions incorporated into forward looking ECLs by using available external and independent macro-economic information.

3. Adoption of IFRS 17, Insurance contract and the valuation of the liability for incurred claims

This matter relates to the inflation adjusted consolidated financial statements.

Refer to:

material accounting policies - IFRS 17 Insurance Contracts, included under the basis for preparation, changes in accounting policy and disclosures note 2.1.1 (E) and the insurance contracts accounting policy note 2.8 critical accounting estimates and judgements - the insurance claims note 3.2 notes to the inflation adjusted consolidated financial statements - the insurance and reinsurance contracts note 15 and the insurance risk management note 34.

Independent Auditors' Report (Continued)

Key audit matter	How the matter was addressed in our audit
The financial year ended 31 December 2023 represents the first year in which the Group transitioned from IFRS 4, Insurance contracts (IFRS 4) to IFRS 17, Insurance contracts (IFRS 17). The adoption of IFRS 17, applied fully retrospectively, introduced risks associated with the inappropriate selection of accounting policy choices on adoption and transition and the inappropriate measurement of the insurance contract liabilities. The Group, after consideration of the terms and conditions of the insurance contracts, has elected to apply the premium allocation approach (PAA) measurement model to account for its insurance contracts. As at the reporting date, the Group held an inflation adjusted liability for incurred claims (LIC) balance of ZWL$34,3 billion. The directors engaged an independent actuarial expert to assess the adequacy of the valuation of the LIC. The determination of the LIC is an area that makes use of significant qualitative and quantitative judgements and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as the end of the reporting year. The most significant assumptions made in the valuation of the LIC in accordance with IFRS 17 are the cash flow estimations of the incurred but not yet reported claims and a risk adjustment for non-financial risk. Given the complexities and judgements applied on adoption of IFRS 17 and the significant judgements and estimation uncertainties in the determination of the liability for incurred claims, we considered the adoption of IFRS 17 and the valuation of the liability for incurred claims to be matters of most significance for the current year audit and a key audit matter.	**Adoption of IFRS 17** Our procedures in respect of the adoption of IFRS 17 included the following: • Obtained an understanding of and evaluated whether the directors' transition methodology and policies adopted are consistent with IFRS 17 with the assistance of our own actuarial and technical specialists. • Evaluated the completeness and accuracy of the data used to determine the transition adjustments by agreeing the underlying policy data relating to premiums and claims to the data used to determine the transition adjustments. • Evaluated the appropriateness of the Group's adopted policies, through inspection of a sample of insurance contracts to confirm the coverage period for the contracts and to confirm the eligibility of the election of applying PAA with the assistance of our technical specialists. • Evaluated the reasonableness of the transition adjustments recognised by testing the reconciliation performed from IFRS 4 to IFRS 17. **Valuation of liability for incurred claims** Procedures on LIC included following: • Evaluated the professional competence and capabilities, independence and objectivity of the actuarial expert engaged by the directors to compute the LIC estimate through inspection of their professional membership and curriculum vitae. • Our own actuarial specialist interrogated the methodology and key assumptions used in the determination of the LIC estimate by testing the principles and the integrity of the models used by the directors` actuarial experts based on their industry knowledge and experience whilst assessing whether these were also in line with the requirements of IFRS 17. • We tested the design and implementation and operating effectiveness of the controls over the recognition, measurement and recording of premiums. We further tested the completeness and accuracy of the premiums data used to estimate the incurred but not yet reported claims by agreeing the premiums to the policy documents and bank statements. • We assessed the risk adjustment for non-financial risk for compliance with the Zimbabwe Integrated Capital and Risk Programme (ZICARP) framework as required by the Insurance and Pensions Commission with the assistance of our actuarial specialists. **Disclosures** Assessed the disclosures in the inflation adjusted consolidated financial statements, paying particular attention to the disclosures in respect of the transition to IFRS 17 and the assumptions used and the judgements applied in respect of LIC against the requirements of IFRS 17.

Independent Auditors' Report (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FBC Holdings Limited Annual Report Consolidated and Company for the year ended 31 December 2023" and including the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Historical Cost", but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

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

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

Independent Auditors’ Report (Continued)

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

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

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

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

KPMG

Themba Mudidi Chartered Accountant (Z) Registered Auditor
PAAB Practicing Certificate Number 0437
30 March 2024

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

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

Consolidated Statement of Financial Position

As at 31 December 2023

		INFLATION ADJUSTED			HISTORICAL COST *		
ASSETS	**Note**	**31 Dec 2023 ZWL**	**31 Dec 2022 Restated** ZWL**	**1 Jan 2022 Restated** ZWL**	**31 Dec 2023 ZWL**	**31 Dec 2022 Restated** ZWL**	**1 Jan 2022 Restated** ZWL**
Balances with banks and cash	4	802 054 951 268	402 701 995 873	291 387 432 627	802 054 951 268	83 802 420 171	17 639 586 908
Financial assets at amortised cost	5.5	94 871 819 347	38 821 740 418	32 537 772 359	94 871 819 347	8 078 817 179	1 969 724 151
Loans and advances to customers	5.1	1 589 110 044 872	719 173 993 321	388 747 113 423	1 589 106 827 397	149 659 681 728	23 533 213 273
Trade and other receivables	5.2	734 933 621	4 018 233 689	280 765 738	734 933 621	836 195 776	16 996 587
Insurance contract assets	15	19 912 156 088	3 012 507 037	1 139 191 032	19 912 156 088	626 903 723	256 479 719
Reinsurance contract assets	15	19 921 685 031	6 212 557 237	5 528 941 181	19 921 685 031	1 292 835 241	334 702 968
Bonds and debentures		-	-	114 638 480	-	-	6 939 817
Financial assets at fair value through profit or loss	6	122 163 187 847	70 155 754 560	60 148 704 168	124 182 877 581	14 987 163 744	3 724 819 859
Financial assets at fair value through other comprehensive income	7	1 206 638 987	1 018 864 992	2 576 963 346	1 206 638 987	212 026 146	156 000 444
Inventory	8	5 276 220 234	4 206 581 699	5 101 117 574	2 158 210 318	315 339 718	102 710 413
Prepayments and other assets	9	164 568 434 405	92 142 220 834	110 068 370 604	158 666 880 216	18 534 612 527	6 546 709 548
Current income tax asset		1 224 224 984	2 574 889 269	453 445 762	1 224 224 984	535 835 319	27 450 037
Deferred tax assets	17.3	848 613 988	10 450 096 334	3 159 117 349	8 382 301 161	2 004 635 013	149 384 316
Investment property	10	326 214 412 814	132 843 462 712	68 989 355 235	326 214 412 814	27 644 769 068	4 176 376 848
Intangible assets	11	2 236 598 960	2 037 444 689	2 145 764 847	155 071 442	66 489 512	16 479 083
Property and equipment	12	239 787 401 891	101 197 951 055	66 935 991 523	239 787 401 891	21 059 327 497	4 052 073 314
Right of use asset	26.3	3 760 586 075	2 927 842 858	2 846 770 835	827 239 006	149 280 136	75 026 793
Total assets		**3 393 891 910 412**	**1 593 496 136 577**	**1 042 161 456 083**	**3 389 407 631 152**	**329 806 332 498**	**62 784 674 078**
EQUITY AND LIABILITIES							
Liabilities							
Deposits from customers	13.1	1 017 589 871 947	531 377 844 329	428 809 870 278	1 017 589 871 947	110 579 907 317	25 958 665 772
Deposits from other banks	13.2	109 706 818 411	64 880 550 914	42 708 193 218	109 706 818 411	13 501 664 368	2 585 406 238
Borrowings	14	716 918 175 842	327 543 985 838	139 783 130 571	716 918 175 842	68 162 013 119	8 461 987 045
Insurance contract liabilities	15	73 283 219 878	19 377 067 022	15 117 705 501	73 283 219 878	3 591 138 652	915 173 581
Reinsurance contract liabilities	15	9 246 112 315	7 518 739 897	3 103 464 011	9 246 112 315	1 564 652 290	187 872 973
Trade and other payables	16	628 002 362 941	289 472 498 932	165 508 210 590	619 241 197 018	57 978 707 335	9 635 885 014
Current income tax liability		7 626 103 912	1 718 488 499	6 388 594 484	7 626 103 912	357 618 032	386 743 396
Deferred tax liability	17.3	122 330 163 696	57 453 616 335	10 850 351 521	125 076 339 129	10 555 652 912	675 817 607
Lease liability	26.3	3 310 749 098	1 070 900 286	1 365 204 940	3 310 749 088	222 854 708	82 644 775
Total liabilities		**2 688 013 578 040**	**1 300 413 692 052**	**813 634 725 114**	**2 681 998 587 540**	**266 514 208 733**	**48 890 196 401**
Equity							
Capital and reserves attributable to equity holders of the parent entity							
Share capital and share premium	18.3	14 451 584 410	14 451 584 410	14 451 584 410	14 089 892	14 089 892	14 089 892
Other reserves	19	218 093 199 291	105 399 387 440	84 705 210 697	198 423 262 309	17 070 518 047	4 515 727 160
Retained profits		472 543 987 390	172 844 162 186	129 161 306 590	508 280 079 505	46 135 591 588	9 353 403 969
Total equity, excluding non controlling interest		**705 088 771 091**	**292 695 134 036**	**228 318 101 697**	**706 717 431 706**	**63 220 199 527**	**13 883 221 021**
Non controlling interest in equity		789 561 281	387 310 489	208 629 272	691 611 906	71 924 238	11 256 656
Total equity		**705 878 332 372**	**293 082 444 525**	**228 526 730 969**	**707 409 043 612**	**63 292 123 765**	**13 894 477 677**
Total equity and liabilities		**3 393 891 910 412**	**1 593 496 136 577**	**1 042 161 456 083**	**3 389 407 631 152**	**329 806 332 498**	**62 784 674 078**

The consolidated financial statements on pages 69 to 198 were authorised for issue by the board of directors on 30 March 2024 and were signed on its behalf.

Herbert Nkala
(Chairman)

Trynos Kufazvinei
(Group Chief Executive)

Tichaona K. Mabeza
(Company Secretary)

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

** This is due to initial application of IFRS 17 (refer note 2.1.1e)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST *	
	Note	31 Dec 2023 ZWL	31 Dec 2022 Restated** ZWL	31 Dec 2023 ZWL	31 Dec 2022 Restated** ZWL
Interest income calculated using the effective interest method	20	384 641 896 877	206 215 142 559	233 522 643 575	32 152 044 557
Interest and related expense	20.1	(144 886 870 299)	(64 048 499 441)	(85 559 364 252)	(10 647 773 321)
Net interest related income		**239 755 026 578**	**142 166 643 118**	**147 963 279 323**	**21 504 271 236**
Fee and commission income	21	233 150 836 556	84 114 900 318	143 414 421 365	12 618 022 195
Fee and commission expense	21.1	(1 679 057 810)	(1 291 025 722)	(797 965 610)	(211 704 766)
Net fee and commission income		**231 471 778 746**	**82 823 874 596**	**142 616 455 755**	**12 406 317 429**
Revenue from property sales	22	-	148 691 654	-	10 786 026
Cost of property sales	22.1	-	(84 202 392)	-	(4 038 249)
Net income from property sales		**-**	**64 489 262**	**-**	**6 747 777**
Insurance revenue	23	120 083 337 276	45 202 406 490	69 100 954 043	6 318 582 937
Insurance service expense	26	(113 561 440 077)	(45 262 494 568)	(73 199 882 204)	(7 075 947 410)
Net (expenses)/revenue from reinsurance contracts	15.1	(18 943 637 544)	(102 602 939)	(8 770 056 434)	440 059 092
Insurance service result		**(12 421 740 345)**	**(162 691 017)**	**(12 868 984 595)**	**(317 305 381)**
Revenue		**458 805 064 979**	**224 892 315 959**	**277 710 750 483**	**33 600 031 061**
Net foreign currency dealing and trading income		574 648 770 017	200 014 441 074	560 552 052 843	39 046 719 616
Net gain from financial assets at fair value through profit or loss	24	84 709 377 763	47 936 016 225	86 665 447 233	8 508 692 950
Other operating income	25	152 362 036 579	60 190 199 152	265 917 980 354	21 400 723 682
Total other income		**811 720 184 359**	**308 140 656 451**	**913 135 480 430**	**68 956 136 248**
Total net income		**1 270 525 249 338**	**533 032 972 410**	**1 190 846 230 913**	**102 556 167 309**
Impairment allowance	5.4	(53 585 431 743)	(21 987 795 008)	(53 585 431 743)	(4 575 667 503)
Other operating expenses	26	(901 865 008 459)	(332 845 463 200)	(560 956 671 083)	(50 119 205 990)
Monetary gain/(loss)		88 442 674 322	(64 488 163 578)	-	-
Profit before income tax		**403 517 483 458**	**113 711 550 624**	**576 304 128 087**	**47 861 293 816**
Income tax expense	**27.1**	**(76 130 389 118)**	**(53 467 572 260)**	**(97 886 118 176)**	**(9 146 004 125)**
Profit for the year		**327 387 094 340**	**60 243 978 364**	**478 418 009 911**	**38 715 289 691**

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 Restated** ZWL	HISTORICAL COST * 31 Dec 2023 ZWL	HISTORICAL COST * 31 Dec 2022 Restated** ZWL
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains on property and equipment revaluation		137 686 182 585	30 800 632 905	218 550 300 579	16 001 408 016
Related tax		(27 041 911 083)	(4 979 696 092)	(42 710 971 839)	(2 641 444 347)
Gain on financial assets at fair value through other comprehensive income		1 290 171 113	89 524 906	1 230 414 248	56 025 704
Related tax		(46 008 083)	(3 100 432)	(56 111 435)	(2 514 976)
		111 888 434 532	**25 907 361 287**	**177 013 631 553**	**13 413 474 397**
Items that may be subsequently reclassified to profit or loss					
Foreign operations – foreign currency translation differences		3 108 227 564	2 640 143 244	5 285 920 075	549 414 693
Related tax		-	-	-	-
		3 108 227 564	**2 640 143 244**	**5 285 920 075**	**549 414 693**
Total other comprehensive income, net income tax		**114 996 662 096**	**28 547 504 531**	**182 299 551 628**	**13 962 889 090**
Total comprehensive income for the year		**442 383 756 436**	**88 791 482 895**	**660 717 561 539**	**52 678 178 781**
Profit attributable to:					
Equity holders of the parent		327 243 720 152	60 177 706 481	478 312 818 140	38 708 406 307
Non - controlling interest		143 374 188	66 271 883	105 191 771	6 883 384
Profit for the year		**327 387 094 340**	**60 243 978 364**	**478 418 009 911**	**38 715 289 691**
Total comprehensive income attributable to:					
Equity holders of the parent		441 981 505 644	88 612 801 678	660 097 873 871	52 617 511 199
Non - controlling interest		402 250 792	178 681 217	619 687 668	60 667 582
		442 383 756 436	**88 791 482 895**	**660 717 561 539**	**52 678 178 781**
Earnings per share (ZWL cents)					
Basic earnings per share	30.1	53 593.92	9 568.25	78 335.07	6 154.63
Diluted earnings per share	30.2	53 593.92	9 568.25	78 335.07	6 154.63
Headline earnings per share	30.3	53 948.31	9 567.93	78 379.46	6 153.07
Diluted headline earnings per share	30.4	53 948.31	9 567.93	78 379.46	6 153.07

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

** This is due to initial application of IFRS 17 (refer note 2.1.1e)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

INFLATION ADJUSTED

	Share capital	Share premium ZWL	Retained profits ZWL	Translation reserve ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2022, as previously stated	6 891 519	14 444 692 891	137 939 555 099	-	(17 310 652 330)	67 449 405 281	29 084 003 378	3 768 896 618	1 713 557 750	237 096 350 206	331 150 885	237 427 501 091
Changes on initial application of IFRS 17**	-	-	(8 778 248 509)	-	-	-	-	-	-	(8 778 248 509)	(122 521 613)	(8 900 770 122)
Restated balance as at 1 January 2022	6 891 519	14 444 692 891	129 161 306 590	-	(17 310 652 330)	67 449 405 281	29 084 003 378	3 768 896 618	1 713 557 750	228 318 101 697	208 629 272	228 526 730 969
Profit for the year	-	-	60 177 706 481	-	-	-	-	-	-	60 177 706 481	66 271 883	60 243 978 364
Other comprehensive income;												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	25 708 527 479	-	-	25 708 527 479	112 409 334	25 820 936 813
Foreign operations – foreign translation differences	-	-	-	2 640 143 244	-	-	-	-	-	2 640 143 244	-	2 640 143 244
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	86 424 474	-	86 424 474	-	86 424 474
Total other comprehensive income	-	-	-	2 640 143 244	-	-	25 708 527 479	86 424 474	-	28 435 095 197	112 409 334	28 547 504 531
Total comprehensive income	-	-	60 177 706 481	2 640 143 244	-	-	25 708 527 479	86 424 474	-	88 612 801 678	178 681 217	88 791 482 895
Transaction with owners:												
Dividend declared and paid	-	-	(16 494 850 885)	-	-	-	-	-	-	(16 494 850 885)	-	(16 494 850 885)
Treasury share purchase	-	-	-	-	(7 740 918 454)	-	-	-	-	(7 740 918 454)	-	(7 740 918 454)
Total transactions with owners recognised directly in equity	-	-	(16 494 850 885)	-	(7 740 918 454)	-	-	-	-	(24 235 769 339)	-	(24 235 769 339)
Restated balance as at 31 December 2022	6 891 519	14 444 692 891	172 844 162 186	2 640 143 244	(25 051 570 784)	67 449 405 281	54 792 530 857	3 855 321 092	1 713 557 750	292 695 134 036	387 310 489	293 082 444 525
Balance as at 1 January 2023	6 891 519	14 444 692 891	172 844 162 186	2 640 143 244	(25 051 570 784)	67 449 405 281	54 792 530 857	3 855 321 092	1 713 557 750	292 695 134 036	387 310 489	293 082 444 525
Profit for the year	-	-	327 243 720 152	-	-	-	-	-	-	327 243 720 152	143 374 188	327 387 094 340
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	110 385 394 898	-	-	110 385 394 898	258 876 604	110 644 271 502
Revaluation realised	-	-	1 953 092 573	-	-	-	(1 953 092 573)	-	-	-	-	-
Foreign operations – foreign translation differences	-	-	-	3 108 227 564	-	-	-	-	-	3 108 227 564	-	3 108 227 564
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	1 244 163 030	-	1 244 163 030	-	1 244 163 030
Total other comprehensive income	-	-	1 953 092 573	3 108 227 564	-	-	108 432 302 325	1 244 163 030	-	114 737 785 492	258 876 604	114 996 662 096
Total comprehensive income	-	-	329 196 812 725	3 108 227 564	-	-	108 432 302 325	1 244 163 030	-	441 981 505 644	402 250 792	442 383 756 436
Transaction with owners:												
Dividend declared and paid	-	-	(29 496 987 521)	-	-	-	-	-	-	(29 496 987 521)	-	(29 496 987 521)
Treasury share purchase	-	-	-	-	(90 881 068)	-	-	-	-	(90 881 068)	-	(90 881 068)
Total transactions with owners recognised directly in equity	-	-	(29 496 987 521)	-	(90 881 068)	-	-	-	-	(29 587 868 589)	-	(29 587 868 589)
Balance as at 31 December 2023	6 891 519	14 444 692 891	472 543 987 390	5 748 370 808	(25 142 451 852)	67 449 405 281	163 224 833 182	5 099 484 122	1 713 557 750	705 088 771 091	789 561 281	705 878 332 372

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

HISTORICAL COST

	Share capital	Share premium ZWL	Retained profits ZWL	Translation reserve ZWL	Treasury shares ZWL	Non distributable reserve ZWL	Revaluation reserve ZWL	Financial assets at fair value reserve ZWL	Changes in ownership ZWL	Total ZWL	Non controlling interest ZWL	Total equity ZWL
Balance as at 1 January 2022, as previously stated	**6 719**	**14 083 173**	**9 780 717 590**	**-**	**(311 545 489)**	**1 419 826 338**	**3 253 383 494**	**152 392 146**	**1 670 671**	**14 310 534 642**	**19 708 438**	**14 330 243 080**
Changes on initial application of IFRS 17**	-	-	(427 313 621)	-	-	-	-	-	-	(427 313 621)	(8 451 782)	(435 765 403)
Restated balance as at 1 January 2022	**6 719**	**14 083 173**	**9 353 403 969**	**-**	**(311 545 489)**	**1 419 826 338**	**3 253 383 494**	**152 392 146**	**1 670 671**	**13 883 221 021**	**11 256 656**	**13 894 477 677**
Profit for the year	-	-	38 708 406 307	-	-	-	-	-	-	38 708 406 307	6 883 384	38 715 289 691
Other comprehensive income;												-
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	13 306 179 471	-	-	13 306 179 471	53 784 198	13 359 963 669
Foreign operations – foreign translation differences	-	-	-	549 414 693	-	-	-	-	-	549 414 693	-	549 414 693
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	53 510 728	-	53 510 728	-	53 510 728
Total other comprehensive income	**-**	**-**	**-**	**549 414 693**	**-**	**-**	**13 306 179 471**	**53 510 728**	**-**	**13 909 104 892**	**53 784 198**	**13 962 889 090**
Total comprehensive income	**-**	**-**	**38 708 406 307**	**549 414 693**	**-**	**-**	**13 306 179 471**	**53 510 728**	**-**	**52 617 511 199**	**60 667 582**	**52 678 178 781**
Transaction with owners:												
Dividend declared and paid	-	-	(1 926 218 688)	-	-	-	-	-	-	(1 926 218 688)	-	(1 926 218 688)
Treasury share purchase	-	-	-	-	(1 354 314 005)	-	-	-	-	(1 354 314 005)	-	(1 354 314 005)
Total transactions with owners recognised directly in equity	**-**	**-**	**(1 926 218 688)**	**-**	**(1 354 314 005)**	**-**	**-**	**-**	**-**	**(3 280 532 693)**	**-**	**(3 280 532 693)**
Restated balance as at 31 December 2022	**6 719**	**14 083 173**	**46 135 591 588**	**549 414 693**	**(1 665 859 494)**	**1 419 826 338**	**16 559 562 965**	**205 902 874**	**1 670 671**	**63 220 199 527**	**71 924 238**	**63 292 123 765**
Balance as at 1 January 2023	**6 719**	**14 083 173**	**46 135 591 588**	**549 414 693**	**(1 665 859 494)**	**1 419 826 338**	**16 559 562 965**	**205 902 874**	**1 670 671**	**63 220 199 527**	**71 924 238**	**63 292 123 765**
Profit for the year	-	-	478 312 818 140	-	-	-	-	-	-	478 312 818 140	105 191 771	478 418 009 911
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	-	175 324 832 843	-	-	175 324 832 843	514 495 897	175 839 328 740
Revaluation realised	-	-	406 439 218	-	-	-	(406 439 218)	-	-	-	-	-
Foreign operations – foreign translation differences	-	-	-	5 285 920 075	-	-	-	-	-	5 285 920 075	-	5 285 920 075
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	1 174 302 813	-	1 174 302 813	-	1 174 302 813
Total other comprehensive income	**-**	**-**	**406 439 218**	**5 285 920 075**	**-**	**-**	**174 918 393 625**	**1 174 302 813**	**-**	**181 785 055 731**	**514 495 897**	**182 299 551 628**
Total comprehensive income	**-**	**-**	**478 719 257 358**	**5 285 920 075**	**-**	**-**	**174 918 393 625**	**1 174 302 813**	**-**	**660 097 873 871**	**619 687 668**	**660 717 561 539**
Transaction with owners:												
Dividend declared and paid	-	-	(16 574 769 441)	-	-	-	-	-	-	(16 574 769 441)	-	(16 574 769 441)
Treasury share purchase	-	-	-	-	(25 872 251)	-	-	-	-	(25 872 251)	-	(25 872 251)
Total transactions with owners recognised directly in equity	**-**	**-**	**(16 574 769 441)**	**-**	**(25 872 251)**	**-**	**-**	**-**	**-**	**(16 600 641 692)**	**-**	**(16 600 641 692)**
Balance as at 31 December 2023	**6 719**	**14 083 173**	**508 280 079 505**	**5 835 334 768**	**(1 691 731 745)**	**1 419 826 338**	**191 477 956 590**	**1 380 205 687**	**1 670 671**	**706 717 431 706**	**691 611 906**	**707 409 043 612**

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST*	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
Cash flow from operating activities	**Note**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Profit before income tax		403 517 483 458	113 711 550 624	576 304 128 087	47 861 293 816
Adjustments for non cash items:					
Monetary (gain)/loss		(88 442 674 322)	64 488 163 578	-	-
Depreciation	12	7 751 461 355	5 955 630 894	4 049 096 436	603 449 024
Amortisation charge	11	252 228 774	472 584 545	31 172 365	7 607 855
Credit impairment losses	5.4	53 585 431 743	21 987 795 008	53 585 431 743	4 575 667 503
Net unrealised exchange gains and losses		(289 631 697 795)	34 054 315 829	(608 531 273 497)	(35 911 520 856)
Fair value adjustment on investment property		(136 405 952 133)	(51 464 113 033)	(255 772 270 885)	(19 973 501 636)
Fair value adjustment on financial assets at fair value through profit or loss	24	(84 709 377 763)	(47 936 016 225)	(86 665 447 233)	(8 508 692 950)
Profit/(loss) on disposal of property and equipment	25	2 163 896 400	(1 969 084)	271 074 804	(9 813 718)
Depreciation right of use asset	26.3	1 064 591 133	948 396 826	470 896 619	85 167 961
Interest on lease liability	26.3	445 294 817	2 240 634 516	296 863 800	272 767 950
Provisions***		41 475 360 950	61 553 225 811	41 475 360 950	10 685 011 005
Net cash (used)/generated before changes in operating assets and liabilities		**(88 933 953 383)**	**206 010 199 289**	**(274 484 966 811)**	**(312 564 046)**
Decrease in financial assets at amortised cost		33 421 270 809	10 525 840 859	2 678 347 570	(2 610 966 164)
Decrease in loans and advances		374 561 034 186	162 393 253 881	(194 950 059 932)	(23 570 433 613)
Decrease/(increase) in trade and other receivables		3 787 049 227	(3 737 467 951)	605 011 314	(819 199 189)
(Increase) in insurance contract assets		(4 874 855 546)	(1 873 316 006)	(7 260 458 860)	(370 424 004)
(Increase) in reinsurance contract assets		(10 863 524 014)	(683 616 055)	(15 783 246 010)	(958 132 273)
Decrease in bonds and debentures		-	114 638 480	-	6 939 817
Decrease in financial assets at fair value through profit or loss		118 200 477 328	37 928 965 833	62 968 266 248	(2 753 650 935)
(Increase)/decrease in inventory		(1 069 638 535)	894 535 875	(1 842 870 600)	(212 629 305)
Decrease in prepayments and other assets		126 146 580 270	54 868 294 509	57 599 094 024	(4 427 474 607)
Increase in investment property		(22 940 532 466)	(12 417 408 306)	(13 162 418 939)	(2 241 598 266)
Decrease in deposits from customers		(235 972 501 602)	(158 968 146 176)	184 825 435 410	30 195 487 360
Decrease in deposits from other banks		(163 172 543 926)	(55 717 140 904)	(111 793 657 380)	(5 292 572 607)
Increase in insurance contract liabilities		51 553 146 597	4 259 361 521	67 339 074 967	2 675 965 071
(Decrease)/increase in reinsurance contract liabilities		(7 657 558 203)	4 415 275 887	(1 703 470 596)	1 376 779 317
Increase/(decrease) in trade and other payables		258 228 942	(52 387 355 334)	222 990 854 616	13 768 222 122
		172 442 679 684	**195 625 915 402**	**(21 975 064 979)**	**4 453 748 678**
Income tax paid		(60 914 480 623)	(25 902 218 586)	(60 522 087 210)	(5 556 181 800)
Interest on lease liability paid		(445 294 817)	(2 240 634 516)	(296 863 800)	(272 767 950)
Net cash generated from operating activities		**111 082 904 244**	**167 483 062 300**	**(82 794 015 989)**	**(1 375 201 072)**
Cash flows from investing activities					
Purchases of intangible assets	11	(451 383 045)	(364 264 388)	(119 754 295)	(57 618 284)
Purchase of property and equipment	12	(14 500 855 516)	(10 687 379 561)	(7 270 174 977)	(1 721 316 397)
Proceeds from sale of property and equipment		3 625 775 853	209 776 025	3 106 240 274	27 948 681
Net cash used in investing activities		**(11 326 462 708)**	**(10 841 867 924)**	**(4 283 688 998)**	**(1 750 986 000)**
Cash flows from financing activities					
Lease liability principal payments		342 514 462	(1 323 773 502)	1 939 038 891	(19 211 371)
Proceeds from borrowings	14	84 357 272 156	295 963 247 995	17 844 570 337	61 590 051 000
Repayment of borrowings	14	(329 978 847 336)	(357 169 368 424)	(4 084 172 798)	(53 700 135 926)
Dividend paid to company's shareholders		(29 496 987 521)	(16 494 850 885)	(16 574 769 441)	(1 926 218 688)
Purchase of treasury shares		(90 881 068)	(7 740 918 454)	(25 872 251)	(1 354 314 005)
Net cash used in financing activities		**(274 866 929 307)**	**(86 765 663 270)**	**(901 205 262)**	**4 590 171 010**
Net (decrease)/increase in cash and cash equivalents		**(175 110 487 771)**	**69 875 531 106**	**(87 978 910 249)**	**1 463 983 938**
Cash and cash equivalents at beginning of the year		**402 701 995 873**	**291 387 432 627**	**83 802 420 171**	**17 639 586 908**
Effects of changes in exchange rates		804 920 344 546	312 549 810 818	806 231 441 346	64 698 849 325
Effects of inflation on cash and cash equivalents		(230 456 901 380)	(271 110 778 678)	-	-
Cash and cash equivalents at the end of year	4.2	**802 054 951 268**	**402 701 995 873**	**802 054 951 268**	**83 802 420 171**

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

** This is due to initial application of IFRS 17 (refer note 2.1.1e)

***Provisions are comprised of staff related provisions

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage financing, micro lending, reinsurance, short-term insurance, and stockbrocking services. The Company is a limited liability company, which is listed on the Zimbabwe Stock Exchange. The Company and its subsidiaries are incorporated and domiciled in Zimbabwe. These consolidated financial statements were approved for issue by the Board of Directors on 30 March 2024.

2 MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), Securities and Exchange Act (Chapter 24:25), Building Societies Act (Chapter 24:02), Microfinance Act (Chapter 24:29) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31). The inflation adjusted consolidated financial statements have been prepared from statutory records that are maintained under the historical cost convention (restated under IAS 29 principles) as modified by the revaluation of financial assets at fair value through profit or loss, Financial assets at fair value through other comprehensive income, investment property and`property and equipment.

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

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

Functional and presentation currency

The Group operates in a multi-currency economy where a basket of currencies including the Zimbabwean Dollar (ZWL), United states Dollar (USD), Euro currency (Euro), British Pound (Pound), South African Rand (Zar) and Botswana Pula (Pula) are all accepted as legal tender for the past four years in terms of the Zimbabwean laws and are currently being used in the economy to varying degrees. Over the years, the ZWL and the USD have proven to be the most used currencies in the economy with the ZWL being arguably the dominant currency. However, in the current year under review, the USD has grown in its use in the economy and in the Group in particular, making the functional currency decision a close one to call.

In arriving at its conclusions, the Directors considered and analysed the primary indicators as per IAS 21.9 which are restated below;
IAS 21 9ai - the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
IAS 21.9aii - the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
IAS 21.9b - the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

An analysis of these primary indicators for the financial year under review showed the following:
1) Staff cost for the Group in ZWL still contributed 74% of the total staff cost.
2) Operating expenses incurred mainly in ZWL were 85% of the total operating expenses.
3) The main revenue driver for the Group, Interest Income in ZWL contributed 56% to total interest income whilst interest expense in ZWL contributed 49%. This mainly indicates the dominance of the interest rate pricing in ZWL over the USD.
4) Certainly, the ZWL lending is highly regulated as often the RBZ uses ZWL interest rates pricing as part of monetary policy tools to control money supply and inflation in the economy. The USD interest rates are not regulated. This further demonstrate the fact that the ZWL still the dominant currency that influences sales prices for its lending services in not only the company but also the financial services industry and the economy at large.
5) Fee and Commission income in ZWL contributed 23% to total fee and commission income whilst fee and commission expense in ZWL contributed 53%. However, a closer analysis of the income drivers ie customer accounts, volumes and values still clearly shows that the ZWL is the dominant currency.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.1 Basis of preparation (continued)

Based on the above analysis, the Directors concluded that;

i. The ZWL the currency that mainly influences labour, material and other costs of providing goods or services.
ii. The ZWL is the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
iii. There are mixed indicators on "the currency that mainly influences sales prices for goods and services", with the ZWL still marginally dominating the main revenue driver for the Group, interest income, whilst the USD is now dominating the second main revenue driver of transactional income (fee and commission income).

The Directors, having given priority to the primary indicators of functional currency as per IAS 21, concluded that the ZWL is still the Group's functional currency for the period under review. Conversely, while the Directors acknowledge that the USD has grown in use in the company in the period under review, the growth was not enough to warrant a change of change of functional currency from prior year from the assessment of primary indicators as required by IAS 21, hence the conclusion that ZWL remains the functional currency was considered appropriate.

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

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflation economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Standards Committee (IFRIC) 7. (Applying Restated Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried in the financial statements have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit or loss for the year ended 31 December 2023 and the comparative period. Comparative amounts in the Group financial statements have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

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

The official consumer price index was last published and made available for the month of January 2023. The Group had then to estimate the consumer price index for remaining part of the year 2023 usung the Total Consumption Poverty Line ("TCPL").

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

Period	Indices	Conversion Factors at 31 December 2023
CPI as at 31 December 2021	3 977.46	16.5189
CPI as at 31 December 2022	13 672.91	4.8054
CPI as at 31 December 2023	65 703.44	1

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

i. All corresponding figures as of and for the year ended 31 December 2022 are restated by applying the change in the index from 31 December 2022 to 31 December 2023.
ii. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.
iii. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2023. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.
iv. Property, plant and equipment that is not current at the statement of financial position date is restated from the date of initial application of hyperinflation conditions, that is, 1 January 2018 or from the transaction date if purchased after 1 January 2018. Depreciation and amortization amounts are based on restated costs. Owner occupied buildings are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not restated. The depreciation amounts are based on the opening restated amounts.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.1 Basis of preparation (continued)

v. Deferred tax is calculated on restated carrying amounts.
vi. Profit or loss items/transactions, except the depreciation and amortization charges explained above, are restated by applying the change in the index from the date of the transaction to 31 December 2023.
vii. The effect of inflation on the net monetary position of the entity is included in the income statement as loss or gain on monetary position.
viii. All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

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

IAS 21 (The Effects of Changes in Foreign Exchange Rates)
The Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United Stated Dollar (USD).

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

2.1.1 Changes in accounting policy and disclosures

New and amended IFRS Accounting Standards that are effective for the current year
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A) Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

B) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have not had an impact on the Group's disclosures of accounting policies, measurement, recognition or presentation of any items in the Group's financial statements.

C) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no material impact on the Group's consolidated financial statements.

D) International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:
- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.1 Changes in accounting policy and disclosures (continued)

The amendments are effective for annual periods starting on or after 1 January 2024 and are required to be retrospectively applied. It was announced in the national budget that it is Zimbabwe's intention to implement the related legislation which was promulgated on 29 December 2023 through Finance Act No 13 of 2023.The amendments had no material impact on the group's annual financial statements for the current reporting period, as the estimated impact can only be determined once the tax law is enacted or substantively enacted.

E) IFRS 17 Insurance contracts

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

i. Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to aris an explicit risk adjustment for non-financial risk and a contractual service margin ("CSM"). Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cashflows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. The Group no longer applies shadow accounting to insurance-related assets and liabilities. Insurance finance income and expenses, disaggregated between profit or loss and OCI for life risk, are presented separately from insurance revenue and insurance service expenses.

The Group applies the premium allocation approach ("PAA") to simplify the measurement of someof its contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk. Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

ii. Transition

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

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before 1 January 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts;
- recognised any resulting net difference in equity. The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity. Irrespective of the transition approach used, the following item have not been applied retrospectively.
- The consequential amendments to IFRS 3 Business Combinations introduced by IFRS 17 require the Group to classify contracts acquired as insurance contracts based on the contractual terms and other factors at the date of acquisition. This requirement was not applied to business combinations before 1 January 2023, for which the Group classified contracts acquired as insurance contracts based on the conditions at contract inception.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.1 Changes in accounting policy and disclosures (continued)

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IAS 1 Classification of Liabilities as Current or Non-current Amendments to IAS 1 Non-current Liabilities with Covenants Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements Amendments to IFRS 16 Lease Liability in a Sale and Leaseback Amendments to IAS 21 - Lack of exchangeability

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accou, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (tha venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.1 Changes in accounting policy and disclosures (continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers • Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information
  The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right ofuse it retains solely because of a remeasurement of the lease liability (for example, following a lease modification orchange in the lease term) applying the general requirements in IFRS 16. This could have been particularly the casein a leaseback that includes variable lease payments that do not depend on an index or rate. As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Amendments to IAS 21 - Lack of exchangeability

The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.

Assessing exchangeability: When to estimate a spot rate

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

Estimating a spot rate: Meeting the estimation objective

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment

The Group is not experiencing an lack of exchangability which is why no impact is expected.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1.2 Going concern

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

As at the end of February 2024, our Group and Company's operations were in line with the Budget and had adequate liquidity for operations. The Group and Company is leveraging on its Group financial position which had adequate cash resources as at the end of February 2024 to preserve its financial flexibility in the uncertain environment.

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

2.1.3 Use of judgements and estimates

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Impairment of financial assets, note 3.1
- Insurance contracts, note 2.8 and note 16
- Inventory valuation, note 3.3
- Investment property and property and equipment valuation, note 3.4
- Valuation of unlisted equities, note 3.5
- Gain or loss on the monetary position, note 3.6

2.2 Basis of consolidation

(a) Subsidiaries

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

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or loses arising from such remeasurement are recognised through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income. There were no business combinations in the current year.

(b) Subsidiaries

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(c) Non controlling interest

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

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

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

(e) Loss in control

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

(f) Transactions eliminated on consolidation

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

(g) Separate financial statements of the Company

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

2.3 Segment reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it earns revenues and incurs expenses (including revenues and expenses relating to transactions with other components of the entity); whose operating results are reviewed regularly by the entity's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance; and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee that makes strategic decisions. The Group's operating segments have been aggregated based on the nature of the products and services on offer and the nature of the regulatory environment. The CODM is responsible for allocating resources and assessing performance of the operating segments. In accordance with IFRS 8, Operating segments, the Group has the following business segments: commercial banking, microlending, mortgage financing, reinsurance, short-term insurance, insurance broking and stockbroking.

2.3.1 Commercial banking

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

2.3.2 Microlending

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

2.3.3 Mortgage financing

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

2.3.4 Reinsurance

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3.5 Short - term insurance

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

2.3.6 Stockbroking

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

2.3.7 Microlending

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

2.4 Foreign currency translation

i) Transactions and balances

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

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

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

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

ii) Foreign operations

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

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

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

2.5 Financial assets and liabilities

2.5.1 Financial assets Classification

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

i. Recognition and initial measurement

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

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

ii. Classification

Financial assets

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

Certain debt securities are held by the Group Central Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. Certain other debt securities are held by the Group Central Treasury in separate portfolios to meet everyday liquidity needs. The Group Central Treasury seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

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

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

— contingent events that would change the amount and timing of cash flows;
— leverage features;
— prepayment and extension terms;
— terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and — features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

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

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

Non-recourse loans

In some cases, loans made by the Group that are secured by collateral of the borrower limit the Group's claim to cash flows of the underlying collateral (non-recourse loans). The Group applies judgement in assessing whether the non-recourse loans meet the SPPI criterion. The Group typically considers the following information when making this judgement:

— whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
— the fair value of the collateral relative to the amount of the secured financial asset;
— the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
— whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
— the Group's risk of loss on the asset relative to a full-recourse loan;
— the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
— whether the Group will benefit from any upside from the underlying assets.

Contractually linked instruments

The Group has some investments in securitisations (see Note 38) that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:

— the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.1 Financial assets Classification (continued)

— the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and

— the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

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

iii. Derecognition

Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

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

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

Financial liabilities

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

iv. Modifications of financial assets and financial liabilities

Financial assets

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

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

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

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

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

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

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

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

v. Fair value measurement

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

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

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

(a) The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

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

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

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

vi. Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
— financial assets at amortised cost;
— lease receivables;
— financial guarantee contracts issued; and
— loan commitments issued.
No impairment loss is recognised on equity investments

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
— debt investment securities that are determined to have low credit risk at the reporting date; and
— other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

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

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

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

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

i) Quantitative test
The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination. PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces. The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate.

ii) Qualitative test
Relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring. High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant. Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

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

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.
- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

POCI financial assets

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

— financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; — loan commitments and financial guarantee contracts: generally, as a provision;

— where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

— debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

Write-off

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

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

Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

— the guarantee is implicitly part of the contractual terms of the debt instrument;

— the guarantee is required by laws and regulations that govern the contract of the debt instrument;

— the guarantee is entered into at the same time as and in contemplation of the debt instrument; and

— the guarantee is given by the parent of the borrower or another company within the borrower's group.

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

— the guarantee is implicitly part of the contractual terms of the debt instrument;

— the guarantee is required by laws and regulations that govern the contract of the debt instrument;

— the guarantee is entered into at the same time as and in contemplation of the debt instrument; and

— the guarantee is given by the parent of the borrower or another company within the borrower's group.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.5.1 Financial assets Classification (continued)

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

viii. Designation at fair value through profit or loss

Financial assets

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

Financial liabilities

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

2.5.2 Deposits from customers and other banks

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

2.5.3 Borrowings

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

2.5.4 Financial guarantees

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of the: • ECL calculated for the financial guarantee • unamortised premium.

2.5.5 Settlement of Financial assets and liabilities

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

2.6 Balances with other banks and cash

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

2.7 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.8 Insurance contracts

Insurance and reinsurance contracts – Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk. Insurance contracts may be issued and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated. Some contracts entered into by the Group have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'financial guarantees'. Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

— the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
— the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
— the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA (Premium Allocation Approach).

i. Separating components from insurance and reinsurance contracts

At inception, the Group separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

— derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
— distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction. After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

ii. Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

— any contracts that are onerous on initial recognition;
— any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
— any remaining contracts in the annual cohort. Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. An insurance contract issued by the Group is recognised from the earliest of:
— the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
— when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
— when facts and circumstances indicate that the contract is onerous. An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition. When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.8 Insurance contracts (continued)
Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups. A group of reinsurance contracts is recognised on the following date.

- Reinsurance contracts initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.
- Other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Group's excess of loss and stop loss reinsurance contracts.
- Reinsurance contracts acquired: The date of acquisition.

iii. Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. nonrefundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and medical cover contracts that have a one-year coverage period. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group expects to recover If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method. Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset.

Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts. When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group: a. recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and b. if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a). The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

iv. Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance contracts (continued)

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services). A substantive obligation to provide services ends when:

— the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

— the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date. The reassessment of risks considers only risks transferred from policyholders to the Group, which may include both insurance and financial risks, but exclude lapse and expense risks.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

— has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or

— has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

v. Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of

(a) the fulfillment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and

(b) the CSM.

The fulfillment cash flows of a group of insurance contracts do not reflect the Group's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfillment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfillment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date. If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination (see (A)(i)). A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see (viii)).

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance contracts (continued)

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfillment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported. The fulfillment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfillment cash flows are recognised as follows.

Changes relating to future services

Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous).

Changes relating to current or past services

Recognised in the insurance service result in profit or loss.

Effects of the time value of money, financial risk and changes therein on estimated future cash flows

Recognised as insurance finance income or expenses.

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfillment cash flows that relate to future services, except to the extent that:
- any increases in the fulfillment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see (viii)); or
- any decreases in the fulfillment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (viii));
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see (viii)).

Changes in fulfillment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services. Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance contracts (continued)

Direct participating contracts

Direct participating contracts (see (D)) are contracts under which the Group's obligation to the policyholder is the net of:

— the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

— a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfillment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage. When measuring a group of direct participating contracts, the Group adjusts the fulfillment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

— the CSM of any new contracts that are added to the group in the year;

— the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfillment cash flows that relate to future services, except to the extent that:

— the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfillment cash flows;

— a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfillment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component (see (viii)); or

— an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfillment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses) (see (viii));

— the effect of any currency exchange differences on the CSM; and

— the amount recognised as insurance revenue because of the services provided in the year (see (viii)).

Changes in fulfillment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

Reinsurance contracts

To measure a group of reinsurance contracts, the Group applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfillment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date. The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer. On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfillment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.8 Insurance contracts (continued)

Reinsurance contracts (continued)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- — the CSM of any new contracts that are added to the group in the year;
- — interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- — income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- — reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under (viii)) to the extent that they are not changes in the fulfillment cash flows of the group of reinsurance contracts;
- — changes in fulfillment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfillment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- — the effect of any currency exchange differences on the CSM; and
- — the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:
- — the amount of the loss that relates to the underlying contracts; and
- — the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts. For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:
- — the amount of the loss component that relates to the underlying contracts at the date of acquisition; and
- — the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts. For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase (see (A)(i)). If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract. A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under (viii)).

vi. Measurement – Contracts measured under the PAA

The Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.
- — Insurance contracts: The coverage period of each contract in the group is one year or less. Some of these contracts provide compensation for the cost of rebuilding or repairing a property after a fire; for these contracts, the Group determines the insured event to be the occurrence of a fire and the coverage period to be the period in which a fire can occur for which a policyholder can make a valid claim.
- — Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- — Risk-attaching reinsurance contracts: The Group reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in (v). When comparing the different possible measurements, the Group considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfillment cash flows during the period before a claim is incurred, then this criterion is not met. However, certain groups of insurance contracts are acquired in their claims settlement period. The claims from some of these groups are expected to develop over more than one year. The Group measures these groups under the accounting policies in (v).

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance contracts (continued)

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group has chosen to expense insurance acquisition cash flows when they are incurred. Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided (see (viii)). On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfillment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfillment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted (see below). The Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfillment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under (v)) is created for a group of reinsurance contracts measured under the PAA, then the Group adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

vii. Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfillment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see (viii)). If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous. If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

viii. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts. The Group disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses. Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result. The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result. Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance contracts (continued)

Insurance revenue – Contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

— A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).

— Changes in the risk adjustment for non-financial risk relating to current services.

— Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognised as insurance revenue and insurance service expenses at that date.

— Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment. In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date. Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period on the following bases:

— certain property contracts: the expected timing of incurred insurance service expenses; and

— other contracts: the passage of time.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfillment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfillment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis. The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfillment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Insurance contracts (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

— Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
— Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
— Losses on onerous contracts and reversals of such losses.
— Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
— Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period. For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

— on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
— for changes in fulfillment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfillment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see (v)). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals). For life risk contracts, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:

— life risk contracts: the discount rates determined on initial recognition of the group of contracts;

and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts. Amounts presented in OCI are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment. For participating and non-life contracts, the Group presents insurance finance income or expenses in profit or loss.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.8 Insurance contracts (continued)
ix. Transition

At 1 January 2022, the Group applied full retrospective approach to identify and measure groups of contracts on transition to IFRS 17.

In the current period the Group had no contracts measured under GMM.

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

2.10 Investment property
Investment property is recognised as an asset when it is probable that future economic benefits that are associated with the investment property will flow to the Group and the cost of the property can be reliably measured. Investment property is initially measured at cost and subsequently measured at fair value. Investment property is property held to earn rentals and/or for capital appreciation. It is stated at its fair value at the reporting date as determined by independent professional valuers. Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss in the period in which they arise. The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to market evidence of most recent proceeds achieved in arms length transactions of similar properties.

Transfers from investment property are made when there is a change in use, evidenced by commencement of owner- occupation for a transfer from investment property to owner-occupied property. The property's deemed cost for subsequent accounting is its fair value at the date of change in use. Investment property is derecognised on disposal or when the property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses from disposal is determined as the difference between the net proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of disposal.

2.11 Intangible assets
Software licences

Separately acquired software licences are at historical cost amounts less accumulated amortisation at each reporting date. Amortisation on carrying amounts is calculated using the straight-line method to allocate the cost of licences over the remaining estimated useful lives not exceeding 5 years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives ranging from three to five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.12 Property and equipment
(a) Recognition and measurement

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

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

All property and equipment is stated at revalued amounts less accumulated depreciation and impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property or equipment have different useful lives, they are accounted for (major components) as separate property and equipment.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)
2.12 Property and equipment (continued)
(b) Subsequent costs

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

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

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

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

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

The carrying amounts of the Group's items of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment allowance is recognised whenever the carrying amount exceeds its recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount (note 2.14)

(c) Derecognition

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

2.13 Time - share asset
The time - share asset comprises a house boat jointly owned with external entities and the Group has a majority share. The boat is recognised as an asset for owner use. The boat is stated at revalued amount less impairment losses. Depreciation is calculated using the straight-line method to allocate the cost or to the residual values over the estimated useful life of 10 years.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in 'other expenses'.

2.15.1 Current tax

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

2.15.2 Deferred tax

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

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

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

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

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

2.16 Trade payables

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Share capital

Ordinary shares

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

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

2.18 Dividend distribution

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

2.19 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in'Other expenses' in profit or loss.

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

2.20 Derivative

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Group's other income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives have been used to hedge foreign currency and exchange rate risk related to non-trading positions. All derivative instruments are held at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial asset contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

2.21 Revenue recognition

Revenue is derived substantially from the business of banking and related activities, provision of insurance services and rendering of stock broking services. From the business of banking and related services; revenue comprises interest income, fees and commission income, net foreign currency dealing and trading income and dividend income.

2.21.1 Interest income and interest expense

Interest income and interest expense are recognised in the statement of profit or loss for all interest instruments on an accrual basis using the effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Interest income excludes fair value adjustments on interest-bearing financial instruments. Fair value adjustments are reported under other income.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21.2 Fee and commission income and expense

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

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

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

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

2.21.3 Net foreign currency dealing and trading income

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

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

2.21.4 Dividend income

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

2.21.5 Sale of goods - property sales

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

Upon an offer to purchase a property from the Group with the client meeting all the terms and conditions an agreement of sale is signed making the identification of a contract with a customer together with stating the performance obligations in the signed contract. The offer of a structured mortgage facility then determines the transaction price. Revenue is then measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised when a performance obligation is satisfied and in this case when control and title of the property is transferred to the customer. Revenue on the land portion is recognized in full on execution of the sale agreement.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

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

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

2,22 Employee benefits
(a) Termination benefits

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

(b) Short term employee benefits

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

(c) Post employment benefits

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

Pension obligation

The Group provides for retirement benefit obligation in respect of its employees as follows;
- FBCH Pension Fund - Defined Contribution Fund,
- Eagle Insurance Pension Fund (for the short-term insurance subsidiary employees) - Defined Contribution Fund,
- National Social Security Authority ("NSSA") - a Statutory Defined Contribution Fund. Contributions to NSSA are made in terms of statutory regulations and are charged against income as incurred.

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

(d) Profit sharing and bonus plans

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

(e) Share-based payment transactions

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Long service awards

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

(g) Annual leave provision

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

2.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the year excluding ordinary shares purchased by the Company, held as treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and then dividing by the weighted average number of outstanding shares during the year excluding ordinary shares purchased by the Company, held as treasury shares but taking into consideration, for the effects of all potential dilutive factors.

2.24 Headline earnings per share

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3.1 Impairment of financial assets

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Insurance claims

The Group's estimates for reported and unreported losses and establishing provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of profit or loss and other comprehensive income. The process is based on the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. Additional information is disclosed in note 15.

3.3 Inventory valuation

The process for evaluating inventory obsolescence or market value often requires the Group to make subjective judgments and estimates concerning future sales levels, quantities and prices at which such inventory will be sold in the normal course of business. The Group adjusts the inventory by the difference between the estimated market value and the actual cost of the inventory to arrive at net realizable value. The Group's estimates for market value are reviewed at least annually and updated. Any write down resulting from this review is reflected in the statement of profit or loss in 'cost of sales'. Refer note 9.

3.4 Investment property and property and equipment valuation

The key inputs and assumptions used in the valuations, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity due to illiquidity in the market. Fair valuation of properties is difficult to ascertain as market comparable sales are not as readily available as a result of depressed economic activity which has resulted in a limited number of open market sales. Furthermore, the hyperinflationary environment make it increasingly difficult to determine the fair values. The qualified valuers determined property fair values in ZWL. Additional information is disclosed in note 13.

3.5 Valuation of unlisted equities

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

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

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

3.6 The gain or loss on the net monetary position

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

1. derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of profit or loss and OCI and the adjustment of index linked assets and liabilities (Approach 1); or
2. Estimated by applying the change in the general price index to the weighted average for the period of the net amounts of monetary assets and liabilities (Approach 2). The Group has elected to use Approach 1.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
4	**BALANCES WITH BANKS AND CASH**				
4.1	**Balances with Reserve Bank of Zimbabwe ("RBZ")**				
	Current account balances	16 490 533 855	72 341 796 165	16 490 533 855	15 054 352 003
	Balances with banks and cash				
	Notes and coins	144 610 504 297	59 543 764 008	144 610 504 297	12 391 077 226
	Other bank balances	640 953 913 116	270 816 435 700	640 953 913 116	56 356 990 942
		785 564 417 413	**330 360 199 708**	**785 564 417 413**	**68 748 068 168**
	Balances with banks and cash (excluding bank overdrafts)	**802 054 951 268**	**402 701 995 873**	**802 054 951 268**	**83 802 420 171**
	Current	802 054 951 268	402 701 995 873	802 054 951 268	83 802 420 171
	Non-current	-	-	-	-
	Total	**802 054 951 268**	**402 701 995 873**	**802 054 951 268**	**83 802 420 171**
4.2	**Cash and cash equivalents**				
	Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
	Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1)	16 490 533 855	72 341 796 165	16 490 533 855	15 054 352 003
	Balances with banks and cash (note 4.1)	785 564 417 413	330 360 199 708	785 564 417 413	68 748 068 168
		802 054 951 268	**402 701 995 873**	**802 054 951 268**	**83 802 420 171**
	Per cash flow statement	**802 054 951 268**	**402 701 995 873**	**802 054 951 268**	**83 802 420 171**
	There are no restrictions pertaining to the use of cash by the Reserve bank of Zimbabwe				
5	**FINANCIAL ASSETS**				
5.1	**Loans and advances to customers**				
	Loans and advance maturities				
	Maturing within 1 year	1 085 694 157 404	474 292 905 801	1085 694 157 404	98 700 512 496
	Maturing after 1 year	560 143 355 003	267 811 853 219	560 140 137 528	55 731 069 251
	Gross carrying amount	**1 645 837 512 407**	**742 104 759 020**	**1645 834 294 932**	**154 431 581 747**
	Impairment allowance	(56 727 467 535)	(22 930 765 699)	(56 727 467 535)	(4 771 900 019)
		1 589 110 044 872	**719 173 993 321**	**1589 106 827 397**	**149 659 681 728**

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

5 FINANCIAL ASSETS (continued)

5.1 Loans and advances to customers (continued)

INFLATION ADJUSTED

Reconciliation of impairment allowance by nature of loans and advance Restated**	Mortgages ZWL	Personal loans ZWL	Corporate loans ZWL	Total ZWL
As at 1 January 2022	1 190 119 858	2 766 890 407	4 710 667 649	8 667 677 914
Effects of IAS29	(843 913 121)	(1 961 999 962)	(3 340 330 971)	(6 146 244 054)
Charge for the year	2 055 510 681	8 160 410 888	10 262 461 532	20 478 383 101
Increase in impairment allowances	2 154 132 166	8 176 840 347	10 264 536 623	20 595 509 136
Reversal of impairment	(98 621 485)	(16 429 459)	(2 075 091)	(117 126 035)
Amount written off during the year and uncollectable	(1 391 310)	(65 155 598)	(2 504 354)	(69 051 262)
As at 31 December 2022	**2 400 326 108**	**8 900 145 735**	**11 630 293 856**	**22 930 765 699**
As at 1 January 2023	2 400 326 108	8 900 145 735	11 630 293 856	22 930 765 699
Effects of IAS29	(1 900 817 441)	(7 048 022 427)	(9 210 025 812)	(18 158 865 680)
Charge for the year	3 262 953 224	1 898 763 320	47 460 149 148	52 621 865 692
Increase in impairment allowances	3 271 804 860	1 919 698 422	47 462 195 451	52 653 698 733
Reversal of impairment	(8 851 636)	(20 935 102)	(2 046 303)	(31 833 041)
Amount written off during the year and uncollectable	12 500	(220 744 668)	(445 566 008)	(666 298 176)
As at 31 December 2023	**3 762 474 391**	**3 530 141 960**	**49 434 851 184**	**56 727 467 535**

HISTORICAL COST

Reconciliation of impairment allowance by nature of loans and advance Restated**	Mortgages ZWL	Personal loans ZWL	Corporate loans ZWL	Total ZWL
As at 1 January 2022	72 045 738	167 497 971	285 167 520	524 711 229
Charge for the year	427 752 461	1 698 184 238	2 135 621 681	4 261 558 380
Increase in impairment allowances	448 275 625	1 701 603 214	2 136 053 508	4 285 932 347
Reversal of impairment	(20 523 164)	(3 418 976)	(431 827)	(24 373 967)
Amount written off during the year and uncollectable	(289 532)	(13 558 901)	(521 157)	(14 369 590)
As at 31 December 2022	**499 508 667**	**1 852 123 308**	**2 420 268 044**	**4 771 900 019**
As at 1 January 2023	499 508 667	1 852 123 308	2 420 268 044	4 771 900 019
Charge for the year	3 262 953 224	1 898 763 320	47 460 149 148	52 621 865 692
Increase in impairment allowances	3 271 804 860	1 919 698 422	47 462 195 451	52 653 698 733
Reversal of impairment	(8 851 636)	(20 935 102)	(2 046 303)	(31 833 041)
Amount written off during the year and uncollectable	12 500	(220 744 668)	(445 566 008)	(666 298 176)
As at 31 December 2023	**3 762 474 391**	**3 530 141 960**	**49 434 851 184**	**56 727 467 535**

Loans of ZWL 666 298 176 (2022- zwl 14 369 590) written off/(recovered) during the year are still subject to enforcement activity

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

5.2 Trade and other receivables

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Trade and other receivables	734 933 621	4 018 233 689	734 933 621	836 195 776
Gross carrying amount	734 933 621	4 018 233 689	734 933 621	836 195 776
Impairment allowance	-	-	-	-
	734 933 621	**4 018 233 689**	**734 933 621**	**836 195 776**
Current	734 933 621	4 018 233 689	734 933 621	836 195 776
Non-current	-	-	-	-
Total	**734 933 621**	**4 018 233 689**	**734 933 621**	**836 195 776**

5.3 Irrevocable commitments

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

5.4 Movement in credit impairment losses

	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at at armotised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
INFLATION ADJUSTED						
Restated**						
Balance at 01 January 2022	648 005	1 684 710 908	8 667 677 913	181 741 889	152 018 914	10 686 797 629
Effects of IAS 29	(459 499)	(1 194 627 271)	(6 146 244 057)	(128 873 041)	(107 796 501)	(7 578 000 369)
Change on application of IFRS 17	-	(729 133 176)	-	-	-	(729 133 176)
Impairment loss allowance	(188 506)	321 926 647	20 478 383 101	357 822 327	829 851 439	21 987 795 008
Amounts written off/(reversals) during the year	-	-	(69 051 258)	-	-	(69 051 258)
Impairment reversal	-	(82 877 108)	-	-	-	(82 877 108)
Balance as at 31 December 2022	**-**	**-**	**22 930 765 699**	**410 691 175**	**874 073 852**	**24 215 530 726**
Balance at 01 January 2023	-	-	22 930 765 699	410 691 175	874 073 852	24 215 530 726
Effects of IAS 29	-	-	(18 158 865 680)	(325 226 204)	(692 178 791)	(19 176 270 675)
Change on application of IFRS 17	-	(34 698 257)	-	-	-	(34 698 257)
Impairment loss allowance	-	98 199 245	52 621 865 692	381 384 982	483 981 824	53 585 431 743
Amounts written off /(reversals) during the year	-	-	(666 298 176)	-	-	(666 298 176)
Impairment reversal	-	(63 500 988)	-	-	-	(63 500 988)
Balance as at 31 December 2023	**-**	**-**	**56 727 467 535**	**466 849 953**	**665 876 885**	**57 860 194 373**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

5.4 Movement in credit impairment losses

HISTORICAL COST	Bonds and debentures ZWL	Trade and other receivables ZWL	Loans and advances ZWL	Financial assets at at amortised cost ZWL	Undrawn contractual commitments and guarantees ZWL	Total ZWL
Restated**						
Balance at 01 January 2022	39 228	101 986 569	524 711 229	11 002 025	9 202 699	646 941 750
Change on application of IFRS 17	-	(151 732 858)	-	-	-	(151 732 858)
Impairment loss allowance	(39 228)	66 993 043	4 261 558 380	74 462 946	172 692 362	4 575 667 503
Amounts written off /(reversals) during the year	-	-	(14 369 590)	-	-	(14 369 590)
Impairment reversal	-	(17 246 754)	-	-	-	(17 246 754)
Balance as at 31 December 2022	**-**	**-**	**4 771 900 019**	**85 464 971**	**181 895 061**	**5 039 260 051**
Balance at 01 January 2023	-	-	4 771 900 019	85 464 971	181 895 061	5 039 260 051
Change on application of IFRS 17	-	(34 698 257)	-	-	-	(34 698 257)
Impairment loss allowance	-	98 199 245	52 621 865 692	381 384 982	483 981 824	53 585 431 743
Amounts written off /(reversals) during the year	-	-	(666 298 176)	-	-	(666 298 176)
Impairment reversal	-	(63 500 988)	-	-	-	(63 500 988)
Balance as at 31 December 2023	**-**	**-**	**56 727 467 535**	**466 849 953**	**665 876 885**	**57 860 194 373**

Increases in loans and advances balances in year 2023 of ZWL1 645 837 512 408 (2022: ZWL 742 104 759 020) in inflation adjusted terms and ZWL 1 645 834 294 933 (2022: ZWL 154 431 581 747) in historical terms resulted in increases in impairment losses in year 2022 for loans and advances.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
5.5 Financial assets at amortised cost		Restated**		Restated**
	ZWL	ZWL	ZWL	ZWL
Maturing within 1 year	34 107 465 336	38 994 814 921	34 107 465 336	8 114 834 041
Maturing after 1 year	61 231 203 964	237 616 672	61 231 203 964	49 448 109
Gross carrying amount	**95 338 669 300**	**39 232 431 593**	**95 338 669 300**	**8 164 282 150**
Impairment allowance	(466 849 953)	(410 691 175)	(466 849 953)	(85 464 971)
Total	**94 871 819 347**	**38 821 740 418**	**94 871 819 347**	**8 078 817 179**

Financial assets at amortised cost comprises treasury bills.

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 Restated** ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 Restated** ZWL
Listed securities at market value	76 954 766 555	44 211 867 815	78 974 456 289	9 588 232 226
Unlisted securities	45 208 421 292	25 943 886 745	45 208 421 292	5 398 931 518
	122 163 187 847	**70 155 754 560**	**124 182 877 581**	**14 987 163 744**
Current	122 163 187 847	70 155 754 560	124 182 877 581	14 987 163 744
Total	**122 163 187 847**	**70 155 754 560**	**124 182 877 581**	**14 987 163 744**
If net asset values of unlisted securities changes by 10% the portfolio value increases or decreases by the following	**4 520 842 129**	**2 594 388 675**	**4 520 842 129**	**539 893 152**

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

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For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
7	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**				
	Listed securities at market value	**1 206 638 987**	**1 018 864 992**	**1 206 638 987**	**212 026 146**
	Current	1 206 638 987	1 018 864 992	1 206 638 987	212 026 146
	Non-current	-	-	-	-
	Total	**1 206 638 987**	**1 018 864 992**	**1 206 638 987**	**212 026 146**
8	**INVENTORY**				
	Raw materials	626 065 475	188 256 756	238 682 987	33 710 789
	Work in progress	4 650 154 759	4 018 324 943	1 919 527 331	281 628 929
		5 276 220 234	**4 206 581 699**	**2 158 210 318**	**315 339 718**
	Current	5 276 220 234	4 206 581 699	2 158 210 318	315 339 718
	Non-current	-	-	-	-
	Total	**5 276 220 234**	**4 206 581 699**	**2 158 210 318**	**315 339 718**

Included in work in progress is ZWL4 650 154 759 (2022: ZWL4 018 324 943) inflation adjusted and ZWL1 919 527 331 (2022: ZWL281 628 929) in historical terms relating to residential properties for sale which are under construction.

Raw materials relates to construction materials and finished goods relate to finished residential properties.
The value of inventory is low during the period mainly due to finished goods transferred to investment property

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
9	**PREPAYMENTS AND OTHER ASSETS**				
	Prepayments	19 466 481 036	9 530 457 530	14 715 853 173	1 543 132 259
	Refundable deposits for Mastercard and Visa transactions	11 150 332 002	12 851 812 898	11 150 332 002	2 674 466 567
	Stationery stock and other consumables	499 929 764	93 508 879	401 844 934	11 393 277
	Time - share asset	4 620 000 000	886 591 558	4 620 000 000	184 500 000
	Zimswitch receivables	10 649 979 947	5 354 214 149	10 649 979 947	1 114 213 757
	Bill payments receivables	1 884 918 839	932 140 365	1 884 918 839	193 978 722
	RBZ NNCD and auction system balances *	80 813 473 958	39 764 288 152	80 813 473 958	8 274 961 678
	Capital work in progress	2 481 741 947	2 481 741 947	82 538 666	82 538 666
	Deferred employee benefit on staff loan	24 278 406 280	19 557 613 084	24 278 406 280	4 069 945 831
	Other	8 723 170 632	689 852 272	10 069 532 417	385 481 770
		164 568 434 405	**92 142 220 834**	**158 666 880 216**	**18 534 612 527**
	Current	153 418 102 403	79 290 407 936	147 516 548 214	15 860 145 960
	Non-current	11 150 332 002	12 851 812 898	11 150 332 002	2 674 466 567
	Total	**164 568 434 405**	**92 142 220 834**	**158 666 880 216**	**18 534 612 527**

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

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		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
10	**INVESTMENT PROPERTY**				
	Balance as at 1 January	132 843 462 712	68 989 355 235	27 644 769 068	4 176 376 848
	Additions	10 560 501 635	9 940 052 744	6 087 699 596	1 762 248 590
	Fair value adjustments	173 724 581 389	51 436 699 170	288 250 420 441	21 226 793 954
	Disposal	(3 294 163 753)	-	(2 843 195 634)	-
	Transfer from inventory	12 380 030 831	2 477 355 563	7 074 719 343	479 349 676
	Balance as at 31 December	**326 214 412 814**	**132 843 462 712**	**326 214 412 814**	**27 644 769 068**
	Non-current	326 214 412 814	132 843 462 712	326 214 412 814	27 644 769 068
	Total	**326 214 412 814**	**132 843 462 712**	**326 214 412 814**	**27 644 769 068**
	Investment property comprises the following:				
	Residential houses, Harare	236 196 828 814	91 775 436 923	236 196 828 814	19 098 499 151
	Residential stands, Harare	26 135 584 000	10 988 849 211	26 135 584 000	2 286 783 200
	Residential stand, Seke	403 200 000	189 139 532	403 200 000	39 360 000
	Residential houses, out of Harare	52 894 800 000	22 166 839 477	52 894 800 000	4 612 926 717
	Commercial stands, Harare	10 584 000 000	7 723 197 569	10 584 000 000	1 607 200 000
		326 214 412 814	**132 843 462 712**	**326 214 412 814**	**27 644 769 068**

The fair value of the investment property as at 31 December 2023 was arrived at on the basis of a valuation carried out by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued using the open market value method. This valuation has been carried out in accordance with the latest edition of the Royal Institute of Chartered Surveyors Valuation-Professional Standards ['The Red Book'] incorporating the International Valuation Standards [IVS] 2017.

The comparison basis is the main approaches used in coming up with this valuation. The comparative principle has been applied in the valuation for rent of common types of premises and valuation for sale or purchase of common types of premises. This has also been applied in the comparison of investment yields from sale of investments and sale of underdeveloped land. The comparison basis considers evidence on transactions from similar properties in terms of size, standard of finishes and age in the same locality.

No liabilities are guaranteed by investment property. Refer to note 32 for further fair value disclosures on investment property.

Included in other operating income is rental income of ZWL5 613 321 830 (2022: ZWL58 301 285) in historical cost terms relating to investment property.

Sensitivity analysis on investment property fair values

	INFLATION ADJUSTED		HISTORICAL COST	
If the market prices are to increase by the following percentages, investment property fair values will be as follows	31 Dec 2023 ZWL	31 Dec 2022 Restated** ZWL	31 Dec 2023 ZWL	31 Dec 2022 Restated** ZWL
25%	407 768 016 018	166 054 328 390	407 768 016 018	34 555 961 335
50%	489 321 619 221	199 265 194 068	489 321 619 221	41 467 153 602
100%	652 428 825 628	265 686 925 424	652 428 825 628	55 289 538 136

11	**INTANGIBLE ASSETS (Software licences)**				
	Year ended 31 December				
	Opening net book amount	2 037 444 689	2 145 764 846	66 489 512	16 479 083
	Additions	451 383 045	364 264 388	119 754 295	57 618 284
	Amortisation charge	(252 228 774)	(472 584 545)	(31 172 365)	(7 607 855)
	Closing net book amount	**2 236 598 960**	**2 037 444 689**	**155 071 442**	**66 489 512**
	As at 31 December				
	Cost	11 072 822 856	10 621 439 811	205 729 355	85 975 060
	Accumulated amortisation	(8 836 223 896)	(8 583 995 122)	(50 628 686)	(19 456 321)
	Accumulated impairment	-	-	(29 227)	(29 227)
	Net book amount	**2 236 598 960**	**2 037 444 689**	**155 071 442**	**66 489 512**

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

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12 PROPERTY AND EQUIPMENT

INFLATION ADJUSTED Restated**	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2022						
Opening net book amount	39 643 623 065	2 539 733 458	6 883 455 326	8 758 702 595	9 110 477 082	66 935 991 525
Additions	119 081 755	236 421 720	2 535 424 018	4 385 952 624	3 410 499 444	10 687 379 561
Revaluation of property	24 347 514 460	674 830 274	(1 997 958 809)	567 351 346	6 146 280 534	29 738 017 805
Disposals	-	-	(24 446 607)	(69 791 075)	(113 569 260)	(207 806 942)
Depreciation	(527 394 687)	(213 012 026)	(1 759 152 456)	(1 541 830 206)	(1 914 241 519)	(5 955 630 894)
Closing net book amount	**63 582 824 593**	**3 237 973 426**	**5 637 321 472**	**12 100 385 283**	**16 639 446 281**	**101 197 951 055**
As at 31 December 2022						
Cost or valuation	65 858 714 511	3 658 968 433	14 980 731 000	24 961 473 817	23 107 411 535	132 567 299 296
Accumulated depreciation	(2 275 889 918)	(420 995 007)	(9 343 409 528)	(12 861 088 534)	(6 467 965 254)	(31 369 348 241)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**63 582 824 593**	**3 237 973 426**	**5 637 321 472**	**12 100 385 283**	**16 639 446 281**	**101 197 951 055**
Year ended 31 December 2023						
Opening net book amount	63 582 824 593	3 237 973 426	5 637 321 472	12 100 385 283	16 639 446 281	101 197 951 055
Additions	890 574 071	1 763 836 232	3 388 512 493	5 767 278 355	2 690 654 365	14 500 855 516
Revaluation of property	98 025 782 461	2 999 939 940	2 553 779 151	14 363 103 031	16 392 960 592	134 335 565 175
Disposals	-	-	(74 650 868)	(2 281 919 896)	(138 937 736)	(2 495 508 500)
Depreciation	(777 538 660)	(546 341 367)	(1 952 785 744)	(1 931 878 182)	(2 542 917 402)	(7 751 461 355)
Closing net book amount	**161 721 642 465**	**7 455 408 231**	**9 552 176 504**	**28 016 968 591**	**33 041 206 100**	**239 787 401 891**
As at 31 December 2023						
Cost or valuation	164 775 071 043	8 422 744 605	20 848 371 776	42 809 935 307	42 052 088 756	278 908 211 487
Accumulated depreciation	(3 053 428 578)	(967 336 374)	(11 296 195 272)	(14 792 966 716)	(9 010 882 656)	(39 120 809 596)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**161 721 642 465**	**7 455 408 231**	**9 552 176 504**	**28 016 968 591**	**33 041 206 100**	**239 787 401 891**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

12 PROPERTY AND EQUIPMENT (continued)

HISTORICAL COST Restated**	**Land and buildings ZWL**	**Machinery ZWL**	**Computer equipment ZWL**	**Furniture and office equipment ZWL**	**Motor vehicles ZWL**	**Total ZWL**
Year ended 31 December 2022						
Opening net book amount	2 399 567 875	153 746 676	418 602 582	528 616 736	551 539 445	4 052 073 314
Additions	21 791 696	43 150 337	379 509 783	704 090 976	572 773 605	1 721 316 397
Revaluation of property	10 876 231 848	491 415 467	579 190 387	1 375 880 560	2 584 803 511	15 907 521 773
Disposals	-	-	(1 710 373)	(4 224 909)	(12 199 681)	(18 134 963)
Depreciation	(67 209 094)	(14 489 124)	(195 181 654)	(92 413 529)	(234 155 623)	(603 449 024)
Closing net book amount	**13 230 382 325**	**673 823 356**	**1 180 410 725**	**2 511 949 834**	**3 462 761 257**	**21 059 327 497**
As at 31 December 2022						
Cost or valuation	13 329 031 145	699 053 496	1 471 081 407	2 641 443 059	3 771 358 560	21 911 967 667
Accumulated depreciation	(98 650 449)	(25 230 140)	(290 670 682)	(129 485 343)	(308 345 752)	(852 382 366)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**13 230 382 325**	**673 823 356**	**1 180 410 725**	**2 511 949 834**	**3 462 761 257**	**21 059 327 497**
Year ended 31 December 2023						
Opening net book amount	13 230 382 325	673 823 356	1 180 410 725	2 511 949 834	3 462 761 257	21 059 327 497
Additions	621 242 949	1 068 483 985	1 923 350 931	2 304 835 635	1 352 261 477	7 270 174 977
Revaluation of property	148 468 102 905	5 800 227 852	7 405 733 418	24 216 304 210	30 153 495 754	216 043 864 139
Adjustment to cost	-	-	-	(2 748 842)	-	(2 748 842)
Disposals	-	-	(16 744 541)	(474 044 386)	(43 330 517)	(534 119 444)
Depreciation	(604 166 455)	(87 126 953)	(904 347 697)	(569 905 058)	(1 883 550 273)	(4 049 096 436)
Closing net book amount	**161 715 561 724**	**7 455 408 240**	**9 588 402 836**	**27 986 391 393**	**33 041 637 698**	**239 787 401 891**
As at 31 December 2023						
Cost or valuation	162 418 376 999	7 567 765 333	10 783 421 215	28 685 789 676	35 233 785 274	244 689 138 497
Accumulated depreciation	(702 816 904)	(112 357 093)	(1 195 018 379)	(699 390 401)	(2 191 896 025)	(4 901 478 802)
Accumulated impairment	1 629	-	-	(7 882)	(251 551)	(257 804)
Net book amount	**161 715 561 724**	**7 455 408 240**	**9 588 402 836**	**27 986 391 393**	**33 041 637 698**	**239 787 401 891**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

12 PROPERTY AND EQUIPMENT (continued)

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

	Land and buildings ZWL	Machinery ZWL	Computer equipment ZWL	Furniture and office equipment ZWL	Motor vehicles ZWL	Total ZWL
INFLATION ADJUSTED						
2023						
Cost	24 608 345 032	3 824 357 785	17 344 632 395	26 356 583 281	12 999 163 751	85 133 082 244
Accumulated depreciation	(4 213 699 107)	-	(4 546 505 765)	(8 916 478 659)	(2 471 748 997)	(20 148 432 528)
Net book amount	**20 394 645 925**	**3 824 357 785**	**12 798 126 630**	**17 440 104 622**	**10 527 414 754**	**64 984 649 716**
2022						
Cost	23 717 770 961	2 060 521 553	14 030 770 770	22 871 224 822	10 447 447 122	73 127 735 228
Accumulated depreciation	(4 213 700 736)	-	(4 546 505 765)	(8 916 470 777)	(2 471 497 446)	(20 148 174 724)
Net book amount	**19 504 070 225**	**2 060 521 553**	**9 484 265 005**	**13 954 754 045**	**7 975 949 676**	**52 979 560 504**
HISTORICAL COST						
2023						
Cost	673 941 902	1 171 568 446	2 416 829 817	2 603 717 361	2 011 048 864	8 877 106 390
Accumulated depreciation	(80 973 163)	(112 357 093)	(1 195 018 379)	(699 390 401)	(2 191 896 025)	(4 279 635 061)
Net book amount	**592 968 739**	**1 059 211 353**	**1 221 811 438**	**1 904 326 960**	**(180 847 161)**	**4 597 471 329**
2022						
Cost	52 698 953	103 084 461	510 223 427	775 674 954	702 117 904	2 143 799 699
Accumulated depreciation	(20 556 518)	(25 230 140)	(290 670 682)	(129 485 343)	(308 345 752)	(774 288 435)
Net book amount	**32 142 435**	**77 854 321**	**219 552 745**	**646 189 611**	**393 772 152**	**1 369 511 264**

Fair values of property and equipment

An independent valuation of the Group's property and equipment was performed by valuers to determine the fair value of property and equipment as at 31 December 2023. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserves' as part of shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

12 PROPERTY AND EQUIPMENT (continued)

INFLATION ADJUSTED

	Fair value measurements at 31 December 2023 using		
Recurring fair value measurements of property and equipment	Observable inputs Level 2 ZWL	unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	121 292 647 944	121 292 647 944
- Land and residential properties	-	40 422 913 780	40 422 913 780
- Other property and equipment	-	78 071 840 167	78 071 840 167
	-	**239 787 401 891**	**239 787 401 891**

	Fair value measurements at 31 December 2022 using		
Recurring fair value measurements for land and buildings	Observable inputs Level 2 ZWL	unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	47 685 054 031	47 685 054 031
- Land and residential properties	-	15 891 885 126	15 891 885 126
- Other property and equipment	-	37 621 011 898	37 621 011 898
	-	**101 197 951 055**	**101 197 951 055**

HISTORICAL COST

	Fair value measurements at 31 December 2023 using		
Recurring fair value measurements of property and equipment	Observable inputs Level 2 ZWL	unobservable inputs Level 3 ZWL	Total ZWL
- Office buildings	-	121 292 647 944	121 292 647 944
- Land and residential properties	-	40 422 913 780	40 422 913 780
- Other property and equipment	-	78 071 840 167	78 071 840 167
	-	**239 787 401 891**	**239 787 401 891**

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

There were no level 1 assets or transfers between levels 1 and 2 during 2023

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

12 PROPERTY AND EQUIPMENT (continued)

Valuation techniques used to derive fair values

The valuation technique for office buildings, residential property and land is both the investment and comparison approach.

The following key inputs were used to determine the fair value;

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

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

INFLATION ADJUSTED	Level 3		Level 2	
	2023	2022	2023	2022
Property and equipment	ZWL	ZWL	ZWL	ZWL
Opening balance	**101 197 951 055**	**66 935 991 523**	**-**	**-**
Depreciation recognised	(7 751 461 355)	(5 955 630 894)	-	-
Revaluation gains recognised	134 335 565 175	29 738 017 806	-	-
Additions	14 500 855 516	10 687 379 561		-
Period adjustments	-	-	-	-
Disposals	(2 495 508 500)	(207 806 941)	-	-
Closing balance	**239 787 401 891**	**101 197 951 055**	**-**	**-**

HISTORICAL COST	Level 3		Level 2	
	2023	2022	2023	2022
Property and equipment	ZWL	ZWL	ZWL	ZWL
Opening balance	**21 059 327 497**	**4 052 073 314**	**-**	**-**
Depreciation recognised	(4 049 096 436)	(603 449 024)	-	-
Revaluation gains recognised	216 043 864 139	15 907 521 773	-	-
Additions	7 270 174 977	1 721 316 397	-	-
Period adjustments	(2 748 842)	-	-	-
Disposals	(534 119 444)	(18 134 963)	-	-
Closing balance	**239 787 401 891**	**21 059 327 497**	**-**	**-**

Valuation processes of the Group

On a yearly basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's property and equipment. As at 31 December 2023, the fair values of property and equipment was determined by Bard Real Estate (Private) Limited. There was a limited number of sales in the market for commercial property and therefore the valuations were performed using unobservable inputs. The external valuers determined these inputs based on the size, age and condition of the property and equipment, the state of the local economy and comparable rental rates.

Refer to note 32 for further fair value disclosures on property and equipment.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

12 PROPERTY AND EQUIPMENT (continued)

Sensitivity analysis on property and equipment fair values

Property and equipment valued using comparison method

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
25%	288 370 077 364	71 888 324 373	288 370 077 364	14 959 984 371
50%	346 044 092 837	86 265 989 248	346 044 092 837	17 951 981 246
100%	461 392 123 782	115 021 318 997	461 392 123 782	23 935 974 994
Property and equipment valued using the investment method				
If capitalization rates change as follows, the values will be as follows				
Up by 50%	9 549 392 000	45 888 402 864	9 549 392 000	9 549 392 000
drop by 50%	14 679 531 462	70 540 643 171	14 679 531 462	14 679 531 462
If rental charges change as follows, the values will be as follows				
Up by 50%	16 893 640 000	81 180 263 430	16 893 640 000	16 893 640 000
drop by 50%	4 642 840 000	22 310 583 999	4 642 840 000	4 642 840 000

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
13 DEPOSITS	ZWL	ZWL	ZWL	ZWL
13.1 Deposits from customers				
Demand deposits	822 316 589 244	432 380 691 943	822 316 589 244	89 978 566 760
Promissory notes	109 393 918 879	65 467 034 689	109 393 918 879	13 623 711 838
Other time deposits	85 879 363 824	33 530 117 697	85 879 363 824	6 977 628 719
	1 017 589 871 947	**531 377 844 329**	**1 017 589 871 947**	**110 579 907 317**
Current	1 017 402 212 774	530 049 051 662	1 017 402 212 774	110 303 385 118
Non-current	187 659 173	1 328 792 667	187 659 173	276 522 199
Total	**1 017 589 871 947**	**531 377 844 329**	**1 017 589 871 947**	**110 579 907 317**
13.2 Deposits from other banks				
Money market deposits	109 706 818 411	64 880 550 914	109 706 818 411	13 501 664 368
Current	109 706 818 411	64 880 550 914	109 706 818 411	13 501 664 368
Non-current	-	-	-	-
Total	**109 706 818 411**	**64 880 550 914**	**109 706 818 411**	**13 501 664 368**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

		31 Dec 2023		31 Dec 2022 Restated**	
13.3	**Deposit concentration**	**ZWL**	**%**	**ZWL**	**%**
	INFLATION ADJUSTED				
	Agriculture	62 541 252 569	6%	42 341 920 016	7%
	Construction	124 433 320 855	11%	55 002 388 839	9%
	Wholesale and retail trade	168 351 122 339	15%	70 171 772 444	12%
	Public sector	162 190 647 119	14%	97 760 276 255	16%
	Manufacturing	139 408 582 025	12%	73 604 464 427	12%
	Telecommunication	18 669 888 045	2%	38 248 646 458	6%
	Transport	17 093 544 764	2%	37 135 227 024	6%
	Individuals	102 485 763 697	9%	42 020 994 132	7%
	Financial services	76 486 322 145	7%	38 141 988 258	6%
	Mining	133 619 921 229	12%	52 385 377 135	9%
	Other	122 016 325 571	11%	49 445 340 255	8%
		1 127 296 690 358	**100%**	**596 258 395 243**	**100%**
	HISTORICAL COST				
	Agriculture	62 541 252 569	6%	8 811 367 732	7%
	Construction	124 433 320 855	11%	11 446 015 533	9%
	Wholesale and retail trade	168 351 122 339	15%	14 602 769 340	11%
	Public sector	162 190 647 119	14%	20 343 946 220	16%
	Manufacturing	139 408 582 025	12%	15 317 113 691	12%
	Telecommunication	18 669 888 045	2%	7 959 556 134	6%
	Transport	17 093 544 764	2%	7 727 853 177	6%
	Individuals	102 485 763 697	9%	8 744 582 948	7%
	Financial services	76 486 322 145	7%	7 937 360 527	6%
	Mining	133 619 921 229	12%	10 901 414 521	9%
	Other	122 016 325 571	11%	10 289 591 862	8%
		1 127 296 690 358	**100%**	**124 081 571 685**	**100%**

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

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
14	**BORROWINGS**				
	Opening	327 543 985 839	139 783 130 571	68 162 013 119	8 461 987 045
	Additions	84 357 272 156	295 963 247 995	17 844 570 337	61 590 051 000
	Repayments	(329 978 847 336)	(357 169 368 424)	(4 084 172 798)	(53 700 135 926)
	Non cash movements*	634 995 765 183	248 966 975 696	634 995 765 184	51 810 111 000
	Closing balance	**716 918 175 842**	**327 543 985 838**	**716 918 175 842**	**68 162 013 119**
	Current	564 438 965 632	17 382 423 258	564 438 965 632	3 617 288 100
	Non-current	152 479 210 210	310 161 562 580	152 479 210 210	64 544 725 019
	Total	**716 918 175 842**	**327 543 985 838**	**716 918 175 842**	**68 162 013 119**

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

These loans are analysed as follows:
- Norsad Finance Limited- US$ 10 million facility. The facility was availed from December 2021 and has an effective interest rate of 7.5% per annum with a tenure of 3 years.
- RBZ productive sector facility of ZWL$12.4 million over 2 years with interest of 75% p.a. Effective Date September 2021
- African Export-Import Bank US$20 million. The 20 million facility was availed from February 2022 and has an effective interest rate 8.7% per annum with a tenure of 1 year.
- African Export-Import Bank- US$ 90 million. The facility was availed from 30 December 2022 and has an effective interest rate 13% per annum with a tenure of 5 years. Facility Matures in December 2028.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	30 June 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
15 INSURANCE AND REINSURANCE CONTRACTS				
Insurance contracts				
Insurance contract liabilities				
- Insurance contract balances	-	-	-	-
- Non-Life	73 283 219 878	19 377 067 022	73 283 219 878	3 591 138 652
	73 283 219 878	**19 377 067 022**	**73 283 219 878**	**3 591 138 652**
- Assets for insurance acquisition cash flows	-	-	-	-
- Non-Life	-	-	-	-
	-	**-**	**-**	**-**
Net Insurance contract liabilities	73 283 219 878	19 377 067 022	73 283 219 878	3 591 138 652
Insurance contract assets				
- Insurance contract balances	-	-	-	-
- Non-Life	19 912 156 088	3 012 507 037	19 912 156 088	626 903 723
	19 912 156 088	**3 012 507 037**	**19 912 156 088**	**626 903 723**
- Assets for insurance acquisition cash flows	-	-	-	-
- Non-Life	-	-	-	-
	-	**-**	**-**	**-**
Net Insurance contract assets	19 912 156 088	3 012 507 037	19 912 156 088	626 903 723
Reinsurance contracts				
Reinsurance contract assets	-	-	-	-
- Non-Life	19 921 685 031	6 212 557 237	19 921 685 031	1 292 835 241
	19 921 685 031	**6 212 557 237**	**19 921 685 031**	**1 292 835 241**
Reinsurance contract liabilities	-	-	-	-
- Non-Life	9 246 112 315	7 518 739 897	9 246 112 315	1 564 652 290
	9 246 112 315	**7 518 739 897**	**9 246 112 315**	**1 564 652 290**
The following sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled more than 12 months after the reporting date				
Insurance contract assets	-	-	-	-
Insurance contract liabilities	-	-	-	-
Reinsurance contract assets	-	-	-	-
Reinsurance contract liabilities	-	-	-	-
Maximum exposure to credit risk from Insurance contracts	19 912 156 088	3 012 507 038	19 912 156 088	626 903 723
Maximum exposure to credit risk from Reinsurance contracts	19 921 685 031	6 212 557 235	19 921 685 031	1 292 835 241

Reinsurance contract assets are covered by a treaty program rated BBB.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

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

Movement in insurance and reinsurance contract balances

31 Dec 2023 Non-life Insurance contracts	**INFLATION ADJUSTED**				
	Liability for incurred claims				
			Contracts under PAA		
Analysis by remaining coverage and incurred claims	**Liability for remaining coverage excluding loss component ZWL**	**Loss component ZWL**	**Estimates of present value of future cash flows ZWL**	**Risk adjustment for non-financial risk ZWL**	**Total ZWL**
Net opening assets/(liabilities)	(4 369 163 598)	2 043 919 864	(10 238 355 087)	(354 713 460)	(12 918 312 281)
Net opening balance	**(4 369 163 598)**	**2 043 919 864**	**(10 238 355 087)**	**(354 713 460)**	**(12 918 312 281)**
Changes in the statement of profit or loss and OCI					
Insurance revenue	120 083 337 276	-	-	-	120 083 337 276
	120 083 337 276	**-**	**-**	**-**	**120 083 337 276**
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	(62 188 429 083)	-	(62 188 429 083)
Amortisation of insurance acquisition cash flows	(36 401 024 426)	-	-	-	(36 401 024 426)
Losses and reversals of losses on onerous contracts	(7 052 080 351)	-	-	-	(7 052 080 351)
Adjustment to liabilities for incurred claims	-	1 870 563 845	(8 098 974 088)	(1 691 495 974)	(7 919 906 217)
	(43 453 104 777)	**1 870 563 845**	**(70 287 403 171)**	**(1 691 495 974)**	**(113 561 440 077)**
Premium refunds	-	-	-	-	-
Insurance service result	**76 630 232 499**	**1 870 563 845**	**(70 287 403 171)**	**(1 691 495 974)**	**6 521 897 199**
Net finance expenses from insurance contracts	-	-	-	-	-
Effect of movement in exchange rates	(21 159 758 642)	-	-	-	(21 159 758 642)
Total changes in the statement of profit or loss and OCI	**55 470 473 857**	**1 870 563 845**	**(70 287 403 171)**	**(1 691 495 974)**	**(14 637 861 443)**
Cash flows					-
Premiums received	(110 444 704 977)	-	-	-	(110 444 704 977)
Claims and othet insurance service expenses paid	-	-	48 228 790 487	-	48 228 790 487
Insurance acquisition cash flows	36 401 024 426	-	-	-	36 401 024 426
Total cash flows	**(74 043 680 551)**	**-**	**48 228 790 487**	**-**	**(25 814 890 064)**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(22 942 370 292)**	**3 914 483 709**	**(32 296 967 771)**	**(2 046 209 434)**	**(53 371 063 788)**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

31 Dec 2023 Non-life Insurance contracts Analysis by remaining coverage and incurred claims	HISTORICAL COST Liability for incurred claims Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Contracts under PAA Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	Total ZWL
Net opening assets/(liabilities)	(1 518 634 432)	425 340 408	(1 168 848 005)	15 072 400	(2 247 069 629)
Net opening balance	**(1 518 634 432)**	**425 340 408**	**(1 168 848 005)**	**15 072 400**	**(2 247 069 629)**
Changes in the statement of profit or loss and OCI					
Insurance revenue	69 100 954 043	-	-	-	69 100 954 043
	69 100 954 043	**-**	**-**	**-**	**69 100 954 043**
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	(38 312 575 188)	-	(38 312 575 188)
Amortisation of insurance acquisition cash flows	(19 764 803 916)	-	-	-	(19 764 803 916)
Losses and reversals of losses on onerous contracts	(7 052 080 351)	-	-	-	(7 052 080 351)
Adjustment to liabilities for incurred claims	-	3 489 143 301	(8 923 116 517)	(2 636 449 533)	(8 070 422 749)
	(26 816 884 267)	**3 489 143 301**	**(47 235 691 705)**	**(2 636 449 533)**	**(73 199 882 204)**
Premium refunds	-	-	-	-	-
Insurance service result	42 284 069 776	3 489 143 301	(47 235 691 705)	(2 636 449 533)	(4 098 928 161)
Net finance expenses from insurance contracts	-	-	-	-	-
Effect of movement in exchange rates	11 071 149 479	-	(1 856 125 009)	-	9 215 024 470
Total changes in the statement of profit or loss and OCI	**53 355 219 255**	**3 489 143 301**	**(49 091 816 714)**	**(2 636 449 533)**	**5 116 096 309**
Cash flows					
Premiums received	(105 125 328 511)	-	-	-	(105 125 328 511)
Claims and othet insurance service expenses paid	-	-	31 112 463 601	-	31 112 463 601
Insurance acquisition cash flows	17 772 774 441	-	-	-	17 772 774 441
Total cash flows	**(87 352 554 070)**	**-**	**31 112 463 601**	**-**	**(56 240 090 469)**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(35 515 969 247)**	**3 914 483 709**	**(19 148 201 118)**	**(2 621 377 133)**	**(53 371 063 789)**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Audited
31 Dec 2022
Restated**

Non-life Insurance contracts	INFLATION ADJUSTED				
		Liability for incurred claims			
			Contracts under PAA		
	Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	Total ZWL
Analysis by remaining coverage and incurred claims					
Net opening assets/(liabilities)	(2 728 003 032)	268 390 668	(3 781 843 847)	(567 778 392)	(6 809 234 603)
Net opening balance	**(2 728 003 032)**	**268 390 668**	**(3 781 843 847)**	**(567 778 392)**	**(6 809 234 603)**
Changes in the statement of profit or loss and OCI					
Insurance revenue	45 202 406 490	-	-	-	45 202 406 490
	45 202 406 490	**-**	**-**	**-**	**45 202 406 490**
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	(25 673 007 500)	-	(25 673 007 500)
Amortisation of insurance acquisition cash flows	(15 070 344 840)	-	-	-	(15 070 344 840)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Adjustment to liabilities for incurred claims	-	369 488 220	(4 932 969 332)	44 338 884	(4 519 142 228)
	(15 070 344 840)	**369 488 220**	**(30 605 976 832)**	**44 338 884**	**(45 262 494 568)**
Premium refunds	-	-	-	-	-
Insurance service result	30 132 061 650	369 488 220	(30 605 976 832)	44 338 884	(60 088 078)
Net finance expenses from insurance contracts	-	-	-	-	-
Effect of movement in exchange rates	1 260 698 328	-	-	-	1 260 698 328
Total changes in the statement of profit or loss and OCI	**31 392 759 978**	**369 488 220**	**(30 605 976 832)**	**44 338 884**	**1 200 610 250**
Cash flows					-
Premiums received	(33 071 001 946)	-	-	-	(33 071 001 946)
Claims and othet insurance service expenses paid	-	-	10 678 719 485	-	10 678 719 485
Insurance acquisition cash flows	11 636 346 829	-	-	-	11 636 346 829
Total cash flows	**(21 434 655 117)**	**-**	**10 678 719 485**	**-**	**(10 755 935 632)**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**7 230 101 829**	**637 878 888**	**(23 709 101 194)**	**(523 439 508)**	**(16 364 559 985)**

Notes to the Consolidated Financial Statements (Continued)

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15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Audited
31 Dec 2022
Restated**

Non-life Insurance contracts	HISTORICAL COST				
	Liability for incurred claims				
			Contracts under PAA		
	Liability for remaining coverage excluding loss component ZWL	Loss component ZWL	Estimates of present value of future cash flows ZWL	Risk adjustment for non-financial risk ZWL	Total ZWL
Analysis by remaining coverage and incurred claims					
Net opening assets/(liabilities)	(210 772 155)	55 852 188	(228 022 995)	(29 266 484)	(412 209 446)
Net opening balance	**(210 772 155)**	**55 852 188**	**(228 022 995)**	**(29 266 484)**	**(412 209 446)**
Changes in the statement of profit or loss and OCI					
Insurance revenue	6 318 582 937	-	-	-	6 318 582 937
	6 318 582 937	**-**	**-**	**-**	**6 318 582 937**
Insurance service expense					
Incurred claims and other insurance service expenses	-	-	(4 089 996 833)	-	(4 089 996 833)
Amortisation of insurance acquisition cash flows	(2 105 987 558)	-	-	-	(2 105 987 558)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Adjustment to liabilities for incurred claims	-	369 488 220	(1 293 790 123)	44 338 884	(879 963 019)
	(2 105 987 558)	**369 488 220**	**(5 383 786 956)**	**44 338 884**	**(7 075 947 410)**
Premium refunds	-	-	-	-	-
Insurance service result	4 212 595 379	369 488 220	(5 383 786 956)	44 338 884	(757 364 473)
Net finance expenses from insurance contracts	-	-	-	-	-
Effect of movement in exchange rates	2 518 173 594	-	-	-	2 518 173 594
Total changes in the statement of profit or loss and OCI	**6 730 768 973**	**369 488 220**	**(5 383 786 956)**	**44 338 884**	**1 760 809 121**
Cash flows					-
Premiums received	(9 296 313 953)	-	-	-	(9 296 313 953)
Claims and othet insurance service expenses paid	-	-	3 271 084 435	-	3 271 084 435
Insurance acquisition cash flows	1 712 394 914	-	-	-	1 712 394 914
Total cash flows	**(7 583 919 039)**	**-**	**3 271 084 435**	**-**	**(4 312 834 604)**
Transfer to other items in the statement of financial position	-	-	-	-	-
Contracts derecognised on disposal of subsidiary	-	-	-	-	-
Net closing balance	**(1 063 922 221)**	**425 340 408**	**(2 340 725 516)**	**15 072 400**	**(2 964 234 929)**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Audited
31 Dec 2023
Non-Life
Reinsurance contracts
Analysis by remaining coverage and incurred claims

	INFLATION ADJUSTED			
	Assets for remaining coverage			
	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL
Net opening assets/(liabilities)	(2 188 563 372)	173 050 193	709 330 519	(1 306 182 660)
Net opening balance	**(2 188 563 372)**	**173 050 193**	**709 330 519**	**(1 306 182 660)**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	40 849 193 090	-	-	40 849 193 090
	40 849 193 090	**-**	**-**	**40 849 193 090**
Amounts recoverable from reinsurers				
Amortisation of reinsurance acquisition cash flows	(23 833 249 825)	-	-	(23 833 249 825)
Losses and reversals of losses on onerous contracts	(4 829 251 045)	1 172 084 534	5 584 860 791	1 927 694 280
	(28 662 500 870)	**1 172 084 534**	**5 584 860 791**	**(21 905 555 545)**
Premium refunds	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
	-	**-**	**-**	**-**
Net (revenue)/expenses from reinsurance contracts	**12 186 692 219**	**1 172 084 534**	**5 584 860 791**	**18 943 637 544**
Effect of movement in exchange rates	11 367 149 948	-	(18 303 466 168)	(6 936 316 220)
Total changes in the statement of profit or loss and OCI	**23 553 842 167**	**1 172 084 534**	**(12 718 605 377)**	**12 007 321 324**
Cash flows				
Premiums paids	-	-	(6 198 480 012)	(6 198 480 012)
Amounts received	-	-	6 172 914 063	6 172 914 063
Total cash flows	**-**	**-**	**(25 565 949)**	**(25 565 949)**
Net closing balance	**21 365 278 795**	**1 345 134 727**	**(12 034 840 807)**	**10 675 572 715**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Audited 31 Dec 2023 Non-Life Reinsurance contracts Analysis by remaining coverage and incurred claims	HISTORICAL COST Assets for remaining coverage Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL
Net opening assets/(liabilities)	(569 810 594)	36 062 211	261 931 334	(271 817 049)
Net opening balance	**(569 810 594)**	**36 062 211**	**261 931 334**	**(271 817 049)**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	22 030 158 080	-	-	22 030 158 080
	22 030 158 080	**-**	**-**	**22 030 158 080**
Amounts recoverable from reinsurers				
Amortisation of reinsurance acquisition cash flows	(14 222 476 999)	-	-	(14 222 476 999)
Losses and reversals of losses on onerous contracts	(5 794 569 972)	1 172 084 534	5 584 860 791	962 375 353
	(20 017 046 971)	**1 172 084 534**	**5 584 860 791**	**(13 260 101 646)**
Premium refunds	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
	-	-	-	-
Net (revenue)/expenses from reinsurance contracts	**2 013 111 109**	**1 172 084 534**	**5 584 860 791**	**8 770 056 434**
Effect of movement in exchange rates	8 672 936 339	-	(9 034 678 322)	(361 741 983)
Total changes in the statement of profit or loss and OCI	**10 686 047 448**	**1 172 084 534**	**(3 449 817 531)**	**8 408 314 451**
Cash flows				
Premiums paids	-	-	185 665 270	185 665 270
Amounts received	-	-	2 353 410 043	2 353 410 043
Total cash flows	**-**	**-**	**2 539 075 313**	**2 539 075 313**
Net closing balance	**10 116 236 854**	**1 208 146 745**	**(648 810 884)**	**10 675 572 715**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

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

	INFLATION ADJUSTED			
	Assets for remaining coverage			
	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL
Net opening assets/(liabilities)	527 996 390	275 143 019	2 822 368 210	3 625 507 619
Net opening balance	**527 996 390**	**275 143 019**	**2 822 368 210**	**3 625 507 619**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	10 574 191 302	-	-	10 574 191 302
	10 574 191 302	**-**	**-**	**10 574 191 302**
Amounts recoverable from reinsurers				
Amortisation of reinsurance acquisition cash flows	(9 229 830 068)	-	-	(9 229 830 068)
Losses and reversals of losses on onerous contracts	(1 436 306 415)	6 174 645	188 373 475	(1 241 758 293)
	(10 666 136 483)	**6 174 645**	**188 373 475**	**(10 471 588 361)**
Premium refunds	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
	-	**-**	**-**	**-**
Net (revenue)/expenses from reinsurance contracts	**(91 945 181)**	**6 174 645**	**188 373 475**	**102 602 939**
Effect of movement in exchange rates	1 334 672 381	(131 764 307)	(88 499 197)	1 114 408 877
Total changes in the statement of profit or loss and OCI	**1 242 727 200**	**(125 589 662)**	**99 874 278**	**1 217 011 816**
Cash flows				
Premiums paids	-	-	(9 934 818 804)	(9 934 818 804)
Amounts received	-	-	3 786 116 707	3 786 116 707
Total cash flows	**-**	**-**	**(6 148 702 097)**	**(6 148 702 097)**
Net closing balance	**1 770 723 590**	**149 553 357**	**(3 226 459 609)**	**(1 306 182 662)**

Notes to the Consolidated Financial Statements (Continued)
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15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Audited
31 Dec 2022
Restated**
Non-Life
Reinsurance contracts

Analysis by remaining coverage and incurred claims	HISTORICAL COST			
	Assets for remaining coverage			
	Excluding Loss recovery component ZWL	Loss recovery component ZWL	Asset for incurred claims ZWL	Total ZWL
Net opening assets/(liabilities)	16 469 707	18 553 427	184 453 087	219 476 221
Net opening balance	**16 469 707**	**18 553 427**	**184 453 087**	**219 476 221**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	1 620 583 571	-	-	1 620 583 571
	1 620 583 571	**-**	**-**	**1 620 583 571**
Amounts recoverable from reinsurers				
Amortisation of reinsurance acquisition cash flows	(1 806 981 099)	-	-	(1 806 981 099)
Losses and reversals of losses on onerous contracts	(448 209 684)	6 174 645	188 373 475	(253 661 564)
	(2 255 190 783)	**6 174 645**	**188 373 475**	**(2 060 642 663)**
Premium refunds	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-
	-	-	-	-
Net (revenue)/expenses from reinsurance contracts	**(634 607 212)**	**6 174 645**	**188 373 475**	**(440 059 092)**
Effect of movement in exchange rates	417 176 728	11 334 139	384 415 562	812 926 429
Total changes in the statement of profit or loss and OCI	**(217 430 484)**	**17 508 784**	**572 789 037**	**372 867 337**
Cash flows				
Premiums paids	-	-	(1 297 999 203)	(1 297 999 203)
Amounts received	-	-	433 838 595	433 838 595
Total cash flows	**-**	**-**	**(864 160 608)**	**(864 160 608)**
Net closing balance	**(200 960 777)**	**36 062 211**	**(106 918 484)**	**(271 817 050)**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15.3 Claims development

The Group did not disclose claims development information due to the fact that uncertainty about the amount and timing of the claims payments is typically resolved within one year.

15.4 Significant judgements and estimates

i. Fulfilment cash flows

Fulfilment cash flows comprise:

— estimates of future cash flows;
— an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
— a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

— claims handling, maintenance and administration costs;
— recurring commissions payable on installment premiums receivable within the contract boundary;
— costs that the Group will incur in providing investment services;
— costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
— income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

The Group generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)
15.4 Significant judgements and estimates (continued)

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

i) Insurance contracts

Some term assurance issued by the Group have annual terms that are guaranteed to be renewable each year. The Group determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary.

This is because the premium charged for each year reflects the Group's expectation of its exposure to risk for that year and, on renewal, the Group can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

ii) Reinsurance contracts

Each of the Group's quota share and treaty reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Group and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Each of the Group's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Non-life contracts

The Group estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the chain-ladder and Bornhuetter- Ferguson methods.

These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately from other claims. The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a value-at-risk technique (VaR) quantitative technique.

Using the Value-at-Risk (VaR) technique, the risk adjustment is calculated as the amount that must be added to the expected value of the insurance liabilities, such that the probability that the actual outcome will be less than the liability (including the risk adjustment) is equal to a targeted probability (i.e. confidence level).

The risk adjustment is the difference between the probability-weighted expected value and the corresponding result at the selected percentile of the probability distribution. VaR can be done using various approaches that include but not limited to Monte Carlo Simulations, Solvency II Based Approach and Mack Method. The Group used 99.5% confidence level to determine the risk adjustment for non financial risk under the Zimbabwe Intergrated Capital & Risk Programme ('ZICARP").

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

15 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

15.5 Liability for incurred claims includes incurred but not yet reported ("IBNR") losses and is provided for at 15% (2022 : 15%) of net written premium for the reinsurance subsidiary and 2% (2022: 5%) of net written premium for the insurance subsidiary. The 15% and 2% were arrived at after consideration of past experience. A separate calculation is carried out to estimate the size of reinsurance recoveries. The Group is covered by a variety of reinsurance programmes with sufficiently high retentions for only relatively few, large claims to be recoverable. The method used by the Group takes historical data, gross IBNR estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. The Group believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

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

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Impact of 10% increase in the percentage used to estimate IBNR				
Incurred but not yet reported ("IBNR") losses	19 315 416	200 380 898	19 315 416	27 194 325

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
16 TRADE AND OTHER PAYABLES				
Trade and other payables	266 138 078 038	100 750 480 546	262 522 797 075	19 288 661 307
Deferred income	14 421 600 745	6 779 763 460	9 766 023 429	842 968 855
Visa and MasterCard settlement payables	69 657 687 949	32 809 177 103	69 657 687 949	6 827 600 740
TT Resdex inwards	4 169 679 719	890 495 155	4 169 679 719	185 312 340
RBZ cash cover	53 954 285 926	92 337 712 173	53 954 285 926	19 215 508 819
Zimswitch settlement	6 470 849 018	3 827 653 265	6 470 849 018	796 535 926
Instant banking balances	1 987 201 643	2 226 356 663	1 987 201 643	463 305 567
Intermediary tax	9 223 433 852	8 428 420 255	9 223 433 852	1 753 957 077
Customer funds awaiting payment	74 828 780 397	31 881 025 745	74 828 780 397	6 634 452 132
Other liabilities	127 150 765 654	9 541 414 567	126 660 458 010	1 970 404 572
	628 002 362 941	**289 472 498 932**	**619 241 197 018**	**57 978 707 335**
Current	491 074 818 703	167 153 104 661	487 459 537 740	33 101 457 513
Non-current	136 927 544 238	122 319 394 271	131 781 659 278	24 877 249 822
Total	**628 002 362 941**	**289 472 498 932**	**619 241 197 018**	**57 978 707 335**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

17 DEFERRED TAX ASSET AND LIABILITY

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority. Deferred income taxes are calculated on all temporary differences under the liability method using an effective corporate tax rate of 25.75% (2022: 24.72%) and capital gains tax rate of 20% (2022: 20%).

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
The movement on the deferred tax account is as follows:	ZWL	ZWL	ZWL	ZWL
As at 1 January	47 003 520 001	7 571 882 661	8 551 017 899	519 199 482
Statement of profit or loss charge (note 27)	49 093 314 373	34 919 757 696	71 403 049 432	5 391 215 286
Tax charge relating to components of other comprehensive income	27 087 919 166	4 982 796 524	42 767 083 274	2 643 959 323
Rate change		-	-	-
Other	(1 608 541 286)	(683 005 134)	(6 027 112 637)	(36 989 854)
Change on application of IFRS 17		103 264 378		33 633 662
Effects of IAS29	(94 662 546)	108 823 876	-	-
As at 31 December	**121 481 549 708**	**47 003 520 001**	**116 694 037 968**	**8 551 017 899**

17.1 Analysis of charge in the statement of profit or loss

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

	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 Restated** ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 Restated** ZWL
Allowance for loan impairment	(12 186 400 852)	(5 313 728 667)	(12 186 400 852)	(1 105 788 715)
Property and equipment allowances	37 888 195 313	1 759 062 642	38 105 361 190	1 930 819 400
Unrealised gains on foreign exchange and equities	117 726 107 810	7 824 262 540	123 053 618 544	8 825 815 316
Financial assets at fair value through other comprehensive income	-	614 281 870	-	127 832 263
Accrual for leave pay	(419 823 442)	(230 747 483)	(369 908 562)	(42 863 732)
Deferred acquisition costs	-	492 156 261	-	(71 442 534)
Liability for remaining coverage and deferred income	1 299 548	(60 440 520)	1 299 548	(12 577 692)
Prepayments and other assets	(558 476 644)	550 164 310	4 801 087 999	38 807 375
Other liabilities	(93 357 587 360)	29 284 746 743	(82 002 008 435)	(4 299 386 395)
Total	**49 093 314 373**	**34 919 757 696**	**71 403 049 432**	**5 391 215 286**

17.2 Analysis of charge in the statement of comprehensive income

	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 Restated** ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 Restated** ZWL
Property and equipment revaluations	27 041 911 083	4 979 696 092	42 710 971 839	2 641 444 347
Investment in securities at FVOCI	46 008 083	3 100 432	56 111 435	2 514 976
	27 087 919 166	**4 982 796 524**	**42 767 083 274**	**2 643 959 323**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

17 DEFERRED TAX ASSET AND LIABILITY (Continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZW
17.3 Deferred income tax assets and liabilities				
Deferred tax assets and liabilities are attributable to the following items:				
Allowance for loan impairment	(26 572 531 558)	(14 386 130 706)	(13 387 269 196)	(1 200 868 344)
Financial assets at fair value through other comprehensive income	3 621 447 523	3 621 447 523	191 241 377	191 241 377
Property and equipment allowances	53 479 414 024	15 591 218 711	40 472 280 215	2 366 919 025
Unrealised gains on foreign exchange and equities	198 447 811 035	53 633 784 059	178 596 395 561	12 775 693 743
Accrual for leave pay	(3 153 097 704)	(2 733 274 262)	(476 697 722)	(106 789 160)
Deferred acquisition costs	1 247 087 306	1 247 087 306	(20 147 648)	(20 147 648)
Liability for remaining coverage and deferred income	(892 736 250)	(894 035 798)	(16 235 015)	(17 534 563)
Prepayments and other assets	846 619 922	1 405 096 567	4 844 095 037	43 007 038
Trade and other payables	(105 059 818 222)	(9 999 027 030)	(93 508 972 280)	(5 479 851 208)
Net outstanding claims	(482 646 368)	(482 646 369)	(652 361)	(652 361)
	121 481 549 708	**47 003 520 001**	**116 694 037 968**	**8 551 017 899**

18 SHARE CAPITAL AND SHARE PREMIUM

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
18.1 Authorised				
Number of ordinary shares, with a nominal value of ZWL0,00001	800 000 000	800 000 000	800 000 000	800 000 000
18.2 Issued and fully paid				
Number of ordinary shares, with a nominal value of ZWL0,00001	671 949 927	671 949 927	671 949 927	671 949 927

All ordinary shares rank equally with regard to the Company's residual assets.

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

	Number of Shares	Share Capital ZWL	Share Premium ZWL	Total ZWL
18.3 Share capital movement				
INFLATION ADJUSTED				
As at 31 December 2023	671 949 927	6 891 519	14 444 692 891	14 451 584 410
As at 31 December 2022	671 949 927	6 891 519	14 444 692 891	14 451 584 410
HISTORICAL COST				
As at 31 December 2023	671 949 927	6 719	14 083 173	14 089 892
As at 31 December 2022	671 949 927	6 719	14 083 173	14 089 892

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
19	**OTHER RESERVES**				
	Translation reserve	5 748 370 808	2 640 143 244	5 835 334 768	549 414 693
	Revaluation reserves	163 224 833 182	54 792 530 857	191 477 956 590	16 559 562 965
	Non distributable reserves	67 449 405 281	67 449 405 281	1 419 826 338	1 419 826 338
	Regulatory reserves	-	-	-	-
	Financial assets at fair value through other comprehensive income reserve	5 099 484 122	3 855 321 092	1 380 205 687	205 902 874
	Treasury shares reserves	(25 142 451 852)	(25 051 570 784)	(1 691 731 745)	(1 665 859 494)
	Changes in ownership reserve	1 713 557 750	1 713 557 750	1 670 671	1 670 671
		218 093 199 291	**105 399 387 440**	**198 423 262 309**	**17 070 518 047**

The definitions of the reserves are as follows;
Translation reserves consists of gains or losses on translation of foreign operations under our subsidiary FBC Reinsurance Limited.
The revaluation reserve consists of increases in the value of property and equipment on revaluation.
Non-distributable reserves are the net result of the restatement of assets and liabilities that could be recovered or settled in a currency other than the Zimbabwe dollar (“ZWL”) or could be reasonably translated into a currency other than the ZWL as at 1 January 2009, less deferred income tax and net of amounts subsequently transfered to share capital and share premium.

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

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

Treasury share reserve represents shares the Group has issued and subsequently reacquired.
Change in ownership reserve represents the net expense or gain resulting in a step acquisition of a subsidiary.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
20	**INTEREST AND RELATED INCOME**	ZWL	ZWL	ZWL	ZWL
	Cash and cash equivalents	10 394 114 976	661 019 081	6 977 112 930	102 298 150
	Loans and advances to other banks	34 260 726 953	21 570 097 823	20 806 992 026	3 402 068 089
	Loans and advances to customers	315 514 257 727	167 227 707 766	193 817 989 710	26 180 978 991
	Banker’s acceptances and tradable bills	11 150 951 282	9 868 764 079	4 755 582 912	1 470 533 686
	Other interest income	13 321 845 939	6 887 553 810	7 164 965 997	996 165 641
		384 641 896 877	**206 215 142 559**	**233 522 643 575**	**32 152 044 557**
	Credit related fees that are an intergral part of the effective interest on loans and advances have been classified under interest income. No interest earned was at norminal rates				
20.1	**INTEREST AND RELATED EXPENSE**				
	Deposit from other banks	35 235 783 810	26 532 573 684	18 730 512 826	4 684 780 994
	Demand deposits	7 055 841 456	475 829 648	4 386 129 622	76 282 790
	Lines of credit from financial institutions	78 610 830 355	8 073 714 406	50 076 581 678	1 157 162 455
	Time deposits	23 984 414 678	28 966 381 703	12 366 140 126	4 729 547 082
		144 886 870 299	**64 048 499 441**	**85 559 364 252**	**10 647 773 321**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
21	**FEE AND COMMISSION INCOME**				
	Retail service fees	214 437 616 158	80 060 503 689	127 941 565 862	12 039 038 699
	Credit related fees	4 097 266 177	1 810 616 775	2 586 713 142	236 412 933
	Investment banking fees	11 963 012 735	71 635 584	11 329 179 453	11 578 844
	Brokerage commission	2 652 941 486	2 172 144 270	1 556 962 908	330 991 719
		233 150 836 556	**84 114 900 318**	**143 414 421 365**	**12 618 022 195**
21.1	**FEE AND COMMISSION EXPENSE**				
	Brokerage	1 679 057 810	1 291 025 722	797 965 610	211 704 766
22	**REVENUE FROM PROPERTY SALES**				
	Property sales	-	148 691 654	-	10 786 026
	Property sales were subdues during the year 2023 and the majority of housing units completed during the period were transferred to investment property.				
22.1	**COST OF PROPERTY SALES**				
	Property costs	-	84 202 392	-	4 038 249
23	**INSURANCE REVENUE**				
	Contracts measured under PAA				
	Non-life	120 083 337 276	45 202 406 490	69 100 954 043	6 318 582 937
		120 083 337 276	**45 202 406 490**	**69 100 954 043**	**6 318 582 937**
24	**NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**				
	Financial assets at fair value through profit or loss (note 6), fair value loss	84 709 377 763	47 936 016 225	86 665 447 233	8 508 692 950
25	**OTHER OPERATING INCOME**				
	Rental income	8 811 911 060	1 122 345 080	5 735 018 795	176 776 256
	(Loss)/profit on disposal of property and equipment	(2 163 896 400)	1 969 084	(271 074 804)	9 813 718
	Sundry income	9 753 275 063	7 600 211 251	5 215 619 468	1 240 524 727
	Bad debts (written off)/recoveries	(445 205 277)	1 560 704	(533 853 990)	107 345
	Fair value adjustment on investment property	136 405 952 133	51 464 113 033	255 772 270 885	19 973 501 636
		152 362 036 579	**60 190 199 152**	**265 917 980 354**	**21 400 723 682**
26	**OPERATING EXPENSES**				
	Insurance service expenses				
	Claims and benefits	59 058 177 366	25 483 953 791	37 309 334 350	4 150 698 933
	Losses on onerous insurance contracts	7 052 080 351	-	7 052 080 351	-
	Amounts attributed to/amortisation of insurance acquisition cash flows	36 401 024 427	15 070 344 840	19 764 803 916	2 105 987 558
	Staff costs (note 26.1)	8 484 041 267	3 424 604 473	6 507 546 921	495 511 158
	Administration expenses	2 566 116 666	1 283 591 464	2 566 116 666	323 749 761
		113 561 440 077	**45 262 494 568**	**73 199 882 204**	**7 075 947 410**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
		ZWL	ZWL	ZWL	ZWL
26	**OPERATING EXPENSES (continued)**				
	Other operating expenses				
	Marketing	3 585 733 250	2 826 378 206	1 733 828 880	406 053 958
	Premises	15 227 538 460	4 507 430 235	9 305 847 742	568 911 449
	Computer	26 929 011 059	9 492 469 802	15 824 424 368	1 440 054 461
	Insurance	12 264 435 610	4 979 354 704	6 795 059 473	767 894 291
	Travel	12 195 432 554	4 636 417 754	7 309 050 461	688 004 836
	Security	10 646 461 493	4 385 781 781	6 355 327 036	672 292 007
	Communication	8 529 183 235	2 955 994 648	5 083 399 598	438 967 009
	Donations	4 426 267 598	1 714 644 238	1 961 245 592	230 708 429
	Subscriptions	3 102 521 372	1 357 659 920	1 942 262 593	201 678 006
	Operational losses/(loss recoveries)	48 592 684	(290 876 860)	16 466 066	(37 572 746)
	Mastercard and Visa expenses	23 842 638 813	6 320 541 056	14 762 230 575	976 037 526
	Other administration expenses	69 533 602 467	35 450 619 677	34 367 998 109	5 685 667 350
	Staff costs (note 26.1)	499 275 874 068	182 549 030 725	340 586 035 877	26 719 969 500
	Directors' remuneration (note 26.2)	197 317 538 437	62 211 754 352	106 429 751 896	10 201 924 298
	Audit fees:				
	- Financial statement audit-current year fees	5 606 905 393	2 654 829 905	3 700 742 789	466 699 459
	- Financial statement audit-prior year fees	920 799 032	81 407 130	387 835 484	10 186 419
	- Other services	381 498 978	-	313 055 000	-
	Depreciation	7 751 461 355	5 955 630 894	4 049 096 436	603 449 024
	Amortisation and impairment loss (note 11)	252 228 775	472 584 545	31 172 365	7 607 855
	Short term leases	27 283 826	583 810 488	1 840 743	70 672 859
		901 865 008 459	**332 845 463 200**	**560 956 671 083**	**50 119 205 990**
		1 015 426 448 536	**378 107 957 768**	**634 156 553 287**	**57 195 153 400**
26.1	**Staff costs**				
	Salaries and allowances	496 650 792 957	176 674 119 843	340 448 613 868	26 039 494 230
	Social security	2 015 321 530	1 607 543 718	1 204 537 731	205 004 589
	Pension contribution	9 093 800 848	7 691 971 637	5 440 431 199	970 981 839
		507 759 915 335	**185 973 635 198**	**347 093 582 798**	**27 215 480 658**
26.2	**Directors' remuneration**				
	Board fees	5 427 953 426	2 377 524 983	3 649 966 575	392 464 095
	Other emoluments	609 680	-	374 532	-
	For services as management	191 888 975 331	59 834 229 369	102 779 410 789	9 809 460 203
		197 317 538 437	**62 211 754 352**	**106 429 751 896**	**10 201 924 298**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
26.3 Leases as lessee				
Right-of-use assets				
Cost				
Balance at 1 January	4 937 177 924	3 907 709 076	261 654 187	102 232 883
Additions	409 211 468	119 105 628	503 531 174	24 785 923
Remeasurement adjustments	1 488 122 882	910 363 220	645 324 315	134 635 381
Balance at 31 December	**6 834 512 274**	**4 937 177 924**	**1 410 509 676**	**261 654 187**
Accumulated depreciation				
Balance at 1 January	2 009 335 066	1 060 938 240	112 374 051	27 206 090
Charge for the year	1 064 591 133	948 396 826	470 896 619	85 167 961
Balance at 31 December	**3 073 926 199**	**2 009 335 066**	**583 270 670**	**112 374 051**
Carrying amount at 31 December	**3 760 586 075**	**2 927 842 858**	**827 239 006**	**149 280 136**
Amounts recognised in profit and loss				
Depreciation expense on right-of-use assets	1 064 591 133	948 396 826	470 896 619	85 167 961
Interest expense on lease liabilities	445 294 817	2 240 634 516	296 863 800	272 767 950
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-	-	-	-
Income from sub-leasing right-of-use assets	96 750 258	14 202 072	36 885 825	1 627 368
The total committed value for short term leases is	-	-	-	-
The total cash outflow for leases amount to	197 100 070	3 564 408 027	(1 642 175 092)	291 979 321
Lease liabilities				
Opening	1 070 900 286	1 365 204 940	222 854 708	82 644 775
Additions for the period	503 531 183	119 105 637	503 531 173	24 785 923
Finance cost	445 294 817	2 240 634 516	296 863 800	272 767 950
Remeasurement adjustments	1 488 122 882	910 363 220	645 324 315	134 635 381
Cash movements	(197 100 070)	(3 564 408 027)	1 642 175 092	(291 979 321)
	3 310 749 098	**1 070 900 286**	**3 310 749 088**	**222 854 708**
Analysed as:				
0-1 year	1 951 841 757	-	1 951 841 746	-
1-5 years	1 358 907 341	1 070 900 286	1 358 907 342	222 854 708
	3 310 749 098	**1 070 900 286**	**3 310 749 088**	**222 854 708**

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

Amounts recorded in profit or loss				
Lease expense	27 283 826	583 810 488	1 840 743	70 672 859

Re-measurement adjustments include effects of IAS 29.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
27 INCOME TAX EXPENSE:				
27.1 Charge for the year				
Current income tax on income for the reporting year	26 635 248 870	18 547 814 564	26 399 448 645	3 754 788 839
Prior year under provision	401 825 875	-	83 620 099	-
Deferred income tax	49 093 314 373	34 919 757 696	71 403 049 432	5 391 215 286
Income tax expense	**76 130 389 118**	**53 467 572 260**	**97 886 118 176**	**9 146 004 125**
The income tax rate applicable to the Group`s taxable income for the year ended 31 December 2023 is 24.72% (2022: 24.72%).				
27.2 Reconciliation of income tax expense				
The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 24.72% (2022: 24.72%) as follows;				
Profit before income tax	**403 517 483 458**	**113 711 550 624**	**576 304 128 087**	**47 861 293 816**
Income tax charged based on profit for the year at 24.72% (2022:24.72%)	99 749 521 911	28 072 271 151	142 462 380 463	12 147 307 870
Tax effect of:				
Exempt income*	(146 855 033 768)	(13 289 689 036)	(146 855 033 768)	(2 793 949 080)
Additional/(savings) tax resulting from permanent differences	1 863 333	(7 047 524)	1 863 333	(1 466 592)
Income subject to tax at lower rates	2 377 152 146	785 949 610	3 771 776 667	208 683 643
Impairment allowance	12 391 006 895	5 303 136 855	12 391 006 895	1 103 584 555
Expenses not deductible for tax purposes**	47 296 485 737	27 575 371 684	26 990 006 436	2 574 274 569
Effects of IFRS 17	-	318 698 731	-	54 178 506
Prior year under provision	806 322 635	-	2 214 319 522	-
Other liabilities including payroll related provisions	60 363 070 229	4 708 880 789	56 909 798 628	(4 146 609 346)
Income tax expense	**76 130 389 118**	**53 467 572 260**	**97 886 118 176**	**9 146 004 125**
Effective rate	**19%**	**47%**	**17%**	**19%**

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

28 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its shareholders who own, directly or indirectly, 10% or more of its share capital or those shareholders who control in any manner, the election of the majority of the Directors of the Company or have the power to exercise controlling influence over the management or financial and operating policies of the Group. The Group carried out banking and investments related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking regulations. The following is a list of related parties to the Group and transactions with them:

Key management

Name	Position
Trynos Kufazvinei	Group Chief Executive
Abel Magwaza	Group Finance Director
Kleto Chiketsani	Managing Director (FBC Reinsurance Limited)
Webster Rusere	Managing Director (FBC Bank Limited)
Pius Rateiwa	Managing Director (FBC Building Society)
Tichaona Mabeza	Group Company Secretary
Benson Gasura	Managing Director (FBC Securities (Private) Limited)
Patrick Mangwendeza	Managing Director (Microplan Financial Services (Private) Limited)
Israel Murefu	Divisional Director Human Resources
Barnabas Vera	Divisional Director Internal Audit
Agnes Kanhukamwe	Executive Director (FBC Building Society)
Alfred Chitanda	Executive Director (FBC Bank Limited)
Agrippa Mugwagwa	Executive Director (FBC Bank Limited)
Martin Makonese	Executive Director (FBC Bank Limited)
Patrick Takawira	Executive Director (FBC Bank Limited)
Joachim Matsvimbo	Executive Director (FBC Reinsurance Limited)
Alice Chiedza	Managing Director (FBC Insurance Company (Private) Limited)
Patricia Nyazenga	Divisional Director Credit Management
Mudzingwa Nhiwatiwa	Divisional Director Risk Management
Dorcas Chihota	Executive Director (FBC Reinsurance Limited)

The following are companies and a trust related to directors, key management and the Group:
Arena Investments (Private) Limited (owned by FBC Holdings Limited board member)
Cotition Investments (Private) Limited (owned by FBC Bank Limited board member)
Wedgeport Investments (Private) Limited (owned by FBC Holdings Limited board member)
Dinkrain Investments (Private) Limited (owned by FBC Bank Limited board member)
Tirent Investments (Private) Limited (owned by FBC Bank Limited board member)
Fleetwood Investments (Private) Limited (owned by FBC Holdings Limited board member)
Rus Enterprises (Private) Limited (owned by FBC Holdings Limited board member)
Defined Wear (PBC) (Private) Limited (owned by FBC Building Society board member)
Codchem (Private) Limited (owned by FBC Building Society board member)
J Med Supplies (Private) Limited (owned by FBC Building Society board member)
Altiwave Investments (Private) Limited (related to FBC Bank Limited)
Mapani Hardware (Private) Limited (related to FBC Bank Limited)
GB Holdings Limited (related to FBC Holdings Executive)
Pachiro Family Trust (related to FBC Bank Limited board member)
Zuva Petroleum (related to FBC Holdings Executive)
Vidrly International (PVT) LTD (related to FBC Holdings Executive)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

28 RELATED PARTY TRANSACTIONS (CONTINUED)

Below are the companies related to directors, key senior management and Group and their loan balances as at 31 December 2023.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
ZUVA PETROLEUM PRIVATE LIMITED (facility limit ZWL 8.2 billion)	-	6 443 351 029	-	1 340 863 506
MATAMBO RUMBIDZAI MRS	84 417 264	83 252 028	84 417 264	17 324 775
EDWIN CHIDZONGA	-	27 806 898	-	5 786 625
NYEMBA VIMBAI	67 919 862	-	67 919 862	-
MACHINGAIDZE MARY NETSAI MRS	7 433 900	-	7 433 900	-
RUS LOGQUIP PVT LTD	36 986 011	-	36 986 011	-
ETHICAL LEAF TOBACCO PRIVATE LIMITED	1 349 107 768	-	1 349 107 768	-
MUCHENA FREDERICK	73 286 878	-	73 286 878	-
	1 619 151 683	**6 554 409 955**	**1 619 151 683**	**1 363 974 906**
These transactions are at arms length.				
Loans and advances to executive directors				
Balance as at 1 January	3 758 179 631	286 768 878	782 078 440	17 359 996
Effects of IAS29	(2 976 101 191)	(203 347 601)	-	-
Advances during the year	30 170 184 030	3 993 419 103	30 170 184 030	831 031 852
Repayments made during the year	(18 694 565 491)	(318 660 748)	(18 694 565 491)	(66 313 408)
Balance as at 31 December	**12 257 696 979**	**3 758 179 632**	**12 257 696 979**	**782 078 440**
Interest charged during the year	1 850 626 179	469 536 990	1 387 275 996	53 802 687
Loans and advances to directors and officers of the Group have, along with other loans and advances, been subjected to impairment procedures. Their terms and conditions are the same as those of ordinary customers.				
Compensation for executive directors and key management				
Short term employee benefits	191 888 975 331	59 834 229 369	102 779 410 789	9 809 460 203
Post- employment benefits	609 680	-	374 532	-
Long service awards	114 613 929 293	18 424 482 851	114 613 929 293	3 834 141 050
	306 503 514 304	**78 258 712 220**	**217 393 714 614**	**13 643 601 253**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

Group entities	interest 2022	interest 2021
FBC Bank Limited	100%	100%
FBC Building Society	100%	100%
FBC Reinsurance Limited	100%	100%
FBC Securities (Private) Limited	100%	100%
Microplan Financial Services (Private) Limited	100%	100%
FBC Insurance Company (Private) Limited	95,4%	95,4%
OutRisk Underwriting Management Agency (Private) Limited	100%	100%

Other related party transactions

Other related party transactions include contributions to FBC Holdings Limited Pension Fund, a self administered post employment benefit fund and director's remuneration. Details of these transactions are disclosed in note 37 and note 26.1 respectively.

29 PRINCIPAL SUBSIDIARIES

The Group had the following subsidiaries at 31 December 2023

Group and Company

Name	Nature of business	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
FBC Bank Limited	Commercial banking	100	100	-
FBC Building Society	Mortgage financing	100	100	-
FBC Reinsurance Limited	Short term reinsurance	100	100	-
FBC Securities (Private) Limited	Stockbroking	100	100	-
FBC Insurance Company (Private) Limited	Short term insurance	95	95	5
Microplan Financial Services (Private) Limited	Microlending	100	100	-
OutRisk Underwriting Management Agency (Private) Limited	Insurance broking	100	100	-

All subsidiaries were incorporated in Zimbabwe, which is also their place of business.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Significant restrictions

There are no material restrictions with regards to any of the subsidiaries' ability to access or use assets, and settle liabilities of the Group.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

30 EARNINGS PER SHARE

30.1 Basic earnings

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue excluding ordinary shares purchased by the Company and held as treasury shares.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Profit attributable to equity holders of the parent	327 243 720 152	60 177 706 481	478 312 818 140	38 708 406 307
Total	**327 243 720 152**	**60 177 706 481**	**478 312 818 140**	**38 708 406 307**
Basic earnings per share				
Basic earnings per share for continuing operations (ZWL cents)	53 593.92	9 568.25	78 335.07	6 154.63
	53 593.92	**9 568.25**	**78 335.07**	**6 154.63**

Year ended 31 December 2023	**Shares issued**	**Treasury shares**	**Shares outstanding**	**Weighted**
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2023	671 949 927	61 248 405	610 701 522	610 701 522
Treasury shares purchased	-	158 500	(158 500)	(102 916)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 31 December 2023	**671 949 927**	**61 406 905**	**610 543 022**	**610 598 606**
Year ended 31 December 2022				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2022	671 949 927	34 530 484	637 419 443	637 419 443
Treasury shares purchased	-	26 717 921	(26 717 921)	(8 488 036)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 31 December 2022	671 949 927	61 248 405	610 701 522	628 931 407

30.2 Diluted earnings

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Earnings				
Profit attributable to equity holders of the parent	327 243 720 152	60 177 706 481	478 312 818 140	38 708 406 307
Total	**327 243 720 152**	**60 177 706 481**	**478 312 818 140**	**38 708 406 307**
Weighted average number of ordinary shares at 31 December	**610 598 606**	**628 931 407**	**610 598 606**	**628 931 407**
Diluted earnings per share				
Diluted earnings per share for continuing operations (ZWL cents)	53 593.92	9 568.25	78 335.07	6 154.63
	53 593.92	**9 568.25**	**78 335.07**	**6 154.63**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

30.3 Headline earnings per share

Headline earnings is calculated by starting with the basic earnings number and then excluding the following re-measurements;
- Gains/losses on the loss of control of a subsidiary
- Impairment/subsequent reversal of impairment of all assets
- Disposal gains/losses of all assets
- Compensation from third parties for assets that were impaired or lost
- The reclassification of all other remeasurements from other comprehensive income to profit or loss
- The reclassification of gains and losses on financial assets at fair value through other comprehensive income upon impairment or disposal and subsequent impairment losses
- The post-tax gain or loss on the disposal of assets or a disposal group constituting discontinued operations

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Profit attributable to equity holders of the parent	**327 243 720 152**	**60 177 706 481**	**478 312 818 140**	**38 708 406 307**
Adjusted for excluded remeasurements				
Profit from the disposal of property and equipment (note 25)	2 163 896 400	(1 969 084)	271 074 804	(9 813 718)
Impairment on asset (note 11 & 12)	-	-	-	-
Headline earnings	**329 407 616 552**	**60 175 737 397**	**478 583 892 944**	**38 698 592 589**
Weighted average number of ordinary shares at 31 December	**610 598 606**	**628 931 407**	**610 598 606**	**628 931 407**
Headline earnings per share (ZWL cents)	**53 948.31**	**9 567.93**	**78 379.46**	**6 153.07**

30.4 Diluted headline earnings per share

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 Restated** ZWL	31 Dec 2023 ZWL	31 Dec 2022 Restated** ZWL
Profit attributable to equity holders of the parent	327 243 720 152	60 177 706 481	478 312 818 140	38 708 406 307
Adjusted for excluded remeasurements				
Profit from the disposal of property and equipment (note 25)	2 163 896 400	(1 969 084)	271 074 804	(9 813 718)
Impairment on asset (note 11 & 12)	-	-	-	-
Headline earnings	**329 407 616 552**	**60 175 737 397**	**478 583 892 944**	**38 698 592 589**
Weighted average number of ordinary shares at 31 December	**610 598 606**	**628 931 407**	**610 598 606**	**628 931 407**
Headline earnings per share (ZWL cents)	**53 948.31**	**9 567.93**	**78 379.46**	**6 153.07**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

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 plansand 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 intergrity of the risk control systems in place and ensure that risk policies and strategies are effectively implemented within the Group.

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

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

Other risks:
(i) Reputational risk
(j) Compliance risk
(k) 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 losses are inherent parts of the Group's business.

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
Provisioning policy and write offs

The Group has adopted IFRS 9 along side Reserve Bank of Zimbabwe provisioning requirements to determine expected credit losses (ECL). The table below shows the mapping of the RBZ Supervisory Rating Scale to the IFRS 9 staging matrix

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

General allowance for impairment under Reserve Bank of Zimbabwe provisioning requirements

Prime to highly speculative grades “1 to 7”

General allowance for impairment under Reserve Bank of Zimbabwe provisioning requirements

Prime to highly speculative grades “1 to 7”

General allowance for impairment for facilities in this category are maintained at the percentage (detailed in table above) of total customer account outstanding balances and off balance sheet (i.e. contingent) risks.

Specific allowance for impairment

Sub-standard to loss grades “8 to 10” - Timely repayment and/or settlement may be at risk

Specific allowance for impairment for facilities in this category are currently maintained at the percentages (detailed above) of total customer outstanding balances and off balance sheet (i.e. contingent) risks less the value of tangible security held.

The basis for writing off assets

When an advance which has been identified as impaired and subjected to a specific allowance for impairment continues to deteriorate, a point will come when it may be concluded that there is no realistic prospect of recovery. Board approval will be sought by Group Credit Management Division for the exposure to be immediately written off from the Group’s books while long term recovery strategies are then pursued.

Credit risk and Basel II

The Group applied Credit Risk Basel II standards in line with the regulatory authorities’ approach. Internal processes have been revamped to comply with the requirements. Policies and procedure manuals have been realigned to comply with the minimum requirements of Basel II.

Expected Credit Losses (ECL) under IFRS 9

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)

Probability of Default (PD)

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

Exposure at Default (EAD)

It is the total value that a bank is exposed to at the time of a loan's default. In most cases and for most loan products, EAD is taken as the gross outstanding balance at time of default.

It also includes off -balance sheet exposures such as guarantees and lending commitments which are then modelled based on historical experience to determine the appropriate exposure estimates.

Loss Given Default (LGD)

It is an estimate of the loss from a transaction given that a default has occurred. The LGD estimate is calculated as the quotient of the set of estimated cash flows resulting from the workout

and/or collections process (the loss of principal, the carrying costs of non-performing loans e.g. interest income foregone and workout expenses. The estimates take into account the time value of money .

by discounting the recoveries to the date of default

For detaild information on ECL's under IFRS 9 refer to note 2.5.

Forward looking Information

- The Group Economics Research team determines the macroeconomic outlook for the country and a Group view of commodities prices over a planning horizon of at least one year. The outlook is provided to Group management and management of the lending units namely FBC Bank Limited, Microplan Financial Services Pvt Ltd and FBC Building Society for review and approval by the Group Assets and Liabilities Committee.
- Macroeconomic outlook take into account various variables such as gross domestic product, central bank policy on interest rates, inflation, exchange rates and treasury bill rates. Of significant importance in terms of the variables used by management are gross domestic product and Inflation. The macroeconomic variables used were obtained from the International Monetary Fund (IMF).
- Narrative for the country's economic outlook, being bear, base and bull cases, are compiled and typically include consideration of the country's economic background, sovereign risk, foreign exchange risk; financial sector, liquidity and monetary policy positions.
- Probabilities are assigned to each of the bear, base and bull cases based on primary macroeconomic drivers and are reviewed annually.
- The forward looking economic expectations are updated on a bi-annual basis or more regularly when deemed appropriate.

The scenario probability weightings applied in measuring ECL are as follows.

	2023			2022		
At 31 December	**Base**	**Bear**	**Bull**	**Base**	**Bear**	**Bull**
Scenario probability weighting	30%	50%	20%	30%	50%	20%

The Zimbabwean economy is projected to record positive growth during the year 2024 though concerns remain over the geopolitical risks. The macro economic environment is currently volatile therefore forward looking information as considered by management has not had a significant impact on the expected credit loss recorded in the Financial statements.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.1 Exposure to credit risk

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Loans and advances				
Stage 3/Grade 8	5 550 354 868	17 693 856 825	5 550 354 868	3 682 097 530
Stage 3/Grade 9	12 571 718 016	218 677 934	12 571 718 016	45 506 951
Stage 3/Grade 10	892 648 398	2 401 221 966	892 648 398	499 695 095
Gross amount	**19 014 721 282**	**20 313 756 725**	**19 014 721 282**	**4 227 299 576**
Impairment allowance	(12 443 465 284)	(5 171 967 051)	(12 443 465 284)	(1 076 288 075)
Carrying amount	**6 571 255 998**	**15 141 789 674**	**6 571 255 998**	**3 151 011 501**
Stage 2/Grade 4 - 7:	377 515 988 950	71 754 825 288	377 515 988 950	14 932 203 167
Stage 1/Grade 1 - 3:	1 249 306 802 175	650 036 177 007	1 249 303 584 700	135 272 079 004
Gross amount	**1 626 822 791 125**	**721 791 002 295**	**1 626 819 573 650**	**150 204 282 171**
Impairment allowance	(44 284 002 251)	(17 758 798 648)	(44 284 002 251)	(3 695 611 944)
Carrying amount	**1 582 538 788 874**	**704 032 203 647**	**1 582 535 571 399**	**146 508 670 227**
Total carrying amount	**1 589 110 044 872**	**719 173 993 321**	**1 589 106 827 397**	**149 659 681 728**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.1 Credit risk (continued)

Loans and advances

INFLATION ADJUSTED

	31 Dec 2023				31 Dec 2022			
	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	1 249 306 802 175	-	-	1 249 306 802 175	650 036 177 007	-	-	650 036 177 007
Standard monitoring	-	300 266 006 754	-	300 266 006 754	-	51 149 397 018	-	51 149 397 018
Special monitoring	-	77 249 982 196	-	77 249 982 196	-	20 605 428 270	-	20 605 428 270
Default	-	-	19 014 721 282	19 014 721 282	-	-	20 313 756 725	20 313 756 725
Gross loans and advances	**1 249 306 802 175**	**377 515 988 950**	**19 014 721 282**	**1 645 837 512 407**	**650 036 177 007**	**71 754 825 288**	**20 313 756 725**	**742 104 759 020**
Impairment allowance	(18 689 296 119)	(25 594 706 132)	(12 443 465 284)	(56 727 467 535)	(14 574 291 672)	(3 184 506 976)	(5 171 967 051)	(22 930 765 699)
Net loans and advances	**1 230 617 506 056**	**351 921 282 818**	**6 571 255 998**	**1 589 110 044 872**	**635 461 885 335**	**68 570 318 312**	**15 141 789 674**	**719 173 993 321**
Analysis								
Gross amount								
Balance as at January	**650 036 177 007**	**71 754 825 288**	**20 313 756 725**	**742 104 759 020**	**342 348 282 044**	**52 133 300 188**	**2 933 209 106**	**397 414 791 338**
Effects of IAS29	(514 764 098 003)	(56 822 622 121)	(16 086 457 149)	(587 673 177 273)	(242 759 837 892)	(36 967 684 988)	(2 079 936 427)	(281 807 459 307)
Transfers	(6 354 505 512)	3 926 744 224	2 427 761 288		(1 059 945 983)	430 232 748	629 713 235	
Stage 1	(6 942 471 684)	6 392 313 634	550 158 050		(1 527 090 076)	829 140 117	697 949 959	
Stage 2	556 338 910	(2 574 392 063)	2 018 053 153		382 999 264	(405 732 586)	22 733 322	
Stage 3	31 627 262	108 822 653	(140 449 915)		84 144 829	6 825 217	(90 970 046)	
New issue	1 173 377 168 272	369 755 394 166	16 748 304 149	1 559 880 866 587	688 474 599 303	90 538 006 112	19 363 354 879	798 375 960 294
Repayments	(52 987 939 589)	(11 098 352 607)	(3 107 666 541)	(67 193 958 737)	(136 966 920 465)	(34 379 028 772)	(457 482 142)	(171 803 431 379)
Amounts written off during the year as uncollectible	-	-	(1 280 977 190)	(1 280 977 190)	-	-	(75 101 926)	(75 101 926)
Balance as at December	**1 249 306 802 175**	**377 515 988 950**	**19 014 721 282**	**1 645 837 512 407**	**650 036 177 007**	**71 754 825 288**	**20 313 756 725**	**742 104 759 020**
Impairment								
Balance as at January	**14 574 291 672**	**3 184 506 976**	**5 171 967 051**	**22 930 765 699**	**4 186 457 349**	**2 473 030 562**	**2 008 190 003**	**8 667 677 914**
Effects of IAS29	(11 541 376 696)	(2 521 810 008)	(4 095 678 976)	(18 158 865 680)	(2 968 613 837)	(1 753 624 160)	(1 424 006 061)	(6 146 244 058)
Transfers	(33 815 900)	66 411 801	(32 595 901)	-	16 763 943	(8 343 563)	(8 420 380)	-
Stage 1	(65 203 317)	61 294 693	3 908 625		(5 391 457)	2 864 021	2 527 435	
Stage 2	10 799 353	(32 248 079)	21 448 725		14 454 374	(15 419 365)	964 991	
Stage 3	20 588 064	37 365 187	(57 953 251)		7 701 026	4 211 781	(11 912 806)	
Net change due to new issues and repayments	15 732 121 265	24 881 391 210	12 101 186 716	52 714 699 191	13 513 869 914	2 576 283 772	4 729 074 482	20 819 228 168
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	(57 548 895)	(23 827 102)	580 228 794	498 852 797	(54 593 357)	(27 209 420)	(53 564 436)	(135 367 213)
Amounts written off during the year as uncollectible	15 624 673	8 033 255	(1 281 642 400)	(1 257 984 472)	(119 592 340)	(75 630 215)	(79 306 557)	(274 529 112)
Balance as at December	**18 689 296 119**	**25 594 706 132**	**12 443 465 284**	**56 727 467 535**	**14 574 291 672**	**3 184 506 976**	**5 171 967 051**	**22 930 765 699**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.1 Credit risk (continued)

HISTORICAL COST

	31 Dec 2023				31 Dec 2022			
	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	1 249 303 584 700	-	-	1 249 303 584 700	135 272 079 004	-	-	135 272 079 004
Standard monitoring	-	300 266 006 754	-	300 266 006 754	-	10 644 206 645	-	10 644 206 645
Special monitoring	-	77 249 982 196	-	77 249 982 196	-	4 287 996 522	-	4 287 996 522
Default	-	-	19 014 721 282	19 014 721 282	-	-	4 227 299 576	4 227 299 576
Gross loans and advances	**1 249 303 584 700**	**377 515 988 950**	**19 014 721 282**	**1 645 834 294 932**	**135 272 079 004**	**14 932 203 167**	**4 227 299 576**	**154 431 581 747**
Impairment allowance	(18 689 296 119)	(25 594 706 132)	(12 443 465 284)	(56 727 467 535)	(3 032 914 976)	(662 696 968)	(1 076 288 075)	(4 771 900 019)
Net loans and advances	**1 230 614 288 581**	**351 921 282 818**	**6 571 255 998**	**1 589 106 827 397**	**132 239 164 028**	**14 269 506 199**	**3 151 011 501**	**149 659 681 728**
Analysis								
Gross amount								
Balance as at January	**135 272 079 004**	**14 932 203 167**	**4 227 299 576**	**154 431 581 747**	**20 724 388 571**	**3 155 969 601**	**177 566 330**	**24 057 924 502**
Transfers	(6 354 505 512)	3 926 744 224	2 427 761 288	-	(220 575 114)	89 531 579	131 043 535	-
Stage 1	(6 942 471 684)	6 392 313 634	550 158 050		(317 787 956)	172 544 336	145 243 620	
Stage 2	556 338 910	(2 574 392 063)	2 018 053 153		79 702 275	(84 433 087)	4 730 812	
Stage 3	31 627 262	108 822 653	(140 449 915)		17 510 567	1 420 330	(18 930 897)	
New issue	1 173 373 950 797	369 755 394 166	16 748 304 149	1 559 877 649 112	143 271 127 554	18 840 989 385	4 029 520 634	166 141 637 573
Repayments	(52 987 939 589)	(11 098 352 607)	(3 107 666 541)	(67 193 958 737)	(28 502 862 007)	(7 154 287 398)	(95 202 187)	(35 752 351 592)
Amounts written off during the year as uncollectible	-	-	(1 280 977 190)	(1 280 977 190)	-	-	(15 628 736)	(15 628 736)
Balance as at December	**1 249 303 584 700**	**377 515 988 950**	**19 014 721 282**	**1 645 834 294 932**	**135 272 079 004**	**14 932 203 167**	**4 227 299 576**	**154 431 581 747**
Impairment								
Balance as at January	**3 032 914 976**	**662 696 968**	**1 076 288 075**	**4 771 900 019**	**253 433 642**	**149 708 713**	**121 568 874**	**524 711 229**
Changes on initial application of IFRS 9				-	-	-	-	-
Transfers	(33 815 900)	66 411 801	(32 595 901)	-	3 488 582	(1 736 298)	(1 752 284)	-
Stage 1	(65 203 317)	61 294 693	3 908 625		(1 121 964)	596 004	525 960	
Stage 2	10 799 353	(32 248 079)	21 448 725		3 007 960	(3 208 775)	200 815	
Stage 3	20 588 064	37 365 187	(57 953 251)		1 602 586	876 473	(2 479 059)	
Net change due to new issues and repayments	15 732 121 265	24 881 391 210	12 101 186 716	52 714 699 191	2 812 240 854	536 125 516	984 121 983	4 332 488 353
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	(57 548 895)	(23 827 102)	580 228 794	498 852 797	(11 360 896)	(5 662 290)	(11 146 777)	(28 169 963)
Amounts written off during the year as uncollectible	15 624 673	8 033 255	(1 281 642 400)	(1 257 984 472)	(24 887 206)	(15 738 673)	(16 503 721)	(57 129 600)
Balance as at December	**18 689 296 119**	**25 594 706 132**	**12 443 465 284**	**56 727 467 535**	**3 032 914 976**	**662 696 968**	**1 076 288 075**	**4 771 900 019**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)

INFLATION ADJUSTED

Sensitivity analysis of ECL	31 Dec 2023	31 Dec 2022
If all assets move to stage 3 ECL will increase to	592 501 504 467	267 157 713 246
If all assets move to stage 1 ECL will decrease to	11 850 030 089	5 343 154 265

Loans and advances in grade 1 to 3

Loans and advances in grade 1 to 3 and which are not part of renegotiated loans are considered to be within Stage 1. Stage 1 loans and advances are those whose repayments (capital and interests) are outstanding for more than 30 days.

Loans and advances in grade 4 to 7

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being in stage 2. Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

	INFLATION ADJUSTED				HISTORICAL COST			
	Personal loans ZWL	Corporate loans ZWL	Mortgages ZWL	Total ZWL	Personal loans ZWL	Corporate loans ZWL	Mortgages ZWL	Total ZWL
As at 31 December 2023								
Stage 2 over due up to 1 month	32 002 414 376	329 705 212 820	971 184 443	362 678 811 639	32 002 414 376	329 705 212 820	971 184 443	362 678 811 639
Stage 2 over due 1-3 months	2 890 009 545	6 720 939 506	3 352 346 366	12 963 295 417	2 890 009 545	6 720 939 506	3 352 346 366	12 963 295 417
Stage 2 over due 3-6 months	101 440 754	823 773 970	16 908 016	942 122 740	101 440 754	823 773 970	16 908 016	942 122 740
Stage 2 over due 6 - 12 months	47 921 628	35 162 067	4 924 430	88 008 125	47 921 628	35 162 067	4 924 430	88 008 125
Stage 2 over 12 months	16 238 956	826 530 994	981 079	843 751 029	16 238 956	826 530 994	981 079	843 751 029
Total	**35 058 025 259**	**338 111 619 357**	**4 346 344 334**	**377 515 988 950**	**35 058 025 259**	**338 111 619 357**	**4 346 344 334**	**377 515 988 950**
Value of collateral	**159 924 800**	**15 683 240 800**	**4 236 798 136**	**20 079 963 736**	**159 924 800**	**15 683 240 800**	**4 236 798 136**	**20 079 963 736**
Amount of (under)/over collateralisation	**(34 898 100 459)**	**(322 428 378 557)**	**(109 546 198)**	**(357 436 025 214)**	**(34 898 100 459)**	**(322 428 378 557)**	**(109 546 198)**	**(357 436 025 214)**
As at 31 December 2022								
Stage 2 over due up to 1 month	2 960 710 282	64 015 349 461	267 585 970	67 243 645 713	616 124 801	13 321 615 656	55 684 730	13 993 425 187
Stage 2 over due 1-3 months	1 204 126 909	1 790 655 721	800 074 191	3 794 856 821	250 579 213	372 636 055	166 495 707	789 710 975
Stage 2 over due 3-6 months	160 342 318	161 190 610	17 443 643	338 976 571	33 367 290	33 543 820	3 630 028	70 541 138
Stage 2 over due 6 - 12 months	140 023 734	8 906 978	11 811 202	160 741 914	29 138 986	1 853 545	2 457 915	33 450 446
Stage 2 over 12 months	54 684 785	161 586 963	332 521	216 604 269	11 379 922	33 626 301	69 198	45 075 421
Total	**4 519 888 028**	**66 137 689 733**	**1 097 247 527**	**71 754 825 288**	**940 590 212**	**13 763 275 377**	**228 337 578**	**14 932 203 167**
Value of collateral	**2 110 526 302**	**82 465 086 779**	**699 734 026**	**85 275 347 107**	**439 201 230**	**17 161 012 169**	**145 614 885**	**17 745 828 284**
Amount of (under)/over collateralisation	**(2 409 361 726)**	**16 327 397 046**	**(397 513 501)**	**13 520 521 819**	**(501 388 982)**	**3 397 736 792**	**(82 722 693)**	**2 813 625 117**

Collateral is mainly comprised of immovable properties.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31.1.1 Exposure to credit risk (continued)

Loans and advances (continued)

Loans and advances in grade 8 to 10

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is ZWL19 014 721 282 (2022: ZWL20 313 756 724) in inflation adjusted terms and ZWL 19 014 721 282 (2022: ZWL4 227 299 576) in historical cost terms. The breakdown of the fair value of related collateral held by the Group as security, are as follows;

	INFLATION ADJUSTED			HISTORICAL COST		
	Personal loans ZWL	Corporate loans ZWL	Total ZWL	Personal loans ZWL	Corporate loans ZWL	Total ZWL
As at 31 December 2023						
Gross carrying amount	2 005 585 403	17 009 135 879	19 014 721 282	2 005 585 403	17 009 135 879	19 014 721 282
Less allowance for impairment	(1 431 735 637)	(11 011 729 647)	(12 443 465 284)	(1 431 735 637)	(11 011 729 647)	(12 443 465 284)
Net carrying amount	**573 849 766**	**5 997 406 232**	**6 571 255 998**	**573 849 766**	**5 997 406 232**	**6 571 255 998**
Value of collateral	**372 713 775**	**285 528 022**	**658 241 797**	**372 713 775**	**285 528 022**	**658 241 797**
As at 31 December 2022						
Gross carrying amount	1 380 440 715	18 933 316 009	20 313 756 724	287 270 175	3 940 029 401	4 227 299 576
Less allowance for impairment	(405 053 865)	(4 766 913 186)	(5 171 967 051)	(84 291 845)	(991 996 230)	(1 076 288 075)
Net carrying amount	**975 386 850**	**14 166 402 823**	**15 141 789 673**	**202 978 330**	**2 948 033 171**	**3 151 011 501**
Value of collateral	**738 817 365**	**686 471 635**	**1 425 289 000**	**153 748 141**	**142 854 977**	**296 603 118**

Terms and conditions on collateral:

a) Valuation is by professional valuers or done internally

b) Valuation is reviewed after every 3 years

Type of collateral accepted

a) Movable property

b) Cession of insurance policies

c) Cash cover

d) Pledges

e) Guarantees

f) Cessions

g) Deeds of Hypothecation

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

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

Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of management, indicate that payment will most likely continue. These loans are kept under continuous review.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Renegotiated loans and advances to customers -				
- Continuing to be impaired after restructuring	-	1 657 554 738	-	344 937 696
- Non-impaired after restructuring – would otherwise have been impaired	-	19 541 904 763	-	4 066 676 924
- Non-impaired after restructuring – would otherwise not have been impaired	-	-	-	-
Total	**-**	**21 199 459 501**	**-**	**4 411 614 620**

There were no net modification gain or loss recognised for financial assets for which the contractual cashflows have been modified during the period.

Repossessed collateral

During the year ended 31 December 2023 the Group repossessed collateral valued at ZWL

Sectorial analysis of utilizations of loans and advances to customers

	INFLATION ADJUSTED				HISTORICAL COST			
	2023 ZWL	%	2022 ZWL	%	2023 ZWL	%	2022 ZWL	%
Mining	71 431 194 422	4%	103 145 995 365	14%	71 431 194 422	4%	21 464 716 170	14%
Manufacturing	204 035 371 347	12%	49 928 891 293	7%	204 035 371 347	12%	10 390 218 995	7%
Mortgages	83 124 676 815	5%	58 526 725 855	8%	83 124 676 815	5%	12 179 431 246	8%
Wholesale	189 319 267 604	12%	548 438 315	0%	189 319 267 604	12%	114 130 197	0%
Distribution	1 475 132 453	0%	59 887 407 453	8%	1 475 132 453	0%	12 462 589 542	8%
Individuals	194 853 103 765	12%	46 430 128 686	6%	194 853 103 765	12%	9 662 125 325	6%
Agriculture	118 454 755 175	7%	25 768 149 555	3%	118 454 755 175	7%	5 362 360 550	3%
Communication	3 324 740 360	0%	-	0%	3 324 740 360	0%	-	0%
Construction	82 406 714 313	5%	31 741 962 448	4%	82 406 714 313	5%	6 605 513 013	4%
Local authorities	150 765	0%	561 289 659	0%	150 765	0%	116 804 566	0%
Other services	697 412 405 388	42%	365 565 770 391	49%	697 409 187 913	42%	76 073 692 143	49%
	1 645 837 512 407	**100%**	**742 104 759 020**	**100%**	**1 645 834 294 932**	**100%**	**154 431 581 747**	**100%**

Risk concentrations

There are material concentrations of loans and advances to the following sectors; Individual 11% (2022:6%), wholesale 12% (2022: 0%), other services 42% (2022: 49%) and manufacturing 12% (2022: 7%).

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.1 Exposure to credit risk (continued)

Analysis of credit quality by sector - loans and advances to customers
INFLATION ADJUSTED
As at 31 December 2023

	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Sector						
Manufacturing	102 985 267 927	100 994 230 423	98 370	-	55 774 627	204 035 371 347
Wholesale	101 155 100 254	87 967 251 530	363 639	163 654 292	32 897 889	189 319 267 604
Individuals	181 777 126 833	11 788 339 135	819 169 402	271 478 816	196 989 579	194 853 103 765
Mortgages	59 761 378 514	22 860 836 570	315 788 167	184 947 357	1 726 207	83 124 676 815
Agriculture	23 958 637 604	79 417 186 299	3 795 414 284	10 717 575 357	565 941 631	118 454 755 175
Distribution	989 596 642	364 052 682	121 483 129	-	-	1 475 132 453
Construction	81 334 454 341	1 072 259 972	-	-	-	82 406 714 313
Communication	3 095 810 485	228 929 875	-	-	-	3 324 740 360
Local Authorities	101 371	49 394	-	-	-	150 765
Mining	4 380 858 605	67 046 335 059	-	4 000 758	-	71 431 194 422
Other services	689 868 469 599	5 776 518 011	498 037 877	1 230 061 435	39 318 467	697 412 405 388
	1 249 306 802 175	**377 515 988 950**	**5 550 354 868**	**12 571 718 015**	**892 648 400**	**1 645 837 512 407**
Percentage of total loans	**76%**	**23%**	**0%**	**1%**	**0%**	**100%**

As at 31 December 2022	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Sector						
Manufacturing	42 513 363 319	6 853 586 465	348 239 863	-	213 701 646	49 928 891 293
Wholesale	41 794 195	506 644 120	-	-	-	548 438 315
Individuals	40 872 078 642	5 034 408 407	337 856 371	164 379 433	21 405 833	46 430 128 686
Mortgages	55 688 089 764	2 032 149 878	404 172 728	8 641 658	393 671 827	58 526 725 855
Agriculture	10 908 111 185	13 074 943 279	14 032 145	671 719	1 770 391 227	25 768 149 555
Distribution	47 771 174 174	10 258 530 021	1 822 566 126	35 050 693	86 439	59 887 407 453
Construction	31 644 616 386	97 346 062	-	-	-	31 741 962 448
Communication	-	-	-	-	-	-
Local Authorities	561 289 659	-	-	-	-	561 289 659
Mining	72 180 144 105	30 965 851 260	-	-	-	103 145 995 365
Other services	347 855 515 578	2 931 365 796	14 766 989 591	9 934 434	1 964 992	365 565 770 391
	650 036 177 007	**71 754 825 288**	**17 693 856 824**	**218 677 937**	**2 401 221 964**	**742 104 759 020**
Percentage of total loans	**88%**	**10%**	**2%**	**0%**	**0%**	**100%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.1 Exposure to credit risk (continued)

HISTORICAL COST

As at 31 December 2023

	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Sector						
Manufacturing	102 985 267 927	100 994 230 423	98 370	-	55 774 627	204 035 371 347
Wholesale	101 155 100 254	87 967 251 530	363 639	163 654 292	32 897 889	189 319 267 604
Individuals	181 777 126 833	11 788 339 135	819 169 402	271 478 816	196 989 579	194 853 103 765
Mortgages	59 761 378 514	22 860 836 570	315 788 167	184 947 357	1 726 207	83 124 676 815
Agriculture	23 958 637 604	79 417 186 299	3 795 414 284	10 717 575 357	565 941 631	118 454 755 175
Distribution	989 596 642	364 052 682	121 483 129	-	-	1 475 132 453
Construction	81 334 454 341	1 072 259 972	-	-	-	82 406 714 313
Communication	3 095 810 485	228 929 875	-	-	-	3 324 740 360
Local Authorities	101 371	49 394	-	-	-	150 765
Mining	4 380 858 605	67 046 335 059	-	4 000 758	-	71 431 194 422
Other services	689 865 252 124	5 776 518 011	498 037 877	1 230 061 435	39 318 467	697 409 187 913
	1 249 303 584 700	**377 515 988 950**	**5 550 354 868**	**12 571 718 015**	**892 648 400**	**1 645 834 294 932**
Percentage of total loans	**76%**	**23%**	**0%**	**1%**	**0%**	**100%**

As at 31 December 2022	Stage 1/ Grades 1 to 3 ZWL	Stage 2/ Grades 4 to 7 ZWL	Stage 3/ Grade 8 ZWL	Stage 3/ Grade 9 ZWL	Stage 3/ Grade 10 ZWL	Total ZWL
Sector						
Manufacturing	8 847 045 141	1 426 233 638	72 468 832	-	44 471 384	10 390 218 995
Wholesale	8 697 386	105 432 811	-	-	-	114 130 197
Individuals	8 505 493 250	1 047 662 075	70 308 024	34 207 415	4 454 561	9 662 125 325
Mortgages	11 588 710 125	422 891 070	84 108 480	1 798 332	81 923 239	12 179 431 246
Agriculture	2 269 981 590	2 720 900 074	2 920 094	139 785	368 419 007	5 362 360 550
Distribution	9 941 197 340	2 134 803 532	379 276 621	7 294 061	17 988	12 462 589 542
Construction	6 585 255 265	20 257 748	-	-	-	6 605 513 013
Communication	-	-	-	-	-	-
Local Authorities	116 804 566	-	-	-	-	116 804 566
Mining	15 020 712 155	6 444 004 015	-	-	-	21 464 716 170
Other services	72 388 182 186	610 018 204	3 073 015 478	2 067 359	408 916	76 073 692 143
	135 272 079 004	**14 932 203 167**	**3 682 097 529**	**45 506 952**	**499 695 095**	**154 431 581 747**
Percentage of total loans	**88%**	**10%**	**2%**	**0%**	**0%**	**100%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.1 Exposure to credit risk (continued)

Reconciliation of allowance for impairment for loans and advances

INFLATION ADJUSTED

	31 Dec 2023			31 Dec 2022		
	Specific allowance / Stage 3	Collective allowance/ Stage 1-2	Total	Specific allowance / Stage 3	Collective allowance / Stage 1-2	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January	**5 171 967 051**	**17 758 798 648**	**22 930 765 699**	**2 008 190 003**	**6 659 487 916**	**8 667 677 919**
Effects of IAS 29	(4 095 678 976)	(14 063 186 704)	(18 158 865 680)	(1 424 006 061)	(4 722 238 003)	(6 146 244 064)
Increase in impairment allowance	12 648 819 609	40 564 732 379	53 213 551 988	4 667 089 666	16 016 771 290	20 683 860 956
Write off	(1 281 642 400)	23 657 928	(1 257 984 472)	(79 306 557)	(195 222 555)	(274 529 112)
	12 443 465 284	**44 284 002 251**	**56 727 467 535**	**5 171 967 051**	**17 758 798 648**	**22 930 765 699**

HISTORICAL COST

	31 Dec 2023			31 Dec 2022		
	Specific allowance / Stage 3	Collective allowance/ Stage 1-2	Total	Specific allowance / Stage 3	Collective allowance / Stage 1-2	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January	1 076 288 075	3 695 611 944	4 771 900 019	121 568 874	403 142 355	524 711 229
Increase in impairment allowance	12 648 819 609	40 564 732 379	53 213 551 988	971 222 922	3 333 095 468	4 304 318 390
Write off	(1 281 642 400)	23 657 928	(1 257 984 472)	(16 503 721)	(40 625 879)	(57 129 600)
	12 443 465 284	**44 284 002 251**	**56 727 467 535**	**1 076 288 075**	**3 695 611 944**	**4 771 900 019**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
31.1.2 Trade and other receivables including insurance receivables				
Default	-	-	-	-
Allowance for impairment	-	-	-	-
Carrying amount	-	-	-	-
Past due amounts	-	126 126 717	-	26 247 012
Amounts up to date	734 933 621	3 892 106 972	734 933 621	809 948 764
Gross amount, not impaired	**734 933 621**	**4 018 233 689**	**734 933 621**	**836 195 776**
Allowance for impairment	-	-	-	-
Carrying amount, not impaired	**734 933 621**	**4 018 233 689**	**734 933 621**	**836 195 776**
Total carrying amount	**734 933 621**	**4 018 233 689**	**734 933 621**	**836 195 776**

As at 31 December 2023, nil trade receivables (2022 : ZWL126 126 717) in inflation adjusted terms and nil (2022: ZWL26 247 012) in historical cost terms were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. There were no significant changes in the nature and quality of trade and other receivables from prior year.

As at 31 December 2023 trade receivables amounting to nil - (2022: nil -) in inflation adjusted terms and nil (2022: nil) in historical cost terms were impaired.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Reconciliation of the allowance for impairment of trade receivables				
Allowances for impairment				
Balance as at 1 January	-	1 684 710 908	-	101 986 569
Effects of IAS29	-	(1 194 627 271)	-	-
Allowance for trade receivables including insurance receivables' impairment	98 199 245	321 926 647	98 199 245	66 993 043
Effects of IFRS 17	(34 698 257)	(729 133 176)	(34 698 257)	(151 732 858)
Impairment reversal	(63 500 988)	(82 877 108)	(63 500 988)	(17 246 754)
Balance as at 31 December	-	-	-	-

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.3 Bonds and Debentures

INFLATION ADJUSTED

	31 Dec 2023				31 Dec 2022			
	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	-	-	-	-	-	-	-	-
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	-	-	-	-	-	-	-	-
Impairment allowance	-	-	-	-	-	-	-	-
Net Bonds and Debentures	-	-	-	-	-	-	-	-
Analysis								
Gross amount								
Balance as at 1 January	-	-	-	-	115 286 484	-	-	115 286 484
Effects of IAS29	-	-	-	-	(81 749 561)	-	-	(81 749 561)
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	(33 536 923)	-	-	(33 536 923)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	-		-	-	-	-	-	-
Impairment								
Balance as at 1 January	-	-	-	-	648 005	-	-	648 005
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	-	-	-	-	(459 500)	-	-	(459 500)
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	-	-	-	-	(188 505)	-	-	(188 505)
Balance as at December	-			-	-	-	-	-

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.3 Bonds and Debentures (continued)

HISTORICAL COST

	31 Dec 2023				31 Dec 2022			
	ECL staging				ECL staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	TOTAL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit grade								
Investment grade	-	-	-	-	-	-	-	-
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	-	-	-	-	-	-	-	-
Impairment allowance	-	-	-	-	-	-	-	-
Net Bonds and Debentures	-	-	-	-	-	-	-	-
Analysis								
Gross amount								
Balance as at 1 January	-	-	-	-	6 979 045	-	-	6 979 045
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	(6 979 045)	-	-	(6 979 045)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	-		-	-	-	-	-	-
Impairment								
Balance as at 1 January	-	-	-	-	39 228	-	-	39 228
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	-	-	-	-	(39 228)	-	-	(39 228)
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	-	-	-	-	-	-	-	-

INFLATION ADJUSTED

Sensitivity analysis of ECL	**31 Dec 2023**	**31 Dec 2022**
If all assets move to stage 3 ECL will increase to	-	-
If all assets move to stage 1 ECL will decrease to	-	-

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.4 Financial assets at amortised cost

INFLATION ADJUSTED

	31 Dec 2023				31 Dec 2022			
	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	(95 338 669 300)	-	-	(95 338 669 300)	39 232 431 593	-	-	39 232 431 593
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**(95 338 669 300)**	**-**	**-**	**(95 338 669 300)**	**39 232 431 593**	**-**	**-**	**39 232 431 593**
Impairment allowance	466 849 953	-	-	466 849 953	(410 691 175)	-	-	(410 691 175)
Net financial asset at amortised cost	**(94 871 819 347)**	**-**	**-**	**(94 871 819 347)**	**38 821 740 418**	**-**	**-**	**38 821 740 418**
Analysis								
Gross amount								
Balance as at 1 January	**(39 232 431 593)**	**-**	**-**	**(39 232 431 593)**	**32 719 514 248**	**-**	**-**	**32 719 514 248**
Effects of IAS29	31 068 149 443	-	-	31 068 149 443	(23 201 383 593)	-	-	(23 201 383 593)
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	(89 686 204 056)	-	-	(89 686 204 056)	43 368 246 558	-	-	43 368 246 558
Repayments	2 511 816 906	-	-	2 511 816 906	(13 653 945 620)	-	-	(13 653 945 620)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**(95 338 669 300)**	**-**	**-**	**(95 338 669 300)**	**39 232 431 593**	**-**	**-**	**39 232 431 593**
Impairment								
Balance as at 1 January	**(410 691 175)**	**-**	**-**	**(410 691 175)**	**181 741 889**	**-**	**-**	**181 741 889**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	325 226 204	-	-	325 226 204	(128 873 042)	-	-	(128 873 042)
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Net change due to new i ssues and repayments	(317 829 384)	-	-	(317 829 384)	347 741 115	-	-	347 741 115
Interest in suspense (reclassifaction0	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	(63 555 598)	-	-	(63 555 598)	10 081 213	-	-	10 081 213
Balance as at 31 December	**(466 849 953)**	**-**	**-**	**(466 849 953)**	**410 691 175**	**-**	**-**	**410 691 175**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.4 Financial assets at amortised cost (continued)

HISTORICAL COST

	31 Dec 2023				31 Dec 2022			
	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	(95 338 669 300)	-	-	(95 338 669 300)	8 164 282 150	-	-	8 164 282 150
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**(95 338 669 300)**	**-**	**-**	**(95 338 669 300)**	**8 164 282 150**	**-**	**-**	**8 164 282 150**
Impairment allowance	466 849 953	-	-	466 849 953	(85 464 971)	-	-	(85 464 971)
Net financial asset at amortised cost	**(94 871 819 347)**	**-**	**-**	**(94 871 819 347)**	**8 078 817 179**	**-**	**-**	**8 078 817 179**
Analysis								
Gross amount								
Balance as at 1 January	**(8 164 282 150)**	**-**	**-**	**(8 164 282 150)**	**1 980 726 176**	**-**	**-**	**1 980 726 176**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	(89 686 204 056)	-	-	(89 686 204 056)	9 024 946 629	-	-	9 024 946 629
Repayments	2 511 816 906	-	-	2 511 816 906	(2 841 390 655)	-	-	(2 841 390 655)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**(95 338 669 300)**	**-**	**-**	**(95 338 669 300)**	**8 164 282 150**	**-**	**-**	**8 164 282 150**
Impairment								
Balance as at 1 January	(85 464 971)	-	-	(85 464 971)	11 002 025	-	-	11 002 025
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(317 829 384)	-	-	(317 829 384)	72 365 042	-	-	72 365 042
Interest in suspense (reclassifaction0	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	(63 555 598)	-	-	(63 555 598)	2 097 904	-	-	2 097 904
Balance as at 31 December	**(466 849 953)**	**-**	**-**	**(466 849 953)**	**85 464 971**	**-**	**-**	**85 464 971**

INFLATION ADJUSTED

Sensitivity analysis of ECL	**31 Dec 2023**	**31 Dec 2022**
If all assets move to stage 3 ECL will increase to	(34 321 920 948)	14 123 675 373
If all assets move to stage 1 ECL will decrease to	(686 438 419)	282 473 507

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.5 Credit exposure on undrawn loan commitments and guarantees

INFLATION ADJUSTED

	31 Dec 2023				31 Dec 2022			
	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	(99 183 946 117)	-	-	(99 183 946 117)	63 781 691 563	-	-	63 781 691 563
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**(99 183 946 117)**	**-**	**-**	**(99 183 946 117)**	**63 781 691 563**	**-**	**-**	**63 781 691 563**
Impairment allowance	665 876 885	-	-	665 876 885	(874 073 849)	-	-	(874 073 849)
Net undrawn loan commitments and guarantees	**(98 518 069 232)**	**-**	**-**	**(98 518 069 232)**	**62 907 617 714**	**-**	**-**	**62 907 617 714**
Analysis								
Gross amount								
Balance as at 1 January	**(63 781 691 563)**	**-**	**-**	**(63 781 691 563)**	**75 579 637 598**	**-**	**-**	**75 579 637 598**
Effects of IAS29	50 508 700 194	-	-	50 508 700 194	(53 593 465 672)	-	-	(53 593 465 672)
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	(115 476 184 089)	-	-	(115 476 184 089)	771 521 183 478	-	-	771 521 183 478
Repayments	29 565 229 341	-	-	29 565 229 341	(729 725 663 841)	-	-	(729 725 663 841)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**(99 183 946 117)**	**-**	**-**	**(99 183 946 117)**	**63 781 691 563**	**-**	**-**	**63 781 691 563**
Impairment								
Balance as at 1 January	**(874 073 849)**	**-**	**-**	**(874 073 849)**	**152 018 912**	**-**	**-**	**152 018 912**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Effects of IAS29	692 178 787	-	-	692 178 787	(107 796 495)	-	-	(107 796 495)
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(483 981 823)	-	-	(483 981 823)	829 851 433	-	-	829 851 433
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**(665 876 885)**	**-**	**-**	**(665 876 885)**	**874 073 849**	**-**	**-**	**874 073 849**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.5 Credit exposure on undrawn loan commitments and guarantees

HISTORICAL COST

	31 Dec 2023				31 Dec 2022			
	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	(99 183 946 117)	-	-	(99 183 946 117)	13 272 991 368	-	-	13 272 991 368
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	(99 183 946 117)	-	-	(99 183 946 117)	13 272 991 368	-	-	13 272 991 368
Impairment allowance	665 876 885	-	-	665 876 885	(181 895 061)	-	-	(181 895 061)
Net undrawn loan commitments and guarantees	(98 518 069 232)	-	-	(98 518 069 232)	13 091 096 307	-	-	13 091 096 307
Analysis								
Gross amount								
Balance as at 1 January	**(13 272 991 368)**	**-**	**-**	**(13 272 991 368)**	**4 575 329 738**	**-**	**-**	**4 575 329 738**
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	(115 476 184 089)	-	-	(115 476 184 089)	160 553 816 597	-	-	160 553 816 597
Repayments	29 565 229 340	-	-	29 565 229 340	(151 856 154 967)	-	-	(151 856 154 967)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at 31 December	**(99 183 946 117)**	**-**	**-**	**(99 183 946 117)**	**13 272 991 368**	**-**	**-**	**13 272 991 368**
Impairment								
Balance as at 1 January	**(181 895 061)**	**-**	**-**	**(181 895 061)**	**9 202 700**	**-**	**-**	**9 202 700**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-	-
Transfers	-				-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(483 981 824)	-	-	(483 981 824)	172 692 361	-	-	172 692 361
Balance as at 31 December	**(665 876 885)**	**-**	**-**	**(665 876 885)**	**181 895 061**	**-**	**-**	**181 895 061**

INFLATION ADJUSTED

Sensitivity analysis of ECL	**31 Dec 2023**	**31 Dec 2022**
If all assets move to stage 3 ECL will increase to	(35 706 220 602)	22 961 408 962
If all assets move to stage 1 ECL will decrease to	(714 124 412)	459 228 179

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.6 Maximum exposure to credit risk before collateral held or other credit enhancement

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Credit risk exposures relating to on-balance sheet assets are as follows;				
Loans and advances to customers;				
- Individuals	194 853 103 765	46 430 128 686	194 853 103 765	9 662 125 325
- Corporates	1 450 984 408 642	695 674 630 334	1 450 981 191 167	144 769 456 422
	1 645 837 512 407	**742 104 759 020**	**1 645 834 294 932**	**154 431 581 747**
Financial assets at amortised cost	95 338 669 300	39 232 431 593	95 338 669 300	8 164 282 150
Balances with banks	657 444 446 971	343 158 231 865	657 444 446 971	71 411 342 945
Bonds and debentures	-	-	-	-
Trade and other receivables including insurance receivables	734 933 621	4 018 233 689	734 933 621	836 195 776
Total on balance sheet	**2 399 355 562 299**	**1 128 513 656 167**	**2 399 352 344 824**	**234 843 402 618**
Off balance sheet credit exposure				
- Financial guarantees and letters of credit	-	-	-	-
- Loan commitments	-	-	-	-
Total off balance sheet credit exposure	**-**	**-**	**-**	**-**
Total credit exposure	**2 399 355 562 299**	**1 128 513 656 167**	**2 399 352 344 824**	**234 843 402 618**

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2023, without taking account of any collateral held or other credit enhancements attached. For on balance sheet assets, the exposures set out above are based on gross carrying amounts as reported in the statement of financial position.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Credit quality of balances with other banks					
Counterparties with external credit rating					
Rating	**Agency**				
Aa3	Moody's	-	225 359 004 815	-	46 897 284 355
AAA	Fitch	2 340 621 223	-	2 340 621 223	-
AAA	Moody's	19 147 360 914	-	19 147 360 914	-
Baa3	Fitch	210 830 307 456	11 642 838 381	210 830 307 456	2 422 878 565
Baa1	Moody's	14 346 575 682	16 915 527	14 346 575 682	3 520 127
BB	S&P	13 848 861 983	290 549 527	13 848 861 983	60 463 454
BBB+	GCR	9 284 624 070	2 673 573 186	9 284 624 070	556 371 475
A-	GCR	371 155 561 788	30 833 554 262	371 155 561 788	6 416 472 965
		640 953 913 116	**270 816 435 698**	**640 953 913 116**	**56 356 990 941**

Balances with the Reserve Bank of Zimbabwe

Balances with the RBZ represent amounts in current accounts available for daily transactional use. As at the reporting date, the amount has been considered to be recoverable in full.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.1 Credit risk (continued)
31.1.6 Maximum exposure to credit risk before collateral held or other credit enhancement (continued)

Write-off policy

The Group writes off an irrecoverable debt when the Board Credit Committee of the subsidiary determines that the debt is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balances and standardised loans, write off decisions are generally based on a product specific past due status.

Exposure to credit risk is also managed through regular analysis of the ability of debtors to meet interest and capital payment obligations and by changes to these lending limits where appropriate.

31.2 Liquidity risk

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

Management of liquidity risk

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

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.2 Liquidity risk (continued)

INFLATION ADJUSTED
Contractual maturity analysis
On balance sheet items as at 31 December 2023

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	976 510 420 959	40 891 791 815	187 659 173	1 017 589 871 947
Deposits from other banks	92 650 589 750	847 274 450	16 208 954 211	109 706 818 411
Borrowings	102 197 072 958	74 110 106 222	560 326 246 498	736 633 425 678
Insurance liabilities	82 529 332 193	-	-	82 529 332 193
Current income tax liabilities	-	-	-	-
Trade and other liabilities excluding deferred income	81 228 548 620	334 921 767 111	197 430 446 465	613 580 762 196
Total liabilities - (contractual maturity)	**1 335 115 964 480**	**450 770 939 598**	**774 153 306 347**	**2 560 040 210 425**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	680 885 831 004	121 169 120 264	-	802 054 951 268
Financial assets at amortised cost	36 946 064 257	59 104 147 660	7 505 173	96 057 717 090
Loans and advances to customers	510 972 655 192	290 667 505 506	847 217 012 307	1 648 857 173 005
Bonds and debentures	-	-	-	-
Insurance assets	9 958 460 279	19 916 920 560	9 958 460 280	39 833 841 119
Trade and other receivables	730 227 174	-	4 706 447	734 933 621
Financial assets at fair value through profit or loss	76 954 766 555	-	45 208 421 292	122 163 187 847
Financial assets at fair value through other comprehensive income	1 206 638 987	-	-	1 206 638 987
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	125 567 481 244	782 468 412	11 150 332 002	137 500 281 658
	1 443 222 124 692	**491 640 162 402**	**913 546 437 501**	**2 848 408 724 595**
Liquidity gap	**108 106 160 212**	**40 869 222 804**	**139 393 131 154**	**288 368 514 170**
Cumulative liquidity gap - on balance sheet	**108 106 160 212**	**148 975 383 016**	**288 368 514 170**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	79 763 906 821	-	79 763 906 821
Commitments to lend	19 159 454 776	-	-	19 159 454 776
Total liabilities	**19 159 454 776**	**79 763 906 821**	**-**	**98 923 361 597**
Liquidity gap	**(19 159 454 776)**	**(79 763 906 821)**	**-**	**189 445 152 573**
Cumulative liquidity gap - on and off balance sheet	**88 946 705 436**	**50 052 021 419**	**189 445 152 573**	**-**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.2 Liquidity risk (continued)

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

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	519 284 749 245	12 093 095 084	-	531 377 844 329
Deposits from other banks	64 545 902 308	275 061 965	59 586 641	64 880 550 914
Borrowings	376 428 257	45 137 161 301	344 793 926 888	390 307 516 446
Insurance liabilities	26 281 265 474	-	-	26 281 265 474
Trade and other liabilities excluding deferred income	265 576 259 181	16 948 712 073	9 822 493 596	292 347 464 850
Total liabilities - (contractual maturity)	**876 064 604 465**	**74 454 030 423**	**354 676 007 125**	**1 305 194 642 013**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	351 030 569 728	51 671 426 145	-	402 701 995 873
Financial assets at amortised cost	33 606 766 434	12 915 040 422	586 913 180	47 108 720 036
Loans and advances to customers	77 827 019 933	613 742 814 906	3 392 708 079 511	4 084 277 914 350
Bonds and debentures	-	-	-	-
Insurance assets	2 306 266 069	4 612 532 137	2 306 266 069	9 225 064 275
Trade and other receivables	1 004 558 422	2 009 116 845	1 004 558 422	4 018 233 689
Financial assets at fair value through profit or loss	59 180 705 639	-	10 975 048 921	70 155 754 560
Financial assets at fair value through other comprehensive income	1 018 864 992	-	-	1 018 864 992
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	63 867 097 258	1 863 196 652	13 419 627 011	79 149 920 921
	589 841 848 475	**686 814 127 107**	**3 421 000 493 114**	**4 697 656 468 696**
Liquidity gap	**(286 222 755 990)**	**612 360 096 684**	**3 066 324 485 989**	**3 392 461 826 683**
Cumulative liquidity gap - on balance sheet	**(286 222 755 990)**	**326 137 340 694**	**3 392 461 826 683**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	36 162 935 123	-	36 162 935 123
Commitments to lend	27 616 744 611	-	-	27 616 744 611
Total liabilities	**27 616 744 611**	**36 162 935 123**	**-**	**63 779 679 734**
Liquidity gap	**(27 616 744 611)**	**(36 162 935 123)**	**-**	**3 328 682 146 949**
Cumulative liquidity gap - on and off balance sheet	**(313 839 500 601)**	**262 357 660 960**	**3 328 682 146 949**	**-**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.2 Liquidity risk (continued)

HISTORICAL COST
Contractual maturity analysis
On balance sheet items as at 31 December 2023

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	976 510 420 959	40 891 791 815	187 659 173	1 017 589 871 947
Deposits from other banks	92 650 589 750	847 274 450	16 208 954 211	109 706 818 411
Borrowings	102 197 072 958	74 110 106 222	560 326 246 498	736 633 425 678
Insurance liabilities	82 529 332 193	-	-	82 529 332 193
Current income tax liabilities	-	-	-	-
Trade and other liabilities excluding deferred income	77 122 960 013	334 921 767 111	197 430 446 465	609 475 173 589
Total liabilities - (contractual maturity)	**1 331 010 375 873**	**450 770 939 598**	**774 153 306 347**	**2 555 934 621 818**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	680 885 831 004	121 169 120 264	-	802 054 951 268
Financial assets at amortised cost	36 946 064 257	59 104 147 660	7 505 173	96 057 717 090
Loans and advances to customers	510 969 437 717	290 667 505 506	847 217 012 307	1 648 853 955 530
Bonds and debentures	-	-	-	-
Insurance assets	9 958 460 279	19 916 920 560	9 958 460 280	39 833 841 119
Trade and other receivables	730 227 174	-	4 706 447	734 933 621
Financial assets at fair value through profit or loss	78 974 456 289	-	45 208 421 292	124 182 877 581
Financial assets at fair value through other comprehensive income	1 206 638 987	-	-	1 206 638 987
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	126 913 843 029	782 468 412	11 150 332 002	138 846 643 443
	1 446 584 958 736	**491 640 162 402**	**913 546 437 501**	**2 851 771 558 639**
Liquidity gap	**115 574 582 863**	**40 869 222 804**	**139 393 131 154**	**295 836 936 821**
Cumulative liquidity gap - on balance sheet	**115 574 582 863**	**156 443 805 667**	**295 836 936 821**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	79 763 906 821	-	79 763 906 821
Commitments to lend	19 159 454 776	-	-	19 159 454 776
Total liabilities	**19 159 454 776**	**79 763 906 821**	**-**	**98 923 361 597**
Liquidity gap	**(19 159 454 776)**	**(79 763 906 821)**	**-**	**196 913 575 224**
Cumulative liquidity gap - on and off balance sheet	**96 415 128 087**	**57 520 444 070**	**196 913 575 224**	**-**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.2 Liquidity risk (continued)

HISTORICAL COST

Contractual maturity analysis

On balance sheet items as at 31 December 2022 Restated**

	Up to 3 months ZWL	3 months to 1 year ZWL	Over 1 year ZWL	Total ZWL
Liabilities				
Deposits from customers	108 063 330 181	2 516 577 136	-	110 579 907 317
Deposits from other banks	13 432 023 881	57 240 487	12 400 000	13 501 664 368
Borrowings	78 334 846	9 393 058 379	71 751 731 627	81 223 124 852
Insurance liabilities	4 524 170 127	-	-	4 524 170 127
Trade and other liabilities excluding deferred income	53 573 794 033	3 527 032 657	2 044 064 206	59 144 890 896
Total liabilities - (contractual maturity)	**179 671 653 068**	**15 493 908 659**	**73 808 195 833**	**268 973 757 560**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	73 049 579 090	10 752 841 081	-	83 802 420 171
Financial assets held to maturity	6 993 579 347	2 687 624 236	122 136 829	9 803 340 412
Loans and advances to customers	16 195 161 835	127 720 085 271	706 023 687 269	849 938 934 375
Bonds and debentures	-	-	-	-
Insurance assets	479 934 741	959 869 482	479 934 741	1 919 738 964
Trade and other receivables	209 048 944	418 097 888	209 048 944	836 195 776
Financial assets at fair value through profit or loss	12 703 252 389	-	2 283 911 355	14 987 163 744
Financial assets at fair value through other comprehensive income	212 026 145	-	-	212 026 145
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	13 532 687 604	387 731 847	2 792 628 874	16 713 048 325
	123 375 270 095	**142 926 249 805**	**711 911 348 012**	**978 212 867 912**
Liquidity gap	**(56 296 382 973)**	**127 432 341 146**	**638 103 152 179**	**709 239 110 352**
Cumulative liquidity gap - on balance sheet	**(56 296 382 973)**	**71 135 958 173**	**709 239 110 352**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	7 525 518 907	-	7 525 518 907
Commitments to lend	5 747 053 800	-	-	5 747 053 800
Total liabilities	**5 747 053 800**	**7 525 518 907**	**-**	**13 272 572 707**
Liquidity gap	**(5 747 053 800)**	**(7 525 518 907)**	**-**	**695 966 537 645**
Cumulative liquidity gap - on and off balance sheet	**(62 043 436 773)**	**57 863 385 466**	**695 966 537 645**	**-**

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

Management of liquidity gap on short-term maturities

The cash flows presented above reflect the cash flows that will be contractually payable over the residual maturity of the instruments. In practice, however, certain liability instruments behave differently from their contractual terms and typically, for short-term customer accounts, extend to a longer period than their contractual maturity. The Group therefore seeks to manage its liabilities both on a contractual and behavioural basis. The Group prescribes various liquidity stress scenarios as part of stress testing that include accelerated withdrawal of deposits over a period of time and prescribed measures are in place to ensure that cash inflows exceed outflows under such scenarios.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.3 Market risk

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

The market risk for the trading portfolio is managed and monitored based on a collection of risk management methodologies to assess market risk including Value-at-Risk ("VaR") methodology that reflects the interdependency between risk variables, stress testing, loss triggers and traditional risk management measures. Non–trading positions are managed and monitored using other sensitivity analysis. The market risk for the non-trading portfolio is managed as detailed in notes 31.3.1 to 31.3.3.

31.3.1 Interest rate risk

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

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

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

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

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

Scenario analysis of net interest income

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

Scenario :	INFLATION ADJUSTED				HISTORICAL COST			
	2023		2022 Restated**		2023		2022 Restated**	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
5% increase in interest rates								
Assets	1 853 972 040 774	11 607 022 378	1 059 856 354 388	8 222 798 495	1 853 972 040 774	11 607 022 378	224 666 767 572	1 711 167 120
Liabilities	1 018 713 324 556	(2 363 077 806)	475 013 284 414	(1 315 475 308)	1 018 713 324 556	(2 363 077 806)	98 850 423 526	(273 750 852)
Net effect		9 243 944 572		6 907 323 187		9 243 944 572		1 437 416 268

In calculating the sensitivity, shocks are defined in terms of simple interest rate. The analysis assumes a static portfolio, that there will be no defaults, prepayments or early withdrawals and the analysis is limited to a 30 day period. A 5% increase is based on past experience.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.3.1 Interest Rate Risk (continued)

INFLATION ADJUSTED
INTEREST RATE REPRICING AND GAP ANALYSIS
Total position as at 31 December 2023

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 day ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	87 504 481 084	43 695 796 564	44 801 393 605	-	-	176 001 671 253
Financial assets at amortised cost	-	60 955 663 546	27 750 502 208	-	7 379 160	88 713 544 914
Loans and advances to customers	899 352 712 460	107 781 385 538	3 850 937 686	35 232 980 040	543 038 808 883	1589 256 824 607
Bonds and debentures	-	-	-	-	-	-
Total assets	**986 857 193 544**	**212 432 845 648**	**76 402 833 499**	**35 232 980 040**	**543 046 188 043**	**1 853 972 040 774**
Liabilities						
Deposits from customers	151 853 603 670	41 462 322 754	4 956 884	-	187 659 173	193 508 542 481
Deposits from other banks	53 706 901 947	28 152 784 346	10 540 549 627	622 130 571	16 684 451 921	109 706 818 412
Borrowings	-	107 840 408 469	-	62 340 274 904	545 317 280 290	715 497 963 663
Total liabilities	**205 560 505 617**	**177 455 515 569**	**10 545 506 511**	**62 962 405 475**	**562 189 391 384**	**1 018 713 324 556**
Interest rate repricing gap	**781 296 687 927**	**34 977 330 079**	**65 857 326 988**	**(27 729 425 435)**	**(19 143 203 341)**	**835 258 716 218**
Cumulative gap interest rate repricing gap	**781 296 687 927**	**816 274 018 006**	**882 131 344 994**	**854 401 919 559**	**835 258 716 218**	

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

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 day ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	185 956 382 630	64 232 811 874	51 671 426 145	-	-	301 860 620 649
Financial assets at amortised cost	6 479 883 947	21 036 803 953	8 643 105 426	24 706 938	2 637 240 154	38 821 740 418
Loans and advances to customers	415 485 880 437	86 326 786	18 505 196 974	5 269 620 316	279 826 968 808	719 173 993 321
Bonds and debentures	-	-	-	-	-	-
Total assets	**607 922 147 014**	**85 355 942 613**	**78 819 728 545**	**5 294 327 254**	**282 464 208 962**	**1059 856 354 388**
Liabilities						
Deposits from customers	73 198 543 374	12 329 213 225	-	-	-	85 527 756 599
Deposits from other banks	44 711 729 202	19 834 173 106	275 061 965	-	71 238 963	64 892 203 236
Borrowings	-	369 954 061	-	39 233 601 639	284 989 768 879	324 593 324 579
Total liabilities	**117 910 272 576**	**32 533 340 392**	**275 061 965**	**39 233 601 639**	**285 061 007 842**	**475 013 284 414**
Interest rate repricing gap	**490 011 874 438**	**52 822 602 221**	**78 544 666 580**	**(33 939 274 385)**	**(2 596 798 880)**	**584 843 069 974**
Cumulative gap interest rate repricing gap	**490 011 874 438**	**542 834 476 659**	**621 379 143 239**	**587 439 868 854**	**584 843 069 974**	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.3.1 Interest Rate Risk (continued)

HISTORICAL COST
INTEREST RATE REPRICING AND GAP ANALYSIS
Total position as at 31 December 2023

	0 - 30 days ZWL	31 - 90 days ZWL	91-180 days ZWL	181-365 day ZWL	Over 365 days ZWL	Total ZWL
Assets						
Balances with other banks and cash	87 504 481 084	43 695 796 564	44 801 393 605	-	-	176 001 671 253
Financial assets at amortised cost	-	60 955 663 546	27 750 502 208	-	7 379 160	88 713 544 914
Loans and advances to customers	899 352 712 460	107 781 385 538	3 850 937 686	35 232 980 040	543 038 808 883	1589 256 824 607
Total assets	**986 857 193 544**	**212 432 845 648**	**76 402 833 499**	**35 232 980 040**	**543 046 188 043**	**1853 972 040 774**
Liabilities						
Deposits from customers	151 853 603 670	41 462 322 754	4 956 884	-	187 659 173	193 508 542 481
Deposits from other banks	53 706 901 947	28 152 784 346	10 540 549 627	622 130 571	16 684 451 921	109 706 818 412
Borrowings	-	107 840 408 469	-	62 340 274 904	545 317 280 290	715 497 963 663
Total liabilities	**205 560 505 617**	**177 455 515 569**	**10 545 506 511**	**62 962 405 475**	**562 189 391 384**	**1018 713 324 556**
Interest rate repricing gap	**781 296 687 927**	**34 977 330 079**	**65 857 326 988**	**(27 729 425 435)**	**(19 143 203 341)**	**835 258 716 218**
Cumulative gap interest rate repricing gap	**781 296 687 927**	**816 274 018 006**	**882 131 344 994**	**854 401 919 559**	**835 258 716 218**	

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

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.3.2 Currency risk

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

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

The table below indicates the extend to which the Group was exposed to currency risk.

INFLATION ADJUSTED

Foreign exchange gap analysis as at 31 December 2023

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
Balances with other banks and cash	608 835 701 352	1 260 735 275	7 380 973 693	35 261 135	39 305 114	617 551 976 569
Trade and other receivables	555 155 142 661	3 674 474	14 069 261	4 809 990	4 804 387	555 182 500 773
Loans and advances to customers	1 465 668 805 511	7 155	-	-	-	1 465 668 812 666
Total assets	**2 629 659 649 524**	**1 264 416 904**	**7 395 042 954**	**40 071 125**	**44 109 501**	**2 638 403 290 008**
Liabilities						
Deposits from customers	1 687 720 765 310	256 371 102	1 543 615 130	10 815 871	10 970 457	1 689 542 537 870
Trade and other payables	272 330 351 880	145 750 769	1 045 812 373	4 997 256	(8 551 523)	273 518 360 755
Total liabilities	**1 960 051 117 190**	**402 121 871**	**2 589 427 503**	**15 813 127**	**2 418 934**	**1 963 060 898 625**
Net currency position	**669 608 532 334**	**862 295 033**	**4 805 615 451**	**24 257 998**	**41 690 567**	**675 342 391 383**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.3.2 Currency risk (continued)

INFLATION ADJUSTED

Foreign exchange gap analysis as at 31 December 2022

Restated**

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
Balances with other banks and cash	157 290 403 446	9 602 448 457	4 265 573 286	193 623 927	379 581 739	171 731 630 855
Trade and other receivables	250 956 504 279	7 001 640 739	18 175 502 992	69 423	242 931	276 133 960 364
Loans and advances to customers	425 531 272 843	1 438 167	186 703	-	-	425 532 897 713
Total assets	**833 778 180 568**	**16 605 527 363**	**22 441 262 981**	**193 693 350**	**379 824 670**	**873 398 488 932**
Liabilities						
Deposits from customers	480 344 289 599	3 174 910 370	1 884 440 298	49 134 722	44 454 787	485 497 229 776
Trade and other payables	118 243 038 221	-	309 548	747 939 186	2 355 273 323	121 346 560 278
Total liabilities	**598 587 327 820**	**3 174 910 370**	**1 884 749 846**	**797 073 908**	**2 399 728 110**	**606 843 790 054**
Net currency position	**235 190 852 748**	**13 430 616 993**	**20 556 513 135**	**(603 380 558)**	**(2 019 903 440)**	**266 554 698 878**

HISTORICAL COST

Foreign exchange gap analysis as at 31 December 2023

Base currency	USD ZWL equivalent	ZAR ZWL equivalent	EUR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	TOTAL ZWL equivalent
Assets						
Balances with other banks and cash	608 835 701 352	1 260 735 275	7 380 973 693	35 261 135	39 305 114	617 551 976 569
Trade and other receivables	555 155 142 661	3 674 474	14 069 261	4 809 990	4 804 387	555 182 500 773
Loans and advances to customers	1 465 668 805 511	7 155	-	-	-	1 465 668 812 666
Total assets	**2 629 659 649 524**	**1 264 416 904**	**7 395 042 954**	**40 071 125**	**44 109 501**	**2 638 403 290 008**
Liabilities						
Deposits from customers	1 687 720 765 310	256 371 102	1 543 615 130	10 815 871	10 970 457	1 689 542 537 870
Trade and other payables	272 330 351 880	145 750 769	1 045 812 373	4 997 256	(8 551 523)	273 518 360 755
Total liabilities	**1 960 051 117 190**	**402 121 871**	**2 589 427 503**	**15 813 127**	**2 418 934**	**1 963 060 898 625**
Net currency position	**669 608 532 334**	**862 295 033**	**4 805 615 451**	**24 257 998**	**41 690 567**	**675 342 391 383**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.3.2 Currency risk (continued)

HISTORICAL COST

Foreign exchange gap analysis as at 31 December 2022

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

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

Currency	31 Dec 2023 Cross rate	31 Dec 2022 Cross rate
British pound ("GBP")	7 602.4346	846.1084
SA rand ("ZAR")	0.0031	41.3223
Euro ("EUR")	6 592.6973	747.6519
Pula ("BWP")	444.4806	54.8267
United states dollar ("USD")	6 104.7200	684.3390

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.3.2 Currency risk (continued)

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

INFLATION ADJUSTED

Impact of 10% increase in exchange rates:	USD ZWL	ZAR ZWL	EUR ZWL	BWP ZWL	GBP ZWL	TOTAL ZWL
For the year ended 31 December 2023						
Assets	262 965 964 952	126 441 690	739 504 295	4 007 113	4 410 950	263 840 329 000
Liabilities	(196 005 111 719)	(40 212 187)	(258 942 750)	(1 581 313)	(241 893)	(196 306 089 862)
Net impact on profit or loss and equity	**66 960 853 233**	**86 229 503**	**480 561 545**	**2 425 800**	**4 169 057**	**67 534 239 138**
For the year ended 31 December 2022 Restated**						
Assets	83 377 818 059	1 660 552 734	2 244 126 298	19 369 335	37 982 467	87 339 848 893
Liabilities	(59 858 732 780)	(317 491 037)	(188 474 983)	(79 707 392)	(239 972 809)	(60 684 379 001)
Net impact on profit or loss and equity	**23 519 085 279**	**1 343 061 697**	**2 055 651 315**	**(60 338 057)**	**(201 990 342)**	**26 655 469 892**

HISTORICAL COST

Impact of 10% increase in exchange rates:	USD ZWL	ZAR ZWL	EUR ZWL	BWP ZWL	GBP ZWL	TOTAL ZWL
For the year ended 31 December 2023						
Assets	262 965 964 952	126 441 690	739 504 295	4 007 113	4 410 950	263 840 329 000
Liabilities	(196 005 111 719)	(40 212 187)	(258 942 750)	(1 581 313)	(241 893)	(196 306 089 862)
Net impact on profit or loss and equity	**66 960 853 233**	**86 229 503**	**480 561 545**	**2 425 800**	**4 169 057**	**67 534 239 138**
For the year ended 31 December 2022 Restated**						
Assets	17 350 951 854	345 561 580	467 003 434	4 030 765	7 904 164	18 175 451 797
Liabilities	(12 456 622 333)	(66 069 991)	(39 221 707)	(16 587 135)	(49 938 422)	(12 628 439 588)
Net impact on profit or loss and equity	**4 894 329 521**	**279 491 589**	**427 781 727**	**(12 556 370)**	**(42 034 258)**	**5 547 012 209**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.3.3 Price risk

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

The table below summarises the impact of increases or decreases of the Zimbabwe Stock Exchange ("ZSE") on the Group's total comprehensive income for the year. The analysis is based on the assumption that the equity index has increased or decreased by 25% based on experience with all other variables held constant and the Group's equity instruments moved according to the historical correlation with the index.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Impact of 25% increase or decrease in the equity index:				
Financial assets at fair value through profit or loss	30 540 796 962	17 538 938 640	31 045 719 395	3 746 790 936
Financial assets at fair value through other comprehensive income	301 659 747	254 716 248	301 659 747	53 006 537

34.4 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Group Risk.

31.5 Capital risk

31.5.1 Regulatory Capital and Financial Risk Management

Capital risk refers to the risk of the Group's subsidiaries own capital resources being adversely affected by unfavourable external developments. The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

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

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe (the "RBZ"), for supervisory purposes for the banking subsidiaries. The required information is filed with the RBZ on a quarterly basis. It is the intention of the Group to maintain a ratio of total regulatory capital to its risk-weighted assets (the "Capital Adequacy Ratio") above the minimum level set by the Reserve Bank of Zimbabwe which takes into account the risk profile of the Group. The regulatory capital requirements are strictly observed when managing economic capital. The banking subsidiaries' regulatory capital is analysed into three tiers;

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

- **Tier 2 capital,** which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as financial assets at fair value through other comprehensive income.

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.5 Capital risk (continued)
31.5.1 Regulatory Capital and Financial Risk Management (continued)

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

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

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

Company	Regulatory Authority	Minimum capital required	Minimum capital required	Net regulatory capital	Total equity
As at 31 December 2023		**US$**	**ZWL**	**ZWL**	**ZWL**
FBC Bank Limited	RBZ	30 000 000	183 141 600 000	306 191 310 478	443 231 132 471
FBC Building Society	RBZ	20 000 000	122 094 400 000	156 546 870 639	188 754 960 721
FBC Reinsurance Limited	IPEC	-	150 000 000	19 255 956 641	19 255 956 641
FBC Securities (Private) Limited	SECZ	-	150 000	2 170 712 836	2 170 712 836
FBC Insurance Company (Private) Limited	IPEC	-	37 500 000	15 035 179 294	15 035 179 294
Microplan Financial Services (Private) Limited	RBZ	25 000	152 618 000	8 206 376 910	8 206 376 910
As at 31 December 2022					
FBC Bank Limited	RBZ	30 000 000	20 530 170 000	25 030 757 963	36 988 394 341
FBC Building Society	RBZ	20 000 000	13 686 780 000	15 197 288 600	18 941 629 799
FBC Reinsurance Limited	IPEC	-	150 000 000	3 343 774 286	3 343 774 286
FBC Securities (Private) Limited	SECZ	-	150 000	181 864 220	181 864 220
FBC Insurance Company (Private) Limited	IPEC	-	37 500 000	2 238 049 863	2 238 049 863
Microplan Financial Services (Private) Limited	RBZ	25 000	17 108 475	496 478 280	496 478 280

31.5.2 Capital allocation

The allocation of capital between specific operations is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each subsidiary is firstly premised on minimum regulatory requirements. The process of allocating capital to specific operations and subsidiaries is undertaken independently of those responsible for the operations. The Assets and Liability Committee ("ALCO") at the banking subsidiaries set the Assets and Liability Management ("ALM") policies which determine the eventual asset allocation dependent on desired risk return profiles based on ALCO forecasts on the different markets the Group participates in and economic fundamentals.

Group Risk monitors and ensures adherence to these policies as well as continuously measure the efficacy of these policies through ALCO and various other credit committees.

Although maximisation of the return on risk adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)
31.5 Capital risk (continued)
31.5.2 Capital allocation (continued)

Capital adequacy ratios

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
FBC Bank Limited capital adequacy ratio				
Ordinary share capital	18 977 273 629	18 977 273 629	18 502 313	18 502 313
Share premium	13 536 476 679	13 536 476 679	13 197 687	13 197 687
Retained profits	309 695 217 248	113 052 230 121	320 397 250 241	28 104 168 290
General reserve	-	-	-	-
Capital allocated for market and operational risk	(82 035 521 528)	(42 745 468 402)	(82 035 521 528)	(8 895 346 286)
Advances to insiders	(14 237 639 763)	(14 921 217 356)	(14 237 639 763)	(3 105 110 328)
Tier 1 capital	**245 935 806 265**	**87 899 294 671**	**224 155 788 950**	**16 135 411 676**
Other reserves	102 998 104 670	28 559 820 419	122 802 182 230	8 852 526 051
Tier 1 and 2 capital	**348 933 910 935**	**116 459 115 090**	**346 957 971 180**	**24 987 937 727**
Tier 3 capital allocated for market and operational risk	82 035 521 528	42 745 468 402	82 035 521 528	8 895 346 286
	430 969 432 463	**159 204 583 492**	**428 993 492 708**	**33 883 284 013**
Risk weighted assets	**1 819 700 271 393**	**865 123 612 392**	**1 819 700 271 393**	**180 032 513 393**
Tier 1 ratio (%)	14%	10%	12%	9%
Tier 2 ratio (%)	6%	3%	7%	5%
Tier 3 ratio (%)	5%	5%	5%	5%
Capital adequacy ratio (%)	**24%**	**18%**	**24%**	**19%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**
FBC Building Society capital adequacy ratio				
Share capital and share premium	29 237 054 743	29 237 054 743	1 081 627 589	1 081 627 589
Accumulated surplus	135 371 373 475	52 409 200 042	155 465 243 050	14 115 661 011
Capital allocated for market and operational risk	(39 198 740 851)	(35 391 937 983)	(14 944 239 745)	(1 143 653 626)
Advances to insiders	-	-	-	-
Tier 1 capital	**125 409 687 367**	**46 254 316 802**	**141 602 630 894**	**14 053 634 974**
Regulatory reserves	-	-	-	-
Revaluation reserves	27 469 778 172	12 647 755 432	32 208 090 082	3 744 341 199
Tier 1 and 2 capital	**152 879 465 539**	**58 902 072 234**	**173 810 720 976**	**17 797 976 173**
Tier 3 capital allocated for market and operational risk	39 198 740 851	35 391 937 983	14 944 239 745	1 143 653 626
	192 078 206 390	**94 294 010 217**	**188 754 960 721**	**18 941 629 799**
Risk weighted assets	**581 631 885 405**	**232 780 115 104**	**581 631 885 405**	**48 441 619 891**
Tier 1 ratio (%)	22%	20%	24%	29%
Tier 2 ratio (%)	5%	5%	6%	8%
Tier 3 ratio (%)	7%	15%	3%	2%
Capital adequacy ratio (%)	**33%**	**41%**	**32%**	**39%**
Minimum Statutory Capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

31.5 Climate related risk

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

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

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

The Group has developed a climate risk framework for:
• identifying risk factors and assessing their potential impact on the Group's financial statements; and
• allocating responsibilities for managing each identified risk factor.

The Group has also set out principles on how to incorporate climate-related risk into stress test scenarios.
The Group has identified the following climate-related risk factors as having an impact on the Group's financial instruments and included them in its principal risk management processes.

• Industries exposed to increased transition risks: The Group has identified industries that are subject to increased risk of climate regulation negatively affecting their business model. The Group Credit Committee has set overall lending limits for these industries.

• Physical risk to real estate: The Group has identified areas in which it operates that are exposed to increased physical risk such as hurricanes or floods. Heightened physical risk is considered in valuing collateral, such as real estate, plant or inventory.

In addition, the Group is in the process of developing models that aim to assess how borrowers' performance is linked to climate change. The Group plans to use these models in pricing credit risk and in calculating ECLs.

32 FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are defined below.

Quoted market prices (level 1)

Assets and liabilities are classified as level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets of liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputes (level 2)

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

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

32 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Valuation technique using significant and unobservable inputs (Level 3)

Assets and liabilities are classified as level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy);

	INFLATION ADJUSTED				HISTORICAL COST			
	Valuation technique using				Valuation technique using			
As at 31 December 2023	Quoted market prices Level 1 ZWL	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL	Quoted market prices Level 1 ZWL	Observable inputs Level 2 ZWL	Significant unobservable inputs Level 3 ZWL	Total ZWL
Assets								
Financial assets at fair value t hrough profit or loss	76 954 766 555	-	45 208 421 292	122 163 187 847	78 974 456 289	-	45 208 421 292	124 182 877 581
Financial assets at fair value through other comprehensive income	1 206 638 987	-	-	1 206 638 987	1 206 638 987	-	-	1 206 638 987
Investment property	-	-	326 214 412 814	326 214 412 814	-	-	326 214 412 814	326 214 412 814
Property and equipment	-	-	239 787 401 891	239 787 401 891	-	-	239 787 401 891	239 787 401 891
Liabilities	-	-	-	-	-	-	-	-
As at 31 December 2022								
Assets								
Financial assets at fair value through profit or loss	44 211 867 815	-	25 943 886 745	70 155 754 560	9 588 232 226	-	5 398 931 518	14 987 163 744
Financial assets at fair value through other comprehensive income	1 018 864 992	-	-	1 018 864 992	212 026 146	-	-	212 026 146
Investment property	-	-	132 843 462 712	132 843 462 712	-	-	27 644 769 068	27 644 769 068
Property and equipment	-	-	101 197 951 055	101 197 951 055	-	-	21 059 327 497	21 059 327 497
Liabilities	-	-	-	-	-	-	-	-

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on valuations of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable possible alternative valuations, The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

Land and buildings under level 3 comprises commercial and residential properties. Refer to property and equipment note 12.

Investment property

The valuation approaches taken for invesment property are the comparison approach. The comparison basis considers evidence on transactions from similar properties in terms of size, standard of finishes and age. In this approach, similar properties that had been recently sold or which are currently on sale and situated in comparable areas were utilised to derive the fair value. Market evidence from other estate agents was taken into consideration.

These valuations are done in ZWL.There are still few ZWL transactions which indicates material uncertainity in ZWL valuations. Refer to investment property note 10.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

32 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The carrying amounts of financial assets and liabilities held at amortised cost approximate fair values. The following methods and assumptions were used to estimate the fair values;

Loans and advances to customers

The fair value of loans and advances to customers, for the purposes of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Gross loan values are discounted at a rate of the Group's contractual margins depending on credit quality and period to maturity. As such Group product margins are deemed significant inputs in the fair value models for the purposes of this disclosure, the related balances are classified as level 3 since the inputs are unobservable.

Trade and other receivables

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

Deposits from banks and amounts due to customers

The fair value disclosed approximates carrying value because the instruments are short term in nature. The deposits from banks and customers are classified as level 2. There are no deposits with long term maturities.

Borrowings

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant due to the market terms (rates and tenor) available. The fair value of the non current portion, for purposes of this disclosure are based on cash flows discounted using a rate based on the contractual borrowing rates which is an observable input. Therefore borrowings are within level 3 of the fair value hierarchy. The carrying amount equals the carrying amounts for borrowings with longer term maturities as the discount rate approximates the liabilities' effective interest rates.

Insurance liabilities and trade and other payables

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

Guarantees, acceptances and other financial facilities

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

Unlisted Equity investments

Since the prices are not readily determinable, fair value is based on internal valuation models and management estimates of amounts that could be realized under current market conditions. The key unobservable input in determining fair values for these investment has been the net asset value. The translation of part of these investments that are foreign currency denominated is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset is not active, or quoted prices cannot be obtained without undue effort, the Group uses the next closest available net asset value per share based on the most recent published financial statements of companies we are invested in.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

33 FINANCIAL INSTRUMENTS
Financial assets and liabilities

Accounting classifications and fair values

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

33.1 Position as at 31 December 2023
INFLATION ADJUSTED

	At fair value through profit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Financial assets at amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	802 054 951 268	-	802 054 951 268
Financial assets at amortised cost			94 871 819 347		94 871 819 347
Loans and advances to customers	-	-	1 589 110 044 872	-	1 589 110 044 872
Bonds and debentures	-	-	-	-	-
Trade and other receivables	-	-	734 933 621	-	734 933 621
Financial assets at fair value through profit or loss	122 163 187 847	-	-	-	122 163 187 847
Financial assets at fair value through other comprehensive income	-	1 206 638 987	-	-	1 206 638 987
Total	**122 163 187 847**	**1 206 638 987**	**2 486 771 749 108**	**-**	**2 610 141 575 942**
Liabilities					
Deposits from customers	-	-	-	1 017 589 871 947	1 017 589 871 947
Deposits from other banks	-	-	-	109 706 818 411	109 706 818 411
Borrowings	-	-	-	716 918 175 842	716 918 175 842
Trade and other liabilities	-	-	-	486 429 996 542	486 429 996 542
Total	**-**	**-**	**-**	**2 330 644 862 742**	**2 330 644 862 742**
Position as at 31 December 2022					
INFLATION ADJUSTED					
Restated**					
Assets					
Balances with other banks and cash	-	-	402 701 995 873	-	402 701 995 873
Financial assets at amortised cost			38 821 740 418		38 821 740 418
Loans and advances to customers	-	-	719 173 993 321	-	719 173 993 321
Bonds and debentures	-	-	-	-	-
Trade and other receivables	-	-	4 018 233 689	-	4 018 233 689
Financial assets at fair value through profit or loss	70 155 754 560	-	-	-	70 155 754 560
Financial assets at fair value through other comprehensive income	-	1 018 864 992	-	-	1 018 864 992
Total	**70 155 754 560**	**1 018 864 992**	**1 164 715 963 301**	**-**	**1 235 890 582 853**
Liabilities					
Deposits from customers	-	-	-	531 377 844 329	531 377 844 329
Deposits from other banks	-	-	-	64 880 550 914	64 880 550 914
Borrowings	-	-	-	327 543 985 838	327 543 985 838
Trade and other liabilities	-	-	-	289 472 498 932	289 472 498 932
Total	**-**	**-**	**-**	**1 213 274 880 013**	**1 213 274 880 013**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

33 FINANCIAL INSTRUMENTS (CONTINUED)
33.2 Position as at 31 December 2023

HISTORICAL COST

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Financial assets at amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	802 054 951 268	-	802 054 951 268
Financial assets at amortised cost	-	-	94 871 819 347	-	94 871 819 347
Loans and advances to customers	-	-	1 589 106 827 397	-	1 589 106 827 397
Bonds and debentures	-	-	-	-	-
Trade and other receivables	-	-	734 933 621	-	734 933 621
Financial assets at fair value through profit or loss	124 182 877 581	-	-	-	124 182 877 581
Financial assets at fair value through other comprehensive income	-	1 206 638 987	-	-	1 206 638 987
Total	**124 182 877 581**	**1 206 638 987**	**2 486 768 531 633**	**-**	**26 12 158 048 201**
Liabilities					
Deposits from customers	-	-	-	1 017 589 871 947	1 017 589 871 947
Deposits from other banks	-	-	-	109 706 818 411	109 706 818 411
Borrowings	-	-	-	716 918 175 842	716 918 175 842
Trade and other liabilities	-	-	-	482 814 715 579	482 814 715 579
Total	**-**	**-**	**-**	**2 327 029 581 779**	**2 327 029 581 779**

Position as at 31 December 2022

HISTORICAL COST

Restated**

	At fair value through pofit and loss Held for trading ZWL	Equities At fair value through other comprehensive income ZWL	Financial assets at amortised cost ZWL	Financial liabilities at amortised cost ZWL	Total carrying amount ZWL
Assets					
Balances with other banks and cash	-	-	83 802 420 171	-	83 802 420 171
Financial assets at amortised cost	-	-	8 078 817 179	-	8 078 817 179
Loans and advances to customers	-	-	149 659 681 728	-	149 659 681 728
Bonds and debentures			-		-
Trade and other receivables	-	-	836 195 776	-	836 195 776
Financial assets at fair value through					-
profit or loss	14 987 163 744	-	-	-	14 987 163 744
Financial assets at fair value through					-
other comprehensive income	-	212 026 146	-	-	212 026 146
Total	**14 987 163 744**	**212 026 146**	**242 377 114 854**	**-**	**257 576 304 744**
Liabilities					
Deposits from other banks	-	-	-	110 579 907 317	110 579 907 317
Deposits from customers	-	-	-	13 501 664 368	13 501 664 368
Borrowings	-	-	-	68 162 013 119	68 162 013 119
Trade and other liabilities	-	-	-	57 978 707 335	57 978 707 335
Total	**-**	**-**	**-**	**250 222 292 139**	**250 222 292 139**

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

34 INSURANCE RISK MANAGEMENT

Insurance risk management specifically applies to the two subsidiaries; FBC Reinsurance Limited and FBC Insurance (Private) Company. Insurance and reinsurance contracts expose the Group to underwriting risk, which comprises insurance risk, policyholder behaviour risk and expense risk. In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts.

34.1 Risk management objectives and policies for mitigating risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The reinsurers and retrocessionaires that the Group transacted with for the year had the following ratings;

Year ended 31 December

	Number of reinsurers and retrocessionaires	
Ratings	**2023**	**2022**
AA+	0	0
AA-	1	1
A+	2	2
A-	4	4
B	1	1
B++	0	0
B+	5	5
BB+	0	0
BBB	0	0
BBB-	1	1
Non rated	0	0
Total	**14**	**14**

34.2 Underwriting strategy

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a geographical area, as such; it is believed that this reduces the variability of the outcome. The underwriting strategy is set out in an annual business plan that sets out the classes of business to be written, the regions in which business is to be written and the industry sectors to which the Group is prepared to expose itself. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by the size, and class of business in order to enforce appropriate risk selection within the portfolio. The underwriters have the right to refuse renewal or to change the terms and conditions of the contract with 60 days notice, as well as the right to reject the payment of a fraudulent claim.

Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (i.e., subrogation).
Adherence to the underwriting authorities is measured through a series of exception reports that are run on a regular basis covering size of risk, class and industry.

34.3 Reinsurance strategy

The short-term insurance company reinsures all business in excess of its underwriting capacity as determined by the statement of financial position. The short-term insurance company utilises quota share, surplus, excess of loss and facultative reinsurance programmes with reputable reinsurers.

The treaties are a combination of proportional and non proportional in order to minimise the net exposure to the Group. The Group also participates in the facultative reinsurance in certain specified circumstances.

Notes to the Consolidated Financial Statements (Continued)
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34 INSURANCE RISK MANAGEMENT (CONTINUED)
34.4 Retrocession strategy

The reinsurance company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The main classes covered include fire and engineering classes. The Group utilises international reinsurance brokers for the arrangement and placement of retrocession programmes with reputable reinsurers. This is led by Aon Sub Sahara Africa in South Africa and J B Boda Reinsurance Brokers (Pvt) Ltd of India. The treaties are a combination of proportional and non proportional treaties in order to minimise the net exposure to the company.

34.5 Terms and conditions of short- term insurance contracts

The terms and conditions of insurance contracts that are underwritten by the Group that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

i) The premium must be paid to the insurer before cover commences on direct clients and in the case of clients through intermediaries, payment should be made within a stipulated credit period;

ii) The Group shall not be liable under the contract for any claims which are notified after the expiry of three months from the date of loss; and

iii) Both parties to the contract shall give 30 days notice of cancellation of the policy.

Nature of risks covered

The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks. The Group through its subsidiary, FBC Insurance Company Limited, writes the following types of business within its Commercial and Personal Lines;

Products	Commercial	Personal Lines
Fire		
Assets all risks	*	*
House owners	*	*
Fire combined	*	*
Accident		
Money	*	x
Glass	*	x
Goods in transit	*	*
Theft	*	*
Personal all risks	*	*
Business all risks	*	x
Fidelity guarantee	*	x
Householders	*	*
Personal accident		
Group personal accident	*	x
Personal accident	*	*
Motor		
Private motor	*	*
Commercial motor	*	*
Motor cycle	*	*
Trailer	*	*
Motor fleet	*	*

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

34 INSURANCE RISK MANAGEMENT (CONTINUED)

34.5 Terms and conditions of short- term insurance contracts (continued)

Products	Commercial	Personal Lines
Engineering		
Electronic equipment	*	x
Machinery breakdown	*	x
Machinery breakdown loss of profits	*	x
Contractors all risks	*	x
Erection all risks	*	x
Civil engineering completed risks	*	x
Plant all risks	*	x
Marine		
Marine cargo	*	*
Marine hull	*	*
Liability		
Public liability	*	*
Employers liability	*	x
Professional indemnity	*	x
Products liability	*	x
Directors and officer liability	*	x
Bonds and guarantees		
Court bond	*	x
Performance bond	*	x
Bid bond	*	x
Advance payment bond	*	x
Government/customs bonds	*	x

Legend
* class of business underwritten
x class of business not underwritten

Commercial department underwrites small to large business from companies. Personal department provides insurance to the general public in their personal capacities.

The following perils are covered under the different types of business:
- **Fire** – fire, storm, explosions, malicious and earthquake
- **Accident** – all risks of accidental loss or damage to property
- **Personal accident** – death, permanent disablement, total disablement and medical expenses
- **Motor** – private and commercial (comprehensive, full third party, fire and theft)
- **Engineering** – accidental physical loss or damage to machinery on an all risks basis
- **Marine** – loss or damage to cargo in transit or vessel
- **Liability** – legal liability following death or injury to third parties or damage to third party property
- **Bonds and guarantees** – guarantees that contractual obligations will be met in case of default

The return to shareholders arises from the total premiums charged to policyholders and investment returns less the amounts paid to cover claims and administrative expenses incurred by the Group.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

34 INSURANCE RISK MANAGEMENT (CONTINUED)
34.6 Terms and conditions of short- term reinsurance contracts

Nature of risks covered

The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks:

The Group, through its subsidiary, FBC Reinsurance Limited writes the following types of business within its Treaty and Facultative Departments;

Products	Treaty	Facultative
Fire	*	*
Miscellaneous accident	*	*
Motor	*	*
Engineering	*	*
Marine - hull and cargo	*	*
Aviation	*	*
Credit	*	*

* class of business underwritten
x class of business not underwritten

Both Treaty and Facultative Departments provide cover on commercial and personal lines basis. Commercial policies cover small to large business from companies. Personal lines policies cover the general public in their personal capacities. The following perils are covered under the different types of business;
- **Fire** - fire, storm, explosions, riot, malicious and earthquake.
- **Accident** - all risks of accidental loss or damage to property.
- **Personal accident** - death, permanent disablement, total disablement and medical expenses.
- **Motor** - private and commercial (comprehensive, full third party, fire and theft).
- **Engineering** - accidental physical loss or damage to machinery on an all risks basis.
- **Marine** - loss or damage to cargo in transit or vessel.
- **Liability** - legal liability following death or injury to third parties or damage to third party property.
- **Bonds and guarantees** - guarantees that contractual obligations will be met in case of default

The return to shareholders under these products arises from the total premiums charged to policyholders and investment returns less the amounts paid to cover commissions, retrocessions, claims and operating expenses incurred by the Group.

There is scope for the Group to earn investment income owing to the time delay between the receipt of premiums and the payment of claims.

The event giving rise to a claim usually occurs suddenly (such as a fire) and the cause is easily determinable. The claim will thus be notified promptly and can be settled without delay.

The key risks associated with these products for the Group are underwriting risk, competitive risk, and claims experience risk (including the variable incidence of natural disasters), as well as fraud risk.

Underwriting risk is the risk that the Group does not charge premiums appropriate for the risk that they accept. The risk on any policy will vary according to factors such as location, safety measures in place, age of property etc. Calculating a premium commensurate with the risk for these policies will be subjective and risky. The risk is managed through pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the environment in which they operate.

The Group is also exposed to the risk of false or invalid claims from the policyholders. External control systems and fraud detection measurements are in place to improve the Group's ability to proactively detect fraudulent claims.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

34 INSURANCE RISK MANAGEMENT (CONTINUED)

34.7 Concentration of insurance risk

With the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentration may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

Property is subject to a number of risks, including theft, fire, business interruption and weather. For property business there is risk that external factors such as adverse weather conditions may adversely impact upon a large proportion of a particular geographical portion of the property risks. Claim inducing perils such as storms, floods, subsidence, fires, explosions, and rising crime levels will occur on a regional basis, meaning that the Group has to manage its geographical risk dispersion very carefully.

For motor business the main risks relates mainly to losses arising from theft, fire, third party losses and accident. Claims including perils such as increase in crime levels, adverse weather and bad road networks will occur meaning that the Group has to ensure that all products are adequately priced and that salvage recovery is pursued in order to mitigate losses.

34.8 Claims development

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The Group takes all reasonable steps to ensure that they have appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The claims liability comprises a provision for outstanding claims and a provision for claims incurred but not yet reported ("IBNR") at statement of financial position date.

In calculating the estimated cost of outstanding claims, the Group uses the estimates determined by external assessors who would have calculated the total estimated cost of the claim. The Group provides for IBNR at 15% (2022 - 15%) of net premium written for the reinsurance subsidiary and 5% (2022 - 5%) of net premium written for the short term insurance subsidiary based on past experience.

34.9 Management of risk relating to changes in underwriting variables

Profit or loss and equity are sensitive to changes in variables that have a material effect on them. These variables are mainly significant classes of transactions and their corresponding balances. These variables are gross premium written, commissions, IBNR and outstanding claims. The Group has put in place procedures to identify and control the impact of these variables on the profit or loss and equity through financial analysis which entails scrutiny of key performance indicators (includes ratio analysis) on a regular basis. The results of the financial information are taken into account when budgets are made and when pricing decisions for different types of policies is done to ensure that the companies are adequately pricing their insurance products to avoid future losses.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
35 SEGMENT REPORTING				
Operating segments reconciliations				
Net income				
Total net income for reportable segments	1208 101 389 383	510 089 739 871	1127 055 926 557	97 733 944 917
Total net income for non reportable segments	120 613 342 086	20 196 976 973	92 108 683 816	16 235 894 598
Elimination of intersegment revenue received from the holding company	(242 244 680)	(258 977 241)	(130 877 549)	(46 453 901)
Intersegment eliminations	(57 947 237 451)	3 005 232 807	(28 187 501 911)	(11 367 218 306)
Group total net income	**1 270 525 249 338**	**533 032 972 410**	**1 190 846 230 913**	**102 556 167 308**
Group profit before tax				
Total profit before income tax for reportable segments	402 916 149 963	150 142 200 365	571 131 634 793	51 099 213 116
Intersegment eliminations	601 333 495	(36 430 649 741)	5 172 493 294	(3 237 919 300)
Profit before income tax	**403 517 483 458**	**113 711 550 624**	**576 304 128 087**	**47 861 293 816**
Group assets				
Total assets for reportable segments	3 469 051 476 988	1 594 583 489 754	3 457 809 656 680	330 006 514 185
Other group assets	250 799 111 166	203 378 812 268	165 202 866 203	25 505 134 833
Deferred tax asset allocated to the holding company	72 948 890	10 386 466 369	5 881 115 004	2 004 035 867
Intersegment eliminations	(326 031 626 632)	(214 852 631 814)	(239 486 006 735)	(27 709 352 387)
Group total assets	**3 393 891 910 412**	**1 593 496 136 577**	**3 389 407 631 152**	**329 806 332 498**
Group liabilities				
Total liabilities for reportable segments	2 792 023 324 870	1 309 212 385 471	2 784 294 047 040	270 060 194 451
Other group liabilities and elimination of intersegment payables	(104 009 746 830)	(8 798 693 419)	(102 295 459 500)	(3 545 985 718)
Group total liabilities	**2 688 013 578 040**	**1 300 413 692 052**	**2 681 998 587 540**	**266 514 208 733**

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

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

Entity wide information

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022 Restated**	31 Dec 2023	31 Dec 2022 Restated**
	ZWL	ZWL	ZWL	ZWL
Analysis of net income by category:				
- Gross profit from residential properties	-	64 489 262	-	6 747 777
Revenue	-	148 691 654	-	10 786 026
Cost of sales	-	(84 202 392)	-	(4 038 249)
- Net income from services	1 270 525 249 338	532 968 483 148	1 190 846 230 913	102 549 419 532
Total	**1 270 525 249 338**	**533 032 972 410**	**1 190 846 230 913**	**102 556 167 309**

The Group is domiciled in Zimbabwe. All revenue was earned from external customers in Zimbabwe. All assets of the Group are located in Zimbabwe. Total net income was earned by a variety of customers with no significant concentration on one customer.

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

35 SEGMENT REPORTING (CONTINUED)

Segment information is presented in respect of business segments.

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

The Group comprises of seven business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short term insurance and stockbroking. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group Executive Committee.

INFLATION ADJUSTED

31 December 2023	Commercial banking ZWL	Mortgage Microlending ZWL	Short term financing ZWL	Short term reinsurance ZWL	insurance ZWL	Stockbroking ZWL	Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	300 024 828 138	67 441 641 427	26 273 539 787	1 509 556 762	1 892 840 339	2 606 225	-	397 145 012 678
Interest expense	(115 435 905 668)	(6 066 813 735)	(37 462 471 912)	-	(101 652 068)	(203 952 080)	(2 022 667 785)	(161 293 463 248)
Net interest income	184 588 922 470	61 374 827 692	(11 188 932 125)	1 509 556 762	1 791 188 271	(201 345 855)	(2 022 667 785)	235 851 549 430
Sales	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-
Net earned insurance premium	-	-	-	(24 442 890 449)	11 885 783 044	-	-	(12 557 107 405)
Net fee and commission income	204 610 149 977	145 265 350	24 909 786 688	-	-	865 117 001	321 480 210	230 851 799 226
- Retail service fees	190 802 191 184	-	22 870 743 576	-	-	-	-	
- Credit related fees	1 844 946 059	145 265 350	2 039 043 112	-	-	-	-	
- Investment banking fees	11 963 012 735	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	865 117 001	321 480 210	
Net trading income and other income	526 759 082 282	4 798 869 914	142 455 897 310	48 735 616 662	17 348 891 111	2 330 397 831	733 157 969	743 161 913 079
Total net income for reported segments	915 958 154 729	66 318 962 956	156 176 751 873	25 802 282 975	31 025 862 426	2 994 168 977	(968 029 606)	1 197 308 154 330
Intersegment revenue	(8 422 890 314)	(105 769 984)	(4 617 812 421)	(1 472 028 883)	(14 057 684 534)	(105 749 690)	(1 375 754 361)	(30 157 690 187)
Intersegment interest expense and commission	16 033 795 678	9 763 756 941	8 025 214 718	171 151 890	4 595 448 465	240 877 053	2 120 680 495	40 950 925 240
Net income from external customers	**923 569 060 093**	**75 976 949 913**	**159 584 154 170**	**24 501 405 982**	**21 563 626 357**	**3 129 296 340**	**223 103 472**	**1 208 101 389 383**
Segment profit/(loss) before income tax	**298 514 222 311**	**9 013 004 957**	**85 441 322 973**	**7 339 435 101**	**3 779 486 278**	**713 478 009**	**(1 884 799 666)**	**402 916 149 963**
Impairment allowances on financial assets	49 914 911 678	2 425 910 534	1 050 878 319	-	63 555 598	-	-	53 455 256 129
Depreciation	4 694 645 781	312 132 970	1 747 623 651	438 864 249	365 690 048	28 679 254	74 492 784	7 662 128 737
Amortisation	230 280 258	184 856	-	896 476	-	-	20 867 184	252 228 774
Segment assets	**2 764 854 792 058**	**76 884 528 549**	**457 177 758 810**	**99 589 769 277**	**62 239 588 837**	**6 412 891 532**	**1 892 147 925**	**3 469 051 476 988**
Total assets include :								
Additions to non-current assets	10 887 965 695	1 107 429 984	1 947 063 527	681 874 405	294 045 646	8 091 185	-	14 926 470 442
Segment liabilities	**2 319 647 719 830**	**72 720 074 322**	**265 099 552 420**	**80 327 883 493**	**44 933 541 201**	**4 341 482 471**	**4 953 071 133**	**2 792 023 324 870**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	Short term insurance broking	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

35 SEGMENT REPORTING (CONTINUED)
INFLATION ADJUSTED

31 December 2022	Commercial banking ZWL	Mortgage Microlending ZWL	Short term financing ZWL	Short term reinsurance ZWL	insurance ZWL	Stockbroking ZWL	Insurance Broking ZWL	Consolidated ZWL
Restated**								
Total segment net income								
Interest income	182 328 184 234	9 596 715 939	16 511 358 538	169 739 626	345 747 959	2 848 616	-	208 954 594 912
Interest expense	(46 369 994 410)	(2 273 171 326)	(19 479 055 878)	-	(614 369 242)	(110 842 873)	(1 049 588 600)	(69 897 022 329)
Net interest income	135 958 189 824	7 323 544 613	(2 967 697 340)	169 739 626	(268 621 283)	(107 994 257)	(1 049 588 600)	139 057 572 583
Sales	-	-	148 691 654	-	-	-	-	148 691 654
Cost of sales	-	-	(84 202 392)	-	-	-	-	(84 202 392)
Gross profit	-	-	64 489 262	-	-	-	-	64 489 262
Net earned insurance premium	-	-	-	(5 879 652 935)	5 661 384 734	-	-	(218 268 201)
Net fee and commission income	72 592 859 452	536 884 826	8 131 631 054	-	-	1 148 322 266	145 140 732	82 554 838 330
- Retail service fees	71 994 995 165	-	7 435 757 989	-	-	-	-	
- Credit related fees	526 228 700	536 884 826	695 873 066	-	-	-	-	
- Investment banking fees	71 635 584	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	1 148 322 267	145 140 732	
Net trading income and other income	180 382 782 030	405 602	59 947 525 227	30 459 389 475	8 179 667 238	3 120 299 497	(83 162 874)	282 006 906 195
Total net income for reported segments	388 933 831 306	7 860 835 041	65 175 948 203	24 749 476 166	13 572 430 689	4 160 627 506	(987 610 742)	503 465 538 169
Intersegment revenue	(4 584 604 820)	40 021 161	(119 368 717)	(2 780 038 271)	(3 696 888 084)	(2 848 616)	(529 612 319)	(11 673 339 666)
Intersegment interest expense and commission	5 101 100 721	2 653 725 716	3 022 058 713	388 634 574	5 943 166 594	137 411 110	1 051 443 940	18 297 541 368
Net income from external customers	**389 450 327 207**	**10 554 581 918**	**68 078 638 199**	**22 358 072 469**	**15 818 709 199**	**4 295 190 000**	**(465 779 121)**	**510 089 739 871**
Segment profit/(loss) before income tax	**120 081 567 435**	**1 588 817 218**	**32 070 534 673**	**(2 471 395 755)**	**2 368 927 893**	**(633 919 711)**	**(2 862 331 387)**	**150 142 200 365**
Impairment allowances on financial assets	20 805 601 033	391 653 671	485 673 298	-	73 459 425	-	136 157 388	21 892 544 815
Depreciation	3 979 403 026	243 368 527	896 832 968	364 207 820	290 238 912	23 211 298	127 268 555	5 924 531 106
Amortisation	436 295 732	184 856	-	18 512 150	-	-	17 591 807	472 584 545
Segment assets	**1 310 932 353 819**	**27 564 188 569**	**185 089 128 360**	**37 689 392 733**	**27 902 249 671**	**2 376 917 295**	**3 029 259 307**	**1 594 583 489 754**
Total assets include :								
Additions to non-current assets	8 410 511 389	104 587 434	753 677 077	605 342 971	195 458 792	7 727 849	827 182 879	10 904 488 391
Segment liabilities	**1 136 806 552 967**	**24 513 209 849**	**90 795 118 143**	**31 073 460 976**	**19 340 756 552**	**1 622 044 896**	**5 061 242 088**	**1 309 212 385 471**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	Short term insurance broking	

Notes to the Consolidated Financial Statements (Continued)
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35 SEGMENT REPORTING (CONTINUED)
HISTORICAL COST

31 Dec 2023	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	182 209 041 134	42 241 675 496	14 143 810 860	1 035 963 881	1 217 064 435	1 059 850	-	240 848 615 656
Interest expense	(71 835 146 826)	(3 602 982 370)	(17 580 784 322)	-	(34 726 479)	(78 679 243)	(806 178 583)	(93 938 497 824)
Net interest income	110 373 894 308	38 638 693 126	(3 436 973 462)	1 035 963 881	1 182 337 956	(77 619 393)	(806 178 583)	146 910 117 832
Sales	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-
Net earned insurance premium	-	-	-	(15 808 478 095)	2 885 971 675	-	-	(12 922 506 420)
Net fee and commission income	126 193 135 376	49 097 472	15 255 878 369	-	-	448 033 540	292 072 140	142 238 216 897
-Retail service fees	113 648 384 148	-	13 973 129 015	-	-	-	-	
-Credit related fees	1 215 571 775	49 097 472	1 282 749 354	-	-	-	-	
-Investment banking fees	11 329 179 453	-	-	-	-	-	-	
-Brokerage commission	-	-	-	-	-	448 033 540	292 072 140	
Net trading income and other income	546 248 751 381	4 737 163 631	225 430 126 953	48 539 727 228	16 574 609 832	3 441 812 210	318 990 518	845 291 181 753
Total net income for reported segments	782 815 781 065	43 424 954 229	237 249 031 860	33 767 213 014	20 642 919 463	3 812 226 357	(195 115 925)	1 121 517 010 062
Intersegment revenue	(4 690 601 019)	(21 867 807)	(2 849 087 291)	(852 965 114)	(7 212 701 832)	(71 264 160)	(826 766 694)	(16 525 253 917)
Intersegment interest expense and commission	6 954 744 936	5 432 827 964	4 695 246 293	104 663 690	3 971 895 863	94 767 738	810 023 928	22 064 170 412
Net income from external customers	**785 079 924 982**	**48 835 914 386**	**239 095 190 862**	**33 018 911 590**	**17 402 113 494**	**3 835 729 935**	**(211 858 691)**	**1 127 055 926 557**
Segment profit before income tax	**397 192 296 215**	**15 674 661 620**	**143 037 008 220**	**13 005 847 051**	**4 969 916 585**	**993 996 198**	**(3 742 091 096)**	**571 131 634 793**
Impairment allowances on financial assets	49 914 911 678	2 425 910 534	1 050 878 319	-	63 555 598	-	-	53 455 256 129
Depreciation	2 634 963 686	177 973 820	589 807 606	152 600 191	446 349 002	6 005 501	25 773 385	4 033 473 191
Amortisation	28 992 989	6 962	-	89 600	23 507	-	2 059 307	31 172 365
Segment assets	**2 757 378 019 954**	**76 876 782 062**	**453 854 513 141**	**99 583 840 134**	**61 894 840 877**	**6 391 573 755**	**1 830 086 757**	**3 457 809 656 680**
Total assets include :								
Additions to non-current assets	4 692 255 614	690 504 164	1 163 311 955	658 154 893	177 591 630	2 374 964	-	7 384 193 220
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	**2 314 146 887 488**	**68 670 405 153**	**265 099 552 420**	**80 327 883 492**	**46 859 661 584**	**4 220 860 919**	**4 968 795 984**	**2 784 294 047 040**
Type of revenue generating activity		Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2023

35 SEGMENT REPORTING (CONTINUED)

HISTORICAL COST

31 Dec 2022 Restated**	Commercial banking ZWL	Microlending ZWL	Mortgage financing ZWL	Short term reinsurance ZWL	Short term insurance ZWL	Stockbroking ZWL	Insurance Broking ZWL	Consolidated ZWL
Total segment net income								
Interest income	28 757 073 909	1 571 933 128	2 405 204 714	32 425 275	64 485 112	478 716	-	32 831 600 854
Interest expense	(7 808 961 553)	(369 672 383)	(3 368 472 954)	-	(78 694 385)	(22 490 427)	(210 944 304)	(11 859 236 006)
Net interest income	20 948 112 356	1 202 260 745	(963 268 240)	32 425 275	(14 209 273)	(22 011 711)	(210 944 304)	20 972 364 848
Sales	-	-	10 786 026	-	-	-	-	10 786 026
Cost of sales	-	-	(4 038 249)	-	-	-	-	(4 038 249)
Gross profit	-	-	6 747 777	-	-	-	-	6 747 777
Net earned insurance premium	-	-	-	(1 102 209 833)	777 837 330	-	-	(324 372 503)
Net fee and commission income	10 904 551 078	59 720 081	1 217 328 853	-	-	154 084 835	23 027 724	12 358 712 571
- Retail service fees	10 821 788 679	-	1 121 716 246	-	-	-	-	
- Credit related fees	71 183 555	59 720 081	95 612 607	-	-	-	-	
- Investment banking fees	11 578 844	-	-	-	-	-	-	
- Brokerage commission	-	-	-	-	-	154 084 835	23 027 724	
Net trading income and other income	39 883 785 462	7 663 952	17 127 900 061	4 609 699 827	1 685 088 118	373 495 256	(17 376 090)	63 670 256 586
Total net income for reported segments	71 736 448 896	1 269 644 778	17 388 708 451	3 539 915 269	2 448 716 174	505 568 380	(205 292 670)	96 683 709 278
Intersegment revenue	(775 327 023)	7 040 745	(16 650 544)	(523 043 034)	(486 458 157)	(448 521)	(96 320 980)	(1 891 207 514)
Intersegment interest expense and commission	723 452 176	426 150 537	547 861 227	56 727 207	950 071 068	25 871 576	211 309 362	2 941 443 153
Net income from external customers	71 684 574 049	1 702 836 060	17 919 919 134	3 073 599 442	2 912 329 085	530 991 435	(90 304 288)	97 733 944 917
Segment profit before income tax	36 660 885 297	322 472 043	12 764 253 433	1 527 159 969	439 627 773	88 910 453	(704 095 852)	51 099 213 116
Impairment allowances on financial assets	4 329 652 541	81 503 260	101 068 776	-	15 286 931	-	28 334 398	4 555 845 906
Depreciation	425 040 799	25 981 545	92 664 864	12 186 832	36 805 058	1 432 883	7 034 335	601 146 316
Amortisation	6 272 155	6 962	-	89 600	56 429	-	1 182 709	7 607 855
Segment assets	**271 990 528 833**	**5 461 558 599**	**37 836 124 284**	**7 842 057 296**	**5 805 485 708**	**494 637 285**	**576 122 180**	**330 006 514 185**
Total assets include :								
Additions to non-current assets	1 385 861 201	19 984 206	130 448 234	126 746 045	36 900 980	1 099 947	54 332 905	1 755 373 518
Segment liabilities	**235 002 134 492**	**4 965 080 317**	**18 894 494 485**	**5 592 180 623**	**4 241 771 646**	**312 773 066**	**1 051 759 822**	**270 060 194 451**
Type of revenue generating activity		Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

Notes to the Consolidated Financial Statements (Continued)
For the year ended 31 December 2023

36 BORROWING POWERS

The Directors may exercise all the powers of the Group to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, stock and other securities whether outright or as security for any debt, liability or obligation of the Group or of any third party.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	ZWL	ZWL	ZWL	ZWL
37 POST EMPLOYMENT BENEFITS				
Contributions made during the year are as follows:				
Self administered pension fund	9 093 800 848	7 691 971 637	5 440 431 199	970 981 839
National Social Security Authority ("NSSA") Scheme	2 015 321 530	1 607 543 718	1 204 537 731	205 004 589
	11 109 122 378	**9 299 515 355**	**6 644 968 930**	**1 175 986 428**

The Group operates a defined contribution pension scheme whose assets are held independently of the Group's assets in separate trustee administered funds. All permanent employees are members of this fund.

The NSSA Scheme was promulgated under the National Social Security Authority Act (Chapter 17:04). The Group contributions under the scheme are limited to specific contributions as legislated from time to time and are presently 3.5% (2022 : 3.5%) of pensionable salary to a maximum as set from time to time.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	ZWL	ZWL	ZWL	ZWL
38 CAPITAL COMMITMENTS				
Capital expenditure authorised but not yet contracted	**457 689 574 355**	**152 475 103 220**	**457 689 574 355**	**31 730 120 031**
Capital commitments will be funded from the Group's own resources				
39 CONTINGENT LIABILITIES				
(a) Letters of credit				
The contingent liabilities relate to guarantees and letters of credit undertaken on behalf of various customers.	**79 763 906 821**	**36 162 935 123**	**79 763 906 821**	**7 525 518 907**

(b) Legal proceedings

The Group had no other material contingent liabilities as at 31 December 2023 (2022 - ZWLnil).

(c) Potential tax obligations

The Group is regularly subject to evaluations by tax authorities on its direct and indirect tax filings. The consequence of such reviews is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules relating to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group and additional tax obligations could arise upon the resolution of the disputes.

40 DIVIDEND

Notice is hearby given that a final dividend of US 0.45 cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 28 March 2024 in respect of the year ended 31 December 2023. The dividend is payable to Shareholders registered in the books of Company at the close of business on Friday 14 April 2024. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 9 April 2024 and ex-dividend as from 10 April 2024. Dividend payment will be made to Shareholders on or about 29 April 2024.

41 SUBSEQUENT EVENTS

The Group is in the process of acquiring all of the issued ordinary shares of Standard Chartered Bank Zimbabwe Limited and the entire beneficial interest in the Africa Enterprise Network Trust for a cash consideration. Completion of the transaction is subject to fulfillment of certain conditions precedent. As at the 31st of December 2023 some of these conditions had not yet been fulfilled and as a result the transaction is not yet completed.

Company Financial Statements

Company Statement of Financial Position
As at 31 December 2023

	Note	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 ZWL
ASSETS					
Balances with banks and cash		47 039 788 728	28 165 613 238	47 039 788 728	5 861 273 545
Amounts due from related parties	2	36 926 250 404	24 084 950 395	36 926 250 404	5 012 086 242
Financial assets at fair value through other comprehensive income	3	42 959 451	642 268 918	42 959 451	133 656 377
Financial assets at fair value through profit or loss	4	55 898 158 608	49 140 741 722	55 898 158 608	10 226 204 805
Investments in subsidiaries	5	84 370 398 414	84 370 398 414	1 173 356 731	1 173 356 731
Time - share asset	6	4 620 000 000	886 591 558	4 620 000 000	184 500 000
Other assets	7	2 704 346 762	5 490 113 339	305 143 482	708 581 758
Current income tax asset		-	1 676 030 228	-	348 782 453
Deferred tax asset	12.4	72 948 890	10 386 466 369	5 881 115 004	2 004 035 867
Property and equipment	8	19 197 208 800	9 013 996 069	19 197 208 800	1 875 815 600
Total assets		**250 872 060 057**	**213 857 170 250**	**171 083 981 208**	**27 528 293 378**
EQUITY AND LIABILITIES					
Liabilities					
Amounts due to related parties	9	21 516 996 405	28 604 915 204	21 516 996 405	5 952 692 432
Borrowings	10	61 047 226 000	32 884 805 333	61 047 226 000	6 843 339 000
Other liabilities	11	48 858 981 142	52 901 531 704	48 858 981 142	9 401 113 496
Current income tax liability		300 232 281	-	300 232 283	-
Deferred tax liability	12.4	2 479 152 373	3 935 237 551	4 193 439 662	711 661 041
Total liabilities		**134 202 588 201**	**118 326 489 792**	**135 916 875 492**	**22 908 805 969**
Equity					
Share capital and premium	18	14 451 583 933	14 451 583 933	14 089 892	14 089 892
Other reserves	19	59 843 591 620	49 631 529 889	17 593 788 127	1 727 175 272
Retained profits		42 374 296 303	31 447 566 636	17 559 227 697	2 878 222 245
Total equity		**116 669 471 856**	**95 530 680 458**	**35 167 105 716**	**4 619 487 409**
Total equity and liabilities		**250 872 060 057**	**213 857 170 250**	**171 083 981 208**	**27 528 293 378**

The Company financial statements on pages 200 to 218 were authorised for issue by the board of directors on 30 March 2024 and were signed on its behalf.

Herbert Nkala
(Chairman)

Trynos Kufazvinei
(Group Chief Executive)

Tichaona K. Mabeza
(Company Secretary)

Company Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 ZWL
Interest income calculated using the effective interest method	13.1	11 189 003 558	6 541 002 481	5 802 145 150	931 553 820
Interest and related expense	13.2	(7 285 526 409)	(3 431 931 942)	(4 748 983 660)	(399 647 432)
Net interest related income		**3 903 477 149**	**3 109 070 539**	**1 053 161 490**	**531 906 388**
Net foreign currency dealing and trading income		42 079 531 642	7 809 643 331	42 079 531 642	1 625 189 392
Net gain from financial assets at fair value through profit or loss	13.3	24 517 199 958	13 009 085 466	24 517 199 958	2 707 195 041
Other operating income	13.4	50 001 229 667	73 126 234 679	24 346 887 055	11 371 603 777
Total other income		**116 597 961 267**	**93 944 963 476**	**90 943 618 655**	**15 703 988 210**
Total net income		**120 501 438 416**	**97 054 034 015**	**91 996 780 145**	**16 235 894 598**
Operating expenditure	14	(80 933 468 894)	(81 186 245 309)	(64 212 782 693)	(14 004 518 097)
Impairment allowance	2.1	(18 271 943)	(95 250 193)	(18 271 943)	(19 821 597)
Monetary Loss		8 150 740 566	(15 556 121 338)	-	-
Operating (loss)/profit		**47 700 438 145**	**216 417 175**	**27 765 725 509**	**2 211 554 904**
Taxation	15	(7 276 720 958)	2 611 173 603	3 490 049 384	1 018 995 336
Profit for the year after taxation		**40 423 717 187**	**2 827 590 778**	**31 255 774 893**	**3 230 550 240**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gain on financial assets at fair value through other comprehensive income		528 584 931	34 395 678	150 478 887	7 157 752
Tax		(7 928 774)	(343 957)	(2 114 667)	(71 578)
Gain on property and equipment revaluation		12 369 045 479	3 279 359 500	19 850 731 355	1 645 256 519
Tax		(2 586 758 837)	(273 096 946)	(4 106 610 469)	(116 858 908)
Other comprehensive income, net income tax		**10 302 942 799**	**3 040 314 275**	**15 892 485 106**	**1 535 483 785**
Total comprehensive income for the year		**50 726 659 986**	**5 867 905 053**	**47 148 259 999**	**4 766 034 025**
Profit for the year attributable to:					
Equity holders of parent		40 423 717 187	2 827 590 778	31 255 774 893	3 230 550 240
Total profit for the year		**40 423 717 187**	**2 827 590 778**	**31 255 774 893**	**3 230 550 240**
Total comprehensive income attributable to:					
Equity holders of parent		50 726 659 986	5 867 905 053	47 148 259 999	4 766 034 025
Total comprehensive income for the year		**50 726 659 986**	**5 867 905 053**	**47 148 259 999**	**4 766 034 025**
Earnings per share (ZWL cents)					
Basic	16.1	6 620.34	449.59	5 118.87	513.66
Diluted	16.2	6 620.34	449.59	5 118.87	513.66
Headline	16.3	6 620.34	449.59	5 118.87	513.66
Diluted headline	16.4	6 620.34	449.59	5 118.87	513.66

Company Statement of Changes in Equity
For the year ended 31 December 2023

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Revaluation reserves ZWL	Non distributable reserves ZWL	Treasury share reserves ZWL	Financial assets at fair value reserves ZWL	Retained profits ZWL	Total ZWL
At 1 January 2022	6 891 478	14 444 692 455	1 950 038 696	67 234 690 107	(18 067 143 151)	3 214 548 416	45 114 826 744	113 898 544 745
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	34 395 678	-	34 395 678
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(343 957)	-	(343 957)
Profit for the year	-	-	-	-	-	-	2 827 590 778	2 827 590 778
Gain on revaluation of property and equipment, net of tax	-	-	3 006 262 556	-	-	-	-	3 006 262 556
Purchase of treasury shares	-	-	-	-	(7 740 918 456)	-	-	(7 740 918 456)
Dividend declared and paid	-	-	-	-	-	-	(16 494 850 886)	(16 494 850 886)
Balance at 31 December 2022	6 891 478	14 444 692 455	4 956 301 252	67 234 690 107	(25 808 061 607)	3 248 600 137	31 447 566 636	95 530 680 458
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	528 584 931	-	528 584 931
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(7 928 774)	-	(7 928 774)
Profit for the year	-	-	-	-	-	-	40 423 717 188	40 423 717 188
Gain on revaluation of property and equipment, net of tax	-	-	9 782 286 642	-	-	-	-	9 782 286 642
Purchase of treasury shares	-	-	-	-	(90 881 068)	-	-	(90 881 068)
Dividend declared and paid	-	-	-	-	-	-	(29 496 987 521)	(29 496 987 521)
Balance at 31 December 2023	6 891 478	14 444 692 455	14 738 587 894	67 234 690 107	(25 898 942 675)	3 769 256 294	42 374 296 303	116 669 471 856

HISTORICAL COST

	Share capital ZWL	Share premium ZWL	Revaluation reserves ZWL	Non distributable reserves ZWL	Treasury share reserves ZWL	Financial assets at fair value reserves ZWL	Retained profits ZWL	Total ZWL
At 1 January 2022	6 719	14 083 173	371 740 884	1 413 989 121	(364 248 886)	124 524 372	1 573 890 693	3 133 986 076
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	7 157 752	-	7 157 752
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(71 578)	-	(71 578)
Profit for the year	-	-	-	-	-	-	3 230 550 240	3 230 550 240
Gain on revaluation of property and equipment, net of tax	-	-	1 528 397 612	-	-	-	-	1 528 397 612
Purchase of treasury shares	-	-	-	-	(1 354 314 005)	-	-	(1 354 314 005)
Dividend declared and paid	-	-	-	-	-	-	(1 926 218 688)	(1 926 218 688)
Balance at 31 December 2022	6 719	14 083 173	1 900 138 496	1 413 989 121	(1 718 562 891)	131 610 546	2 878 222 245	4 619 487 409
Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	150 478 887	-	150 478 887
Deferred tax on Gain on financial assets as fair value through other comprehensive income	-	-	-	-	-	(2 114 667)	-	(2 114 667)
Profit for the year	-	-	-	-	-	-	31 255 774 893	31 255 774 893
Gain on revaluation of property and equipment, net of tax	-	-	15 744 120 886	-	-	-	-	15 744 120 886
Purchase of treasury shares	-	-	-	-	(25 872 251)	-	-	(25 872 251)
Dividend declared and paid	-	-	-	-	-	-	(16 574 769 441)	(16 574 769 441)
Balance at 31 December 2023	6 719	14 083 173	17 644 259 382	1 413 989 121	(1 744 435 142)	279 974 766	17 559 227 697	35 167 105 716

Company's Statement of Cash Flows
For the year ended 31 December 2023

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		47 700 438 145	216 417 175	27 765 725 509	2 211 554 904
Non cash items:					
Monetary (gain)/loss		(8 150 740 566)	15 556 121 338	-	-
Depreciation		89 332 618	145 854 859	15 623 245	9 249 583
Provisions*		41 475 360 950	61 553 225 811	41 475 360 950	10 685 011 005
Fair value adjustment on financial assets at fair value through profit or loss		(24 517 199 958)	(13 009 085 466)	(24 517 199 958)	(2 707 195 041)
Net unrealised exchange gains and losses		(96 365 363 515)	(20 480 698 658)	(42 191 435 312)	(1 625 189 392)
Loss on disposal		44 414 614	-	9 430 000	-
Credit impairment loss		18 271 944	95 250 193	18 271 944	19 821 597
Net cash (used)/generated before changes in operating assets and liabilities		**(39 705 485 768)**	**44 077 085 252**	**2 575 776 378**	**8 593 252 656**
Changes in operating assets and liabilities					
Increase in amounts due from related parties		(2 151 817 355)	(19 164 021 579)	(2 151 817 355)	(3 988 039 307)
Increase in other assets		(3 217 407 144)	(4 494 784 758)	(5 648 867 450)	(569 150 953)
Increase in amounts due to related parties		7 216 437 261	24 743 534 789	7 216 437 261	5 149 137 874
Decrease in other liabilities		(14 385 762 525)	(18 659 223 107)	(12 778 049 562)	(3 087 450 430)
(Decrease)/increase in financial assets at fair value through profit or loss		27 064 176 793	(14 196 142 873)	27 064 176 793	(2 954 222 085)
		14 525 627 030	**(31 770 637 528)**	**13 701 879 687**	**(5 449 724 901)**
Income tax paid		962 286 239	(5 250 372 290)	(364 961 532)	(744 676 176)
Net cash (used)/generated in operating activities		**(24 217 572 499)**	**7 056 075 434**	**15 912 694 533**	**2 398 851 579**
Cash flows from investing activities					
Purchase of property and equipment		(25 768 119)	(147 155 559)	(5 736 052)	(23 561 164)
Decrease in financial assets at fair value through other comprehensive income		619 281 857	-	241 175 814	-
Cash used in investing activities		**593 513 738**	**(147 155 559)**	**235 439 762**	**(23 561 164)**
Cash flows from financing activities					
Purchase of treasury shares		(90 881 068)	(7 740 918 454)	(25 872 251)	(1 354 314 005)
Dividend paid		(29 496 987 521)	(16 494 850 886)	(16 574 769 441)	(1 926 218 688)
Net cash (used in) / generated from financing activities		**(29 587 868 589)**	**(24 235 769 340)**	**(16 600 641 692)**	**(3 280 532 693)**
Net (decrease) / increase in cash and cash equivalents		**(53 211 927 350)**	**(17 326 849 465)**	**(452 507 398)**	**(905 242 278)**
Cash and cash equivalents at beginning of the year		**28 165 613 238**	**20 119 145 607**	**5 861 273 545**	**1 217 943 459**
Effect of changes in exchange rates		41 631 022 581	26 662 967 020	41 631 022 581	5 548 572 364
Effects of inflation on cash and cash equivalents		30 455 080 259	(1 289 649 924)	-	-
Cash and cash equivalents at the end of year		**47 039 788 728**	**28 165 613 238**	**47 039 788 728**	**5 861 273 545**

*Provisions are comprised of staff related provisions

Notes to the Company Financial Statements
For the year ended 31 December 2023

1 COMPANY ACCOUNTING POLICIES

The financial statements of the Company for the year ended 31 December 2023 are prepared in accordance with the same principles used in preparing consolidated financial statements of the Group. For detailed accounting policies refer to the Group's financial statements.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
2 AMOUNTS DUE FROM RELATED PARTIES				
Other intercompany receivables:				
FBC Bank Limited	764 918 483	3 674 084 050	764 918 483	764 578 121
FBC Reinsurance Limited	779 878 910	1 144 079 818	779 878 910	238 083 394
FBC Securities (Private) Limited	2 111 702 805	469 627 601	2 111 702 805	97 729 661
FBC Insurance Company (Private) Limited	298 470 182	2 284 394 970	298 470 182	475 383 358
OutRisk Underwriting Management Agency	1 420 212 179	2 950 661 259	1 420 212 179	614 033 596
Microplan Financial Services (Private) Limited	31 701 065 055	13 657 352 890	31 701 065 055	2 842 099 709
Gross carrying amount	**37 076 247 614**	**24 180 200 588**	**37 076 247 614**	**5 031 907 839**
Impairment allowance	(149 997 210)	(95 250 193)	(149 997 210)	(19 821 597)
	36 926 250 404	**24 084 950 395**	**36 926 250 404**	**5 012 086 242**
Current	36 926 250 404	24 084 950 395	36 926 250 404	5 012 086 242
Non-current	-	-	-	-
Total	**36 926 250 404**	**24 084 950 395**	**36 926 250 404**	**5 012 086 242**

Amounts receivable from group companies were at arm's length

2.1 Movement in credit impairment losses

INFLATION ADJUSTED

	Amounts due from related parties ZWL	Total ZWL
Movement in credit impairment losses		
Balance at 01 January 2022	-	-
Effects of IAS 29	-	-
Effects of IAS 21	-	-
Impairment loss allowance	95 250 193	95 250 193
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2022	**95 250 193**	**95 250 193**
Balance at 01 January 2023	95 250 193	95 250 193
Effects of IAS 29	(75 428 596)	(75 428 596)
Effects of IAS 21	111 903 670	111 903 670
Impairment loss allowance	18 271 943	18 271 943
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2023	**149 997 210**	**149 997 210**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

2.1 Movement in credit impairment losses

HISTORICAL COST

	Amounts due from related parties ZWL	Total ZWL
Movement in credit impairment losses		
Balance at 01 January 2022	-	-
Effects of IAS 21	-	-
Impairment loss allowance	19 821 597	19 821 597
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2022	**19 821 597**	**19 821 597**
Balance at 01 January 2023	19 821 597	19 821 597
Effects of IAS 21	111 903 670	111 903 670
Impairment loss allowance	18 271 943	18 271 943
Amounts written off /reversals during the year	-	-
Impairment reversal	-	-
Balance as at 31 December 2023	**149 997 210**	**149 997 210**

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
As at 1 January	642 268 918	2 089 624 303	133 656 377	126 498 625
Acquisition	-	-	-	-
Net fair value gain/(loss) transfer to equity	528 584 931	34 395 677	150 478 887	7 157 752
Impairment	-	-	-	-
Disposal	(241 175 813)		(241 175 813)	
Effects of IAS 29 application	(886 718 585)	(1 481 751 062)	-	-
As at 31 December	**42 959 451**	**642 268 918**	**42 959 451**	**133 656 377**

The financial assets at fair value through other comprehensive income consist of the Zimbabwe Stock Exchange unlisted shares. The fair value was ZWL 42 959 451 for these shares for the year. During the year, the remaining interest of 5% in Turnall Holdings Limited were disposed at a market price of ZWL 241 175 813.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 ZWL
As at 1 January	49 140 741 722	35 330 527 794	10 226 204 805	2 138 787 902
Acquisitions	6 286 632 404	19 627 341 141	3 147 086 280	2 958 995 826
Disposals	(29 868 587 237)	-	(29 868 587 237)	-
Transfers	-	-	-	-
Net fair value gain/(loss) transfer to profit or loss	24 517 199 958	13 009 085 466	24 517 199 958	2 707 195 041
Effects of IAS 21 application	47 876 254 802	11 634 897 360	47 876 254 802	2 421 226 036
Effects of IAS 29 application	(42 054 083 041)	(30 461 110 039)	-	-
As at 31 December	**55 898 158 608**	**49 140 741 722**	**55 898 158 608**	**10 226 204 805**
Listed Securities	55 898 158 608	34 171 903 894	55 898 158 608	7 111 184 641
Unlisted securities	-	14 968 837 828	-	3 115 020 164
	55 898 158 608	**49 140 741 722**	**55 898 158 608**	**10 226 204 805**

Unlisted securities comprises of Afreximbank class B shares.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

	Equity interest 2023	Equity interest 2022	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 ZWL
5 INVESTMENT IN SUBSIDIARIES						
5.1 Investment in subsidiaries						
FBC Bank Limited	100%	100%	40 541 939 280	40 541 939 280	39 527 261	39 527 261
FBC Building Society	100%	100%	31 011 655 285	31 011 655 285	1 083 357 775	1 083 357 775
FBC Reinsurance Limited	100%	100%	10 675 369 082	10 675 369 082	43 995 330	43 995 330
FBC Securities (Private) Limited	100%	100%	389 000 811	389 000 811	379 265	379 265
FBC Insurance Company (Private) Limited	95.4%	95.4%	1 747 305 584	1 747 305 584	6 092 100	6 092 100
Microplan Financial Services (Private) Limited	100%	100%	5 128 372	5 128 372	5 000	5 000
			84 370 398 414	**84 370 398 414**	**1 173 356 731**	**1 173 356 731**
5.2 Movement analysis - investment in subsidiaries						
As at 1 January			84 370 398 414	84 370 398 414	1 173 356 731	1 173 356 731
As at 31 December			**84 370 398 414**	**84 370 398 414**	**1 173 356 731**	**1 173 356 731**

	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 ZWL
6 TIME - SHARE ASSET				
The Company owns 95% share in a houseboat for use by the Company's employees. The value stated is the value of the share held according to a professional valuation performed as at the reporting date.				
Balance at 1 January	886 591 558	459 020 290	184 500 000	27 787 500
Acquisition	2 240 269 038	-	2 240 269 038	-
Depreciation	(584 714 232)	(114 755 072)	(314 790 000)	(6 946 875)
Revaluation gain	2 077 853 636	542 326 340	2 510 020 962	163 659 375
Balance as at 31 December	**4 620 000 000**	**886 591 558**	**4 620 000 000**	**184 500 000**
The time - share asset is included in prepayments and other assets in the consolidated statement of financial position.				
7 OTHER ASSETS				
Norsad interest claim legacy debt	-	-	-	-
Other	2 704 346 762	5 490 113 339	305 143 482	708 581 758
	2 704 346 762	**5 490 113 339**	**305 143 482**	**708 581 758**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

8 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED			HISTORICAL COST		
	Land ZWL	Computer equipment ZWL	Total ZWL	Land ZWL	Computer equipment ZWL	Total ZWL
Year ended 31 December 2022						
Opening net book amount	6 116 305 974	44 601 163	6 160 907 137	370 260 000	2 700 000	372 960 000
Additions	-	147 155 559	147 155 559	-	23 561 164	23 561 164
Revaluation of property	2 725 967 162	11 065 998	2 737 033 160	1 469 820 000	11 777 144	1 481 597 144
Depreciation	-	(31 099 787)	(31 099 787)	-	(2 302 708)	(2 302 708)
Closing net book amount	**8 842 273 136**	**171 722 933**	**9 013 996 069**	**1 840 080 000**	**35 735 600**	**1 875 815 600**
As at 31 December 2022						
Cost or valuation	8 842 273 136	202 822 720	9 045 095 856	1 840 080 000	38 038 308	1 878 118 308
Accumulated depreciation	-	(31 099 787)	(31 099 787)	-	(2 302 708)	(2 302 708)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**8 842 273 136**	**171 722 933**	**9 013 996 069**	**1 840 080 000**	**35 735 600**	**1 875 815 600**
Year ended 31 December 2023						
Opening net book amount	8 842 273 136	171 722 933	9 013 996 069	1 840 080 000	35 735 600	1 875 815 600
Additions	-	25 768 119	25 768 119	-	5 736 052	5 736 052
Revaluation of property	10 007 326 864	283 864 980	10 291 191 844	17 009 520 000	331 190 393	17 340 710 393
Disposals	-	(44 414 614)	(44 414 614)	-	(9 430 000)	(9 430 000)
Depreciation	-	(89 332 618)	(89 332 618)	-	(15 623 245)	(15 623 245)
Closing net book amount	**18 849 600 000**	**347 608 800**	**19 197 208 800**	**18 849 600 000**	**347 608 800**	**19 197 208 800**
As at 31 December 2023						
Cost or valuation	18 849 600 000	436 941 418	19 286 541 418	18 849 600 000	363 232 045	19 212 832 045
Accumulated depreciation	-	(89 332 618)	(89 332 618)	-	(15 623 245)	(15 623 245)
Accumulated impairment	-	-	-	-	-	-
Net book amount	**18 849 600 000**	**347 608 800**	**19 197 208 800**	**18 849 600 000**	**347 608 800**	**19 197 208 800**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
If land was stated on historical cost basis, the amount would be as follows;				
Land	4 641 011 393	4 641 011 393	4 524 857	4 524 857
Computer equipment	172 923 678	171 023 557	29 297 216	24 086 164
	4 813 935 071	**4 812 034 950**	**33 822 073**	**28 611 021**

For fair value techniques used to derive fair values please refer to Note 13 in the consolidate financial statements of the Group.

9 AMOUNTS DUE TO RELATED PARTIES

	INFLATION ADJUSTED 31 Dec 2023 ZWL	INFLATION ADJUSTED 31 Dec 2022 ZWL	HISTORICAL COST 31 Dec 2023 ZWL	HISTORICAL COST 31 Dec 2022 ZWL
Other intercompany payables				
FBC Bank Limited	19 992 966 156	21 768 417 957	19 992 966 156	4 530 015 066
FBC Building Society	19 122 676	91 891 616	19 122 676	19 122 676
FBC Reinsurance Limited	336 615 459	1 617 563 274	336 615 459	336 615 459
FBC Securities (Private) Limited	101 370 133	82 893	101 370 133	17 250
FBC Insurance Company (Private) Limited	391 317 902	1 880 428 988	391 317 902	391 317 902
Microplan Financial Services (Private) Limited	675 604 079	3 246 530 476	675 604 079	675 604 079
	21 516 996 405	**28 604 915 204**	**21 516 996 405**	**5 952 692 432**

These transactions are at arm's length

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
10	**BORROWINGS**				
	Opening	32 884 805 333	17 950 480 881	6 843 339 000	1 086 660 000
	Additions	-	-	-	-
	Repayments	-	-	-	-
	Non cash movements	28 162 420 667	14 934 324 452	54 203 887 000	5 756 679 000
	Closing balance	**61 047 226 000**	**32 884 805 333**	**61 047 226 000**	**6 843 339 000**
	Current	-	-	-	-
	Non-current	61 047 226 000	32 884 805 333	61 047 226 000	6 843 339 000
	Total	**61 047 226 000**	**32 884 805 333**	**61 047 226 000**	**6 843 339 000**

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

		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
11	**OTHER LIABILITIES**				
	Provisions*	41 499 880 747	42 794 183 157	41 499 880 747	7 297 770 881
	Norsad legacy debt future interest payable	-	-	-	-
	Unearned premium reserves				
	Other	7 359 100 395	10 107 348 547	7 359 100 395	2 103 342 615
		48 858 981 142	**52 901 531 704**	**48 858 981 142**	**9 401 113 496**

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

12 DEFERRED TAX ASSET AND LIABILITY

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority. Deferred income taxes are calculated on all temporary differences under the liability method using an effective corporate tax rate of 25.75% (2022: 24.72%) and capital gains tax rate of 20% (2022: 20%).

	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
The movement on the deferred tax account is as follows:				
As at 1 January	(6 451 228 818)	(2 896 968 564)	(1 292 374 826)	(137 150 184)
Statement of profit or loss charge (note 15)	6 262 744 690	(3 827 701 160)	(4 504 025 652)	(1 272 155 128)
Tax charge relating to components of other comprehensive income	2 594 687 610	273 440 906	4 108 725 136	116 930 486
As at 31 December	**2 406 203 482**	**(6 451 228 818)**	**(1 687 675 342)**	**(1 292 374 826)**

		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
12.1	**Analysis of charge in the statement of profit or loss**				
	The deferred tax charge in the statement of profit or loss comprises the following temporary differences:				
	Allowance for loan impairment	(37 079 310)	(23 545 848)	(37 079 310)	(4 899 899)
	Property and equipment allowances	(3 954 822)	(21 345 701)	(3 954 822)	(4 442 048)
	Unrealised gains on foreign exchange and equities	4 422 319 245	2 617 677 985	4 422 319 245	544 739 665
	Accrual for leave pay	(30 936 604)	(27 725 670)	(30 936 604)	(3 955 734)
	Other liabilities	1 912 396 181	(6 372 761 926)	(8 854 374 161)	(1 803 597 113)
	Total	**6 262 744 690**	**(3 827 701 160)**	**(4 504 025 652)**	**(1 272 155 129)**
12.2	**Analysis of charge in the statement of comprehensive income**				
	Property and equipment revaluations	2 586 758 836	273 096 947	4 106 610 469	116 858 908
	Investment in securities at FVOCI	7 928 774	343 959	2 114 667	71 578
		2 594 687 610	**273 440 906**	**4 108 725 136**	**116 930 486**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
12.3	**Deferred income tax assets and liabilities**				
	Deferred tax assets and liabilities are attributable to the following items:				
	Allowance for loan impairment	(37 079 310)	(23 545 849)	(37 079 310)	(4 899 899)
	Financial assets at fair value through other comprehensive income	2 114 667	343 959	2 114 667	71 578
	Property and equipment allowances	(3 954 822)	(21 345 703)	(3 954 822)	(4 442 048)
	Unrealised gains on foreign exchange and equities	4 422 319 245	2 617 677 984	4 422 319 245	544 739 665
	Accrual for leave pay	(38 712 083)	(187 430 419)	(38 712 083)	(11 731 212)
	Prepayments and other assets	613 486 611	613 486 610	20 403 558	20 403 558
	Other provisions	(2 551 970 826)	(9 450 415 400)	(6 052 766 597)	(1 836 516 468)
		2 406 203 482	**(6 451 228 818)**	**(1 687 675 342)**	**(1 292 374 826)**
12.4	**Timing of reversal temporary differences**				
	Deferred income tax assets				
	Deferred tax asset to be recovered after more than 12 months	72 948 890	10 386 466 369	5 881 115 004	2 004 035 867
	Total	**72 948 890**	**10 386 466 369**	**5 881 115 004**	**2 004 035 867**
	Deferred income tax liabilities				
	Deferred tax liability to be recovered after more than 12 months	2 479 152 373	3 935 237 551	4 193 439 662	711 661 041
	Net deferred income tax liability/(asset)	**2 406 203 483**	**(6 451 228 818)**	**(1 687 675 342)**	**(1 292 374 826)**

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

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
13	**REVENUE**				
13.1	**Interest and related income**				
	Loans to investment subsidiaries	11 189 003 558	6 541 002 481	5 802 145 150	931 553 820
		11 189 003 558	**6 541 002 481**	**5 802 145 150**	**931 553 820**
13.2	**Interest and related expense**				
	Norsad Line of Credit	7 285 526 409	3 431 931 942	4 748 983 660	399 647 432
		7 285 526 409	**3 431 931 942**	**4 748 983 660**	**399 647 432**
13.3	**Net gain from Financial Instruments carried at fair value**				
	Net gain on financial assets at fair value through profit or loss	24 517 199 958	13 009 085 466	24 517 199 958	2 707 195 041
		24 517 199 958	**13 009 085 466**	**24 517 199 958**	**2 707 195 041**
13.4	**Other operating income**				
	Dividend income	47 617 409 361	37 519 184 542	23 032 422 650	5 606 367 574
	Management fees	-	30 811 271 619	-	4 892 681 752
	Other	2 383 820 306	4 795 778 518	1 314 464 405	872 554 451
		50 001 229 667	**73 126 234 679**	**24 346 887 055**	**11 371 603 777**
14	**OPERATING EXPENDITURE**				
	Staff costs	67 979 505 489	73 214 059 072	56 552 400 321	12 518 617 610
	Administration expenses	9 242 235 206	7 209 724 465	5 274 901 824	1 365 480 631
	Audit fees-financial statement audit	3 622 395 581	616 606 913	2 369 857 303	111 170 273
	Depreciation	89 332 618	145 854 859	15 623 245	9 249 583
		80 933 468 894	**81 186 245 309**	**64 212 782 693**	**14 004 518 097**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
15	**TAXATION**				
	The following constitute the major components of income tax expense recognised in the statement of comprehensive income				
	Analysis of tax charge in respect of the profit for the year				
	Current income tax charge	(1 013 976 268)	(1 216 527 557)	(1 013 976 268)	(253 159 792)
	Deferred income tax	(6 262 744 690)	3 827 701 160	4 504 025 652	1 272 155 128
	Prior year under provision	-	-	-	-
	Income tax expense	**(7 276 720 958)**	**2 611 173 603**	**3 490 049 384**	**1 018 995 336**
	The income tax rate applicable to the Group`s taxable income for the year ended 31 December 2023 is 24.72% (2022: 24.72%).				
15.1	**Reconciliation of income tax expense**				
	The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 24.72% (2022:24.72%) as follows;				
	Profit before income tax	**47 700 438 145**	**216 417 175**	**27 765 725 509**	**2 211 554 904**
	Income tax charged based on profit for the year at 24.72% (2022: 24.72%)	(11 791 548 309)	(53 498 326)	(6 863 687 346)	(546 696 372)
	Tax effect of:				
	Exempt income				
	dividend income	5 693 614 879	6 659 739 715	5 693 614 879	1 385 894 064
	unrealised fair value gains	6 369 249 884	3 210 175 256	6 369 249 884	668 038 546
	unrealised exchange gains	4 054 561 246	1 968 370 692	4 054 561 246	409 618 600
	Additional/(savings) tax resulting from permanent differences	(1 863 333)	7 047 524	(1 863 333)	1 466 592
	Income subject to tax at lower rates	(2 377 152 146)	(785 949 610)	(3 771 776 667)	(208 683 643)
	Impairment allowance	(32 179 412)	(23 545 849)	(32 179 412)	(4 899 899)
	Expenses not deductible for tax purposes				
	Provisions	(10 252 709 227)	(10 389 410 190)	(10 252 709 227)	(2 162 039 739)
	Other	(80 230 742)	(45 369 860)	(80 230 742)	(9 441 483)
	Assessed losses	-	-	-	-
	Other	1 141 536 202	2 063 614 251	8 375 070 102	1 485 738 670
	Income tax expense	**(7 276 720 958)**	**2 611 173 603**	**3 490 049 384**	**1 018 995 336**
	Effective rate	**(15.3%)**	**1 206.5%**	**12.6%**	**46.1%**
16	**EARNINGS PER SHARE**				
16.1	**Basic earnings per share**				
	Profit attributable to equity holders of the parent	40 423 717 187	2 827 590 778	31 255 774 893	3 230 550 240
	Total	**40 423 717 187**	**2 827 590 778**	**31 255 774 893**	**3 230 550 240**
	Basic earnings per share (ZWL cents)	**6 620.34**	**449.59**	**5 118.87**	**513.66**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

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

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2023				
Issued ordinary shares as at 1 January	671 949 927	61 248 405	610 701 522	610 701 522
Treasury shares purchased	-	158 500	(158 500)	(102 916)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**61 406 905**	**610 543 022**	**610 598 606**
Year ended 31 December 2022				
Issued ordinary shares as at 1 January	671 949 927	34 530 484	637 419 443	637 419 443
Treasury shares purchased	-	26 717 921	(26 717 921)	(8 488 036)
Treasury shares sold	-	-	-	-
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**61 248 405**	**610 701 522**	**628 931 407**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
16.2 Diluted earnings per share				
Diluted earnings per share is calculated after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Company does not have dilutive ordinary shares.				
Earnings				
Profit attributable to equity holders of the parent	40 423 717 187	2 827 590 778	31 255 774 893	3 230 550 240
Total	**40 423 717 187**	**2 827 590 778**	**31 255 774 893**	**3 230 550 240**
Weighted average number of ordinary shares at 31 December	**610 598 606**	**628 931 407**	**610 598 606**	**628 931 407**
Diluted earnings per share (ZWL cents)`	**6 620.34**	**449.59**	**5 118.87**	**513.66**
16.3 Headline earnings per share				
Profit attributable to equity holders of the parent	40 423 717 187	2 827 590 778	31 255 774 893	3 230 550 240
Adjusted for excluded remeasurements	-	-	-	-
Headline earnings	**40 423 717 187**	**2 827 590 778**	**31 255 774 893**	**3 230 550 240**
Weighted average number of ordinary shares at 31 December	**610 598 606**	**628 931 407**	**610 598 606**	**628 931 407**
Headline earnings per share (ZWL cents)	**6 620.34**	**449.59**	**51 18.87**	**513.66**
16.4 Diluted headline earnings per share				
Diluted headline earnings per share is calculated after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have dilutive ordinary shares.				
Profit attributable to equity holders of the parent	40 423 717 187	2 827 590 778	31 255 774 893	3 230 550 240
Adjusted for excluded remeasurements	-	-	-	-
Diluted headline earnings	**40 423 717 187**	**2 827 590 778**	**31 255 774 893**	**3 230 550 240**
Weighted average number of ordinary shares at 31 December	**610 598 606**	**628 931 407**	**610 598 606**	**628 931 407**
Headline earnings per share (ZWL cents)	**6 620.34**	**449.59**	**51 18.87**	**513.66**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

17 FINANCIAL RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:
- Credit risk, interest rate risk, price risk, liquidity risk and foreign exchange risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these inflation adjusted financial statement

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risk in close cooperation with the operating units. The Board provides written principles for overall risk manage

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:
a) Amounts due from related parties
b) Balances with bank and cash
c) Amounts due to related parties
d) Borrowings
e) Financial assets at fair value through profit or loss
f) Financial assets at fair value through other comprehensive income
g) Other liabilities

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

17.1 Fair value of assets and liabilities

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

	INFLATION ADJUSTED				HISTORICAL COST			
As at 31 December 2023	**Quoted market prices Level 1 ZWL**	**Significant Observable inputs Level 2 ZWL**	**unobservable inputs Level 3 ZWL**	**Total ZWL**	**Quoted market prices Level 1 ZWL**	**Significant Observable inputs Level 2 ZWL**	**unobservable inputs Level 3 ZWL**	**Total ZWL**
Assets								
Financial assets at fair value through profit or loss	55 898 158 608	-	-	55 898 158 608	55 898 158 608	-	-	55 898 158 608
Financial assets at fair value through other comprehensive income	-	-	42 959 451	42 959 451	-	-	42 959 451	42 959 451
Property and equipment	-	-	19 197 208 800	19 197 208 800	-	-	19 197 208 800	19 197 208 800
Liabilities	-	-	-	-	-	-	-	-
As at 31 December 2022								
Assets								
Financial assets at fair value through profit or loss	34 171 903 894	-	14 968 837 828	49 140 741 722	7 111 184 641	-	3 115 020 164	10 226 204 805
Financial assets at fair value through other comprehensive income	572 801 702	-	69 467 216	642 268 918	119 200 226	-	14 456 151	133 656 377
Property and equipment	-	-	9 013 996 069	9 013 996 069	-	-	1 875 815 600	1 875 815 600
Liabilities	-	-	-	-	-	-	-	-

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

17 FINANCIAL RISK MANAGEMENT (continued)
17.1 Fair value of assets and liabilities (continued)

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on valuations of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable possible alternative valuations, The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods. Land under level 3 is a commercial property. Refer to property and equipment note 8.

Unlisted equity investments

Since the prices are not readily determinable, fair value is based on internal valuation models and management estimates of amounts that could be realized under current market conditions.

The key unobservable input in determining fair values for these investment has been the net asset value. The translation of part of these investments that are foreign currency denominated is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset is not active, or quoted prices cannot be obtained without undue effort, the company uses the next closest available net asset value per share based on the most recent published financial statements of companies we are invested in.

Borrowings

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant due to the market terms (rates and tenor) available. The fair value of the non current portion, for purposes of this disclosure are based on cash flows discounted using a rate based on the contractual borrowing rates which is an observable input. Therefore borrowings are within level 3 of the fair value hierarchy. The carrying amount equals the carrying amounts for borrowings

Amounts due from related parties

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

Amounts due to related parties and other payables

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

17.2 Financial instruments by category

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Financial assets				
At amortised cost				
Balances with bank and cash	47 039 788 728	28 165 613 238	47 039 788 728	5 861 273 545
Amounts due from related parties	36 926 250 404	24 084 950 395	36 926 250 404	5 012 086 242
At fair value through profit or loss				
Financial assets at fair value through profit or loss	55 898 158 608	49 140 741 722	55 898 158 608	10 226 204 805
Financial assets at fair value through other comprehensive income	42 959 451	642 268 918	42 959 451	133 656 377
	139 907 157 191	**102 033 574 273**	**139 907 157 191**	**21 233 220 969**
Financial liabilities				
At amortised cost				
Borrowings	61 047 226 000	32 884 805 333	61 047 226 000	6 843 339 000
Amounts due to related parties	21 516 996 405	28 604 915 204	21 516 996 405	5 952 692 432
Other liabilities	1 454 612 697	1 824 954 840	1 454 612 697	379 773 712
	84 018 835 102	**63 314 675 377**	**84 018 835 102**	**13 175 805 144**

Financial instruments not measured at fair value

Financial instruments not measured at fair value include balances with bank and cash, amounts due from related parties, amounts due to related parties, borrowings, and other liabilities. The carrying value of these instruments approximates their fair value.

Notes to the Company Financial Statements (Continued)

For the year ended 31 December 2023

17 FINANCIAL RISK MANAGEMENT (continued)

17.3 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from amounts due from related parties. The credit risk with respect to amounts due from related parties is limited to intercompany balances shareholder loans to subsidiaries. Further disclosures regarding amounts due from related parties are provided in note 2. The carrying amounts of financial assets represent the maximum credit exposure.

17.4 Reconciliation of Amounts due from related parties

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Past due and impaired	-	-	-	-
Allowance for impairment	-	-	-	-
Carrying amount	**-**	**-**	**-**	**-**
Past due but not impaired	-	-	-	-
Niether past due nor impaired	37 076 247 614	24 180 200 588	37 076 247 614	5 031 907 839
Gross amount	**37 076 247 614**	**24 180 200 588**	**37 076 247 614**	**5 031 907 839**
Allowance for impairment	(149 997 210)	-	(149 997 210)	-
Carrying amount	**36 926 250 404**	**24 180 200 588**	**36 926 250 404**	**5 031 907 839**
Total carrying amount	**36 926 250 404**	**24 180 200 588**	**36 926 250 404**	**5 031 907 839**

As at 31 December 2023, amounts due from related parties amounting to ZWL37 076 247 106 (2022 : ZWL5 031 907 839) both in inflation adjusted terms and in historical cost terms were neither past due nor impaired. These relate to intercompany balances shareholder loans to subsidiaries.

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

17 FINANCIAL RISK MANAGEMENT (Continued)

17.5 Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations promptly in respect of all maturing liabilities, increase in financing assets, including commitments and any other financial obligations, or will only able to do so at materially disadvantageous terms. Day-to-day liquidity management is performed by management within Board approved credit limits, such that there is sufficient liquidity to fund probable operational cash flow requirements on a monthly basis. The amounts disclosed in the table below are the contractual undiscounted cash flows:

Inflation Adjusted

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
As at 31 December 2023					
Liabilities					
Borrowings	-	61 047 226 000	-	-	61 047 226 000
Amounts due to related parties	21 516 996 405	-	-	-	21 516 996 405
Other liabilities		1 454 612 697	-	-	1 454 612 697
	21 516 996 405	**62 501 838 697**	**-**	**-**	**84 018 835 102**
Assets					
Balances with banks and cash	47 039 788 728	-	-	-	47 039 788 728
Amounts due from related parties	36 926 250 404	-	-	-	36 926 250 404
Financial assets at fair value through other comprehensive income	42 959 451	-	-	-	42 959 451
Financial assets at fair value through profit or loss	55 898 158 608	-	-	-	55 898 158 608
Other assets	222 604 810	-	-	-	222 604 810
	140 129 762 001	**-**	**-**	**-**	**140 129 762 001**
Liquidity gap	**118 612 765 596**	**(62 501 838 697)**	**-**	**-**	**56 110 926 899**
Cumulative liquidity gap-on balance sheet	**118 612 765 596**	**56 110 926 899**	**56 110 926 899**	**56 110 926 899**	**-**
As at 31 December 2022					
Liabilities					
Borrowings	-	-	32 884 805 333	-	32 884 805 333
Amounts due to related parties	28 604 915 204	-	-	-	28 604 915 204
Other liabilities	-	1 824 954 840	-	-	1 824 954 840
	28 604 915 204	**1 824 954 840**	**32 884 805 333**	**-**	**63 314 675 377**
Assets					
Balances with banks and cash	28 165 613 238	-	-	-	28 165 613 238
Amounts due from related parties	24 084 950 395	-	-	-	24 084 950 395
Financial assets at fair value through other comprehensive income	642 268 918	-	-	-	642 268 918
Financial assets at fair value through profit or loss	49 140 741 722	-	-	-	49 140 741 722
Other assets	3 008 371 387	-	-	-	3 008 371 387
	105 041 945 660	**-**	**-**	**-**	**105 041 945 660**
Liquidity gap	**76 437 030 456**	**(1 824 954 840)**	**(32 884 805 333)**	**-**	**41 727 270 283**
Cumulative liquidity gap-on balance sheet	**76 437 030 456**	**74 612 075 616**	**41 727 270 283**	**41 727 270 283**	**-**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

Historical Cost

	Up to 3 months ZWL	Between 3 and 12 months ZWL	Between 1 and 2 years ZWL	Over 2 years ZWL	Total ZWL
As at 31 December 2023					
Liabilities					
Borrowings	-	61 047 226 000	-	-	61 047 226 000
Amounts due to related parties	21 516 996 405	-	-	-	21 516 996 405
Other liabilities	-	1 454 612 697	-	-	1 454 612 697
	21 516 996 405	**62 501 838 697**	**-**	**-**	**84 018 835 102**
Assets					
Balances with banks and cash	47 039 788 728				47 039 788 728
Amounts due from related parties	36 926 250 404				36 926 250 404
Financial assets at fair value through other comprehensive income	42 959 451				42 959 451
Financial assets at fair value through profit or loss	55 898 158 608				55 898 158 608
Other assets	222 604 817	-			222 604 817
	140 129 762 008	**-**	**-**	**-**	**140 129 762 008**
Liquidity gap	**118 612 765 603**	**(62 501 838 697)**	**-**	**-**	**56 110 926 906**
Cumulative liquidity gap-on balance sheet	**118 612 765 603**	**56 110 926 906**	**56 110 926 906**	**56 110 926 906**	**-**
As at 31 December 2022					
Liabilities					
Borrowings	-	-	6 843 339 000		6 843 339 000
Amounts due to related parties	5 952 692 432	-	-	-	5 952 692 432
Other liabilities	-	379 773 712		-	379 773 712
	5 952 692 432	**379 773 712**	**6 843 339 000**	**-**	**13 175 805 144**
Assets					
Balances with banks and cash	5 861 273 545				5 861 273 545
Amounts due from related parties	5 012 086 242				5 012 086 242
Financial assets at fair value through other comprehensive income	133 656 377				133 656 377
Financial assets at fair value through profit or loss	10 226 204 805				10 226 204 805
Other assets	626 043 093	-			626 043 093
	21 859 264 062	**-**	**-**	**-**	**21 859 264 062**
Liquidity gap	**15 906 571 630**	**(379 773 712)**	**(6 843 339 000)**	**-**	**8 683 458 918**
Cumulative liquidity gap-on balance sheet	**15 906 571 630**	**15 526 797 918**	**8 683 458 918**	**8 683 458 918**	**-**

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

17.6 Market risk

Market risk is the risk that the value of a financial position or portfolio will decline due to adverse movements in market rates.

a) Price - The Company does trade in equities therefore, is significantly exposed to price risk fluctuations. The price risk exposures on equities is material as the equities are listed on the Zimbabwe Stock Exchange. The Company is not exposed to commodity price risk.

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

	31 December 2023		
	ZWL	Change	Effect on profit before tax ZWL
Financial assets at fair value through profit or loss	24 517 199 958	25%	6 129 299 990

b) Foreign exchange risk - Emanating from transactions with local, regional and international financiers, the foreign exchange risk arises from fluctuations in foreign exchange rates on assets and liabilities denominated in a currency other than the ZWL. As at 31 December 2023, the company held both receivables and liabilities and is, therefore, exposed to foreign exchange risk. Included in the financial statements are liabilities relating to lines of credit owed to foreign suppliers at a US$/ZWL closing rate of ZWL6104.7226: US$ 1.

31 December 2023			
	Foreign currency amount (US$)	Rate of exchange	Equivalent ZWL
Norsad lines of credit	10 000 000	6104.7226	61 047 226 000
Money market	7 284 569	6104.7226	44 470 275 376
Amounts due from related parties	5 467 683	6104.7226	33 378 687 685
Amounts due to related parties	418 632	6104.7226	2 555 631 909
USD nostro balance	177 948	6104.7226	1 086 321 407

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

	31 December 2023		
	ZWL	Change	Effect on profit before tax ZWL
Financial assets at fair value through profit or loss	42 191 435 312	10%	4 219 143 531

17.7 Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets, liabilities and capital. The Company held interest bearing liabilities as at 31 December 2023. The following table demonstrates the sensitivity to a change in interest bearing debts. With all other variables held constant, the Company's profit before tax and equity are affected as follows:

	Profit or loss ZWL	
Interest rate repricing	**Increase**	**Decrease**
2023		
5% Interest rate movement	(364 276 320)	364 276 320
2022		
5% Interest rate movement	(171 596 597)	171 596 597

Notes to the Company Financial Statements (Continued)
For the year ended 31 December 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
18	**SHARE CAPITAL AND SHARE PREMIUM**				
18.1	**Authorised**				
	Number of ordinary shares, with a nominal value of ZWL0,00001	800 000 000	800 000 000	800 000 000	800 000 000
18.2	**Issued and fully paid**				
	Number of ordinary shares, with a nominal value of ZWL0,00001	671 949 927	671 949 927	671 949 927	671 949 927

18.3	**Share capital movement**	**Number of Shares**	**Share Capital ZWL**	**Share Premium ZWL**	**Total ZWL**
	INFLATION ADJUSTED				
	As at 31 December 2023	**671 949 927**	**6 891 478**	**14 444 692 455**	**14 451 583 933**
	As at 31 December 2022	**671 949 927**	**6 891 478**	**14 444 692 455**	**14 451 583 933**
	HISTORICAL COST				
	As at 31 December 2023	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
	As at 31 December 2022	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.

19	**OTHER RESERVES**				
	Revaluation reserves	14 738 587 894	4 956 301 252	17 644 259 382	1 900 138 496
	Non distributable reserves	67 234 690 107	67 234 690 107	1 413 989 121	1 413 989 121
	Financial assets at fair value through other comprehensive income reserve	3 769 256 294	3 248 600 137	279 974 766	131 610 546
	Treasury shares reserves	(25 898 942 675)	(25 808 061 607)	(1 744 435 142)	(1 718 562 891)
		59 843 591 620	**49 631 529 889**	**17 593 788 127**	**1 727 175 272**

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

Non-distributable reserves are the net result of the restatement of assets and liabilities that could be recovered or settled in a currency other than the Zimbabwe dollar ("ZWL") or could be reasonably translated into a currency other than the ZWL as at 1 January 2009, less deferred income tax and net of amounts subsequently transfered to share capital and share premium. Financial assets at fair value reserve comprises the changes in the fair value of financial assets at fair value through other comprehensive income, net of tax. Treasury share reserve represents shares the Company has issued and subsequently reacquired.

20 SUBSEQUENT EVENTS

There were no material events subsequent to 31 December 2023 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements or equivalent.

Shareholding Information
For the year ended 31 December 2023

Spread of shareholding

Range	Shareholders Number	% of Holders	Shares held Number('000)	% of Shares
0 - 500	5473	64.88	1 209 987	0.18
501 - 1.000	973	11.54	685 492	0.10
1.001 - 10.000	1486	17.62	4 613 636	0.69
10.001 - 50.000	299	3.54	6 413 709	0.95
50.001 - 100.000	66	0.78	4 843 362	0.72
100.001 - 500.000	81	0.96	18 163 975	2.70
500.001 - 1.000.000	12	0.14	8 790 056	1.31
1.000.001 - 10.000.000	35	0.41	130 825 343	19.47
10.000.001 -	10	0.12	496 404 367	73.88
Total	**8 435**	**100.00**	**671 949 927**	**100.00**

Analysis of shareholding

Industry	Shares held Number ('000)	%
Banks	54 760	0.01
Companies	276 716 078	41.18
Employee	780 592	0.12
Deceased Estate	12 082	0.00
External Companies	3 265 384	0.49
Fund Managers	42 109	0.01
Insurance Companies	841 354	0.13
Investment Trusts And Property	322 773	0.05
Local Resident	25 706 241	3.83
Nominees Local	5 570 657	0.83
Non Residents	720 754	0.11
Non Resident Individual	8 716 395	1.30
Other Corporate Holdings	44 936	0.01
Pension Fund	349 155 812	51.96
Total	**671 949 927**	**100.00**

Top ten shareholders

Institution	Shares held Number('000)	%	Beneficiaries
NATIONAL PENSION SCHEME	236 037	35.13	The country's national pension scheme
PUBLIC SERVICE FUND 2 - OLDM	76 109	11.33	The country's civil service pension scheme
FBC HOLDINGS LIMITED	54 494	8.11	Treasury Shares
TIRENT INVESTMENTS (PRIVATE) LIMITED	45 842	6.82	Dr. John Mushayavanhu
CASHGRANT INVESTMENTS (PVT) LTD.	27 620	4.11	DMH Law Firm
STRAUSS ZIMBABWE (PVT)LTD.	17 126	2.55	Joshi Family
STANBIC NOMINEES (PRIVATE) LIMITED	13 508	2.01	Various local Shareholders
VIDRYL INTERNATIONAL (PVT)LTD.	11 408	1.70	Trynos Kufazvinei
DINKRAIN INVESTMENTS	11 348	1.69	Trynos Kufazvinei
KETAN JOSHI	10 914	1.62	Ketan Joshi
Total	**504 406**	**75.07**	

Performance on the Zimbabwe Stock Exchange

	2023	2022
Number of shares in issue	671 949 927	671 949 927
Market prices (ZWL cents per share)		
Closing	90 605	6 200.00
High	140 000	8 000.00
Low	5 100	2 900.00
Market Capitalisation (ZWL)	**608 820 231 358**	**41 660 895 474**

Notice of Annual General Meeting

Notice is hereby given that the Twentieth Annual General Meeting of Shareholders of FBC Holdings Limited will be held in the Main Lounge, Royal Harare Golf Club, 5th Street Extension, Harare on Thursday, 27 June 2024 at 1500 hours.

Agenda

1. To receive, consider and adopt the financial statements and the reports of the directors and auditors of the Company for the financial year ended 31 December 2023.

2. To sanction the dividend paid. An interim dividend for the six months ended 30 June 2023 of USD 0.45 cents per share on 671 949 927 ordinary shares in issue was declared on 31 August 2023 and paid in September 2023. A final dividend of USD 0.45 cents per share on 671 949 927 ordinary shares in issue was declared on 28 March 2024 and paid in April 2024.

3. To elect Directors of the Company.

3.1 In terms of Article 95 of the Company's Articles of Association, Messrs. Gary Colins, Canada Malunga and Rutenhuro Moyo retire by rotation. Being eligible, Mr. Colins, Mr. Malunga and Mr. Moyo are offering themselves for re-election. The directors will be re-elected by separate resolutions.

3.2. To confirm the appointment of Mr. Abel Magwaza to the Board.

3.3. To note the resignation of Dr John Mushayavanhu from the Board.

4. To approve the remuneration of the Directors for the past financial year.

5. To approve the remuneration of the auditor for the past audit and to re-appoint Messrs. KPMG Chartered Accountants as auditor of the Company. KPMG are on their fourth year of auditing the Group.

6. Special business

Share buy-back as special resolutions.

To consider, and if deemed fit, to resolve by way of special resolution with or without modification the following:

6.1 Purchase of own shares

That the Directors be and hereby authorized in terms of section 50 of the Company's Articles of Association and Section 128(1) of the Companies and Other Business Entities Act (Chapter 24:31) to purchase the Company's own shares subject to the following terms and conditions: The purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% (five percent) nor 5% (five percent) below the weighted average trading price for such ordinary shares traded over (5) business days immediately preceding the date of purchase of such shares by the Company.

6.2 The shares to be acquired under this resolution shall be ordinary shares in the Company and the maximum number of shares which may be acquired under this resolution shall be 10% (ten percent) of the ordinary shares of the Company in issue prior to the date of this resolution.

6.3 This authority shall expire on the date of the Company's next Annual General Meeting.

6.4 That the shares purchased according to this resolution shall be utilized for treasury purposes.

6.5. The shares to be acquired under this resolution will be disposed of within a period of 12 months from the date of this resolution.

Directors' statement

In relation to the aforesaid proposed resolution, the Directors of the Company state that:-

(i) The Company is in a strong financial position and will, in the ordinary course of business, be able to pay its debts for a period of 12 months after the Annual General Meeting.

(ii) The assets of the Company will be in excess of its liabilities for a period of 12 months after the Annual General Meeting.

(iii) The ordinary capital and reserves of the Company will be adequate for a period of 12 months after the Annual General Meeting.

(iv) The working capital of the Company will be adequate for a period of 12 months after the Annual General Meeting.

7. To transact all such other business as may be transacted at an Annual General Meeting.

A member of the company entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. To be effective, proxy forms must be delivered or posted to the Transfer Secretaries, First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, P O Box 11, Harare or to the Company Secretary, 6th Floor, FBC Centre, 45 Nelson Mandela, Harare so as to reach either of these addresses not later than 1200 hours on Tuesday, 25 June 2024.

By Order of the Board

Tichaona Mabeza
Company Secretary

6th Floor, FBC Centre
45 Nelson Mandela Avenue
HARARE
5 June 2024

Proxy Form
For the year ended 31 December 2023

I/We ……
Names(in block letters)

of ……
(address in block letters)

Being (a) member(s) of the Company and entitled to vote, do hereby appoint……………………………………………………………

………

Or, failing him/her ……

as my/our proxy to attend and speak and vote for me/us and on my/our behalf at the Annual General Meeting of members of the Company to be held on Thursday, 27 June 2024 at 1500 hours and at any adjournment thereof, as follows:-

				In favour of	Against	Abstain
1	Resolution to adopt the company annual financial statements					
2	Resolution to sanction payment of dividend					
3	3.1.	Resolution to re-elect retiring directors				
		3.1.1	Resolution to elect Gary Colins			
		3.1.2	Resolution to elect Canada Malunga			
		3.1.3	Resolution to elect Rutenhuro Moyo			
		3.2	Resolution to confirm the appointment of Abel Magwaza			
4	Resolution to approve the remuneration of the directors					
5	Resolution to approve the remuneration of auditors, KPMG Chartered Accountants and to re-appoint them					
6	Resolution to purchase the company's own shares					

Please indicate with an 'X' in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she thinks fit.

A member of the company entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

Signed at……………………………………………………………on………………………………………………………………2024

Full name(s) ……
(in block letters)

Signature(s) ……

Notes:
To be effective, proxy forms must be delivered or posted to the Transfer Secretaries, First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, P O Box 11, Harare or to the Company Secretary, 6th Floor, FBC Centre, 45 Nelson Mandela, Harare so as to reach this address not later than 1200 hours on Tuesday, 25 June 2024.

FBC Holdings Limited

You Matter Most

www.fbc.co.zw