



Annual Report 2021



A Responsive Bank to help you realize your vision

We are here to help you realize your vision by responding to your business needs timeously. We believe in helping your business achieve its goals with tailormade solutions to suit your everchanging business needs.

Call us on 08080093-6,
Contact Centre Team +2638677007336 or Corporate +263
242 250 579 for timeous assistance.

#Believe in the Big Bank

Botswana • Malawi • Mozambique • Zambia • Zimbabwe

First Capital Bank is a Registered Commercial Bank and a member of the Deposit Protection Scheme.

Belief comes first.     

www.firstcapitalbank.co.zw

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Corporate Information

FIRST CAPITAL BANK LIMITED

Registered Office

Cnr Jason Moyo Ave./First Street
P.O Box 1279
Harare

Company Registration Number:

148/81

Date of Incorporation:

11 February 1981

Company Secretary:

James Muchando

Auditors:

Deloitte & Touche Zimbabwe
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
P O Box 267
Harare Zimbabwe
Tel: +263 (0) 867 700 0261
Web address: www.deloitte.com

Transfer Secretaries:

Corpserve (Private) Limited
2nd Floor, ZB Centre,
Kwame Nkrumah Ave
Harare
email: corpserve@escrowgroup.org

Board of Directors:

Patrick Devenish (Chairman)
Ciaran McSharry (Managing Director)
Fanuel Kapanje (Chief Finance Officer)
Hitesh Anadkat
Tembiwe Moyo
Acquiline Chinamo
Kevin Terry
Kiritkumar Naik
Sara Moyo
Mahendra Gursahani

Contact details

Phone: +263 8677 007335 or +263758280-9

Other general lines

+263 8677 007336
+263 242 250579
+263 772 192865
+263 772 192868
+263 772 192869
+263 772 192872
+263 772 192874

Email: customer-service@firstcapitalbank.co.zw

You may also reach us through our 24-hour call centre on any of the following numbers:
Econet toll free-08080093-6

Web address: www.firstcapitalbank.co.zw

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Notice is hereby given that the Forty-First Annual General Meeting of Shareholders of First Capital Bank Limited will be held virtually at <https://eagm.creg.co.zw/eagmZim/login.aspx> on Thursday the 5th of May 2022, at 1500 hours for the purpose of transacting the following business:-

ORDINARY BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass the following ordinary resolutions, with or without amendment:-

1. Financial Statements and Statutory Reports

To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2021.

2. Dividend

To confirm the payment of an interim dividend of 5 ZWL cents per share in September 2021 and a second interim dividend of 38.61 ZWL cents per share in April 2022, giving a total dividend of 43.61 ZWL cents per share for the financial year ended 31 December 2021.

3. Directorate

3.1 To approve the re-election of a director. Mrs S. Moyo retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mrs. S. Moyo offers herself for re-election.

3.2 To approve the re-election of a director. Mr. K. Naik retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr. K. Naik offers himself for re-election.

3.3 To approve the re-election of a director. Mr. K. Terry retires as a director of the Company, in terms of Article 102 of the Articles of Association. Being eligible in terms of Article 104 of the Articles of Association, Mr. K. Terry offers himself for re-election.

3.4 To note the resignation of Mr. Taitos Mukuku, who resigned as Chief Finance Officer of the Company and as an Executive Director of the Company with effect from 1 October 2021.

3.5 To note the appointment of Mr. Fanuel Kapanje as Chief Finance Officer of the Company, and as an Executive Director, of the Board, with effect from 2 December 2021.

4. Director's Remuneration

To approve directors' fees and remuneration for the year ended 31 December 2021.

5. External Auditors

To approve the remuneration of the auditors for the previous year and to re-appoint Messrs Deloitte & Touche Chartered Accountants as auditors for the current year.

(Note The Bank has adopted the requirements of the Companies and Other Business Entities Act (Chapter 24:31): Section 191 (11) and the ZSE Listing Requirements (SI 134/2019): Section 69 (6) from the date of enactment. Messrs Deloitte and Touche have been auditors to the Bank for a period of 3 years. The Bank is in compliance with the relevant laws and regulations.)

Notes

In terms of the Companies and Other Business Entities Act (Chapter 24:31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms must be lodged at the registered office of the company or at the registered office of the Company's Transfer Secretaries, Corpserve 2nd Floor, ZB Centre, Kwame Nkrumah Ave, or emailed to corpserve@escrowgroup.org not less than 48 hours before the time appointed for the meeting.

Meeting details

- Members are hereby advised to contact our Transfer Secretaries Corpserve on +263772289768 and +263779145849 or corpserve@escrowgroup.org for assistance with any matter regarding the online eAGM processes.

Audited Financial Statements and Annual Report

The electronic copies of the Company's 2021 Annual Report, the financial statements and the Directors and Independent Auditors reports for the year ended 31 December 2021 are available on the Company's website www.firstcapitalbank.co.zw



By Order of the Board
James Muchando
Company Secretary

Barclay House
Cnr. First Street / Jason Moyo Avenue
Harare

14 April 2022

Profiles of Retiring Directors

Sara Nyaradzo Moyo

Independent Non-Executive Director

Sara Nyaradzo Moyo is an IP Attorney and the Senior Partner of Honey & Blanckenberg. She is a member of a number of local and international business and professional organisations and a contributor to the Kluwer Manual on Intellectual Property and to the LBR Art Law Review.

Kiritkumar Naik

Independent Non – Executive Director

Kiritkumar Naik is the Managing Director of Rank Zimbabwe, a conglomerate in the stationery and plastics industry which also has an extensive real estate and equity portfolio. He holds an advanced diploma in Mechanical Engineering from City & Guilds Institute, London. He is a renowned entrepreneur with vast business leadership experience gained from the various directorships he has held in several corporate entities including TSL Limited, ART Corporation and Nicoz Diamond.

Kevin Terry

Independent Non-Executive Director

Kevin Terry holds a Bachelor of Laws Degree from the University of Zimbabwe. He has a wealth of knowledge and experience in banking gained from his extensive career in the financial services sector with the Old Mutual Group. Currently, he chairs the Boards of St Georges College, Childline Zimbabwe Society, Mangwana Opportunities (Private) Limited and EFT Services (Private) Limited. Kevin is also an Arbitrator with the Commercial Arbitration Centre of Zimbabwe.

POSify with First Capital Bank.



TOP 20 SHAREHOLDERS: SCHEDULE AS AT : 31-December-2021

Names	Shares	Percentage
AFCARME ZIMBABWE HOLDINGS (PVT) LTD	1,134,268,206	52.51
1912 EMPLOYEE SHARE OWNERSHIP TRUST	322,998,026	14.95
OLD MUTUAL LIFE ASS CO ZIM LTD	101,665,728	4.71
STANBIC NOMINEES (PVT) LTD	79,935,985	3.70
BARCLAYS ZIMBABWE NOMINEES P/L	53,000,670	2.45
SCB NOMINEES 033667800001	47,269,394	2.19
AMAVAL INVESTMENTS (PVT) LTD	37,929,816	1.76
HITESH ANADKAT	30,746,051	1.42
PUBLIC SERVICE COMMISS PF-ABC	22,487,106	1.04
DINKRAIN INVESTMENTS	20,328,478	0.94
NSSA STAFF PENSION FUND - ABC	18,491,090	0.86
RUMBIDZAI DAHWA	14,709,745	0.68
MORGAN AND CO MULTI-SECTOR ETF	13,777,900	0.64
HIPPO VALLEY ESTATES PF-IMARA	12,028,506	0.56
DANCHEN INVESTMENTS	10,932,348	0.51
MUNDELL FAMILY TRUST	7,937,816	0.37
LHG MALTA HOLDINGS LIMITED	6,974,147	0.32
NATIONAL FOODS P F-IMARA	6,160,560	0.29
AVENELL INVESTMENTS (PVT) LTD	9,803,832	0.45
ANGLO AMERICAN ASS CO PF-IMARA	5,538,957	0.26
Selected Shares	1,956,984,361	90.59
Non - Selected Shares	203,221,568	9.41
Issued Shares	2,160,205,929	100.00

ANALYSIS BY VOLUME AS AT : 31-December-2021

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	8,690,934	0.40	5,526	61.89
5001-10000	6,467,582	0.30	947	10.61
10001-25000	21,617,686	1.00	1,293	14.48
25001-50000	22,816,636	1.06	690	7.73
50001-100000	11,712,713	0.54	173	1.94
100001-200000	14,629,404	0.68	103	1.15
200001-500000	24,754,607	1.15	75	0.84
500001-1000000	25,811,949	1.19	38	0.43
1000001 and Above	2,023,704,418	93.68	84	0.94
Totals	2,160,205,929	100.00	8,929	100.00

ANALYSIS BY INDUSTRY AS AT : 31-December-2021

Industry	Shares	Shares %	Shareholders	Shareholders %
Financial service -majority shareholder	1,134,268,206	52.51	01	0.01
Employee Share Ownership Trust	322,998,026	14.95	01	0.01
Pension Funds	216,529,116	10.02	136	1.52
Insurance companies	106,842,854	4.95	12	0.13
Individuals	142,174,681	6.58	7,468	83.64
Nominee Companies	80,622,563	3.73	111	1.24
Financials organisations	56,679	0.00	10	0.11
Other	156,713,804	7.25	1,190	13.33
Totals	2,160,205,929	100.00	8,929	100.00

Our Heritage

Our History

First Capital Bank Zimbabwe Limited first opened for business in Zimbabwe in 1912, operating continuously as Barclays Bank of Zimbabwe until 2017 when FMBCapital Holdings PLC, a Mauritius registered entity listed on the Malawi Stock Exchange, acquired a controlling interest in the business leading to the change of name and rebranding that ensued. FMBCapital Holdings PLC, also known as First Capital Bank Group, has operations in Botswana, Malawi, Mozambique, Zambia, Botswana and Zimbabwe. First Capital Bank Zimbabwe Limited is listed on the Zimbabwe Stock Exchange and registered as a commercial bank.

The Bank operates one of the biggest and oldest commercial banking networks in Zimbabwe with 25 branches and service centres in major cities and towns.

Our Purpose

We exist as a business to service the financial needs of our customers to enable them to achieve their extraordinary.

Our Values

First Capital Bank is guided by the following core values:

Collaboration

We have cultivated a culture of working together for a common purpose in order to achieve our common goals.

Citizenship

We take an active role in making the community and organisation a better place to live and work in.

Integrity

We build trust through strong moral principles, responsible actions, and honest relationships

Service Excellence

We are committed to superior customer experience, every time we interact with our stakeholders.

Innovation

We encourage thoughtful, creative, and inspirational ideas that will enhance our solutions.

Our Company Structure

First Capital Bank Limited provides retail, corporate, and investment banking services in Zimbabwe. The company operates through three divisions which are:

Retail Banking,

The Retail Banking segment offers private customer current accounts, savings accounts, deposits, investment savings products, custody services, credit and debit cards, and consumer loans and mortgages, and direct debit facilities services.

Corporate and Investment Banking

Provides current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency products, and direct debit facilities services. This includes small to medium enterprises.

Treasury

Treasury deals with Fixed and call deposits as well as treasury bills.

Our Products

We operate in all sectors of the Zimbabwean market servicing the needs of the following market segments:

Corporate

Commercial products include the following exciting products:

- Corporate Accounts-Current Account, Investments accounts, Foreign Currency Accounts, Non-Profit Organisations.
- Trade-Letters of Credit, International Guarantees, and Collection bills
- Lending facilities
- Payments-Bill Payments, Tax Payment Services, RTGS/EFT, Vendor Payments, Payroll Processing.
- Receivable Management-Cash Management, Point of Sale and Disbursement/Collection Solutions
- Digital banking- Infini-pay and Corporate Internet banking
- Cards - Visa Business Debit Cards

Personal

The Bank offers a wide range of personal products that includes

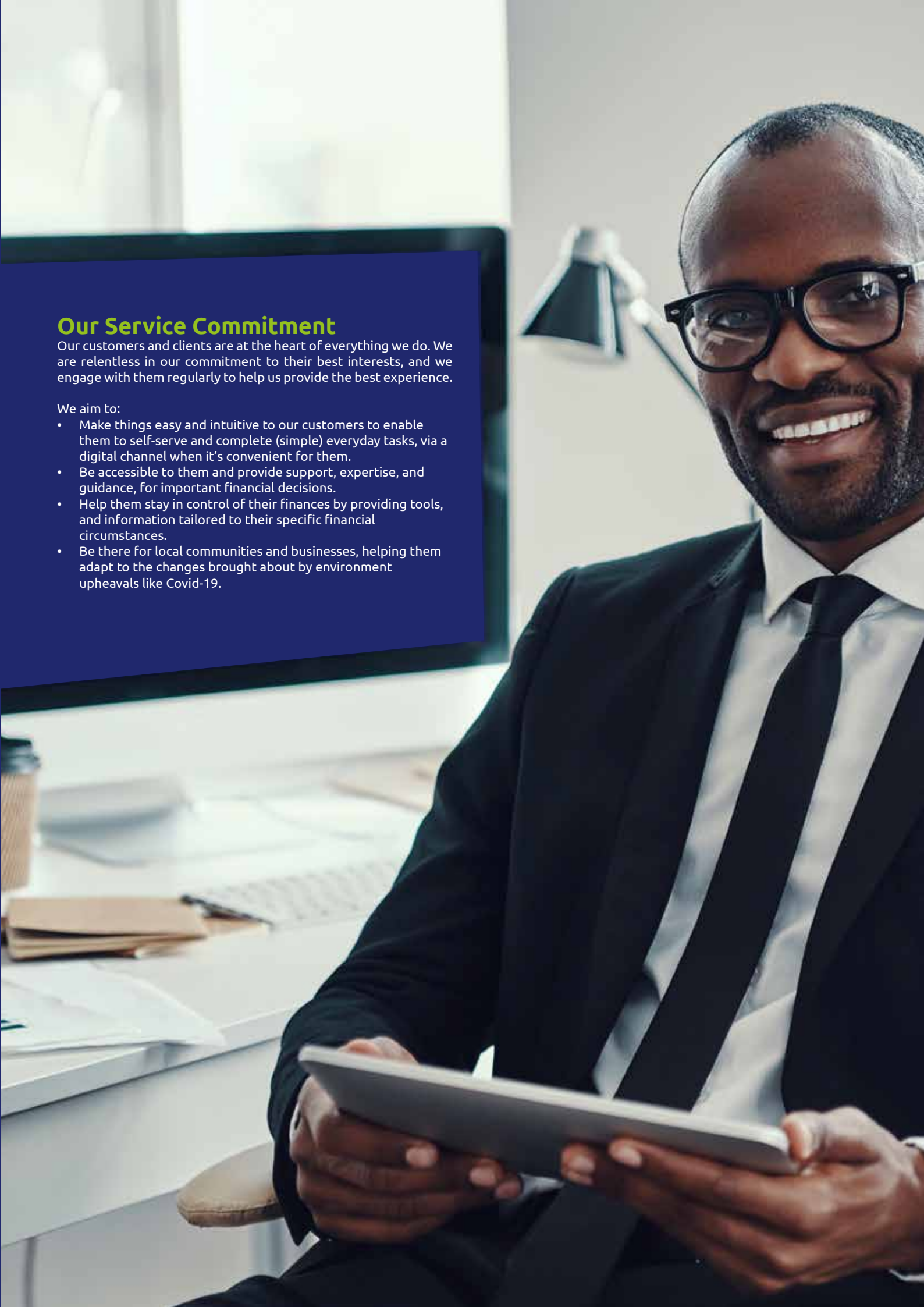
- Personal Banking-First banking, Prestige banking, Premier banking, Diaspora banking and Youth banking
- Investments Accounts-Fixed deposits and Call deposits
- Money transfer- RIA Money transfer and Hello Paisa Money Transfer.
- Insurance- Motor vehicle, Home, Travel, Funeral and Hospital cash back.
- WhatsApp Banking
- Cards and Point of Sale services - Visa Classic, Visa Platinum, Visa Secure and POS solutions
- Digital Banking -Internet and mobile banking, Mobile App, ATMs, SMS Alerts and E-Statements
- Paperless banking
- Borrowing-Personal loans, School fees loans and overdrafts

Our People

We value our colleague franchise and First Capital Bank operates defined talent management, retention, and training strategies to ensure that the organisation is equipped with the best skills.

As a listening bank we value engagement and encourage staff members to live by the very values that founded this institution. We continue to enable business continuity structures that enable colleagues to work from any location during lockdowns. This is important to us as it allows us to continuously serve our clients whilst meeting regulatory requirements and minimising any associated health risks.

First Capital Bank Zimbabwe has a staff complement is 536 including temporary staff and interns. The average age of our staff is 40.13 years which reflects healthy balance of young and experienced employees



Our Service Commitment

Our customers and clients are at the heart of everything we do. We are relentless in our commitment to their best interests, and we engage with them regularly to help us provide the best experience.

We aim to:

- Make things easy and intuitive to our customers to enable them to self-serve and complete (simple) everyday tasks, via a digital channel when it's convenient for them.
- Be accessible to them and provide support, expertise, and guidance, for important financial decisions.
- Help them stay in control of their finances by providing tools, and information tailored to their specific financial circumstances.
- Be there for local communities and businesses, helping them adapt to the changes brought about by environment upheavals like Covid-19.

Directors' Profile



Patrick Devenish
Chairman and Independent Non-Executive Director

Pat Devenish is the former Chief Executive Officer of TSL Limited. He holds an Executive MBA from the Graduate School of Business, University of Cape Town. He has worked in the tobacco sales industry for more than 20 years, having started his career as an auctioneer. Over the years, Pat has become a specialist in business strategy and operations from his experience in leading organisations such as Tobacco Sales Floor, Seed Co Limited, AICO Africa Limited and Plexus Cotton Limited. He also chairs the boards of the Tobacco Industry and Marketing Board (TIMB), and Royal Harare Golf Club and is a Trustee of Harare Sports Club.



Hitesh Anadkat
Non-Executive Director

Hitesh Anadkat holds an MBA from Cornell University and a BSc Economics (Hons) from the University of London. Before returning to Malawi to establish First Capital Bank (originally FMB Malawi), he worked in Corporate Finance in the USA specializing in mergers, acquisitions and valuations. He holds directorships in five commercial banks (part of FMBCapital Holdings Group) and in other sectors of the Malawi economy. Hitesh is Vice-Chairman of Telekom Networks Malawi Plc, a public listed mobile phone operating company.



Ciaran McSharry
Managing Director

Ciaran McSharry was appointed as the Chief Finance Officer of First Capital Bank Limited in May 2018 and subsequently as Managing Director of the bank in 2020. He holds a Bachelor of Business Studies degree and is a member of the Chartered Association of Certified Accountants. He brings a wealth of banking experience to the board having worked for 22 years in the banking sector. He previously served as the Finance Director in different functions across the Barclays Group. He also held many high-ranking roles at the Bank of America, Lloyds Banking Group and Total UK PLC.



Acquilina Chinamo
Independent Non-Executive Director

Acquilina Chinamo is a qualified Chartered Accountant, who also holds a postgraduate diploma in applied accountancy from the University of Zimbabwe. She has more than 20 years working experience and has extensive exposure in leadership, people management and financial engineering. Currently, she is the Group Finance Director at Ariston Holdings Limited. Acquilina has previously served as a non-executive director on the board of a commercial bank as well as manufacturing and agricultural companies.



Mahendra Gursahani
Non – Executive Director

Mahendra Gursahani is a qualified Chartered Accountant, a holder of a Bachelor of Commerce degree and an accomplished career banker. Previously, he was the Chief Operating Officer of Noor Bank responsible for the Bank's strategic direction, Operations, IT, Finance, Transformation and Customer Experience. Prior to Noor Bank, he was the CEO of Standard Chartered Bank Malaysia where he was responsible for governance and management of the bank's franchise in the country. He has also held a number of senior positions in Standard Chartered and has worked at leading International and Financial and Accounting firms including American Express Bank and Arthur Andersen. Mahendra sits on the boards of First Merchant Bank Capital Holdings Plc, First Bank Malawi and First Capital Bank Zambia.



Fanuel Kapanje
Chief Finance Officer

Fanuel Kapanje was appointed Chief Finance Officer of First Capital Bank with effect from 2 December 2021. Prior to this, he was the Group Finance Director at ZB Financial Holdings Limited, a Zimbabwe Stock Exchange listed financial conglomerate. Fanuel is a Deloitte & Touche trained Chartered Accountant with vast experience in banking and finance spanning over a period of 23 years. He holds accounting degrees from the University of Zimbabwe and University of South Africa and a Master of Business Administration from Henley Business School. He has served in various capacities as a board member for several public interest entities in Zimbabwe.



Sara Nyaradzo Moyo
Independent Non-Executive Director

Sara Nyaradzo Moyo is an IP Attorney and the Senior Partner of Honey & Blanckenberg. She is a member of a number of local and international business and professional organisations and a contributor to the Kluwer Manual on Intellectual Property and to the LBR Art Law Review.



Tembiwe Moyo
Independent Non – Executive Director

Tembiwe Moyo is the Chief Executive Officer of Beitbridge Bulawayo Railway (Private) Limited. She is an Accountant and Chartered Secretary by profession, and she holds a Master of Business Administration (Nottingham Trent University, UK). She is an Associate member of the Chartered Institute of Administrators and Secretaries (ACIS). She is the Chairperson and Trustee of the Women in Agri-business in Sub-Sahara Africa Alliance (WASAA), a director and immediate past President of the Southern Africa Railways Association (SARA), a shareholder representative of the NLPI Limited Group and a platinum member of PROWEB. Tembiwe is also a Trustee of the Zimbabwe Ladies Golf Union (ZLGU) and an independent non-executive director of NICOZ Diamond Insurance Company and has sat on other boards before.



Kiritkumar Naik
Independent Non – Executive Director

Kiritkumar Naik is the Managing Director of Rank Zimbabwe, a conglomerate in the stationery and plastics industry which also has an extensive real estate and equity portfolio. He holds an advanced diploma in Mechanical Engineering from City & Guilds Institute, London. He is a renowned entrepreneur with vast business leadership experience gained from the various directorships he has held in several corporate entities including TSL Limited, ART Corporation and Nicoz Diamond.



Kevin Terry
Independent Non-Executive Director

Kevin Terry holds a Bachelor of Laws Degree from the University of Zimbabwe. He has a wealth of knowledge and experience in banking gained from his extensive career in the financial services sector with the Old Mutual Group. Currently, he chairs the Boards of St Georges College, Childline Zimbabwe Society, Mangwana Opportunities (Private) Limited and EFT Services (Private) Limited. Kevin is also an Arbitrator with the Commercial Arbitration Centre of Zimbabwe.

The Management Team



Ciaran McSharry
Managing Director

Ciaran McSharry was appointed as the Chief Finance Officer of First Capital Bank Limited in May 2018 and subsequently as Managing Director of the bank in 2020. He holds a Bachelor of Business Studies degree and is a member of the Chartered Association of Certified Accountants. He brings a wealth of banking experience to the board having worked for 22 years in the banking sector. He previously served as the Finance Director in different functions across the Barclays Group. He also held many high-ranking roles at the Bank of America, Lloyds Banking Group and Total UK PLC.



Fanuel Kapanje
Chief Finance Officer

Mr. Fanuel Kapanje has been appointed as Chief Finance Officer effective 2 December 2021. Prior to this, he was Group Finance Director at ZB Financial Holdings Limited. Fanuel is a chartered accountant with a vast experience in banking and finance spanning over 23 years. He brings unique finance expertise accumulated over the years in executive positions within the Financial Sector.

Fanuel has served in various capacities as a board member for several public interest entities in Zimbabwe.



Mutemwa Ushewokunze
Commercial Director

Mutemwa Ushewokunze was appointed as the Commercial Director with effect from the 23rd of February 2021. Mutemwa is a seasoned banker who brings over 15 years of extensive experience in investment banking. His exposure spans across four continents with a specialized skills set in equity research and derivative sales, C-Suite investor relations, commodities, currency, and structured opportunities.

Mutemwa holds a Master of Business Administration from Imperial College of Science and Medicine, London, a Master's Degree in Development Finance from University of Cape Town and a Bachelor's Degree in Economics from Adelaide University. Mutemwa is also a Certified Development Finance Analyst with the Chartered Institute of Development Finance.



Angela Kamhiriri
Consumer Banking Director

Angela Kamhiriri was appointed Consumer Banking Director with effect from the 1st of September 2020. In this role she has oversight of the Retail Banking business unit including the POS (Point of Sale) and Digital teams. Angela is a seasoned banker with over 30 years experience in retail banking. She holds a Master's degree in Banking and Finance from the National University of Science and Technology and a Bachelor of Science in Management and Entrepreneurship Development (Banking and Finance) from the Women's University in Africa.

The Management Team



Lovemore Mangenda
Chief Operations Officer

Lovemore Mangenda was appointed as Chief Operations Officer with effect from January 2021. Prior to his appointment, he was the head of Risk. Lovemore has over 20 years' experience in the banking sector serving predominantly in Branch Operations, Treasury, Finance and Risk. He will be responsible for Operations, Facilities and Sourcing, Change, Technology.

Lovemore is a qualified Chartered Accountant, CA(Z) and a holder of Diploma in Banking (IOBZ), Hons Bachelor of Accounting Science Degree (Unisa) and Master of Business Administration Degree (NUST).



Tinashe Takawira
Head of Human Resources.

Tinashe was appointed Head of Human Resources with effect from August 2021. He has a wealth of experience and expertise gained over 13 years anchored on core fields of banking, mainly in Human Resources, with strong emphasis on people strategy formulation, talent management, resourcing, employee relations and performance management. Tinashe has been actively involved in providing support to the Board and Executive Leadership on people issues. Prior to his appointment, Tinashe was the Human Resources Business Partner. Tinashe joined the Bank in 2008 under a Graduate Training Programme and served as the Human Resources Advisor until his appointment as Human Resources Business Partner. Tinashe holds a degree in Banking and an MBA in Banking and Finance with National University of Science and Technology.



Emily Nemapare
Head of Marketing and Communications

Emily Nemapare joined the bank in 2008 as Communications and Community Manager, later holding the position of Head of Corporate Affairs and Customer Service. Emily has over 24 years' experience in Corporate Relations, covering various industries including insurance, mining, agriculture, oil and Women's Affairs. She holds a double degree, Bachelor of Arts in Communications and Women's Studies in addition to Digital Marketing and Social Media courses from University of Stellenbosch.



Shingai Shora
Head of Credit

Shingai was appointed Head of Credit on 1 August 2018 and is responsible for both wholesale and retail sanctioning activities. He holds a Bachelor Degree in Business Studies (Hons) from the University of Zimbabwe, an institute of Bankers Association Zimbabwe (IOBZ) Banking Diploma and various other risk management qualifications. He has over 10 years' credit risk management experience in both Zimbabwe and South Africa. This includes risk management and analysis (credit, funding and operational risk), structured trade, commodity financing, leveraged financing and project financing, amongst others. Shingai joined the bank in 2008 on a Barclays Pan African Graduate Trainee Programme and coored major areas of the bank as part of the program before concentrating on credit risk.

The Management Team



Sarudzai Binh
Head of Compliance

Sarudzai was appointed as Head of Compliance with effect from January 2021. She has extensive experience in Compliance gained over 13 years with significant experience in regulatory engagements, anti-money laundering, customer due diligence and international financial crime risk management practices. Prior to her appointment, Sarudzai was the Financial Crime Manager. She joined the Bank in 2007 as the Money Laundering Reporting Officer and served as Financial Crime Manager within the First Line of Defence (Operations) and Compliance. Sarudzai holds a degree in Business Studies (Finance and Banking) and an MBA in Banking and Finance with the University of Zimbabwe. She is a Certified Compliance Professional and Certified Anti-Money Laundering Specialist. She is currently studying Law with the University of South Africa.



Farai Chirozva
Head of Internal Audit

Farai Chirozva was appointed as Head of Internal Audit on 01 January 2021. He has over 20 years of local and international experience in the banking sector serving predominantly in Internal Audit, Credit Risk and Branch Operations. Farai's executive responsibilities include providing independent, insightful and timely assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over current, systemic and evolving risks, in the context of the current and expected business environment.

He is a qualified Certified Chartered Accountant (ACCA), Certified Operational Risk Manager (IABFM) and a member of the Institute of Internal Auditors Zimbabwe.



Hillary Kubvoruno
Head of Risk

Hillary was appointed as Head of Risk with effect from January 2021. He has wealth experience and expertise gained over 14 years anchored on core fields of banking with strong emphasis on strategy formulation, business planning and analytics, risk management, performance management as well as providing technical support to the executive leadership. Prior to his appointment, Hillary was the Group Treasury Risk and Capital Management Manager. Hillary joined the Bank in 2007 under a Graduate Training Programme and served as the Executive Assistant to the Managing Director until his appointment to the FMBCapital Group. Hillary holds a degree in Business Studies and Computing Sciences with the University of Zimbabwe and an MBA in Banking and Finance with National University of Science and Technology.



James Muchando
Head of Legal and Company Secretary

James was appointed Head of Legal and Company Secretary effective 02 November 2021. He joined the Company from TSL Limited, where he served as Head of Legal, Compliance and Group Company Secretary. James is a seasoned Legal Counsel and Corporate Governance Executive with a solid legal, corporate governance, risk management and compliance background. He gained his work experience by working for several diverse local and global businesses, including ZB Financial Holdings Limited, ZIMASCO (Private) Limited, and Old Mutual Zimbabwe Limited. James holds a Bachelor of Laws (LLB)(Hons) attained from the University of Zimbabwe, is a Certified Compliance Officer (IAFM) and is a registered Legal Practitioner, Notary Public and Conveyancer with the High Court of Zimbabwe. He is also a registered member of the Law Society of Zimbabwe.

Civil Servants Loan
to help you

*Realise Your
Dreams.*

These are personal loans that are designed for civil servants in mind. As long as your salary is paid through SSB, then this loan is for you.

- Repayment period of up to 24 months.
- Affordable interest rates.
- Loan processed within 24-48hrs (subject to SSB booking window).

#Believe in
the **Big Bank**

Corporate Governance Report

The Board of Directors of First Capital Bank Limited ("the Board/ First Capital Bank") is committed to and recognises the importance of strong governance practices. The Board understands that a comprehensive corporate governance framework is vital in supporting executive management in its execution of strategy and in driving long term sustainable performance. In order to achieve good governance, the Board subscribes to principles of international best practice in corporate governance as guided by, among others, the Banking Act [Chapter 24:20], the Companies and other Business Entities Act [Chapter 24:31], the Reserve Bank of Zimbabwe Corporate Governance Guideline No.1 of 2004, the Zimbabwe Stock Exchange Listing Rules, SI134/2019 and the Zimbabwe National Code on Corporate Governance.

The Board continuously reviews its internal governance standards and practices, to ensure that it modifies and aligns them with local and international corporate governance requirements as appropriate. As part of its continuing efforts to achieve good governance, the Board promotes the observance of the highest standards of corporate governance in First Capital Bank and ensures that this is supported by the right culture, values and behaviours from the top down. First Capital Bank is committed to the principles of fairness, accountability, responsibility and transparency. To this end, the Board is accountable to its shareholders and all its stakeholders including the Bank's employees, customers, suppliers, regulatory authorities and the community from which it operates through transparent and accurate disclosures.

Board responsibilities

The Board is responsible for setting the strategic direction of the Bank as well as determining the way in which specific governance matters are approached and addressed, approving policies and plans that give effect to the strategy, overseeing and monitoring the implementation of strategy by management and ensuring accountability through among other means adequate reporting and disclosures. The Board is guided by the Board Charter in the execution of its mandate. The roles of the Board Chairman and that of the Managing Director are separate and clearly defined and the Board ensures a division of responsibilities at all times to achieve a balance of authority and power so that no one individual has unfettered decision making powers.

Board Chairman and non-executive directors

The Board of directors is led by an independent, non-executive Chairman, whose primary duties include providing leadership of the Board and managing the business of the Board through setting its agenda, taking full account of issues and concerns of the Board, establishing and developing an effective working relationship with the Executive directors, driving improvements in the performance of the Board and its committees, assisting in the identification and recruitment of talent to the Board, managing performance appraisals for directors including oversight of the annual Board effectiveness review and proactively managing regulatory relationships in conjunction with management. In addition, the non-executive directors proactively engage with the Bank's management to challenge and improve strategy implementation, counsel and support to management and to test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed.

The Chairman works together with the non-executive directors to ensure that there are effective checks and balances between executive management and the Board. The majority of the Board members are independent non-executive directors who provide the necessary independence for the effective discharge of the Board's duties and compliance with regulatory requirements.

Executive directors

The executive management team is led by the Managing Director. Management's role is to act as trustees of the shareholder's capital. Their main responsibilities include reporting to the Board on implementation of strategy, effectiveness of risk management and control systems, business and financial performance, preparation of financial statements and on an ongoing basis, keeping the Board fully informed of any material developments affecting the business.

Directors' remuneration

The Board Human Resources and Nominations Committee sets the remuneration policy and approves the remuneration of the executive directors and other senior executives as well as that of the non-executive directors. The remuneration package of executive directors includes a basic salary and a performance bonus which is paid based on the performance of the company as well as that of the individual. The Bank also has in place a share option scheme, meant to be a long term retention incentive for employees.

Board diversity

The First Capital Bank Board recognises the importance of diversity and inclusion in its decision making processes. The Board is made up of six independent non-executive directors, two non-executive directors and two executive directors. Three members of the Board (30%) are female. The Board members have an array of experience in commercial and retail banking, accounting, legal, corporate finance, marketing, business administration, economics, human resources management and executive management.

Access to information

Openness and transparency are key enablers for the Board to discharge its mandate fully and effectively. The non-executive directors have unrestricted access to all relevant records and information of the Bank as well as to management. Further, the Board is empowered to seek any professional advice or opinion it may require to allow for the proper discharge of its duties.

Share Dealings / Insider trading

The directors, management and staff of First Capital Bank are prohibited from dealing in the company's shares whether directly or indirectly, during "closed periods" which are the periods that are a month before the end of the interim or full year reporting period until the time of the publication of the interim or full year results.

Further, directors, management and staff are prohibited from dealing in the company's shares whenever the company is going through certain corporate actions or when they are in possession of non-public information that has the potential of impacting the share price of the company.

Communication with stakeholders

First Capital Bank communicates with its stakeholders through various platforms including the Annual General Meeting, analyst briefings, town halls, press announcements of interim and full year financial results, notices to shareholders and stakeholders and annual reporting to shareholders and stakeholders. The Board and management of First Capital Bank also actively engage regulatory authorities including the Reserve Bank of Zimbabwe, the Zimbabwe Stock Exchange and the Deposit Protection Corporation.

Internal Audit

First Capital Internal Audit is an independent control function which supports the business by assessing how effectively risks are being controlled and managed. It works closely with the business helping drive improvements in risk management. This is done through reviewing how the business undertakes its processes as well as reviewing systems used by the business. The internal audit function reports its findings to management and guides them in making positive changes to business processes, systems and the control environment. The Internal Audit function also monitors progress to ensure management effectively remediates any internal control weaknesses identified as quickly as possible.

The First Capital Bank Head of Internal Audit reports directly to the Chairman of the Board Audit Committee and administratively to the Managing Director.

Declaration of interest

The Board of First Capital Bank believes in the observance of ethical business values from the top to the bottom. To this end, the Board has in place a policy that manages conflict of interest including situational and transactional conflict. Directors disclose their interests on joining the Board and at every meeting of the directors they disclose any additional interests and confirm or update their declarations of interest accordingly.

Ethics

In our endeavour to instil a culture of sound business ethics, all employees and directors are requested to attest to an Anti-Bribery and Corruption declaration which essentially seeks to ensure that our directors, management and staff observe the highest standards of integrity in all their dealings and at all times. The Bank has a zero tolerance policy to bribery and corruption. In addition, the business has a whistle-blowing facility managed by Deloitte through which employees can raise any concerns they may have anonymously.

Director induction and development

Board conformance and performance is enhanced through continuous learning. As part of its learning program, the Board has in place a comprehensive induction plan for on-Boarding new directors. Further, as part of continuing director development, Board members attend director training programs.

Board activities

The Board of Directors held four Board meetings in the year 2021, one strategy review meeting and a Board evaluation review meeting. Each Board Committee held at least four quarterly meetings. The areas of focus included the setting of strategic direction, the review of strategy and business operations, business continuity in light of the COVID-19 pandemic and the attendant lockdowns, credit sanctioning as per approved limits, review of internal controls and financial reports, review of the quality of the loan book, review and oversight of the Bank's risk management processes and oversight of the recruitment, remuneration and performance reviews of senior management. A table detailing director's attendance of meetings during 2021 is shown in the last part of this report.

Board and director evaluation

The Board conducts an annual evaluation process which assesses the performance and effectiveness of individual directors, the Board Chairman, Committees and overall performance of the Board. This process is facilitated by an external party to allow for objectivity. The evaluation process involves directors completing evaluation questionnaires and having one on one meeting with the facilitator. The results of the evaluation are collated, a report is produced and feedback provided to the Board. The Board also submits the evaluation report to the Reserve Bank of Zimbabwe.

Board committees

The Board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of the Board's mandate. The ultimate responsibility of running the Bank however still remains with the Board. The subcommittees of the Board are regulated by terms of reference which are reviewed every year or as and when necessary. The Committees meet at least once every quarter and are all chaired by Independent non-executive directors as detailed below.

Audit Committee

The primary functions of the Committee are to oversee the financial management discipline of the Bank, review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns.

The committee is wholly comprised of independent non-executive directors. The members of the Committee as at 31 December 2021 were:-

A. Chinamo (Chairperson)
T. Moyo
K. Terry

Board Credit Committee

The Board Credit Committee is tasked with the overall review of the Bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's credit risk management.

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2021 were:-

K. Terry (Chairperson)
H. Anadkat
K. Naik

Corporate Governance Report

Loans Review Committee

This Committee has the overall responsibility for the complete review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies.

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2021 were:-

T. Moyo (Chairperson)
A. Chinamo
S.N. Moyo

Human Resources and Nominations Committee

The Human Resources and Nominations Committee assists the Board in the review of critical personnel issues as well as acting as a Remuneration and Terminal Benefits Committee. The Committee reviews and approves overall recommendations on employee remuneration as well as approving managerial appointments. The Committee ensures that the remuneration of directors is in line with the nature and size of the operations of the Bank as well as the Bank's performance. In addition, the Committee also considers nominations to the Board and succession planning for the Board.

The Committee comprises three non-executive directors. The members of the Committee as at 31 December 2021 were:-

K. Naik (Chairperson)
P. Devenish
H. Anadkat

Board Risk Committee

The Board Risk Committee is charged with the responsibility to oversee the Bank's overall enterprise risk environment under three broad areas of Operational Risk, Credit Risk Management and Market Risk. These are controlled and managed independently from risk-taking functions and other committees of the Bank. The committee is responsible for the policies and procedures designed to monitor, evaluate and respond to risk trends and risk levels across the Bank ensuring that they are kept within acceptable levels.

The Committee comprises three non-executive directors. As at 31 December 2021 members of the committee were:-

S. N. Moyo (Chairperson)
A. Chinamo
M. Gursahani

Board IT Committee

The Board IT Committee is a committee of the Board, established to have strategic oversight and governance of the Company's strategic investment in IT, as well as data protection and information management.

The Committee comprises two non-executive directors and an executive director. As at 31 December 2021, the Committee was made up of the following members:-

K. Terry (Chairperson)
T. Moyo
M. Gursahani

In addition to the Board Committees, management operates through a number of committees including the Executive Management Committee and the Assets and Liabilities Committee. The Committees terms of reference are as below.

Executive Committee (EXCO)

The Executive Committee is the operational management forum responsible for the delivery of the Bank's operational plans. The Executive Committee acts as a link between the Board and management and is responsible for implementation of operational plans, annual budgeting and periodic review of strategic plans, as well as identification and management of key risks. The Executive Committee also reviews and approves guidelines for employee remuneration. The Executive Committee assists the Managing Director to manage the Bank, to guide and control the overall direction of the business of the Bank and acts as a medium of communication and co-ordination between business units and the Board. The Committee comprises of executive directors and senior management.

Assets and Liabilities Committee (ALCO)

ALCO is tasked with ensuring the achievement of sustainable and stable profits within a framework of acceptable financial risks and controls. The Treasury Committee ensures maximization of the value that can be generated from active management of the Bank's balance sheet and financial risk within agreed risk parameters. It manages the funding and investment of the Bank's balance sheet, liquidity and cash flow, as well as exposure of the Bank to interest rate, exchange rate, market and other related risks. It ensures that the Bank adopts the most appropriate strategy in terms of the mix of assets and liabilities given its expectation of the future and potential consequences of interest rate movements, liquidity constraints foreign exchange exposure and capital adequacy. It also ensures that strategies conform to the Bank's risk appetite and level of exposure as determined by the Risk Management Committee. The Committee comprises executive directors and heads of functions key to the proper discharge of the Committee's responsibilities.

Board and Committees attendance 2021

Main Board			
Name	Total Meetings	Present	Absent
P. Devenish	4	4	Nil
T. Moyo	4	4	Nil
M. Twigger*	1	0	1
S. N. Moyo	4	4	Nil
H. Anadkat	4	4	Nil
K. Terry	4	4	Nil
K. Naik	4	4	Nil
A. Chinamo	4	4	Nil
M Gursahani*	4	4	Nil
C. McSharry	4	4	Nil
T. Mukuku*	3	3	Nil
F. Kapanje*	0	0	Nil

*M. Gursahani was appointed to the Board with effect from 11 January 2021.

*M. Twigger resigned from the Board with effect from 22 April 2021.

*T. Mukuku resigned from the Board on 1 October 2021.

*F. Kapanje was appointed to the Board with effect from 2 December 2021.

Audit committee

Name	Total Meetings	Present	Absent
A. Chinamo	7	7	Nil
T. Moyo	7	7	Nil
K. Terry	7	7	Nil

Human resources & nominations committee

Name	Total Meetings	Present	Absent
K. Naik	4	4	Nil
P. Devenish	4	4	Nil
H. Anadkat	4	4	Nil

Loans review committee

Name	Total Meetings	Present	Absent
T. Moyo	4	4	Nil
A Chinamo	4	4	Nil
S.N. Moyo	4	4	Nil
M. Twigger*	1	0	

*M. Twigger resigned from the Board with effect from 22 April 2021.

Risk committee

Name	Total Meetings	Present	Absent
S.N. Moyo	4	4	Nil
A. Chinamo	4	4	Nil
M. Gursahani	4	4	Nil

IT Committee

Name	Total Meetings	Present	Absent
K. Terry	7	7	Nil
T. Moyo	7	7	Nil
M Gursahani	7	7	Nil

Directors shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2021;

P. Devenish	Nil
S. N. Moyo	Nil
T. Moyo	Nil
H. Anadkat *	28 629 959 (direct interest)
K. Terry	Nil
A. Chinamo	Nil
K. Naik	4 333 018 (direct interest)
C. McSharry	Nil
F. Kapanje	Nil
M. Gursahani	Nil

*Mr Hitesh Anadkat holds indirect interest in Afcarme Holdings Zimbabwe (Private) Limited, which in turn holds the majority shareholding in the Bank.

Annual financial statements

The Directors are responsible for the preparation and integrity of the financial results and related financial information contained in this report. The financial statements, which for the basis of these financial results, are prepared in accordance with International Financial Reporting Standards and the Banking Act (Chapter 24:20) and they incorporate full and responsible disclosure to ensure that the information contained therein is both relevant and reliable. These audited results have been prepared under the supervision of Chief Finance Officer, Fanuel Kapanje CA (Z) PAAB Registered Accountant No. 2295.

Compliance

The Board is of the view that the Bank complied with the applicable laws and regulations throughout the reporting period.

By Order of the Board


James Muchando
Company Secretary

28 March 2022

Responsible Business

As a responsible business, we remain committed to giving back to the communities that we serve through strategic partnerships as it is evidence of our commitment to our nation and core values.



USD30,000

donated towards a low-cost solar project to compliment and strengthen 6 cold chain power system.



GLOBAL MONEY WEEK

1283

Youth benefactors

15

Volunteers



40

Out of school youth mentorship benefactors

21

Volunteers



111

students impacted by our Virtual Financial Literacy program



Global Economic recovery in 2021

According to the International Monetary Fund, the world economy is estimated to have grown by 5.9% in 2021, with recovery across the globe being inconsistent, largely due to levels of access to the Covid-19 vaccination. The outlook for world economic performance in 2022 is still dependent on substantial downside risks, that include the likelihood of additional COVID-19 waves and financial stress, as well as the impact of the Russia-Ukraine war. Governments across the globe must prioritise balancing the need to support the recovery while ensuring fiscal sustainability as well as price stability to maximise on work going towards growth-enhancing policies.

Following a year of lockdowns across the globe, economic activity in most sectors showed indications of recovery as many countries eased the Covid-19 restrictions and businesses began adapting to the pandemic restrictions.

Zimbabwe

According to the IMF, the Zimbabwean economy is estimated to have grown by 5.1% 2021, largely driven by a good 2020/21 agriculture season, improved international commodity prices, stabilising macroeconomic fundamentals and better management of the COVID-19 pandemic.

Agriculture

The agriculture sector grew by 36.2% as the country recorded a bumper harvest of maize and small grains due to the exceptionally good rains recorded in the season as well as improved preparation compared to other seasons. Various input schemes were put in place during the current season including the Government Input Scheme which focused on Pfumvudza/Intwasa for maize, sorghum, pearl millet and soya beans among other crops. In addition to the improved Gross Domestic Product growth, the high agriculture sector output ensured improved food security, high national grain stock levels and notably lowered the country's import bill.

Maize production in 2020/21 season increased by 199% from 907,628 tonnes produced in the 2019/2020 season to 2,717,171 tonnes. Production of traditional grains grew by 128% from 152,515 tonnes in 2019/2020 to 347 968 tonnes for the 2020/2021 season. Similarly, the tobacco marketing season ended on a positive note with 210 million kilograms of tobacco sales worth over US\$588 million being recorded from 184 million kilograms in 2020.

Mining

The country's mining sector recorded a strong performance in 2021, with mineral export receipts surpassing US\$4 billion, an 18% increase from the US\$3.7 billion recorded in 2020. The positive performance was largely driven by high commodity prices during the year under review, particularly for platinum and gold. Gold deliveries to Fidelity Gold Refineries (FGR) increased by 55.5% from 19,053kgs in 2020 to 29,630kgs in 2021, largely driven by the 5% gold incentive given to miners delivering at least 20kg for FGR and an incremental of percentage points for each tonne delivered.

Zimbabwe Macroeconomic update

Inflation



Source: Zimstats

The country improved notably in managing inflation in 2021, particularly from Jul-21. Year on Year (YOY) inflation declined significantly from a high of 362.6% in Jan-21 to close the year at 60.7%. The lower inflation trend was largely driven by the implementation of effective and consistent restrictive monetary policies.

Reserve Money



YOY, reserve money increased by 18.3% from ZW\$21,930bn in Jan-21 to ZW\$25,940 in Dec-21. The increase was largely driven by a 799% hike in required statutory reserves from ZW\$2.2 billion to ZW\$19.78 billion, following the adjustment in the reserve ratio by the RBZ from 2.5% to 5% for demand and or call deposits during the period under review. Notably banking sector deposits at the RBZ grew by 27% from ZW\$16.38 billion in Jan-21 to ZW\$20.79 billion in Dec-21. A further increase in reserve money was minimised by a 93% decline in banks' RTGS liquidity. The Central Bank reduced the quarterly reserve money growth target from 22.5% in Jan-21 to 20% for the second half of 2021 and to a further 10% in Q4:21 to assist in curbing inflation.

Economic Overview

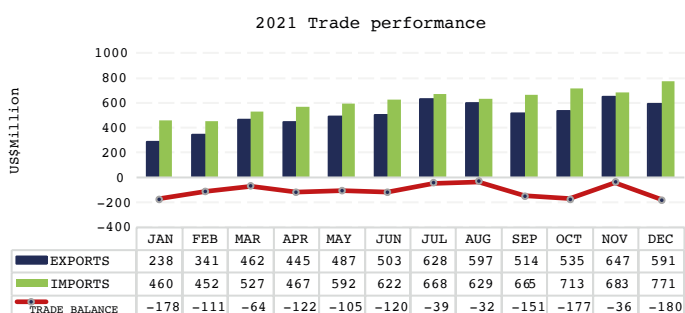
Money Supply

During the period under review, broad money supply was on an upward trajectory, ending the year at \$ZW475.36 billion up 132% from December 2020. The money stock (M3) grew by an average of 7% MOM, with the composition in December 2021 largely made up of local currency deposits (51.2% of total), while foreign currency deposits made up 44.33% of total money supply.

The share of foreign currency deposits out of total deposits grew during the year, reflecting valuation changes on the back of exchange rate movement, from ZW\$81.79:US\$1 in December 2020 to ZW\$108.67:US\$1 in December 2021.



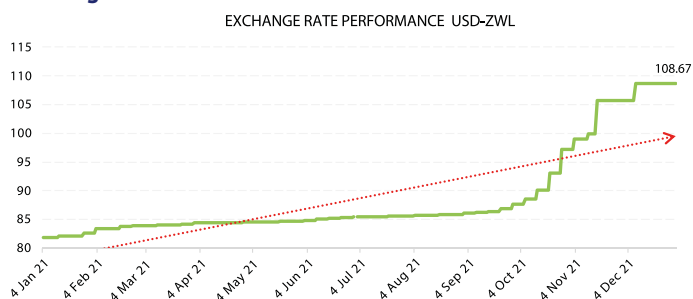
Trade performance



Source: Zimstats

In 2021, the country recorded exports amounting to US\$6.03 billion, having increased by 37% from US\$4.4 billion in the same period in 2020. The increase in exports was on the back of higher minerals and agriculture exports owing to the improvement in international commodity prices. On the other hand, the country's imports grew by a notable 47% from US\$5 billion in 2020 to US\$7.3 billion in 2021. Fuel, machinery and raw materials accounted for the higher import bill.

Exchange rate



Source: RBZ

At 108.6660 against the USD at the end of Dec-21, the ZWL lost 33% of its value against the USD from 81.7866 in Jan-21. Requirements for foreign currency to import raw materials, machinery and equipment and consumables (spare parts and chemicals) dominated the auction during the year under review. A disparity continues to exist between the interbank and the parallel exchange rate, with the latter ranging between 185 - 195 against the USD at the end of Dec-21.

Interest rate



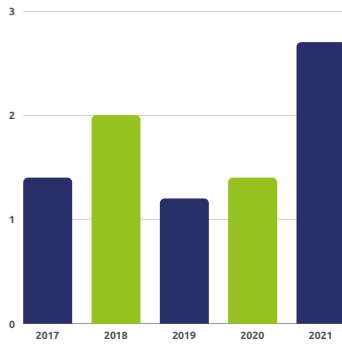
Source: RBZ

Maximum weighted average lending rates for corporate clients trended upwards in 2021, moving up by 2.8 percentage points from 61.1% in Jan-21. Likewise, the weighted average maximum lending rates for individuals followed the same pattern, increasing by 3 percentage points from 55.6% in the same period. In a bid to foster a savings culture in the economy, the Central Bank increased the overnight accommodation rate from 35% to 40% per annum in Q1:21 and again to 60% in Q4:21.

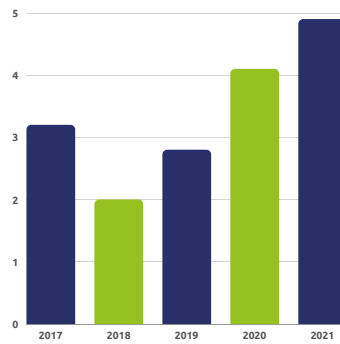


Five Year Financial Review (Inflation Adjusted)

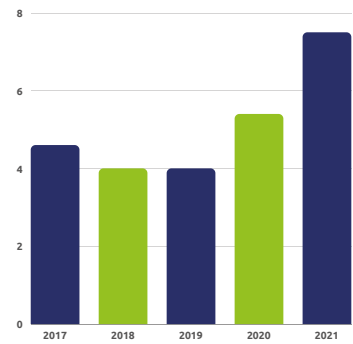
Net Interest Income (ZWL bn)



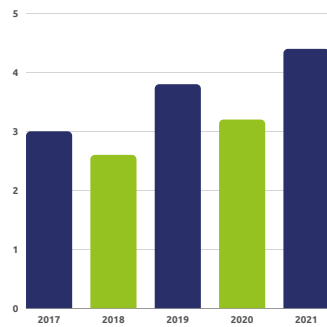
Non-Interest Income (ZWL bn)



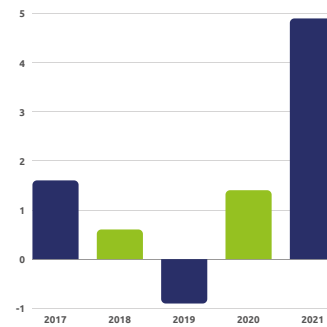
Total Income (ZWL bn)



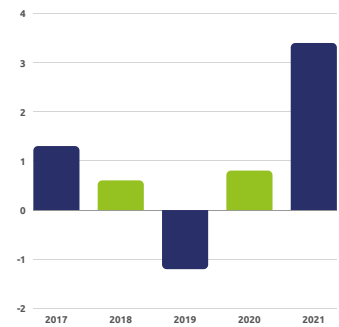
Total Operating Costs (ZWL bn)



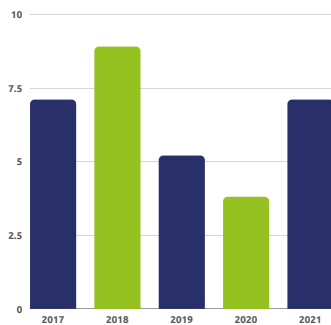
Profit Before Tax (ZWL bn)



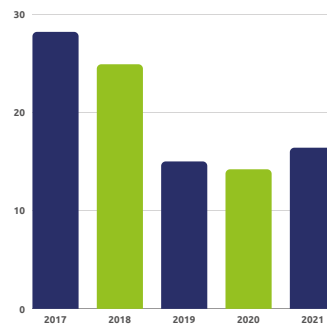
Profit After Tax (ZWL bn)



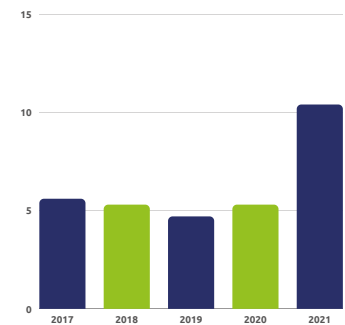
Loans and Advances to Customers (ZWL bn)



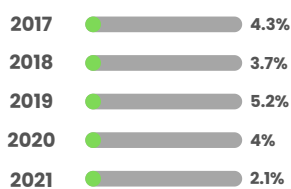
Deposits from Customers (ZWL bn)



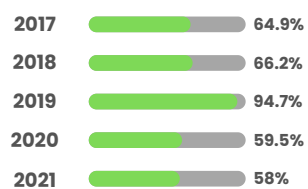
Equity (ZWL bn)



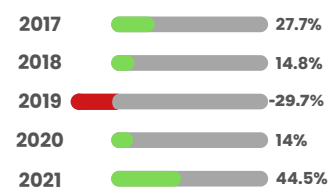
IMPAIRMENT COVERAGE RATIO



OPERATING EXPENSES TO TOTAL INCOME

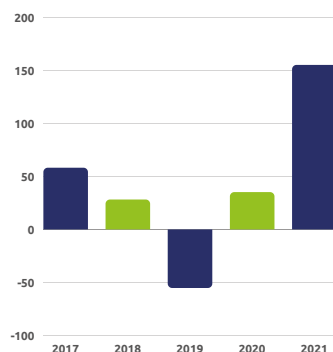


PROFIT MARGIN

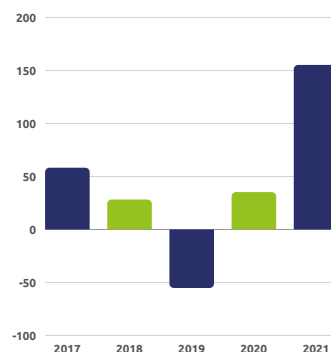


Five Year Financial Review (Inflation Adjusted) (continued)

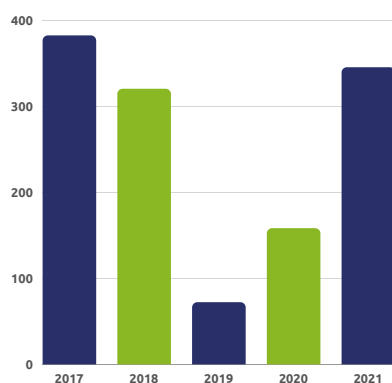
Basic Earnings per Share (cents/share)



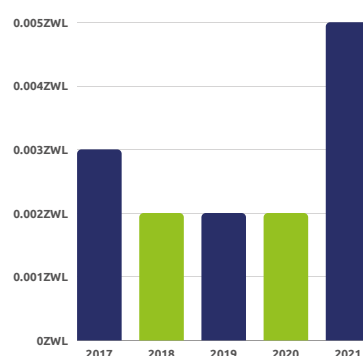
Diluted Earnings per Share (cents/share)



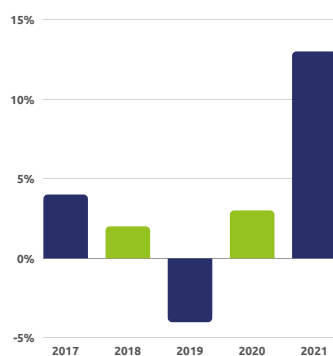
Share Price at the Year End (cents per share)



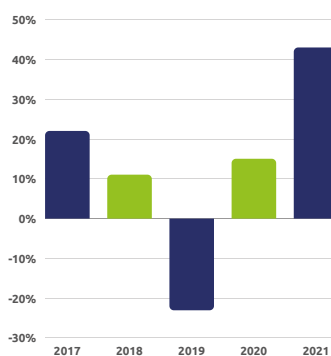
Net Book Value per Share



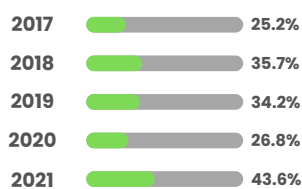
Return on Average Assets



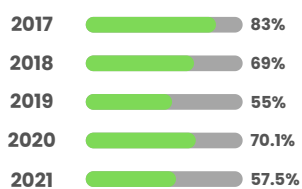
Return on Average Equity



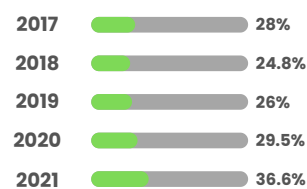
LOANS TO DEPOSITS



LIQUIDITY RATIO



CAPITAL ADEQUACY RATIO



Operating Environment

Zimbabwe's Gross Domestic Product (GDP) is reported to have grown by 7.8% in 2021 spurred by strong performance in the agriculture and mining sectors. This is despite the presence of structural challenges, particularly in the payments and currency management systems, which exerted negative pressure on the economy. The local currency depreciated by 33% against the United States of America dollar (US\$) on the official foreign exchange auction system whilst the margin quoted on the parallel market increased rapidly in the last quarter. This was against the backdrop of a substantial funding backlog for allocated foreign exchange auctions.

Inflation peaked at 362.6% year-on-year in January 2021, before receding to close the year at 60.7%, reflecting general improvement in economic sentiments. Monetary authorities continued to grapple with the oversupply of liquidity on the market and, since June 2021, resorted to the issuance of 0% Coupon Non-Negotiable Certificates of Deposit in order to sterilise excess liquidity. This impinged on the daily tactical management of out-bound settlements and slowed down the rate of asset creation for the Group.

A bullish outturn was reported on the capital markets with the level of capitalisation on the Zimbabwe Stock Exchange having posted an increase of 315% for the full year.

Intermittent restrictions and business lockdowns implemented by the Government and health authorities to curtail the spread of the COVID-19 health and social pandemic slowed down economic growth momentum. Government's efforts towards the development of sustainable social and business environments through the achievement of herd immunity in the wake of the pandemic saw a total of 7,259,546 vaccination doses having been administered by 31 December 2021

Earnings Performance

The Group's performance remained solid despite the persistence of macro-economic fragility, with an increase in inflation adjusted profit of 342% having been realised during the period under review. The financial outturn is discussed in more detail in the Managing Director's Report.

Capital Requirements

At the level of US\$75m, I am pleased to advise that the Group comfortably met the minimum capital requirements for Tier 1 banks which was set at the Zimbabwe dollar equivalent of US\$30m, reckoned at the official rate, as at 31 December 2021. Capital preservation will however remain a strategic priority given the sensitivity arising from increased volatility in the exchange rate

Dividends

The Board has declared a final dividend of ZW\$38.61 cents per share. This brings the total dividend for the year ended 31 December 2021 to ZW\$43.61 cents per share.

Governance & Board Changes

During the year, Mr Mike Twigger resigned from the Board with effect from 22 April 2021. On behalf of the Board, I extend our appreciation to Mike for his leadership, insight and commitment during the transition from Barclays to First Capital Bank. Mr Mahendra Gursahani was appointed as a non-executive director in the first quarter of 2021. I look forward to the valuable skills, expertise and experience he brings across a wide range of areas, including technology

At the executive level, Mr Taitos Mukuku left the Group on 1 October 2021 to pursue other opportunities after serving the Group for more than ten years, two of which were as Chief Finance Officer. We wish him well in his new endeavours. Mr Fanuel Kapanje was appointed to the Board as Chief Finance Officer and Executive Director with effect from 2 December 2021

The Board comprises a carefully selected team that offers the necessary diversity of skills, experience and outlook to ensure accountability and drive strategic thinking.

Outlook

The tight monetary policy regime is expected to persist in the medium term in order to stem inflation in the wake of increased infrastructure and social spending by Government. Against this background, the Group will exercise caution in its balance sheet expansion to ensure that a sufficient buffer is maintained on its capital and liquidity position in order to accommodate stress factors. Quality of assets will remain a focal point whilst opportunity will be taken to participate in the stimulation of activity in growth sectors of the economy

Conclusion

I wish to thank our customers and other stakeholders for their continued support. I extend my appreciation to fellow directors, management and staff for their sterling efforts during the year under review



Patrick Devenish
(Chairman)

28 March, 2022



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Introduction

The Zimbabwean economy remained in hyperinflation during the year under review. Consequently, the primary financial statements have been adjusted for inflation in terms of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. Historical financial information has been provided for information purposes only.

Performance Outturn

The Group recorded an increase in total income in real terms at 39%, to close the year on ZW\$7.5b against ZW\$5.4b in 2020. This was underpinned by a positive outturn in core business revenues, representing a strong quality of earnings and improved sustainability of operations

Net interest income increased by 96% on the back of a 235% growth in interest earning assets. Net commissions and fees increased by 33% representing the effect of increased customer transactions and moderate fee adjustments.

With some modicum of exchange rate stability having been exhibited for the greater part of the year on the back of the foreign exchange auction system, net trading and foreign exchange income receded by 52% during the year under review. Fair value gains on investment property recognised during the year at ZW\$0.8b constituted 11% of total income compared to a loss of ZW\$0.05b in 2020.

Loan impairment charges reduced by 57% reflecting the quality of our loan book. However, this is against a non-performing loans ratio of 1% on 31 December 2021 which compared to 0.16% at the end of 2020

Operating expenses increased by 35% in real terms with a cost to income ratio of 58% being achieved against 60% in the prior year. The management of costs remains a key area against the background of continuing inflationary pressures. The Group's share of operations from a joint venture entity which owns a property in the hospitality sector amounted to ZW\$1.5b, turning around from a loss of ZW\$0.2b in 2020, this being largely driven by the revaluation of underlying assets.

A profit after tax amounting to ZW\$3.4b was posted in 2021, increasing from ZW\$0.8b in 2020.

Net gains through other comprehensive income amounted to ZW\$1.9b in 2021 compared to a loss of ZW\$0.2b in 2020, representing the valuation uplift on properties and other assets.

Meanwhile, total assets grew by 30.5% from ZW\$23.2b as at 31 December 2020 to ZW\$30.3b as at 31 December 2021. This is driven by the joint impact of real growth on core business assets and revaluation adjustments on fixed properties and investments. Loans and advances increased by 88% from ZW\$3.8b as at 31 December 2020 to ZW\$7.1b as at 31 December 2021. The growth in interest earning assets was supported by a 15.7% real growth in deposits from ZW\$14.2b as at 31 December 2020 to ZW\$16.4b as at 31 December 2021.

The loans to deposit ratio closed at 44% whilst liquidity ratios were maintained above 45% throughout the year, exhibiting prudent balance sheet management in an otherwise challenging operating environment.

Operations Update and Outlook

General system stability improved during the year due to the continuation of an investment program that has given impetus to the roll out of digital experience to all customers.

During the year under review a new WhatsApp Banking platform, Alisa, was launched whilst customers were enabled to access Internet Banking and Mobile App using a reverse billing model in order to improve access and convenience. In order to facilitate better access to cash, local and foreign currencies, the Bank increased its network of Automated Teller Machines in service whilst Bureau De Change services were rolled out across the network.



Managing Director's Report

Security enhancements were implemented on the VISA platform to give transacting customers a higher level of security assurance. Going forward, the Group is expecting to roll out a new Internet Banking and Mobile Application with even better functionality during the first half of 2022.

Talent Management

Total staff complement at the end of the year was 509, with permanent employees constituting 86% whilst 14% were employed on fixed term contracts. Industrial relations were cordial throughout the year with a high response rate being posted on the employee engagement survey. The attrition rate during the year remained within acceptable limits notwithstanding the challenges posed by the operating environment

Our staff acquitted themselves with distinction during the year as they continued to provide uninterrupted service to customers despite heightened risk occasioned by the COVID-19 pandemic.

Citizenship

The Group continued with its social investment program with focus during 2021 being around Capacity Building programs which included the following:

a) Global Money Week - This equipped the youths with financial literacy skills to prepare them for prudent financial decision making as they grow. More than 1200 youths were trained.

b) Mentorship Programme - The Group partnered with Junior Achievement Zimbabwe (JAZ) to train more than 40 out-of-school beneficiaries on skills required in an effort to create alternative income generating opportunities in an environment in which employment opportunities are limited.

c) Virtual Financial Literacy Mentorship Programme - This was an online programme to upskill youths in High School with basic financial literacy skills. More than 100 participants attended the program.

Appreciation

I would like to extend my sincere thanks to our customers for the confidence they demonstrated in us. On behalf of the team, I continue to give you our commitment to do more for you in terms of products, service and efficiency.

I am very grateful to the Board for its continued support and counsel.

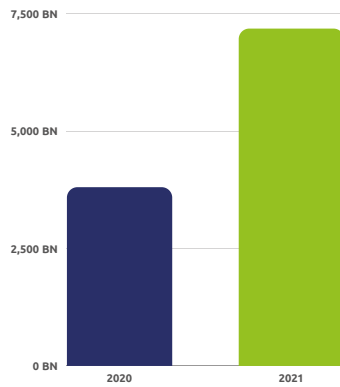
Lastly, I extend my gratitude to all our staff for their commitment, professionalism and hard work that have enabled us to post a strong set of results in 2021 and for remaining steadfast in these challenging times.



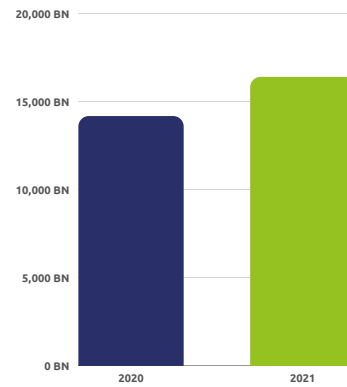
Ciaran McSharry
(Managing Director)
28 March, 2022



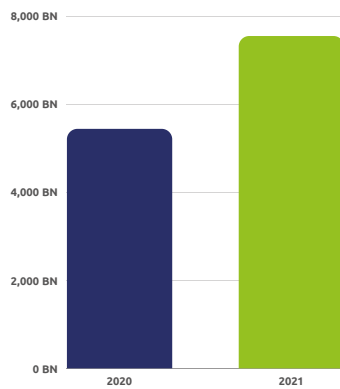
Total Loans and Advances (ZWL)



Total Deposits (ZWL)



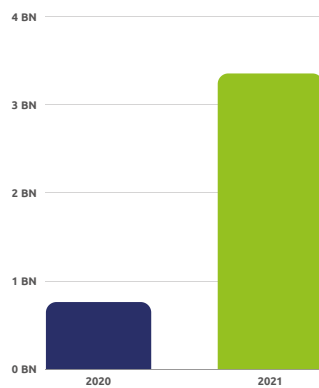
Total Income (ZWL)



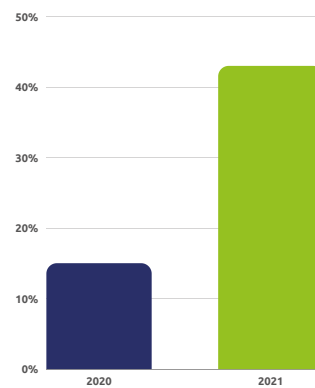
Total Equity (ZWL)



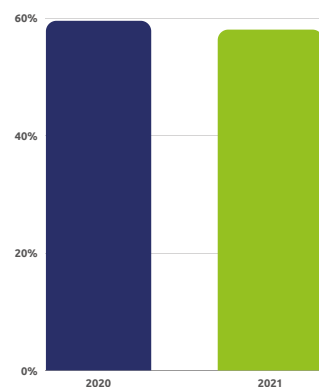
Total Profit After Taxation (ZWL)



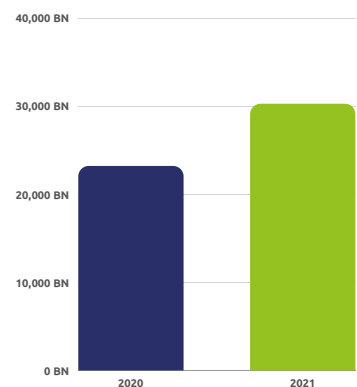
Return on Equity



Costs to Income Ratio



Total Assets (ZWL)



Report of the Directors

The Directors of the Group are pleased to submit their report to shareholders for the financial year ended 31 December 2021.

Share capital

The authorised share capital of the Group remained unchanged at 5 000 000 000 with a nominal value of ZWL0.01 per each share. Issued and fully paid-up shares as at 31 December 2021 amounted to 2 160 205 929 (2020: 2 158 585 929).

A total of 1 620 000 shares were released consequent to the exercise of rights under the share option scheme by thirteen members of staff. A reconciliation of options to acquire shares granted under the share option scheme managed by the Directors as at the end of the year under review is as follows:

	2021	2020
Shares allocated to management under share option scheme		
Balance at beginning of year	33,663,397	32,929,150
Forfeited share options	1,060,000	1,014,247
Granted share options	(4,470,000)	(280,000)
Balance at end of year	30,253,397	33,663,397

Financial Results

The Group posted an inflation adjusted profit for the year 2021 amounting to ZWL3.4b compared to a profit of ZWL0.8b in 2020. The total comprehensive income amounted to ZWL5.3b in 2021 having increased from ZWL0.57b in 2020.

Inflation adjusted total assets as at 31 December 2021 amounted to ZWL30.3b, having increased from ZWL23.2b at 31 December 2020

The Group's total equity increased from ZWL5.3b at 31 December 2020 to ZWL10.4b, with the new minimum core capital equivalent of US\$30m effective from 31 December 2021 having been met.

Capital ratios achieved as at year end were as follows:

	Historical Cost	
	2021	2020
Tier 1 Capital Ratio	30%	19%
Tier 2 Capital Ratio	38%	27%
Total Capital Adequacy Ratio	37%	29%

Dividends

The Directors declared dividends for the year totalling ZWL942m, with ZWL108m having been paid as an interim dividend whilst ZWL834million will be paid as a final dividend.

Directorate

Appointments and resignations

Mr Mahendra Gursahani was appointed to the board with effect from 11 January 2021 with his appointment being duly confirmed by the members at the Annual General Meeting held on 6 May 2021.

Mr Fanuel Kapanje was appointed to the Board with effect from 02 December 2021 having joined the Group as its Chief Finance Officer.

Messrs Mike Twigger and Taitos Mukuku resigned from the Board with effect from 22 April 2021 and 1 October 2021 respectively.

Director rotation

Article 103 of the Bank's Articles of Association provides for the retirement of directors by rotation as required by section 66(3) of the Zimbabwe Stock Exchange Listing Rules, 2019. Subject to meeting eligibility criteria, including compliance with the fact that the period of continued service on the Board does not exceed ten (10) years as required by Section 11 of the Banking Amendment Act, 2015, a retiring director can offer himself/herself for re-election.

Mrs Tembiwe Moyo and Mr Patrick Devenish were re-elected to the Board by the shareholders at the Annual General Meeting of 6 May 2021, having been eligible, and after offering themselves for such re-election.

Mrs Sara Moyo and Messrs Kevin Terry and Kiritkumar Naik retire at the forthcoming Annual General Meeting. Being eligible, they all offer themselves for re-election.

Directors' remuneration

Details of the directors' remuneration are contained in note 10.1 and 10.3 to the Financial Statements.

Going concern

The Directors have no reason to believe that the Group will not be a going concern in the period ahead. Going concern assessment was performed by review of the economic conditions under which the Group is expected to perform over the next 12 months, its ability to adapt its strategy, business and operating models to the projected macro environment, financial forecasts and business underwriting capacity. The Group has sufficient capital, human and physical resources as well as sources of sustainable deposits which are well diversified and is therefore able to address short-term stress factors within reasonable parameters.

The impact of COVID-19 on the operations of the Group has been considered in the impairment calculation on the Group's financial assets. Whilst risks related to the pandemic remain elevated due to the considerably high level of uncertainty around its control, its impact on the Group going forward has been assessed as not material based on the infection and mortality statistics as at the reporting date as well as coping mechanisms that have been implemented internationally, including widespread vaccinations.

The Group's financial statements as at 31 December 2021 have therefore been prepared on the going-concern assumption.

Auditors

Shareholders will be requested to consider the remuneration of Messrs Deloitte & Touche (Zimbabwe) for their services with respect to the year ended 31 December 2021 and, being eligible, to consider their re-appointment for the ensuing year.

By Order of the Board



P Devenish
(Chairman)



C McSharry
(Managing Director)



J Muchando
(Company Secretary)

HARARE
28 March 2022

BOARD OF DIRECTORS

As at 31 December 2021 the following were the Directors of the Group:

Name	Designation	Date Of Appointment
P. Devenish	Independent Non - Executive Chairman	26 April 2018
S. N. Moyo (Mrs)	Independent Non - Executive Director	07 March 2016
T. Moyo (Mrs)	Independent Non - Executive Director	07 March 2016
H. Anadkat	Non - Executive Director	18 October 2017
M. Gursahani	Non - Executive Director	11 January 2021
K. Terry	Independent Non - Executive Director	16 October 2019
K. Naik	Independent Non-Executive Director	03 February 2020
A. Chinamo (Mrs)	Independent Non-Executive Director	28 May 2020
C. McSharry	Managing Director	02 May 2018
F. Kapanje	Chief Finance Officer	02 December 2021

Directors' Statement of Responsibility

The Directors are responsible for overseeing the preparation, integrity and objectivity of the consolidated annual financial statements and ensure that they fairly present the state of the affairs of First Capital Bank (``the Bank``) and its subsidiaries (``the Group``) at the end of the financial year, the financial performance and cash flows for the reporting period, and other information contained in this report.

To enable the Directors to meet these responsibilities:

- All directors and employees endeavour to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach;
- The Board sets standards and management implements systems of internal control, accounting and technology aimed at providing reasonable assurance that both assets on and off the statement of financial position are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The Board and management identify all key areas of risk across the Group and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function reports directly to First Capital Group's Limited Audit Committee Chairperson and it operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the Directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures occurred during the year under review.

The Group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The preparation and presentation of the consolidated annual financial statements of the Group and all the information contained herein is the responsibility of the directors. The information contained in these financial statements has been prepared on the going concern basis and in accordance with provisions of the Companies and Other Business Entities Act [Chapter 24:31] as applicable to a financial institution registered in terms of the Banking Act [Chapter 24:20] as read with the Banking Amendment Act No. 12 of 2015. These consolidated financial statements have also been prepared in accordance with International Financial Reporting Standards.

Approval of the consolidated annual financial statements

The Directors' report on page 28 to 29 and the consolidated annual financial statements of the Group which appear on pages 36 to 117 were approved by the Board of Directors on the 28th of March 2022.

It is the responsibility of the independent auditors to report on the fair presentation of the consolidated annual financial statements. The auditors' report to the shareholders of the Group is set out on pages 32 to 35 of this report.



.....
P Devenish
(Chairman)



.....
C McSharry
(Managing Director)



.....
J Muchando
(Company Secretary)

Preparation of the consolidated annual financial statements

These annual financial statements have been prepared under the supervision of the Chief Finance Officer, Fanuel Kapanje CA(Z) PAAB Registered Accountant No.2295 and have been audited in terms of Section 188 of the Companies and the Other Business Act (Chapter 24:31).



.....
F Kapanje
(Chief Finance Officer)

28 March 2022



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To the shareholders of First Capital Bank Limited

Report on the audit of the consolidated and separate inflation adjusted financial statements

Opinion

We have audited the inflation adjusted financial statements of First Capital Bank Limited (hereafter, the Bank) and its subsidiary (together, the "Group") set out on pages 36 to 117, which comprise the consolidated and separate inflation adjusted statement of financial position as at 31 December 2021, and the consolidated and separate inflation adjusted statement of profit or loss and other comprehensive income, the consolidated and separate inflation adjusted statement of changes in equity and the consolidated and separate inflation adjusted statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position as at 31 December 2021 of the Bank and Group, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Banking Act (Chapter 24:20).

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 Auditor's Responsibilities for the Audit of the consolidated and separate inflation adjusted financial statements section of our report. We are independent of the Bank in accordance with 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 financial statements in Zimbabwe. We have fulfilled our 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate inflation adjusted financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section of our report, we have determined the matters described below to be the key audit matters.

Key Audit Matters

Key Audit Matter	How the matter was addressed in the audit
1. Determination of expected credit losses on financial assets As disclosed in note 37.5 the expected credit losses (ECL) reflected in the inflation adjusted statement of financial position as at 31 December 2021 determined in accordance with International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), amounts to ZWL\$148.9 million (2020 ZWL\$151.8 million). This was considered a key audit matter as the determination of the ECL requires significant judgement such as: - Models used to determine provisions are complex and might not have taken into account all relevant factors such as macroeconomic data for forecasts and the data used for historical analysis might not be accurate. - The estimation of the key components of the expected credit loss ("ECL") provisions involves significant judgement in determination of probability of default (PD), loss given default (LGD) and exposure at default (EAD). - The current economic environment is very volatile which further heightens the risk of incorporating inaccurate forward-looking information. In addition, the increased liquidity constraints may have impacted the financial position of companies and individuals which needs to be incorporated in the determination of the expected credit losses. - The judgements and estimates used in the determination of the ECL have been detailed as per note 3 of the inflation adjusted financial statements.	"To respond to the risk, we performed audit procedures which included: - Obtained an understanding of the business process around the impairment of financial assets and tested the design and implementation of relevant controls. - We evaluated the competence, objectivity and independence of specialists that we engaged and - Tested the completeness and accuracy of loans and advances included in the ECL calculations With the assistance of an auditor's specialist: - Reviewed the Bank's IFRS 9 based impairment provisioning policy, compared it with the requirements of IFRS 9 and performed an independent assessment on the appropriateness of the model. - Reviewed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. - Obtained an understanding of the Bank's internal rating models for loans and advances and for a sample of loans and advances, we tested the appropriateness of the Bank's staging of loans and advances. - Reviewed the key data sources and assumptions for data used in the Expected Credit Loss (models (the Models) used by the Bank to determine impairment provisions. - Tested the appropriateness of determining Exposure at Default (EAD) and probability of default; and - Reviewed the calculation of the Loss Given Default (used in the ECL calculations, including the appropriateness of the discounting of ECL performed by management and the resultant arithmetical calculations. - Tested the rationale of management overlays which are performed through the Bank's benchmarking process. - Assessed whether forward looking information has been incorporated into the Bank's ECL computations for all financial assets subject to impairment in terms of IFRS 9 and whether it is appropriate in light of the current economic environment; and - We evaluated the impact of any findings identified on the expected credit loss provision. The disclosures and accounting pertaining to the ECL was found to be appropriate in terms of the relevant accounting standards."

Independent Auditor's Report

Key Audit Matters (continued)

2. Valuation of properties "	
As disclosed in note 3 of the inflation adjusted financial statements, the Bank has owner occupied properties, investment properties and investment in Makasa Sun which are recognised at fair value and are an area of significant judgement and estimates which are further heightened by the hyperinflationary state of the local currency. The valuations for the 2021 were in Zimbabwean Dollars (ZWL). The directors made use of independent external valuers in determining the fair values of property. Valuations by their nature involve the use of judgement and estimates which involve significant unobservable inputs such as: Market rentals Risk yields The complexity and subjectivity of these ZWL inputs may result in material misstatements. The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. We identified the valuation of property as representing a key audit matter due to the significance of the balance to the financial statements as a whole. Judgements and estimates used in the valuation of properties have been disclosed as per note 3 and note 40.3 of the inflation adjusted financial statements.	• "To respond to the matter, we performed the following procedures: • Assessed the independence, competence and objectivity of the external property valuer. • Evaluated the valuation methodology used by the external property valuer. • Discussed the valuations with management and the valuer and challenged key estimates adopted in the valuation including those relating to market selling prices, market rates, and capitalization rates, by comparing with available market data. • Tested the completeness and accuracy of the ZWL inputs used in the valuation model. • Engaged an auditor's expert to assess reasonability of the values determined by management by assessing the valuation of ZWL inputs. • Assessed whether fair value had been determined in accordance with the requirements of IFRS 13 Fair Value Measurement; and • Reviewed financial statement disclosures for adequacy of disclosures around the key assumptions. The disclosures and accounting pertaining to valuation of properties was found to be appropriate in terms of the relevant accounting standards."

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Managing Director's Report, Directors' report, Directors' Statement of Responsibility and the historical cost financial information which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated and separate inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

The Directors are responsible for the preparation and fair presentation of the consolidated and separate inflation adjusted financial statements in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Banking Act (Chapter 24:20) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate inflation adjusted financial statements, the directors are responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted financial statements (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated and separate inflation adjusted financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

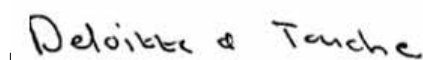
We also:

- Identify and assess the risks of material misstatement of the consolidated and separate inflation adjusted 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate inflation adjusted 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate inflation adjusted financial statements, including the disclosures, and whether the consolidated and separate inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion."

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.



Per: Lawrence Nyajeka
Partner
PAAB Practice Certificate Number: 0598"

28 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	Inflation adjusted 2021 ZWL000	Inflation adjusted Restated** 2020 ZWL000	Historical* 2021 ZWL000	Historical Restated** 2020 ZWL000
Interest income	4	2,737,795	1,535,467	2,187,593	635,853
Interest expense	5	(53,084)	(166,488)	(40,450)	(74,471)
Net interest income		2,684,711	1,368,979	2,147,143	561,382
Net fee and commission income	6	2,835,995	2,124,432	2,263,413	923,243
Net trading and foreign exchange income	7	914,138	1,905,421	726,038	893,330
Net investment and other income	8	290,260	86,207	270,616	34,296
Fair value gain / (loss) on investment property	22	816,253	(52,063)	990,860	216,173
Total non interest income		4,856,646	4,063,997	4,250,927	2,067,042
Total income		7,541,357	5,432,976	6,398,070	2,628,424
Impairment losses on financial assets	12	(72,516)	(167,425)	(57,110)	(56,682)
Net operating income		7,468,841	5,265,551	6,340,960	2,571,742
Operating expenses	9	(4,373,952)	(3,232,740)	(2,936,095)	(1,213,078)
Net monetary loss	11	(557,365)	(421,014)	-	-
Share of profit / (loss) from joint venture	25	1,545,527	(163,119)	2,126,189	736,666
Profit before tax		4,083,051	1,448,678	5,531,054	2,095,330
Taxation	13	(728,915)	(689,600)	(609,126)	(357,426)
Profit for the year		3,354,136	759,078	4,921,928	1,737,904
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain / (loss) on revaluations	21	1,325,712	(122,292)	2,009,893	710,264
Deferred tax		(322,940)	30,231	(486,016)	(170,243)
Gain/(loss) on financial assets at fair value through other comprehensive income		977,286	(104,848)	1,019,728	25,592
Deferred tax		(50,005)	4,602	(53,904)	(1,587)
Net gain/(loss) on other comprehensive income		1,930,053	(192,307)	2,489,701	564,026
Total other comprehensive income/ (loss)		1,930,053	(192,307)	2,489,701	564,026
Total comprehensive income		5,284,189	566,771	7,411,629	2,301,930
Earnings per Share					
Basic (cents per share)	14	155	35	228	81
Diluted (cents per share)		155	35	228	80

*Refer to note 2.1(e)

**Restated to reflect correction of cost classification error in 2020 (note 10.4)

Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	Inflation adjusted 2021 ZWL000	Inflation adjusted Restated** 2020 ZWL000	Historical* 2021 ZWL000	Historical Restated** 2020 ZWL000
Interest income	4	2,737,795	1,535,467	2,187,593	635,853
Interest expense	5	(53,084)	(166,488)	(40,450)	(74,471)
Net interest income		2,684,711	1,368,979	2,147,143	561,382
Net fee and commission income	6	2,835,995	2,124,432	2,263,413	923,243
Net trading and foreign exchange income	7	914,138	1,905,421	726,038	893,330
Net investment and other income	8	290,260	86,207	270,616	34,296
Fair value gain / (loss) on investment property	22	816,253	(52,063)	990,860	216,173
Total non interest income		4,856,646	4,063,997	4,250,927	2,067,042
Total income		7,541,357	5,432,976	6,398,070	2,628,424
Impairment losses on financial assets	12	(72,516)	(167,425)	(57,110)	(56,682)
Net operating income		7,468,841	5,265,551	6,340,960	2,571,742
Operating expenses	9	(4,373,952)	(3,232,740)	(2,936,095)	(1,213,078)
Net monetary loss	11	(557,365)	(421,014)	-	-
Share of profits / (losses) from joint venture	25	1,545,527	(163,119)	2,126,189	736,666
Profit before tax		4,083,051	1,448,678	5,531,054	2,095,330
Taxation	13	(728,915)	(689,600)	(609,126)	(357,426)
Profit for the year		3,354,136	759,078	4,921,928	1,737,904
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain / (loss) on revaluations	21a	1,194,973	(122,292)	1,780,455	710,264
Deferred tax		(290,622)	30,231	(440,128)	(170,243)
Gain/(loss) on financial assets at fair value through other comprehensive income		1,108,025	(104,848)	1,249,165	25,592
Deferred tax		(76,153)	4,602	(99,792)	(1,587)
Net gain/(loss) on other comprehensive income		1,936,223	(192,307)	2,489,700	564,026
Total other comprehensive income/ (loss)		1,936,223	(192,307)	2,489,700	564,026
Total comprehensive income		5,290,359	566,771	7,411,628	2,301,930
Earnings per Share					
Basic (cents per share)	14	155	35	228	81
Diluted (cents per share)		155	35	228	80

*Refer to note 2.1(e)

**Restated to reflect correction of cost classification error in 2020 (note 10.4)

Consolidated Statement of Financial Position

as at 31 December 2021

		Inflation adjusted		Historical*	
	Notes	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Assets					
Cash and bank balances	15	9,099,463	10,220,207	9,099,463	6,358,334
Derivative financial instruments	16	1,791	5,929	1,791	3,690
Investment securities	17	2,899,585	1,638,053	2,899,585	1,019,087
Loans and receivables from banks	18	34,497	20,015	34,497	12,452
Loans and advances to customers	19	7,141,638	3,799,703	7,141,638	2,363,923
Other assets	20	2,748,999	3,130,948	2,654,391	1,826,107
Investment properties	22	1,278,340	462,087	1,278,340	287,480
Investment in joint venture	25	3,084,125	1,568,746	3,084,125	975,969
Property and equipment	21	3,530,108	1,554,708	3,515,459	944,709
Intangible assets	23	260,909	324,207	11,982	15,023
Right of use assets	26.1	171,938	463,538	171,938	99,973
Total assets		30,251,393	23,188,141	29,893,209	13,906,747
Liabilities					
Derivative financial instruments	16	1,272	99	1,272	62
Lease liabilities	26.2	171,032	153,916	171,032	95,756
Deposits from banks	27	547,359	168,256	547,359	104,677
Deposits from customer	28	16,397,317	14,170,567	16,397,317	8,815,986
Employee benefit accruals	29	201,281	94,142	201,281	58,569
Other liabilities	30	1,432,744	2,475,741	1,424,672	1,539,652
Current tax liabilities	33	12,658	48,479	12,658	30,160
Balances due to group companies	42.5	230,060	247,943	230,060	154,254
Deferred tax liabilities	32	827,295	555,596	735,439	240,289
Total liabilities		19,821,018	17,914,739	19,721,090	11,039,405
Equity					
Capital and reserves					
Share capital	34.1	11,501	11,501	216	216
Share premium	34.2	1,271,603	1,271,472	24,085	23,981
Non - distributable reserve	34.3	415,108	415,108	7,785	7,785
Fair value through other comprehensive income reserve	34.4	960,784	32,770	1,014,591	48,312
Property revaluation reserve	34.5	1,693,918	703,854	2,220,734	704,763
Impairment reserve	34.3.1	-	733	-	456
Share - based payment reserve	34.6	66,964	65,761	2,274	1,216
Retained earnings		6,010,497	2,772,203	6,902,434	2,080,613
Total equity		10,430,375	5,273,402	10,172,119	2,867,342
Total equity and liabilities		30,251,393	23,188,141	29,893,209	13,906,747

*Refer to note 2.1 (e)



P Devenish
(Chairman)



C McSharry
(Managing Director)



J Muchando
(Company Secretary)

Separate Statement of Financial Position

as at 31 December 2021

		Inflation adjusted		Historical*	
	Notes	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Assets					
Cash and bank balances	15	9,099,463	10,220,207	9,099,463	6,358,334
Derivative financial instruments	16	1,791	5,929	1,791	3,690
Investment securities	17	2,899,585	1,638,053	2,899,585	1,019,087
Loans and receivables from banks	18	34,497	20,015	34,497	12,452
Loans and advances to customers	19	7,141,638	3,799,703	7,141,638	2,363,923
Other assets	20	2,748,999	3,130,948	2,654,391	1,826,107
Investment properties	22	1,278,340	462,087	1,278,340	287,480
Investment in joint venture	25	3,084,125	1,568,746	3,084,125	975,969
Property and equipment	21a	2,970,108	1,554,708	2,955,459	944,709
Investment in subsidiaries	24a	560,000	-	560,000	-
Intangible assets	23	260,909	324,207	11,982	15,023
Right of use assets	26.1	171,938	463,538	171,938	99,973
Total assets		30,251,393	23,188,141	29,893,209	13,906,747
Liabilities					
Derivative financial instruments	16	1,272	99	1,272	62
Lease liabilities	26.2	171,032	153,916	171,032	95,756
Deposits from banks	27	547,359	168,256	547,359	104,677
Deposits from customer	28	16,397,317	14,170,567	16,397,317	8,815,986
Employee benefit accruals	29	201,281	94,142	201,281	58,569
Other liabilities	30	1,432,744	2,475,741	1,424,672	1,539,652
Current tax liabilities	33	12,658	48,479	12,658	30,160
Balances due to group companies	42.5	230,060	247,943	230,060	154,254
Deferred tax liabilities	32a	821,125	555,596	735,439	240,289
Total liabilities		19,814,848	17,914,739	19,721,090	11,039,405
Equity					
Capital and reserves					
Share capital	34.1	11,501	11,501	216	216
Share premium	34.2	1,271,603	1,271,472	24,085	23,981
Non - distributable reserve	34.3	415,108	415,108	7,785	7,785
Fair value through other comprehensive income reserve	34.4	1,065,375	32,770	1,198,141	48,312
Property revaluation reserve	34.5	1,595,497	703,854	2,037,184	704,763
Impairment reserve	34.3.1	-	733	-	456
Share - based payment reserve	34.6	66,964	65,761	2,274	1,216
Retained earnings		6,010,497	2,772,203	6,902,434	2,080,613
Total equity		10,436,545	5,273,402	10,172,119	2,867,342
Total equity and liabilities		30,251,393	23,188,141	29,893,209	13,906,747

*Refer to note 2.1 (e)



P Devenish
(Chairman)



C McSharry
(Managing Director)



J Muchando
(Company Secretary)

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Inflation adjusted 2021	Fair value							Total equity ZWL000
	Share capital ZWL000	Share premium ZWL000	Non-distributable reserves ZWL000	Income through other comprehensive income ZWL000	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	
Balance at 1 January 2021	11,501	1,271,472	415,108	32,770	703,854	733	65,761	5,273,402
Profit for the year	-	-	-	-	-	-	-	3,354,136
Other comprehensive income for the year	-	-	-	927,281	1,002,772	-	-	1,930,053
Total comprehensive income for the year	-	-	-	927,281	1,002,772	-	-	5,284,189
Transfer between reserves	-	-	-	733	-	(733)	-	-
Recognition of share - based payments	-	-	-	-	-	-	1,224	1,224
Issue of ordinary shares under share-based payment plans	-	131	-	-	-	-	(21)	110
Realisation of revaluation reserves	-	-	-	-	(12,708)	-	-	-
Dividends Paid	-	-	-	-	-	-	-	(12,708)
Balance at 31 December 2021	11,501	1,271,603	415,108	960,784	1,693,918	-	66,964	10,430,375
Inflation adjusted 2020	Fair value							Total equity ZWL000
	Share capital ZWL000	Share premium ZWL000	Non-distributable reserves ZWL000	Income through other comprehensive income ZWL000	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	
Balance at 1 January 2020	11,500	1,271,075	415,108	133,016	843,732	5,642	65,925	4,711,306
Profit for the year	-	-	-	-	-	-	-	759,078
Other comprehensive income for the year	-	-	-	(100,246)	(92,061)	-	-	(192,307)
Total comprehensive income for the year	-	-	-	(100,246)	(92,061)	-	-	566,771
Recognition of share - based payments	-	-	-	-	-	-	12	12
Issue of ordinary shares under share-based payment plans	1	397	-	-	-	-	(176)	222
Realisation of revaluation reserves	-	-	-	-	(47,817)	-	-	-
Impairment of FVOCI financial assets	-	-	-	-	-	(4,909)	-	(4,909)
Balance at 31 December 2020	11,501	1,271,472	415,108	32,770	703,854	733	65,761	5,273,402

Separate Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital ZWL000	Share premium ZWL000	Share distributable reserves ZWL000	Non- through other comprehensive income ZWL000	Fair value	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Inflation adjusted 2021										
Balance at 1 January 2021	11,501	1,271,472	415,108	32,770	703,854	733	65,761	2,772,203	5,273,402	
Profit for the year	-	-	-	-	-	-	-	3,354,136	3,354,136	
Other comprehensive income for the year	-	-	-	1,031,872	904,351	-	-	-	1,936,223	
Total comprehensive income for the year	-	-	-	1,031,872	904,351	-	-	3,354,136	5,290,359	
Transfer between reserves	-	-	-	733	-	(733)	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,224	-	1,224	
Issue of ordinary shares under share-based payment plans	-	131	-	-	-	-	(21)	-	110	
Realisation of revaluation reserves	-	-	-	-	(12,708)	-	-	12,708	-	-
Dividend paid	-	-	-	-	-	-	-	(128,550)	(128,550)	
Balance at 31 December 2021	11,501	1,271,603	415,108	1,065,375	1,595,497	-	66,964	6,010,497	10,436,545	

	Share capital ZWL000	Share premium ZWL000	Share distributable reserves ZWL000	Non- through other comprehensive income ZWL000	Fair value	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Inflation adjusted 2020										
Balance at 1 January 2020	11,500	1,271,075	415,108	133,016	843,732	5,642	65,925	1,965,308	4,711,306	
Profit for the year	-	-	-	-	-	-	-	759,078	759,078	
Other comprehensive income for the year	-	-	-	(100,246)	(92,061)	-	-	-	(192,307)	
Total comprehensive income for the year	-	-	-	(100,246)	(92,061)	-	-	759,078	566,771	
Recognition of share-based payments	-	-	-	-	-	-	-	12	-	12
Issue of ordinary shares under share-based payment plans	1	397	-	-	-	-	(176)	-	-	222
Realisation of revaluation reserves	-	-	-	-	(47,817)	-	-	-	47,817	-
Impairment of FVOCI financial assets	-	-	-	-	-	(4,909)	-	-	-	(4,909)
Balance at 31 December 2020	11,501	1,271,472	415,108	32,770	703,854	733	65,761	2,772,203	5,273,402	

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Historical 2021*	Fair value							Total equity ZWL000
	Share capital ZWL000	Share premium ZWL000	Non- distributable reserves ZWL000	through other comprehensive income ZWL000	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000
Balance at 1 January 2021	216	23,981	7,785	48,312	704,763	456	1,216	2,867,342
Profit for the year	-	-	-	-	-	-	-	4,921,928
Other comprehensive income for the year	-	-	-	965,823	1,523,877	-	-	2,489,700
Total comprehensive income for the year	-	-	-	965,823	1,523,877	-	-	7,411,628
Transfer between reserves	-	-	-	456	-	(456)	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,099	1,099
Issue of ordinary shares under share-based payment plans	-	104	-	-	-	-	(41)	63
Realisation of revaluation reserves	-	-	-	-	(7,906)	-	-	7,906
Dividend paid	-	-	-	-	-	-	-	(108,013)
Balance at 31 December 2021	216	24,085	7,785	1,014,591	2,220,734	-	2,274	10,172,119

Historical 2020*	Fair value							Total equity ZWL000
	Share capital ZWL000	Share premium ZWL000	Non- distributable reserves ZWL000	through other comprehensive income ZWL000	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000
Balance at 1 January 2020	216	23,837	7,785	24,307	171,374	783	1,273	565,652
Profit for the year	-	-	-	-	-	-	-	1,737,904
Other comprehensive income for the year	-	-	-	24,005	540,021	-	-	564,026
Total comprehensive income for the year	-	-	-	24,005	540,021	-	-	2,301,930
Recognition of share-based payments	-	-	-	-	-	-	7	7
Issue of ordinary shares under share-based payment plans	-	144	-	-	-	-	(64)	80
Realisation of revaluation reserves	-	-	-	-	(6,632)	-	-	6,632
Impairment of FVOCI financial assets	-	-	-	-	-	(327)	-	(327)
Balance at 31 December 2020	216	23,981	7,785	48,312	704,763	456	1,216	2,867,342

*Refer to note 2.1 (e)

Separate Statement of Changes in Equity

for the year ended 31 December 2021

	Fair value								
	Share capital ZWL000	Share premium ZWL000	Share distributable reserves ZWL000	Non - through other comprehensive income ZWL000	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Historical 2021*									
Balance at 1 January 2021	216	23,981	7,785	48,312	704,763	456	1,216	2,080,613	2,867,342
Profit for the year	-	-	-	-	-	-	-	4,921,928	4,921,928
Other comprehensive income for the year	-	-	-	1,149,373	1,340,327	-	-	-	2,489,700
Total comprehensive income for the year	-	-	-	1,149,373	1,340,327	-	-	4,921,928	7,411,628
Transfer between reserves	-	-	-	456	-	(456)	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	1,099	-	1,099
Issue of ordinary shares under share-based payment plans	-	104	-	-	-	-	(41)	-	63
Realisation of revaluation reserves	-	-	-	-	(7,906)	-	-	7,906	-
Dividend paid	-	-	-	-	-	-	-	(108,013)	(108,013)
Balance at 31 December 2021	216	24,085	7,785	1,198,141	2,037,184	-	2,274	6,902,434	10,172,119

	Fair value								
	Share capital ZWL000	Share premium ZWL000	Share distributable reserves ZWL000	Non- through other comprehensive income ZWL000	Property revaluation reserves ZWL000	Impairment reserve ZWL000	Share-based payment reserve ZWL000	Retained earnings ZWL000	Total equity ZWL000
Historical 2020*									
Balance at 1 January 2020	216	23,837	7,785	24,307	171,374	783	1,273	336,077	565,652
Profit for the year	-	-	-	-	-	-	-	1,737,904	1,737,904
Other comprehensive income for the year	-	-	-	24,005	540,021	-	-	-	564,026
Total comprehensive income for the year	-	-	-	24,005	540,021	-	-	1,737,904	2,301,930
Recognition of share-based payments	-	-	-	-	-	-	7	-	7
Issue of ordinary shares under share-based payment plans	-	144	-	-	-	-	(64)	-	80
Realisation of revaluation reserves	-	-	-	-	(6,632)	-	-	6,632	-
Impairment of FVOCI financial assets	-	-	-	-	-	(327)	-	-	(327)
Balance at 31 December 2020	216	23,981	7,785	48,312	704,763	456	1,216	2,080,613	2,867,342

*Refer to note 2.1 (e)

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

		Inflation adjusted 2021	Inflation adjusted restated** 2020	Historical* 2021	Historical restated** 2020
	Notes	ZWL000	ZWL000	ZWL000	ZWL000
Cash flows from operating activities					
Profit before tax		4,083,051	1,448,678	5,531,054	2,095,330
Adjustments:					
Depreciation of property, equipment, software amortisation and the right of use asset impairment		554,171	320,143	66,038	31,322
Impairment loss on financial assets	12	72,647	168,553	57,207	57,105
Share of (profit)/loss from joint venture	25	(1,545,527)	163,119	(2,126,189)	(736,666)
Fair value loss / (gain) on investment property	22	(816,253)	52,063	(990,860)	(216,173)
Dividend income	8	(230,824)	(75,160)	(202,255)	(23,852)
Loss/ (profit) on disposal of property and equipment		26,643	8,763	5,173	(888)
Interest on investment securities	4	(189,582)	(74,331)	(162,470)	(28,411)
Staff loan prepayment amortisation		171,592	(2,581)	38,356	7,558
Interest on lease liabilities	26.2	35,710	27,999	26,715	11,304
Net monetary loss		557,365	421,014	-	-
Share based payment expense		1,224	12	1,098	7
Derivatives		(519)	(5,832)	(519)	(3,629)
Cash flow from operating activities		2,719,698	2,452,440	2,243,348	1,193,007
(Increase)/decrease in loans and advances to customers		(3,349,930)	1,415,750	(4,823,864)	(1,689,411)
Decrease/(increase) in other assets		285,587	(1,174,066)	(488,527)	(1,513,129)
Increase/(decrease) in deposits from customers		2,226,750	(587,743)	7,581,331	6,769,170
(Decrease)/Increase in other liabilities		(953,741)	473,792	103,538	1,528,589
Corporate income tax paid	33	(820,854)	(554,325)	(671,398)	(306,909)
Net cash generated from operating activities		107,510	2,025,848	3,944,428	5,981,317
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	21	(792,035)	(37,304)	(614,214)	(15,199)
Proceeds from sale of property and equipment	35	3,339	5,076	2,853	659
Purchase of equity securities	17.3	(43,334)	-	(32,537)	-
Dividends received		248,856	75,160	220,288	23,852
Interest received from investment securities		87,897	71,560	68,452	17,407
Purchase of investments securities		(17,121,920)	(6,215,855)	(12,258,889)	(3,654,488)
Proceeds from sale and maturities of investment securities		16,633,261	6,218,648	11,577,335	2,901,079
Net cash (used in) /generated from investing activities		(983,936)	117,285	(1,036,712)	(726,690)
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		80	222	63	81
Dividend paid		(128,550)	-	(108,013)	-
Lease liabilities payments	26.2	(115,848)	(63,202)	(58,637)	(25,310)
Net cash used in financing activities		(244,318)	(62,980)	(166,587)	(25,229)
Net (decrease)/increase in cash and cash equivalents		(1,120,744)	2,080,153	2,741,129	5,229,398
Cash and cash equivalents at the beginning of the year		10,220,207	8,140,054	6,358,334	1,128,936
Cash and cash equivalents at the end of the year	15	9,099,463	10,220,207	9,099,463	6,358,334

*Refer to note 2.1 (e)

**Restated to reflect correct classification of restricted cash and bank balances (note 10.5)

Separate Statement of Cash Flows

for the year ended 31 December 2021

		Inflation adjusted		Historical*	
		2021	2020	2021	2020
	Notes	ZWL000	ZWL000	ZWL000	ZWL000
Cash flows from operating activities					
Profit before tax		4,083,051	1,448,678	5,531,054	2,095,330
Adjustments:					
Depreciation of property, equipment, software amortisation and the right of use asset impairment		554,171	320,143	66,038	31,322
Impairment loss on financial assets	12	72,647	168,553	57,207	57,105
Share of (profit)/loss from joint venture	25	(1,545,527)	163,119	(2,126,189)	(736,666)
Fair value loss / (gain) on investment property	22	(816,253)	52,063	(990,860)	(216,173)
Dividend income	8	(230,824)	(75,160)	(202,255)	(23,852)
Loss/ (profit) on disposal of property and equipment		26,643	8,763	5,173	(888)
Interest on investment securities	4	(189,582)	(74,331)	(162,470)	(28,411)
Staff loan prepayment amortisation		171,592	(2,581)	38,356	7,558
Interest on lease liabilities	26.2	35,710	27,999	26,715	11,304
Net monetary loss		557,365	421,014	-	-
Share based payment expense		1,224	12	1,098	7
Derivatives		(519)	(5,832)	(519)	(3,629)
Cash flow from operating activities		2,719,698	2,452,440	2,243,348	1,193,007
(Increase)/decrease in loans and advances to customers		(3,349,930)	1,415,750	(4,823,864)	(1,689,411)
Decrease/(increase) in other assets		285,587	(1,174,066)	(488,527)	(1,513,129)
Increase/(decrease) in deposits from customers		2,226,750	(587,743)	7,581,331	6,769,170
(Decrease)/Increase in other liabilities		(953,741)	473,792	103,538	1,528,589
Corporate income tax paid	33	(820,854)	(554,325)	(671,398)	(306,909)
Net cash (used) or generated from operating activities		107,510	2,025,848	3,944,428	5,981,317
Cash flows from investing activities					
Purchase of property, equipment and intangible assets	21a	(362,774)	(37,304)	(283,652)	(15,199)
Proceeds from sale of property and equipment	35	3,339	5,076	2,853	659
Purchase of equity securities	17.3	(43,334)	-	(32,537)	-
Investment in Subsidiary	24a	(429,261)	-	(330,562)	-
Dividends received		248,856	75,160	220,288	23,852
Interest received from investment securities		87,897	71,560	68,452	17,407
Purchase of investments securities		(17,121,920)	(6,215,855)	(12,258,889)	(3,654,488)
Proceeds from sale and maturities of investment securities		16,633,261	6,218,648	11,577,335	2,901,079
Net cash used in investing activities		(983,936)	117,285	(1,036,712)	(726,690)
Cash flows from financing activities					
Proceeds from issue of shares under a share based payment plan		80	222	63	81
Dividend paid		(128,550)	-	(108,013)	-
Lease liabilities payments	26.2	(115,848)	(63,202)	(58,637)	(25,310)
Net cash used in financing activities		(244,318)	(62,980)	(166,587)	(25,229)
Net (decrease)/increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		10,220,207	8,140,054	6,358,334	1,128,936
Cash and cash equivalents at the end of the year	15	9,099,463	10,220,207	9,099,463	6,358,334

*Refer to note 2.1 (e)

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

1 General information and statement of compliance

1.1 General information

First Capital Bank Limited ("the Bank") provides retail, corporate and investment banking services in Zimbabwe. The Bank which is incorporated and domiciled in Zimbabwe is a registered commercial Bank under the Zimbabwe Banking Act Chapter (24:20). The ultimate parent company is FMBcapital Holdings PLC incorporated in Mauritius. The Bank has a primary listing on the Zimbabwe Stock Exchange. The Bank is registered under registration number 148/1981.

1.2 Statement of compliance

The Group consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in a manner required by the Companies and Other Business Entities Act, (Chapter 24:31), the Zimbabwe Banking Act (Chapter 24:20) and the Banking Amendment Act of 2015.

2 Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

These policies have been consistently applied to all the years presented and are in accordance with financial reporting standards.

2.1(a) Basis of preparation

The consolidated financial statements have been prepared on the basis of IAS 29 - Financial Reporting for Hyperinflationary Economies.

The Public Accountants and Auditors Board (PAAB), through circular 01/19, announced that the conditions required for the application of IAS 29 had been met and all financial statements for the period ending from 1 July 2019 should be prepared on IAS 29 basis. The historical cost financial information is re-stated for the changes in purchasing power (inflation) as a result the financial statements are stated in terms of the closing Consumer Price Index ("CPI") at the end of the reporting period.

The following All items CPI indices were used to prepare the inflation adjusted financial statements:

Dates	All items CPI Index	Conversion factors
Dec-21	3,977	1.00
Dec-20	2,475	1.61

The procedures applied for the above restatement are as follows:

- Consolidated Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for the prior period are restated in the same terms.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' equity are restated by the relevant monthly, yearly average or year-end conversion factors.
- All items in the income statement are restated by applying the relevant monthly, yearly average or year-end conversion factors with the exception of depreciation, amortisation and fair value gains and losses which applies the balance sheet approach.

The effect of inflation on the net monetary position of the Group is included in the income statement as a monetary loss adjustment.

2.1(b) Basis of measurement

The consolidated financial statements for the period are measured on historical cost basis except for the following:

- Fair value through OCI equity investments and debt instruments measured at fair value
- Fair value through profit and loss debt instruments for trading measured at fair value
- Investment property measured at fair value
- Land and buildings measured at fair value using the revaluation method
- Investment in joint venture, the underlying investment property is measured at fair value
- Reserve Bank of Zimbabwe NOP (Net Open Position) receivable measured at fair value

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

2.1(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary. Both companies in the Group have a December year end. Inter-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, that is when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

2.1(c) Basis of consolidation (continued)

Subsidiaries

Subsidiaries are those investees controlled by the Group. The Group controls an investee if it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control ceases.

In the holding company's separate financial statements investment in subsidiaries are accounted for at fair value through other comprehensive income.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost and subsequently accounted for at fair value through other comprehensive income.

2.1(d) Functional and presentation currency

The consolidated financial statements are presented in Zimbabwe Dollars (ZWL), the functional currency of the Group.

2.1(e) Historic financial information

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

2.2 Adoption of new and revised accounting standards

During the current year, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021. Further details of major new and revised accounting are in note 47.

The accounting policies applied in the audited inflation adjusted consolidated financial statements are consistent with the accounting policies in the most recent financial statements for the year ended 31 December 2020.

The principal accounting policies are set out below:

2.3 Revenue recognition

i) Net fee and commission income

The Group applies IFRS 15 – Revenue from contracts with customers. Net fee and commission income is calculated by subtracting fee and commission charges from fee and commission income. Fee and commission income from customer banking transactions relates to revenue earned for the rendering of services and is recognised net of any trade discounts, volume rebates and amounts received on behalf of third parties, such as sales taxes, goods and service taxes, and value added taxes. When the Group is acting as an agent, amounts collected on behalf of the principal are not income. Only net commission retained by the Group is, in this case, recognised as income. Examples of services rendered are: customer accounts maintenance, cash transactions, foreign payments, card transactions, inter-Group transfers, letters of credit facilities and internet Grouping transactions. The Group provide system platforms for customers to process these transactions and fee income is collected from each of the service provided.

Under IFRS 15 -Revenue from contracts with customers, entities are required to recognise revenue in a manner which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Fees and commission income earned in respect of services rendered are recognised at a point in time or over time depending on the type of service rendered.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

2.3 Revenue recognition (continued)

ii) Net trading income

In accordance with IFRS 9 Financial Instruments, gains or losses on assets or liabilities reported in the trading portfolio which are measured at fair value are included in the profit or loss component of the statement of comprehensive income under gains and losses from banking and trading activities. Interest and dividends arising from long and short positions and funding costs relating to trading activities are also included under gains and losses from Grouping and trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Own credit gains/losses arise from the fair valuation of financial liabilities designated at fair value through the profit or loss component of the statement of comprehensive income.

iii) Net interest income

Interest income on loans and advances at amortised cost, debt instruments at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, direct and incremental fees and costs, over the expected lives of the assets and liabilities. Net interest income also includes other interest income and other charges which are not recognised based on the effective interest method.

IFRS 9 requires interest income to be calculated on stage 1 or stage 2 financial assets by multiplying effective interest rate (EIR) by the gross carrying amount of such assets. In addition IFRS 9 requires interest income to be recognised on Stage 3 assets based on the net carrying amount (gross loan less expected credit loss allowance). To achieve this requirement the Group first suspends the recognition of contractual interest and then adjusts by applying effective interest rate on the net carrying amount of the financial assets.

2.4 Leasing As lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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.

Lease Liability

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 Group 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; 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 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 payments change due to changes in payment terms, 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 and Separate Annual Financial Statements

for the year ended 31 December 2021

2.4 Leasing (continued)

Right of use asset

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. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The right of use assets are presented as a separate line in the 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.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group applied practical expedience on lease and non-lease components where for all contracts that contain a lease component and one or more additional lease or non-lease components, the Group aggregates the consideration. Operating lease payments are recognised as an expense on straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.5 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2.6 Employee benefits

Defined contribution schemes:

The Group recognises contributions due to defined contribution plans as an expense as and when the services are rendered by employees that entitle them to such contributions. Any contributions unpaid at the reporting date are therefore included as a liability.

Defined benefit schemes:

The Group has a defined benefit liability which relates to pensioners whose lifetime annuities were guaranteed by the Group's Pension Fund, of which the Group is the sponsor.

The Group recognises its obligation (determined using the projected unit credit method) to members of the scheme at the period end, less the fair value of the scheme assets. Scheme assets are stated at fair value as at the reporting period end.

Costs arising from regular pension cost, interest on net defined benefit liability or asset, past service cost settlements or contributions to the plan are recognised in profit or loss.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses and the effect of the asset ceiling (if applicable) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Adjustments recorded in other comprehensive income are not recycled. However, the Group may transfer those amounts recognised in other comprehensive income within equity. Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Gains and losses on curtailments are recognised when the curtailment occurs, which may be when a demonstrable commitment to a reduction in benefits, or reduction in eligible employees, occurs. The gain or loss comprises any change in the present value of the obligation and the fair value of the assets. Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

The Group faces a number of actuarial risks such as;

Investment risk - Actual returns maybe less than what is anticipated which may result in less assets to cover the benefits therefore the Group will have to fund the shortfall.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

2.6 Employee benefits (continued)

Longevity risk - pensioners may live longer than expected resulting in an increase in pension liability.

Measurement risk- the liability is measured using various assumptions including discount rate and inflation. These variables may fluctuate than anticipated.

Regulatory risk - pension liabilities are measured based on current rules, however there may be changes to the rules resulting from the regulatory changes.

Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services. Fair value loss from staff loans relating to the differential between staff loans interest rates and market rate is expensed over the life of the loan.

2.7 Share-based payments

The Group operates a local equity-settled share-based payment plan.

Employee services settled in equity instruments.

The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss over the period that employees provide services, generally the period in which the award is granted or notified and the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Income tax payable on taxable profits is recognised as an expense for the year in which the profits arise.

Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior reporting period.

Provisions are recognised for pending tax audit issues based on estimates of whether additional taxes will be due after taking into account legal advice, progress made in the discussions or negotiations with tax authorities and previous tax precedents. Where the outcome of such matters is different from the amounts provided, the amounts will affect current period only.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

2.8 Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax not recognised in profit or loss

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.9 Property and equipment

Land and buildings are shown at fair value, based on periodic valuation done at least every three years by external independent valuers, less subsequent accumulated depreciation and impairment for buildings. Where there are significant changes in fair value, revaluation is done annually. Revaluation gains are credited to revaluation reserve whilst losses reduce previously recognised gains to the extent of credits in the revaluation reserve. Any losses above previous revaluation credits are charged to profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. All other property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes costs that are directly attributable to the acquisition of the items.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.9 Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Revaluation reserves for disposed property will be reclassified from revaluation reserve to retained income at the point of de-recognition.

For an estimate of useful lives refer to note 3 - Judgements and Estimates xii - (Useful lives and residual values).

2.10 Investment in subsidiary

The Group acquired 100% shareholding in Thulile (Private) Limited which owns a piece of land measuring 18786 square metres. The Group consolidate this subsidiary presenting consolidated financial statements per IFRS10 requirements. Land is the only line item in the subsidiary and no other transactions exist. Investment in subsidiary and equity of the subsidiary is eliminated when consolidating.

2.11 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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for the year ended 31 December 2021

2.12 Investment in joint venture

A joint venture is a contractual arrangement whereby two or more parties (venturers) undertake an economic activity that is subject to joint control through a company, partnership or other entity. Joint control exists only when the strategic, financial and operating decisions relating to the activity require unanimous consent of the venturers.

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method of accounting. The investment in a jointly controlled entity is carried in the balance sheet at cost, plus post-acquisition changes in the Group's share of net assets in the entity, less distributions received and less any impairment in the value of the investment. The Group's profit or loss statement reflects the Group's share of profit after tax of the jointly controlled entity.

The Group assesses investments in jointly controlled entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

The Group ceases to use the equity method of accounting on the date from which it no longer has joint control or significant influence over the joint venture, or when the interest becomes held for sale.

2.13 Intangible assets – Computer Software

Intangible assets include acquired core banking, switch and other software and licences which are accounted for in accordance with IAS 38: Intangible Assets. The asset which is controlled by the entity must be separately identifiable, reliably measured and should be probable that future economic benefits will arise from the asset.

Implementation costs are capitalised only if they can be measured reliably and the asset will bring future economic benefits. Other implementation expenditure not meeting this definition will be expensed.

Intangible assets are stated at cost less accumulated amortisation and any provision for impairment. The assets are amortised over their useful lives in a manner that reflects the pattern in which they contribute to future cash-flows.

2.13.1 Impairment of intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless if it relates to an asset accounted for under revaluation model where the impairment will be accounted for in equity as a revaluation decrease up to the extent of previous revaluation surpluses.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss or in equity for the assets which are accounted for under the revaluation model.

2.14 Provisions, contingent liabilities and undrawn commitments Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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2.14 Provisions, contingent liabilities and undrawn commitments Provisions (continued)

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15.

Undrawn commitments

Under IFRS 9, the provision for impairment for undrawn commitments is provided for depending on the nature of the product. Depending on the product any undrawn commitment will be included in Exposure At Default (EAD). For revolving commitment the EAD includes the current drawn balance plus any further amount that is expected to be drawn up by the time of default, should it occur.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable.

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2.16 Financial assets and financial liabilities

Financial assets mapping table vs. accounting policies

The following table shows the classification of financial assets, the business model and the subsequent measurement.

Financial instrument	Business model	IFRS 9 classification	IFRS9 subsequent measurement
Loans and advances to customers	Hold to collect contractual cash-flows (note 2.16 (i))	Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Staff loans are measured at market interest rates and fair value loss is expensed as staff costs.
Loans and receivable from Groups (held for investment purposes)	Hold to collect contractual cash-flows (note 2.16 (i))	Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange on derecognition is recognised in profit or loss.
Investment securities-debt (held for liquidity purposes)	Hold to collect contractual cash-flows and sell(note 2.16 (ii))	Financial assets at fair value through Other Comprehensive Income (OCI)	These assets are subsequently measured at fair value. Interest income impairment is recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Investment securities-equity	Other business model	Financial assets at fair value through Other Comprehensive Income	These assets are subsequently measured at fair value.
"Other assets: Derivative financial instruments; and Reserve Bank of Zimbabwe NOP (Net Open Position) receivable"	Other	Financial assets at fair value through PL	The asset is subsequently measured at fair value through PL

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- i) Amortised cost;
- ii) Fair Value Through Other Comprehensive Income (FVOCI) – debt investments;
- iii) Fair Value Through Other Comprehensive Income – equity investments or;
- iv) Fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The categories of financial assets and business models are explained as follows:

i) Hold to collect contractual cash-flows - financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) It is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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2.16 Financial assets and financial liabilities (Continued)

- Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.
- These assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Interest income of loans and debt instruments in stage 1 and stage 2 is recognised on the outstanding loan balance based on original effective interest rate. When loans are in stage 3 interest income is recognised only on the expected recoverable balance.

The financial assets in this category include the loans and advances, debt instruments held for investment and Group balances.

ii) Hold to collect contractual cash-flows and sell - financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

These assets include debt instruments held for liquidity management.

iii) Other business models - equity investments at fair value through OCI

On initial recognition of an equity investment that is not held for trading, the Group irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. These assets include equity investments.

iv) Hold to sell - financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. They are held for selling and profit making. The assets are subsequently measured at fair value. Gains and losses are recognised in profit or loss. These assets include debt instruments held for selling and derivatives.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in

Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

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2.16 Financial assets and financial liabilities (Continued)

Modification of loans (Continued)

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Modified loans are assessed for significant increase in credit risk, if there is a significant increase in credit risk the loan will be downgraded to stage 2 and lifetime impairment will be calculated.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instrument assets, loans and advances carried at amortised cost and FVOCI and with the exposure arising from loan commitments, bank balances and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date.

Subsequent increases or decreases in impairment will be recorded in the statement of comprehensive income.

Expected credit loss measurement

ECLs are measured on either a 12 month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether the asset is considered credit impaired.

ECLs are a probability-weighted discounted product of Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). Credit losses are measured 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).

ECLs are discounted at the effective interest rate of the portfolio.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Groups exposed to credit risk.

The Group uses a portfolio based approach to calculation of ECLs. The portfolios are segmented into retail and corporate and further by product.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full without recourse by the Group to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

IFRS 9 outlines a three stage model for impairment based on changes in credit quality since initial recognition. The loss allowance is measured on either of the following basis:

i) 12 - month ECLs (Stage 1 - no significant increase in credit risk)

These are ECLs on financials instruments not credit impaired on initial recognition and they are in the performing grade. These are a portion of lifetime ECLs that result from possible default events within the 12 months after the reporting date. The ECLs are measured on the assets with the following grading:

- Corporate loans with regulatory grades from 1 – 3
- Retail loans graded in bucket 0 and bucket 1 (bucket 0 no missed instalment, bucket 1 instalment overdue but less than 30 days)
- Debt securities, loans to Groups and Group balances which are performing grade
- These are a product of 12 month PD, 12 month LGD and EAD

ii) Lifetime ECLs (Stage 2 – significant increase in credit risk)

These are ECLs that result from all possible default events over the expected life of a financial instrument.

These ECLs are measured on assets with significant increase in credit risk since initial recognition.

- Corporate loans with regulatory grades from grade 4 to grade 7
- Retail loans in bucket 2 to 3 (bucket 2 is 30 days to 60 days past due, bucket 3 is 60 days to 89 days past due)
- Debt securities, loans to Groups and Group balances classified from grade 4 - 7 or standard monitoring grade
- These are a product of lifetime PD, lifetime LGD and EAD

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2.16 Financial assets and financial liabilities (Continued)

iii) Lifetime ECLs (Stage 3 – default)

These ECLs are measured on all credit impaired/ in default credit exposures.

- These are corporates in regulatory grade 8 - 10 and retail loans in bucket 4, and debt securities, loans to banks, bank balances in default
- All exposures which are 90 days past due
- These are a product of default PD, lifetime LGD and EAD

Note 37.5 provides more detail of how the expected credit loss allowance is measured.

Significant increase in credit risk (SICR)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort this includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment including forward looking information, refer to note 37.3 (d) for examples of significant increase in credit risk.

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, representing the unwind of the discount of the expected cash flows, including the principal due on non-accrual loans. Uncollectable loans are written off against the related allowance for loan impairment on completion of the Group's internal processes and all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the profit or loss component of the statement of comprehensive income.

Benchmarking ECL Corporate exposures

The ECL for all financial instruments portfolios is determined from an impairment model. However due to lack of enough historical information on corporate portfolio defaults from which PD and LGD are derived, a judgemental benchmarking is used parallel to the corporate model output. The higher of benchmarking ECL and the model output is considered as the final ECL stock.

Treasury

ECL for treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data.

Retail

ECL for retail exposures are totally based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

De-recognition of financial assets

Full de-recognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Group transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Group may retain an interest in it (continuing involvement) requiring the Group to repurchase it in certain circumstances for other than its fair value on that date.

Financial liabilities

All financial liabilities are held or measured at amortised cost with the exception of derivative liabilities. The Group did not elect to irrevocably designate financial liabilities as measured at fair value through profit or loss as permitted by IFRS 9.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss component of the statement of comprehensive income. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.16.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary share capital

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the Board.

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2.16.2 Financial guarantee contracts

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of impairment allowance measured in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of IFRS 15.

Any increase in the liability relating to guarantees is recognised in profit or loss. Any liability remaining is credited to profit or loss when the guarantee is discharged, cancelled or expires.

2.16.3 Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Provision is made for undrawn loan commitments to be provided at below-market interest rates and for similar facilities, if it is probable that the facility will be drawn and result in recognition of an asset at an amount less than the amount advanced.

2.17 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.18 Offsetting

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits with banks. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2.20 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Group and the number of basic weighted average number of ordinary shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

2.21 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Country Management Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8 Operating Segments. The Country Management Committee assesses the performance of the operating segments monthly based on a measure of profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

The Group has four broad business segments:

1. **Retail banking** - focuses on individual customers with product offering that incorporates direct debit facilities, current and savings accounts, investment savings products, safe custody, debit cards, consumer loans and mortgages.
2. **Business banking** - focuses on small to medium enterprises with product offering similar to retail Grouping.
3. **Corporate banking** - focuses on large corporates, multi-nationals and non-governmental organisations. Product offering includes current accounts, overdrafts, loans and foreign currency products.
4. **Treasury** - focuses on management of the overall Group operating asset balances and balance sheet structure. Main products include financial instruments and foreign currency trading

Revenue allocated to the segments is from external customers who are domiciled in Zimbabwe. There were no trading revenues from transactions with a single external customer that amounted to 10% or more of the Group's revenues. Costs incurred by support functions are allocated to the business segments on the basis of the determined cost drivers.

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3. Judgements and estimates

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

i) Functional currency

Determination of the functional currency

This was a critical judgement area in the prior years given the existing legislation on the currency of the country compared to the substance over form of currency in use. In 2018, the transactional activity on the ground was pointing to a different functional currency than the legislated currency thereby resulting in a significant judgement on the currency. Resultantly the functional currency was determined to be ZWL and has been maintained in the current year as the appropriate functional currency. Refer to note 2.1 (c), section for functional and presentation currency.

ii) Measurement of the expected credit loss allowance (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 37.3(c-e), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL such as determination of EAD PD;
- Establishing the number and relative weightings of forward -looking scenarios for each type of product market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 37.3(c-e)

iii) Income taxes

The Group is subject to income tax in Zimbabwe. Significant judgement is required in determining the income tax payable. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from amounts that were initially recognised, such differences will impact the income and deferred income tax provisions in the period in which such determination is made.

iv) Fair value of share options

The fair value of share options that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of outstanding share options during the year was determined by reference to the Black Scholes Model.

v) Defined benefit pension scheme

The Barclays Bank Pension Fund manages retirement funds for the active members and pensioners. The assets of the funds are managed as one composite pool, with no separation for the active members and pensioners. A review of the Fund resulted in the conclusion that the provision of pension annuities to pensioners was a significant defined benefit. As a result, a valuation is performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities. In determining the liability, assumptions relating to life expectancy of pensioners, discount rate and expected investment returns which are judgemental in nature are applied.

vi) Investment property and investment in Joint Venture

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 the price that would be received to sell the property in an orderly transaction at measurement date or value determined by capitalisation of market rentals. Given the property pricing distortions in the market, sellers withholding properties for sale in local currency, unavailability of sales information and which currency sales are made, valuation of properties becomes a significant judgement area particularly on the ZWL fair value inputs applied.

Fair value of investment in joint venture, which is an investment in a hotel located in Victoria Falls is an area of significant judgement given the specialised nature of the property and limited hotel sales activity. The fair value has been previously determined by capitalisation of future deferred revenue.

Due to covid 19 and its impact on the tourism sector the hotel revenues have been depressed and therefore cease to be a good basis for valuation given the expected post covid19 recovery of the sector. The cost approach has been used for the valuation purposes.

The fair values of the above properties were determined in Zimbabwe Dollars (ZWL).

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vii) FVOCI - treasury bills and bonds

These instruments are not actively traded hence the valuation inputs are unobservable. The unobservable inputs are generally determined based on inputs of similar nature or historical observations. Treasury bills are fair valued based on yields of recent treasury bill issues.

viii) FVOCI - equity instruments (Zimswitch investment)

Equity securities includes an investment in Zimswitch Holdings (Private) Limited which is classified as at Fair value through other comprehensive income with Fair value categorised as level 3 on the fair value hierarchy. Fair value was determined by an independent valuer IH Advisory Services (Pvt) Ltd. The investment was valued using the Earnings multiples approach and the Discounted cashflow method. The following key inputs had significant judgements in their determination and have sensitivities have been used to show the value ranges

Sensitivity assessment

			Sensitivity analysis		Sensitivity analysis	
Discounted Cashflow		Valuation inputs used in model	Discount rate change	ZWL Valuation decrease	Discount rate change	ZWL Valuation decrease
	Discount Rate	24%	+300bps	-6%	-300bps	9%
	Terminal Growth rate	5%	-100bps	-1%	+100bps	1%
Earnings Multiple		Valuation inputs used in model	Discount factor change	ZWL Valuation decrease	Discount factor change	ZWL Valuation decrease
	Comparable discount factor	50%	+1000bps	-11%	-1000bps	11%
	Earnings Multiple	8.2	-2	-14%	+2	14%

ix) Owner occupied property

The fair value of property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at a measurement date, or value determined by capitalisation of market rentals. Given the property pricing distortions in the market, challenges to access to sales information, valuation of properties becomes a significant judgement area with regards to the ZWL inputs applied in determining fair values.

Property value sensitivity analysis

	Consolidated ZWL000	Separate ZWL000
Total Property portfolio value	3,350,110	2,790,110
Average capitalisation rate applied	8%	8%
50bps increase in capitalisation rate impact	(127,506)	(106,192)
50bps decrease in capitalisation rate impact	136,822	113,951

x) Other assets - Net Open Position (NOP) support receivable from RBZ

Determination of the present value of the future cash flows to be received under the NOP support by the RBZ is an area of significant judgement, given the assumptions relating to timing of cash flows and the discount rate applied on the USD denominated cash flows.

xi) Conversion of foreign currency transactions and balances at InterGroup exchanges rates

The Group used the interGroup exchanges rates to translate foreign currency balances and transactions into ZWL reporting currency. The interGroup exchanges rates were determined by management as appropriate for buying and selling foreign currency and where the Group made its own purchases were all conducted at interGroup rate.

xii) Useful lives and residual values

Depreciation on other assets is calculated using the straight – line method to allocate the cost down to the residual values over their estimated useful lives, see below:

Property and equipment	Useful life	
	2021	2020
Buildings	50	50
Furniture and fittings	5	5
Computers	5	5
Office equipment	5	5
Motor vehicles	5	5
Intangible asset computer software	6	6

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		Inflation adjusted		Historical		
		2021	2020	2021	2020	
		ZWL000	ZWL000	ZWL000	ZWL000	
4	Interest income					
	Bank balances	125,618	165,867	96,574	75,570	
	Loans and receivables from banks and investment securities	189,582	74,331	162,470	28,411	
	Loans and advances to customers	2,418,074	1,290,784	1,925,046	530,508	
	Promissory notes	4,521	4,485	3,503	1,364	
	Total interest income	2,737,795	1,535,467	2,187,593	635,853	
5	Interest expense					
	Interest on lease liabilities	(35,710)	(27,999)	(26,715)	(11,304)	
	Deposits from banks	(5,883)	(637)	(4,234)	(125)	
	Customer deposits	(11,491)	(137,852)	(9,501)	(63,042)	
	Total interest expense	(53,084)	(166,488)	(40,450)	(74,471)	
6	Net fee and commission income					
	Fee and commission income					
	Account maintenance fees	545,436	509,039	387,188	193,791	
	Insurance commission received	7,033	3,342	5,572	1,336	
	Transfers and other transactional fees	1,176,241	751,042	986,152	342,995	
	Guarantees	108,819	46,663	87,504	14,877	
	Card based transaction fees	399,037	310,079	317,522	137,622	
	Cash withdrawal fees	607,525	509,940	484,140	234,348	
	Fee and commission income	2,844,091	2,130,105	2,268,078	924,969	
	Fee and commission expense					
	Guarantees	(8,096)	(5,673)	(4,665)	(1,726)	
	Fee and commission expense	(8,096)	(5,673)	(4,665)	(1,726)	
	Net fee and commission income	2,835,995	2,124,432	2,263,413	923,243	
Net fee and commission income above excludes amounts included in determining the effective interest rate on financial assets measured at amortised cost.						
		Inflation adjusted		Historical		
		2021	2020	2021	2020	
		ZWL000	ZWL000	ZWL000	ZWL000	
7	Net trading and foreign exchange income					
	Net foreign exchange revaluation gain	96,592	447,577	82,886	195,614	
	Net foreign exchange trading income	817,546	1,457,844	643,152	697,716	
	Total	914,138	1,905,421	726,038	893,330	
8	Net investment and other income					
	Dividend income	230,824	75,160	202,255	23,852	
	(Loss)/ gain on disposal of property and equipment	(26,643)	(8,763)	(5,173)	888	
	Rental income	22,546	12,923	17,671	6,073	
	Sundry income	63,533	6,887	55,863	3,483	
	Total	290,260	86,207	270,616	34,296	
9	Operating expenses					
	Staff costs	10.1	(1,619,067)	(919,498)	(1,175,966)	(363,364)
	Infrastructure costs	10.2	(1,252,751)	(932,034)	(617,760)	(276,478)
	General expenses	10.3	(1,502,134)	(1,381,208)	(1,142,369)	(573,236)
	Total		(4,373,952)	(3,232,740)	(2,936,095)	(1,213,078)
Breakdown of the expenses is as shown in note 10.			(4,373,952)	(3,232,740)	(2,936,095)	(1,213,078)

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		Inflation adjusted		Historical	
10	Operating expenses Analysis	2021	2020	2021	2020
10.1	Staff costs	ZWL000	ZWL000	ZWL000	ZWL000
	Salaries and allowances	(1,116,875)	(516,816)	(760,566)	(190,353)
	Retention incentive & 13th cheque	(264,379)	(178,853)	(228,786)	(75,664)
	Medical costs	(76,276)	(60,257)	(60,241)	(29,102)
	Social security costs	(5,206)	(2,218)	(4,333)	(948)
	Pension costs: defined contribution plans	(85,328)	(41,453)	(66,867)	(12,398)
	Retrenchment costs	-	(66,777)	-	(38,732)
	Directors' remuneration - for services as management	(69,779)	(53,112)	(54,075)	(16,160)
	Share based payments	(1,224)	(12)	(1,098)	(7)
	Total staff cost	(1,619,067)	(919,498)	(1,175,966)	(363,364)
	Average number of employees during the period:	491	521	491	521
		Inflation adjusted		Historical	
10.2	Infrastructure costs	ZWL000	ZWL000	ZWL000	ZWL000
	Repairs and maintenance	(112,785)	(57,555)	(91,326)	(25,638)
	Heating, lighting, cleaning and rates	(87,785)	(59,248)	(68,558)	(22,131)
	Security costs	(55,422)	(46,718)	(44,663)	(20,204)
	Depreciation of property, equipment and right of use asset	(490,873)	(256,846)	(62,997)	(28,320)
	Software amortisation	(63,298)	(63,297)	(3,041)	(3,001)
	Operating lease - short term leases	(17,968)	(11,678)	(14,336)	(5,296)
	Migration costs - technology	-	(17,429)	-	(1,976)
	Connectivity, software and licences	(424,620)	(419,263)	(332,839)	(169,912)
	Total infrastructure costs	(1,252,751)	(932,034)	(617,760)	(276,478)
		Inflation adjusted		Historical	
10.3	General expenses	ZWL000	ZWL000	ZWL000	ZWL000
	Auditors' remuneration:				
	Audit related services	(17,048)	(24,435)	(12,816)	(11,589)
	Review services	(3,093)	(7,403)	(2,397)	(2,252)
	Other	-	(185)	-	(56)
	Total auditors' remuneration	(20,141)	(32,023)	(15,213)	(13,897)
	Consultancy, legal & professional fees	(45,953)	(34,265)	(36,476)	(15,049)
	Subscription, publications & stationery	(87,428)	(60,098)	(69,498)	(26,549)
	Marketing, advertising & sponsorship	(80,240)	(44,545)	(68,182)	(21,531)
	Travel & accommodation	(72,062)	(60,065)	(57,407)	(23,306)
	Entertainment	(412)	(145)	(365)	(73)
	Cash transportation	(150,954)	(132,681)	(116,367)	(59,614)
	Directors fees	(11,208)	(9,095)	(9,006)	(3,833)
	COVID-19 costs	(65,852)	(92,341)	(51,032)	(28,096)
	Insurance costs	(115,510)	(81,724)	(91,090)	(35,827)
	Telex, telephones & communication	(146,415)	(141,318)	(118,119)	(54,437)
	Group recharges	(472,033)	(540,035)	(367,006)	(213,138)
	Card operating expenses	(59,692)	(96,955)	(44,084)	(41,503)
	Other administrative & general expenses	(174,234)	(36,643)	(98,524)	(24,986)
	Migration cost branding & other	-	(19,275)	-	(11,397)
	Total general expenses	(1,502,134)	(1,381,208)	(1,142,369)	(573,236)

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10.4 Restatement of statement of profit or loss and other comprehensive income

Expenses presentation

The statement of profit or loss and other comprehensive income for the year ended 31 December 2020 has been restated to present expenses by their function, as IAS 1 Presentation of Financial Statements requires that these items be presented by either their function or by their nature. This restatement has no impact on the net profit reported in the comparative year.

The table below highlights the impact of restatement:

	As previously reported		Re-stated	
	Inflation adjusted ZWL000 2020	Historical ZWL000 2020	Inflation adjusted ZWL000 2020	Historical ZWL000 2020
Staff costs	(919,498)	(363,364)		
Infrastructure costs	(932,034)	(276,478)		
Administration and general expenses	(1,381,208)	(573,236)		
Operating expenses	(3,232,740)	(1,213,078)	(3,232,740)	(1,213,078)

10.5 Restatement of statement of cash flows for the year ended 31 December 2020

In the prior period, the statement of cash flows erroneously presented cash and cash equivalents excluding restricted cash balances which was not in line with IAS 7. As a result, the 2020 comparatives have been restated to represent cash and cash equivalents including restricted cash balances as per IAS 7. Refer to note 15 for additional detail.

Table below illustrates impact of restatement on statement of cash flows

	As previously reported		Restated	
	Inflation adjusted ZWL000	Historical ZWL000	Inflation adjusted ZWL000	Historical ZWL000
Profit before tax	1,448,678	2,095,330	1,448,678	2,095,330
Cash flow from operating activities	2,452,440	1,193,007	2,452,440	1,193,007
Transfer to restricted balances	(163,796)	(697,331)	-	-
Net cash generated from operations	2,113,266	5,227,488	2,025,850	5,981,317
Net generated from (used in) investing activities	117,282	(726,691)	117,283	(726,690)
Net cash used in financing activities	(62,980)	(25,228)	(62,980)	(25,229)
Net increase in cash and cash equivalents	2,167,568	4,475,569	2,080,153	5,229,398
Cash and cash equivalents at the beginning of the year	6,468,276	897,079	8,140,054	1,128,936
Cash and cash equivalents at the end of the year	8,635,845	5,372,648	10,220,207	6,358,334

11 Net monetary loss (NML)

Net Monetary Loss is the cost of inflation representing loss in value on net monetary assets. The current cost of ZWL557m (2020: ZWL421m) in the statement of profit or loss and other comprehensive income was calculated using the balance sheet method.

Table below illustrates average net monetary position against net monetary loss for the year.

	Inflation adjusted	
	2021 ZWL000	2020 ZWL000
Average Monetary Assets	14,779,993	11,102,486
Average Monetary liabilities	(14,027,225)	(10,748,345)
Average Net Monetary position	752,768	354,141
Index movement	0.61	3.39
Net monetary loss	468,588	366,065
Other monetary loss movements	88,777	54,949
Total net monetary loss charged to profit or loss	557,365	421,014

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12 Impairment losses on financial assets	Inflation adjusted		Historical	
	2021	2020	2021	2020
Stage 1	ZWL000	ZWL000	ZWL000	ZWL000
Loans and advances to customers	(37,472)	(78,637)	(27,708)	(28,963)
Balances with banks - local & nostro	(2,693)	1,815	(439)	333
Investment securities - treasury bills & bonds	(11,210)	(483)	(8,772)	327
Other assets including RBZ Net Operating Position (NOP) receivable	(1,185)	(78,835)	(3,970)	(23,817)
Total	(52,560)	(156,140)	(40,889)	(52,120)
Stage 2				
Loans and advances to customers	(2,055)	(11,632)	(1,686)	(4,162)
Total	(2,055)	(11,632)	(1,686)	(4,162)
Stage 3				
Loans and advances to customers	(18,032)	(2,281)	(14,632)	(1,756)
Other assets	-	1,500	-	933
Total	(18,032)	(781)	(14,632)	(823)
Total impairment raised during the period	(72,647)	(168,553)	(57,207)	(57,105)
Recoveries of loans and advances previously written off	131	1,128	97	423
Impairment losses recognised in profit/ loss	(72,516)	(167,425)	(57,110)	(56,682)

13 Taxation	Inflation adjusted		Historical	
	2021	2020	2021	2020
13.1 Income tax recognised in profit or loss	ZWL000	ZWL000	ZWL000	ZWL000
Current tax				
Normal tax - current year	(830,161)	(643,437)	(653,896)	(342,704)
Total current tax	(830,161)	(643,437)	(653,896)	(342,704)
Deferred tax				
Deferred tax credit/(expense) recognised in the current year	101,246	(46,163)	44,770	(14,722)
Total deferred tax	101,246	(46,163)	44,770	(14,722)
Total income tax charge recognised in the current year	(728,915)	(689,600)	(609,126)	(357,426)

13.1 Taxation	Inflation adjusted		Historical	
	2020	2021	2020	2021
Income tax recognised in profit or loss: reconciliation of tax expense amount	ZWL000	ZWL000	ZWL000	ZWL000
Profit for the year	4,083,051	1,448,678	5,531,053	2,095,330
Income tax expense calculated at 24.72%	(1,009,330)	(358,113)	(1,367,276)	(517,966)
Effect of income that is exempt from taxation*	705,635	70,383	667,698	212,444
Effect of expenses that are not deductible in determining taxable profit**	(362,211)	(287,529)	(104,946)	(94,533)
Other	(63,009)	(114,341)	195,398	42,629
Income tax expense recognised in profit or loss	(728,915)	(689,600)	(609,126)	(357,426)
Statutory tax rate	25%	25%	25%	25%
Effective income tax rate	18%	48%	11%	17%

* Exempt income include;- revaluation gains on investment property, dividend income, interest on Treasury bills and Bonds and mortgage loans interest.

**Non-deductible costs include;- Group recharges, entertainment costs, IMTT taxes and disallowable donations.

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	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
13.2 Income tax recognised in other comprehensive income				
Deferred tax				
Fair value remeasurement of FVOCI financial assets	(50,005)	4,602	(53,904)	(1,587)
Property revaluations	(322,940)	30,231	(486,016)	(170,243)
Total income tax through other comprehensive income	(372,945)	34,833	(539,920)	(171,830)

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
14 Earnings per share				
14.1 Basic earnings per share				
Earnings attributable to ordinary equity holders	3,354,136	759,078	4,921,928	1,737,904
	2021 Number of shares	2020 Number of shares	2021 Number of shares	2020 Number of shares
Issued shares at the beginning of the reporting year	2,158,585,929	2,156,720,176	2,158,585,929	2,156,720,176
Weighted shares issued during the year	775,000	932,877	775,000	932,877
Weighted average number of ordinary shares	2,159,360,929	2,157,653,053	2,159,360,929	2,157,653,053
	Cents	Cents	Cents	Cents
Basic earnings per share (cents)	155	35	228	81

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
14.2 Diluted earnings per share				
Earnings attributable to ordinary equity holders	3,354,136	759,078	4,921,928	1,737,904
	2021 Number of shares	2020 Number of shares	2021 Number of shares	2020 Number of shares
Weighted average number of ordinary shares	2,159,360,929	2,157,653,053	2,159,360,929	2,157,653,053
Adjustment for share options issued at no value	3,418,752	4,279,055	3,418,752	4,279,055
Diluted average number of ordinary shares	2,162,779,681	2,161,932,108	2,162,779,681	2,161,932,108
	Cents	Cents	Cents	Cents
Diluted earnings per share (cents)	155	35	228	80

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	Inflation adjusted 2021 ZWL000	Inflation adjusted restated* 2020 ZWL000	Historical 2021 ZWL000	Historical restated* 2020 ZWL000
15 Cash and bank balances				
Balances with central bank	1,994,932	1,574,476	1,994,932	979,535
Statutory reserve balance with central bank	614,333	156,255	614,333	97,211
Cash on hand - foreign currency	3,044,663	2,976,428	3,044,663	1,851,736
Cash on hand - local currency	51,793	39,125	51,793	24,341
Balances due from group companies	38,643	49,755	38,643	30,954
Balances with banks abroad	3,356,356	5,424,605	3,356,356	3,374,829
Cash and bank balances	9,100,720	10,220,644	9,100,720	6,358,606
Expected credit losses	(1,257)	(437)	(1,257)	(272)
Net cash and bank balances*	9,099,463	10,220,207	9,099,463	6,358,334

*Restated to reflect correct classification of restricted cash and bank balances (note 10.5)

*Cash and bank balances include restricted amounts relating to Reserve Bank of Zimbabwe (card transaction cash security, ZWL243m (2020:180m) and Statutory reserve for customer deposits, ZWL614m (2020:156m) and Letters of credit foreign bank security deposits (Crown Agency Bank, ZWL814m (2020:1.1b))

16 Derivative financial instruments

The Group uses cross-currency swaps to manage the foreign currency risks arising from asset and deposit balances held which are denominated in foreign currencies. Forward exchange contracts are for trading and foreign currency risk management purposes.

Carrying amount

The fair value of the derivative financial instruments represents the present value of the positive or negative cash flows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

Contract amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The amount cannot be used to assess the market risk associated with the position and should be used only as a means of assessing the Bank's participation in derivative contracts.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Foreign exchange derivatives - assets				
Foreign exchange swaps				
Notional contract amount - Asset	1,731,385	267,461	1,731,385	166,397
Notional contract amount - Liability	(1,729,594)	(261,532)	(1,729,594)	(162,707)
Carrying amount	1,791	5,929	1,791	3,690

Foreign exchange derivatives - liabilities

Foreign exchange spot trades				
Notional contract amount - Asset	388,283	44,724	388,283	27,824
Notional contract amount - Liability	(389,555)	(44,823)	(389,555)	(27,886)
Carrying amount	(1,272)	(99)	(1,272)	(62)

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
17 Investment securities				
Treasury bills and bonds	1,800,591	1,557,331	1,800,591	968,868
Promissory notes	17,893	-	17,893	-
Equity securities	1,081,101	80,722	1,081,101	50,219
Balance at the end of the year	2,899,585	1,638,053	2,899,585	1,019,087

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	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
17.1 Treasury bills and bonds				
Balance at beginning of year	1,557,331	1,482,546	968,868	205,613
Additions	17,019,297	6,215,855	12,179,361	3,644,749
Accrued interest	177,531	74,330	154,840	18,025
Monetary adjustment	(324,478)	(1,434,365)	-	-
Maturities	(16,640,834)	(4,784,283)	(11,515,088)	(2,901,079)
Changes in fair value	11,744	3,248	12,610	1,560
Balance at the end of the year	1,800,591	1,557,331	1,800,591	968,868

As at 31 December 2021, ZWL230 million of the Treasury bills and bonds was used as security against borrowings from third parties.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
17.2 Promissory notes				
Balance at beginning of year	-	-	-	-
Additions	102,623	-	79,528	-
Accrued interest	790	-	612	-
Maturities	(80,324)	-	(62,247)	-
Monetary adjustments	(5,196)	-	-	-
Balance at 31 December	17,893	-	17,893	-

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
17.3 Equity securities				
Balance at beginning of year	80,720	188,818	50,219	26,187
Changes in fair value	957,047	(108,096)	998,345	24,032
Additions	43,334	-	32,537	-
Balance at 31 December	1,081,101	80,722	1,081,101	50,219

Treasury bills and bonds classified as investment securities are held to collect contractual cash flows and sell if the need arises. They are measured at fair value.

Expected credit losses are accounted for through fair value through other comprehensive income reserve. A total of ZWL9.2 million has been recognised in the reserve as at December 2021 (2020: ZWL731 thousand).

Equity securities are designated as fair value through other comprehensive income and measured at fair value.

Financial assets held for investment purpose are classified as financial assets at amortised cost. These financial assets are held to earn interest income over their tenor and to collect contractual cash flows. No treasury bills were held for trading purposes as at 31 December 2021.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
18 Loans and receivables from banks				
Clearing balances with other banks	34,497	20,015	34,497	12,452
Total carrying amount of loans and receivables from banks	34,497	20,015	34,497	12,452

Clearing balances with other banks include Zimswitch transactions net settlement receivables.

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19	Loans and advances to customers	Retail	Business	Corporate and	Total
		Banking	Banking	Investment	
		ZWL000	ZWL000	ZWL000	ZWL000
Historical and inflation adjusted 2021					
	Personal and term loans	1,767,075	762,788	3,383,575	5,913,438
	Mortgage loans	18,296	-	-	18,296
	Overdrafts	3,459	266,119	1,041,846	1,311,424
	Gross loans and advances to customers	1,788,830	1,028,907	4,425,421	7,243,158
	Less: allowance for expected credit losses				
	Stage1	(26,996)	(10,025)	(41,661)	(78,682)
	Stage2	(2,087)	(2,319)	(3,006)	(7,412)
	Stage3	(12,210)	(3,216)	-	(15,426)
	Allowance for expected credit losses	(41,293)	(15,560)	(44,667)	(101,520)
	Net loans and advances to customers	1,747,537	1,013,347	4,380,754	7,141,638
Inflation adjusted 2020					
	Personal and term loans	783,860	3,407	2,698,941	3,486,208
	Mortgage loans	30,545	-	-	30,545
	Overdrafts	7,166	141,286	231,323	379,775
	Gross loans and advances to customers	821,571	144,693	2,930,264	3,896,528
	Less: allowance for expected credit losses				
	Stage1	(22,937)	(9,306)	(49,693)	(81,936)
	Stage2	(1,883)	(4,404)	(2,919)	(9,206)
	Stage3	(5,683)	-	-	(5,683)
	Allowance for expected credit losses	(30,503)	(13,710)	(52,612)	(96,825)
	Net loans and advances to customers	791,068	130,983	2,877,652	3,799,703
Historical 2020					
	Personal and term loans	487,666	2,120	1,679,102	2,168,888
	Mortgage loans	19,003	-	-	19,003
	Overdrafts	4,458	87,899	143,913	236,270
	Gross loans and advances to customers	511,127	90,019	1,823,015	2,424,161
	Less: allowance for expected credit losses				
	Stage1	(14,270)	(5,790)	(30,914)	(50,974)
	Stage2	(1,171)	(2,740)	(1,816)	(5,727)
	Stage3	(3,537)	-	-	(3,537)
	Allowance for expected credit losses	(18,978)	(8,530)	(32,730)	(60,238)
	Net loans and advances to customers	492,149	81,489	1,790,285	2,363,923

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20 Other assets	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Prepayments and stationery	266,112	170,859	235,768	88,404
Card security deposit and settlement balances	251,629	304,250	251,629	189,284
Customer auction funds ZWL receivable	1,049,700	443,805	1,049,700	276,106
LCs retentions ZWL receivable	2,910	417,796	2,910	259,925
Other receivables	102,964	119,840	102,964	74,556
RBZ receivable - NOP support*	896,944	1,413,236	896,944	879,221
RBZ other legacy debts	1,157	8,127	1,157	5,056
Staff loans prepaid benefit	215,056	306,823	150,793	87,018
Total before expected credit losses	2,786,472	3,184,736	2,691,865	1,859,570
Less: Expected credit loss	(37,473)	(53,788)	(37,474)	(33,463)
Total other assets	2,748,999	3,130,948	2,654,391	1,826,107
Current	1,830,402	1,810,490	1,656,539	1,121,383
Non - current	918,597	1,320,458	997,852	704,724
Total	2,748,999	3,130,948	2,654,391	1,826,107

* The receivable relates to the foreign currency commitment by the Reserve Bank to provide cash flows to cover USD16.2 million net open position which arose after separation of RTGS and foreign currency balances. Refer to note 36 for the valuation assumptions. The receivable is estimated to be fully recovered over a period of 3.25 years (2020: 4.5years).

21 Consolidated Property and equipment	Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
Inflation adjusted 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	1,485,778	34,794	14,422	4,550	15,164	1,554,708
Additions	589,626	78,923	21,425	4,000	98,061	792,035
Revaluation	1,325,712	-	-	-	-	1,325,712
Disposals	(11,832)	(5,010)	(18,763)	-	(9,875)	(45,480)
Depreciation charge on disposals	-	1,240	5,526	-	8,731	15,497
Depreciation charge & Impairment charge	(39,174)	(29,022)	(11,905)	(6,389)	(25,874)	(112,364)
Carrying amount at end of the year	3,350,110	80,925	10,705	2,161	86,207	3,530,108
Cost or valuation	3,350,110	489,997	199,232	104,428	301,558	4,445,325
Accumulated depreciation and impairment	-	(409,072)	(188,527)	(102,267)	(215,351)	(915,217)
Carrying amount at end of the year	3,350,110	80,925	10,705	2,161	86,207	3,530,108
Inflation adjusted 2020	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	1,648,288	64,126	15,725	15,124	69,824	1,813,087
Additions	-	19,510	14,880	2,852	62	37,304
Impairment	(122,292)	-	-	-	-	(122,292)
Disposals	-	(5,051)	-	-	(61,089)	(66,140)
Depreciation charge on disposals	-	4,993	-	-	40,047	45,040
Depreciation charge & Impairment charge	(40,218)	(48,784)	(16,183)	(13,426)	(33,680)	(152,291)
Carrying amount at end of the year	1,485,778	34,794	14,422	4,550	15,164	1,554,708
Cost or valuation	1,485,778	416,085	196,571	100,428	213,371	2,412,233
Accumulated depreciation and impairment	-	(381,291)	(182,149)	(95,878)	(198,207)	(857,525)
Carrying amount at end of the year	1,485,778	34,794	14,422	4,550	15,164	1,554,708

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21 Consolidated Property and equipment (continued)

Property and equipment	Land and buildings	Computers	Equipment	Furniture and fittings	Motor Assets under vehicles	Total
Historical 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	924,352	10,182	7,032	2,329	814	944,709
Additions	449,011	64,345	17,913	3,703	79,242	614,214
Revaluation	2,009,893	-	-	-	-	2,009,893
Disposals	(7,996)	(94)	(352)	-	(228)	(8,670)
Depreciation charge on disposals	212	23	104	-	304	643
Depreciation charge	(25,362)	(8,833)	(2,956)	(707)	(7,472)	(45,330)
Carrying amount at end of year	3,350,110	65,623	21,741	5,325	72,660	3,515,459
Cost or valuation	3,350,110	82,426	28,065	7,714	83,131	3,551,446
Accumulated depreciation and impairment	-	(16,803)	(6,324)	(2,389)	(10,471)	(35,987)
Carrying amount at end of the year	3,350,110	65,623	21,741	5,325	72,660	3,515,459
Historical 2020						
Balance at beginning of year	228,599	5,229	1,827	862	1,881	238,398
Additions	-	7,309	6,094	1,774	22	15,199
Revaluation	710,264	-	-	-	-	710,264
Disposals	-	(95)	-	-	(1,145)	(1,240)
Depreciation charge on disposals	-	94	-	-	750	844
Depreciation charge	(14,511)	(2,355)	(889)	(307)	(694)	(18,756)
Carrying amount at end of year	924,352	10,182	7,032	2,329	814	944,709
Cost or valuation	924,352	18,175	10,504	4,011	4,007	961,049
Accumulated depreciation and impairment	-	(7,993)	(3,472)	(1,682)	(3,193)	(16,340)
Carrying amount at end of the year	924,352	10,182	7,032	2,329	814	944,709

If land and buildings were stated on the historical cost basis, the carrying amount would be ZWL127 million (2020: ZWL11 million). The inputs used in the revaluation of land and buildings have been classified as level 3 in the fair value hierarchy as they are not based on data that is readily available from the market (see note 36). All property and equipment was subjected to impairment testing internally and the directors are of the view that there is no cause for raising further charges beyond what has been applied. Property worth ZWL905 million was pledged as security against borrowings from third parties (2020: Nil).

In terms of accounting policy 2.9 revaluations are carried out on land and buildings with sufficient regularity to ensure the carrying value on those properties is not materially different from the market values. The properties were valued by a qualified, independent valuer, Integrated Properties (Pvt) Ltd (2020-CC Sales Ltd).

In 2021 land and buildings were valued by reference to inputs from the market deriving from transactions denominated in ZWL only. This constitute a change in estimate from the approach used in the prior year which applied inputs derived from foreign currency denominated transactions. The directors believe that the approach taken in 2021 results in a fairer representation of the value of these units based on market trends.

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21a Separate Property and equipment

	Land and buildings	Computers	Equipment	Furniture and fittings	Motor vehicles	Total
Inflation adjusted 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	1,485,778	34,794	14,422	4,550	15,164	1,554,708
Additions	160,365	78,923	21,425	4,000	98,061	362,774
Revaluation	1,194,973	-	-	-	-	1,194,973
Disposals	(11,832)	(5,010)	(18,763)	-	(9,875)	(45,480)
Depreciation charge on disposals	-	1,240	5,526	-	8,731	15,497
Depreciation charge & Impairment charge	(39,174)	(29,022)	(11,905)	(6,389)	(25,874)	(112,364)
Carrying amount at end of the year	2,790,110	80,925	10,705	2,161	86,207	2,970,108
Cost or valuation	2,790,110	489,997	199,232	104,428	301,558	3,885,325
Accumulated depreciation and impairment	-	(409,072)	(188,527)	(102,267)	(215,351)	(915,217)
Carrying amount at end of the year	2,790,110	80,925	10,705	2,161	86,207	2,970,108
Inflation adjusted 2020	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	1,648,288	64,126	15,725	15,124	69,824	1,813,087
Additions	-	19,510	14,880	2,852	62	37,304
Impairment	(122,292)	-	-	-	-	(122,292)
Disposals	-	(5,051)	-	-	(61,089)	(66,140)
Depreciation charge on disposals	-	4,993	-	-	40,047	45,040
Depreciation charge & Impairment charge	(40,218)	(48,784)	(16,183)	(13,426)	(33,680)	(152,291)
Carrying amount at end of the year	1,485,778	34,794	14,422	4,550	15,164	1,554,708
Cost or valuation	1,485,778	416,085	196,571	100,428	213,371	2,412,233
Accumulated depreciation and impairment	-	(381,291)	(182,149)	(95,878)	(198,207)	(857,525)
Carrying amount at end of the year	1,485,778	34,794	14,422	4,550	15,164	1,554,708
Property and equipment	Land and buildings	Computers	Equipment	Furniture and fittings	Motor Assets under vehicles	Total
Historical 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Balance at beginning of year	924,352	10,182	7,032	2,329	814	944,709
Additions	118,449	64,345	17,913	3,703	79,242	283,652
Revaluation	1,780,455	-	-	-	-	1,780,455
Disposals	(7,996)	(94)	(352)	-	(228)	(8,670)
Depreciation charge on disposals	212	23	104	-	304	643
Depreciation charge	(25,362)	(8,833)	(2,956)	(707)	(7,472)	(45,330)
Carrying amount at end of the year	2,790,110	65,623	21,741	5,325	72,660	2,955,459
Cost or valuation	2,790,110	82,426	28,065	7,714	83,131	2,991,446
Accumulated depreciation and impairment	-	(16,803)	(6,324)	(2,389)	(10,471)	(35,987)
Carrying amount at end of the year	2,790,110	65,623	21,741	5,325	72,660	2,955,459

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for the year ended 31 December 2021

21a Separate Property and equipment (continued)

	Land and buildings ZWL000	Computers ZWL000	Equipment ZWL000	Furniture and fittings ZWL000	Motor Assets under vehicles ZWL000	Total ZWL000
Historical 2020						
Balance at beginning of year	228,599	5,229	1,827	862	1,881	238,398
Additions	-	7,309	6,094	1,774	22	15,199
Revaluation	710,264	-	-	-	-	710,264
Disposals	-	(95)	-	-	(1,145)	(1,240)
Depreciation charge on disposals	-	94	-	-	750	844
Depreciation charge	(14,511)	(2,355)	(889)	(307)	(694)	(18,756)
Carrying amount at end of year	924,352	10,182	7,032	2,329	814	944,709
Cost or valuation	924,352	18,175	10,504	4,011	4,007	961,049
Accumulated depreciation and impairment	-	(7,993)	(3,472)	(1,682)	(3,193)	(16,340)
Carrying amount at end of the year	924,352	10,182	7,032	2,329	814	944,709

If land and buildings were stated on the historical cost basis, the carrying amount would be ZWL127 million (2020: ZWL11 million). The inputs used in the revaluation of land and buildings have been classified as level 3 in the fair value hierarchy as they are not based on data that is readily available from the market (see note 36). All property and equipment was subjected to impairment testing internally and the directors are of the view that there is no cause for raising further charges beyond what has been applied. Property worth ZWL905 million was pledged as security against borrowings from third parties (2020:Nil).

In terms of accounting policy 2.9 revaluations are carried out on land and buildings with sufficient regularity to ensure the carrying value on those properties is not materially different from the market values. The properties were valued by a qualified, independent valuer, Integrated Properties (Pvt) Ltd (2020-CC Sales Ltd).

In 2021 land and buildings were valued by reference to inputs from the market deriving from transactions denominated in ZWL only. This constitute a change in estimate from the approach used in the prior year which applied inputs derived from foreign currency denominated transactions. The directors believe that the approach taken in 2021 results in a fairer representation of the value of these units based on market trends.

22 Investment properties	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Balance at beginning of the year	462,087	514,150	287,480	71,307
Changes in fair value	816,253	(52,063)	990,860	216,173
Balance at the end of the year	1,278,340	462,087	1,278,340	287,480
Rental income derived from investment properties	22,546	12,923	17,671	6,073

Properties were valued using ZWL denominated inputs in 2021. This represents a change in estimate from the approach used in 2020 in which USD denominated inputs were applied to give a USD valuation which was then translated to ZWL using the official exchange rate.

The fair value of investment property was determined by external, independent property valuers, Integrated property (2020: CC Sales), having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Bank's investment property portfolio annually.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 36) based on the inputs to the valuation technique used.

Operating costs incurred on investment properties during the year were ZWL6.8 million (2020: 3.2 million) inflation adjusted and 4.5 million (2020: 1 million) historical basis. Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged.

Property worth ZWL990 million was pledged as security against borrowings from third parties (2020:Nil).

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	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
23 Intangible assets				
Balance at beginning of year	324,207	387,504	15,023	18,025
Amortisation	(63,298)	(63,297)	(3,041)	(3,002)
Balance at 31 December	260,909	324,207	11,982	15,023
Cost	421,983	421,983	20,276	20,276
Accumulated amortisation	(161,074)	(97,776)	(8,294)	(5,253)
Balance at 31 December	260,909	324,207	11,982	15,023

Intangible assets comprise of acquired core banking, switch and other software and licences, amortised over a period of 6.7 years.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
24a Investment in subsidiary Separate				
Balance at beginning of year	-	-	-	-
Additions	429,261	-	330,562	-
Changes in fair value	130,739	-	229,438	-
Balance at 31 December	560,000	-	560,000	-

The Bank owns 100% in Thulile (Private) Limited, a company that owns a piece of land measuring 18 786 sqm. The property is currently not leased out and is earmarked for further development over the next three years. The value of the subsidiary is equivalent to value of the piece of land held. The land is revalued every three years or annually when there is significant change in value.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
25 Investment in joint venture				
Summarised financial information				
Revenue	115,472	12,636	89,485	7,565
Fair value gain (loss) on investment property	3,169,111	(334,021)	4,410,983	1,540,095
Profit for the year	3,091,054	326,239	4,252,378	1,473,332
Total comprehensive income	3,091,054	326,239	4,252,378	1,473,332
Non - current assets	6,455,648	3,286,537	6,455,648	2,044,665
Current assets	48,643	5,379	48,643	3,346
Non - current liabilities	322,782	164,327	322,782	102,233
Current liabilities	6,049	2,436	6,049	1,515
Bank's interest in investment				
Bank's interest at beginning of year	1,568,746	1,748,421	975,969	242,487
Current year share of total comprehensive income in joint venture	1,545,527	(163,119)	2,126,189	736,666
Monetary adjustment	(12,115)	-	-	-
Dividends received during the year	(18,033)	(16,556)	(18,033)	(3,184)
Carrying amount of investment at year end	3,084,125	1,568,746	3,084,125	975,969

The Group owns 50% investment in Makasa Sun (Pvt) Ltd. The other 50% is owned by Barclays Pensions Fund. Makasa Sun (Pvt) Ltd. owns a hotel located in the tourist resort town of Victoria Falls, Zimbabwe which it leases out.

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		Inflation adjusted		Historical	
		2021	2020	2021	2020
		ZWL000	ZWL000	ZWL000	ZWL000
26	Leases				
26.1	Right of use asset				
	Balance at beginning of year	463,538	391,685	99,973	16,061
	Additions	97,573	203,933	97,573	95,930
	Terminated	(10,664)	(27,525)	(6,635)	(2,304)
	Impairment	(249,920)	-	-	-
	Depreciation for the year	(128,589)	(104,555)	(18,973)	(9,714)
	Balance at 31 December	171,938	463,538	171,938	99,973

26.2 Lease liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	67,248	35,715	67,248	22,220
One to five years	161,894	138,665	161,894	86,268
More than five years	84,162	19,376	84,162	12,055
Total	313,304	193,756	313,304	120,543

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
Lease liabilities included in statement of financial position				
Current	33,472	15,350	33,472	9,549
Non - current	137,560	138,566	137,560	86,207
Balance at 31 December	171,032	153,916	171,032	95,756

Amounts recognised in profit/ loss

Interest on lease liabilities	(35,710)	(27,999)	(26,715)	(11,304)
Expenses - short term & low value leases	(17,968)	(11,678)	(14,336)	(5,296)
Depreciation charge for the year	(128,589)	(104,555)	(18,973)	(9,714)
Total	(182,267)	(144,232)	(60,024)	(26,314)

Statement of cash-flows - Leases

Total cash outflows	(115,848)	(63,202)	(58,637)	(25,310)
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		Inflation adjusted		Historical	
		2021	2020	2021	2020
		ZWL000	ZWL000	ZWL000	ZWL000
27	Deposits from banks				
	Bank balances due to banks abroad	142,801	26,661	142,801	16,587
	Interbank money market deposit	262,631	-	262,631	-
	Clearance balances due to local banks	141,927	141,595	141,927	88,090
	Total deposits from banks	547,359	168,256	547,359	104,677

28 Deposits from customers

Demand deposits

Retail	3,306,123	2,455,281	3,306,123	1,527,513
Business banking	1,923,453	1,173,721	1,923,453	730,211
Corporate and investment banking	9,934,497	9,169,814	9,934,497	5,704,849
Total	15,164,073	12,798,816	15,164,073	7,962,573

Call deposits

Retail	904	561	904	349
Business banking	32,976	1,368	32,976	851
Corporate and investment banking	207,189	204,762	207,189	127,389
Total	241,069	206,691	241,069	128,589

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28 Deposits from customers (continued)

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
Savings accounts				
Retail	8,931	13,929	8,931	8,666
Business banking	30	35	30	22
Total	8,961	13,964	8,961	8,688
Other				
Corporate and investment banking	983,214	1,151,096	983,214	716,136
Total	983,214	1,151,096	983,214	716,136
Total deposits from customers	16,397,317	14,170,567	16,397,317	8,815,986

Included in the deposits above are foreign currency deposits of ZWL 7.3 billion (2020: ZWL6.4 million). Deposits from customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in customer accounts are deposits of ZWL983 million (2020: ZWL1.1bn) held as collateral for loans advanced and letters of credit.

	Inflation adjusted				Historical			
	2021		2020		2021		2020	
	ZWL000	%	ZWL000	%	ZWL000	%	ZWL000	%
Concentration of customer deposits								
Trade and services	6,579,631	40	4,663,114	33	6,579,631	40	2,901,080	33
Energy and minerals	65,577	-	80,066	1	65,577	-	49,812	1
Agriculture	455,200	3	1,726,225	12	455,199	3	1,073,943	12
Construction and property	491,763	3	254,002	2	491,763	3	158,023	2
Light and heavy industry	1,694,230	10	1,624,971	11	1,694,230	10	1,010,949	11
Physical persons	3,324,504	20	2,469,771	17	3,324,504	20	1,536,528	17
Transport and distribution	1,903,050	12	1,557,839	11	1,903,050	12	969,184	11
Financial services	1,883,362	12	1,794,579	13	1,883,362	12	1,116,467	13
Total	16,397,317	100	14,170,567	100	16,397,317	100	8,815,986	100

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
29 Employee benefit accruals				
Staff retention				
Balance at beginning of year	79,756	43,586	49,620	6,045
Provisions made during the year	277,871	322,639	217,225	65,458
Provisions used during the year	(105,257)	(71,924)	(80,035)	(21,883)
Monetary adjustments	(65,560)	(214,545)	-	-
Balance at end of year	186,810	79,756	186,810	49,620
Outstanding employee leave				
Balance at beginning of year	10,097	7,625	6,281	1,057
Provisions made during the year	10,567	17,200	8,190	5,233
Provisions used during the year	-	(30)	-	(9)
Monetary adjustments	(6,193)	(14,698)	-	-
Balance at end of year	14,471	10,097	14,471	6,281
Redundancy				
Balance at beginning of year	4,289	-	2,668	-
Provisions made during the year	-	4,289	-	2,668
Provisions used during the year	(4,289)	-	(2,668)	-
Balance at end of year	-	4,289	-	2,668
Total provisions at end of year	201,281	94,142	201,281	58,569

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29 Employee benefit accruals (continued)

The staff retention incentive represents an accrual for a performance based staff incentive to be paid to staff and is included in staff costs. Employee entitlements to annual leave are recognised when they accrue to employees. The accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date and the charge is recognised in profit or loss within staff costs.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
30 Other liabilities				
Accrued expenses	173,928	242,076	173,928	150,604
Internal accounts	301,928	312,097	293,856	193,577
Retentions payable	-	414,283	-	257,739
Auction funds payable	-	449,817	-	279,846
Other foreign currency claims	696,418	852,946	696,418	530,646
Withholding taxes including IMTT	260,470	204,522	260,470	127,240
Balance at 31 December	1,432,744	2,475,741	1,424,672	1,539,652

31 Retirement benefit plans

Barclays Bank Pension Fund

The Barclays Bank Pension Fund ("The Fund") manages retirement funds for the active members and pensioners. The Fund is run by appointed Trustees. The assets of the Funds are managed as one composite pool, with no separation for the active members and pensioners. The awarding of pension increases and increase in accumulated values to active members is done in consideration of the performance of the Fund and any requirement to increase risk reserves.

The plan assets comprise of property, bank balance, equity instruments and money market deposits at 31 December 2021.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
31.1 Composition of pension fund plan assets				
Cash and bank balances	104,436	21,013	104,436	13,073
Equity and unity trusts	1,846,309	768,771	1,846,309	478,278
Money market	100,947	120,972	100,947	75,261
Properties	4,927,227	3,652,658	4,927,227	2,272,441
Other	8,926	22,492	8,926	13,993
Total	6,987,845	4,585,906	6,987,845	2,853,046

31.2 Defined contribution plans

The defined contribution pension plan, to which the Group contributes 18% (2020: 18%), is provided for permanent employees. Over and above the Group's contribution, the employee contributes 6.5% (2020: 6.5%) of the basic salary. Under this scheme, retirement benefits are determined by reference to the employees' and the Group's contributions to date and the performance of the Fund.

All employees are also members of the National Social Security Authority Scheme, to which both the employer and the employees contribute. The Group contributes 4.5% of pensionable emoluments (maximum ZWL8.6 thousand) for eligible employees.

31.3 Defined benefit pension plans

The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. All annuities are now purchased outside the Fund at the point of retirement.

The provision of pension annuities to pensioners is a significant defined benefit. As a result, a valuation was performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities.

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for the year ended 31 December 2021

31.3 Defined benefit pension plans (continued)

Summary of the valuation is shown below:

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
31.4 Summary valuation of the pension obligation				
Present value of pensioner obligation (DB)	1,016,443	978,393	1,016,443	608,691
Active members liability (DC)	2,233,777	2,273,420	2,233,777	1,414,371
Deferred pensioners	475,188	559,544	475,188	348,111
Other liabilities - risk pools	84,403	77,546	84,403	48,244
Other sundry liabilities	14,004	14,052	14,004	8,742
Total liabilities	3,823,815	3,902,955	3,823,815	2,428,159
Total assets	6,987,845	4,585,906	6,987,845	2,853,046
Net surplus	3,164,030	682,951	3,164,030	424,887

This surplus is attributable to the Fund and the Trustees have discretion as to the application and appropriation of the surplus. The surplus could not be recognised as an asset by the Group because the Group will not receive any future benefits from the surplus in the form of contribution holidays or refunds. The Fund rules clearly state that the Group will not be paid any refund relating to the surplus. In addition the Group is currently not making any additional contributions for the pensioners, therefore, there will be no benefit to the Bank arising from reduced contributions or contribution holiday.

Movements in the present value of the defined benefit obligation in the current year were as follows:

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
Movement in present value of obligation				
Opening present value	978,393	130,241	608,691	18,063
Interest cost	27,038	46,595	20,953	14,177
Surplus allocated to pensioners	551,233	1,910,092	427,177	581,162
Benefits paid	(51,105)	(16,815)	(39,604)	(5,116)
Remeasurement of obligation	(999)	1,332	(774)	405
Monetary adjustment	(488,117)	(1,093,052)	-	-
Present value at 31 December	1,016,443	978,393	1,016,443	608,691

Principal actuarial assumptions

Discount rate	2%	2%	2%	2%
Average life expectancy in years of pensioner retiring at 60 - Male	18	18	18	18
Average life expectancy in years of pensioner retiring at 60 - Female	22	22	22	22

Sensitivity of key principal assumptions	Increase in Defined benefit obligation			
Decrease in discount rate (0.5%)	59,023	60,527	59,023	37,656
Increase in life expectancy (1 year)	31,122	31,783	31,122	19,773

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32 Deferred tax Deferred tax balances

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Deferred tax				
Deferred tax balances				
Deferred tax assets	(375,042)	(381,452)	(374,924)	(246,473)
Deferred tax liabilities	1,202,337	937,048	1,110,363	486,762
Total deferred tax liability	827,295	555,596	735,439	240,289

Deferred tax assets and liabilities are attributable to the following:

	Balance at period start ZWL000	Recognised in P/L ZWL000	Recognised in OCI directly in equity ZWL000	Recognised directly in equity ZWL000	Balance at period end ZWL000
Inflation adjusted 2021					
(Assets)/liabilities					
Property and equipment	558,148	(53,305)	290,622	-	795,465
Investment property	23,105	40,813	-	-	63,918
Investment securities	4,603	-	82,323	-	86,926
Impairments	(37,688)	5,017	-	-	(32,671)
Prepaid expenses	7,109	18,708	-	-	25,817
Deferred revenue	(25,685)	(17,113)	-	-	(42,798)
Provisions	(27,454)	(15,256)	-	-	(42,710)
Other items	53,458	(80,110)	-	-	(26,652)
Total	555,596	(101,246)	372,945	-	827,295

Inflation adjusted 2020

Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	599,177	7,273	(35,764)	(12,538)	558,148
Investment property	23,152	(47)	-	-	23,105
Investment securities	9,205	-	(4,602)	-	4,603
Impairments	(48,313)	10,625	-	-	(37,688)
Prepayments	49,492	(42,383)	-	-	7,109
Deferred revenue	(23,272)	(2,413)	-	-	(25,685)
Provisions	(14,867)	(12,587)	-	-	(27,454)
Other items	(32,237)	85,695	-	-	53,458
Total	562,337	46,163	(40,366)	(12,538)	555,596

Historical 2021

	Balance at period start ZWL000	Recognised in P/L ZWL000	Recognised in OCI directly in equity ZWL000	Recognised directly in equity ZWL000	Balance at period end ZWL000
Assets/(liabilities)					
Property and equipment	245,673	27,731	440,128	-	713,532
Investment property	14,374	49,543	-	-	63,917
Investment securities	2,864	-	99,792	-	102,656
Impairments	(22,936)	(11,594)	-	-	(34,530)
Deferred revenue	(15,833)	(24,939)	-	-	(40,772)
Provisions	(17,081)	(25,630)	-	-	(42,711)
Other items	33,228	(59,881)	-	-	(26,653)
Total	240,289	(44,770)	539,920	-	735,439

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32 Deferred tax (continued) Historical 2020

Assets/(liabilities)	Balance at period start ZWL000	Recognised in P/L ZWL000	Recognised in OCI directly in equity ZWL000	Recognised directly in equity ZWL000	Balance at period end ZWL000
Property and equipment	62,667	12,763	170,243	-	245,673
Investment property	3,213	11,163	-	-	14,376
Investment securities	1,277	-	1,587	-	2,864
Impairments	(6,701)	(16,235)	-	-	(22,936)
Deferred revenue	(3,228)	(12,606)	-	-	(15,834)
Provisions	(2,678)	(14,404)	-	-	(17,082)
Other items	(813)	34,041	-	-	33,228
Total	53,737	14,722	171,830	-	240,289

32a Deferred tax Deferred tax balances

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Deferred tax				
Deferred tax balances				
Deferred tax assets	(375,042)	(381,452)	(374,924)	(246,473)
Deferred tax liabilities	1,196,167	937,048	1,110,363	486,762
Total deferred tax liability	821,125	555,596	735,439	240,289

Deferred tax assets and liabilities are attributable to the following:

	Balance at period start ZWL000	Recognised in P/L ZWL000	Recognised in OCI directly in equity ZWL000	Recognised directly in equity ZWL000	Balance at period end ZWL000
Inflation adjusted 2021					
(Assets)/liabilities					
Property and equipment	558,148	(53,305)	290,622	-	795,465
Investment property	23,105	40,813	-	-	63,918
Investment securities	4,603	-	76,153	-	80,756
Impairments	(37,688)	5,017	-	-	(32,671)
Prepaid expenses	7,109	18,708	-	-	25,817
Deferred revenue	(25,685)	(17,113)	-	-	(42,798)
Provisions	(27,454)	(15,256)	-	-	(42,710)
Other items	53,458	(80,110)	-	-	(26,652)
Total	555,596	(101,246)	366,775	-	821,125

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32a Deferred tax (continued)

Inflation adjusted 2020	Balance at period start	Recognised in P/L	Recognised in OCI directly in equity	Recognised directly in equity	Balance at period end
Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	599,177	7,273	(35,764)	(12,538)	558,148
Investment property	23,152	(47)	-	-	23,105
Investment securities	9,205	-	(4,602)	-	4,603
Impairments	(48,313)	10,625	-	-	(37,688)
Prepayments	49,492	(42,383)	-	-	7,109
Deferred revenue	(23,272)	(2,413)	-	-	(25,685)
Provisions	(14,867)	(12,587)	-	-	(27,454)
Other items	(32,237)	85,695	-	-	53,458
Total	562,337	46,163	(40,366)	(12,538)	555,596

Historical 2021

Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	245,673	27,731	440,128	-	713,532
Investment property	14,374	49,543	-	-	63,917
Investment securities	2,864	-	99,792	-	102,656
Impairments	(22,936)	(11,594)	-	-	(34,530)
Deferred revenue	(15,833)	(24,939)	-	-	(40,772)
Provisions	(17,081)	(25,630)	-	-	(42,711)
Other items	33,228	(59,881)	-	-	(26,653)
Total	240,289	(44,770)	539,920	-	735,439

Historical 2020

Assets/(liabilities)	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property and equipment	62,667	12,763	170,243	-	245,673
Investment property	3,213	11,163	-	-	14,376
Investment securities	1,277	-	1,587	-	2,864
Impairments	(6,701)	(16,235)	-	-	(22,936)
Deferred revenue	(3,228)	(12,606)	-	-	(15,834)
Provisions	(2,678)	(14,404)	-	-	(17,082)
Other items	(813)	34,041	-	-	33,228
Total	53,737	14,722	171,830	-	240,289

	Inflation adjusted		Historical	
	2021	2020	2,021	2,020
33 Taxation payable	ZWL000	ZWL000	ZWL000	ZWL000
Tax payable at the beginning of the year	(48,479)	40,633	(30,160)	5,635
Current tax expense	(830,161)	(643,437)	(653,896)	(342,704)
Tax payable at the end of the year	12,658	48,479	12,658	30,160
Monetary adjustment	45,128	-	-	-
Taxation paid	(820,854)	(554,325)	(671,398)	(306,909)

34 Share capital and reserves

Authorised shares

Issued and fully paid	2,160,205,929	2,158,585,929	2,160,205,929	2,158,585,929
Shares allocated to management share option scheme	30,253,397	33,663,397	30,253,397	33,663,397
Shares under control of directors	2,809,540,674	2,807,750,674	2,809,540,674	2,807,750,674
Total authorised shares	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000

Authorised share capital

Ordinary shares (5 000 000 000 shares of ZWL0.01 cents per share)	500	500	500	500
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for the year ended 31 December 2021

	Inflation adjusted		Historical	
	2021	2020	2,021	2,020
	ZWL000	ZWL000	ZWL000	ZWL000
34.1 Issued share capital				
Issued and fully paid shares				
Balance at beginning of year	2,158,585,929	2,156,720,176	2,158,585,929	2,156,720,176
Exercise of share options	1,620,000	1,865,753	1,620,000	1,865,753
Balance at end of year	2,160,205,929	2,158,585,929	2,160,205,929	2,158,585,929
Ordinary shares	11,501	11,501	216	216
Share premium	1,271,603	1,271,472	24,085	23,981
Total	1,283,104	1,282,973	24,301	24,197

The total authorised number of ordinary shares at year end was 5 billion (2020: 5 billion). The Group's shares have a nominal value of ZWL0.01 cents per share. The unissued share capital is under the control of the directors subject to the restrictions imposed by the Companies and Other Entities Act (Chapter 24:31), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

34.2 Share premium

Premiums from the issue of shares are reported in the share premium.

34.3 Non - distributable reserves

This relates to the balance of currency translation reserves arising from the fair valuation of assets and liabilities on 1 January 2009 when the Bank adopted the United States dollar as the functional and presentation currency.

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
Non - distributable reserve	415,108	415,108	7,785	7,785
Balance at end of year	415,108	415,108	7,785	7,785

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
34.3.1 Impairment reserve				
Impairment on fair value through other comprehensive income				
FVOCI financial assets	-	733	-	456
Balance at end of year	-	733	-	456

This relates to impairment charge on FVOCI debt securities. The impairment reserve has been incorporated into the fair value through other comprehensive income (FVOCI) reserve.

34.4 Fair value through other comprehensive income reserve

This relates to fair value movements on investment securities held at fair value through other comprehensive income which include equity and debt securities.

34.5 Revaluation reserve

Revaluation movement on property and equipment is classified under revaluation reserve. Additional detail on revaluation of assets is contained in note 21.

34.6 Share based payment reserve

The fair value of share options granted to employees is classified under share based payment reserve. The reserve is reduced when the employees exercise their share options.

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
35 Proceeds on disposal of property and equipment				
Carrying amount of property and equipment disposed of	29,982	21,101	8,026	396
Profit on disposal	(26,643)	(8,763)	(5,173)	888
Non Current Assets written off	-	(7,262)	-	(136)
Proceeds on disposal	3,339	5,076	2,853	1,148

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36 Financial instruments

36.1 Classification of assets and liabilities

	Inflation adjusted		Historical	
	2021	2020	2021	2020
Financial assets at fair value through profit and loss	ZWL000	ZWL000	ZWL000	ZWL000
Derivative financial assets	1,791	5,929	1,791	3,690
RBZ receivable - NOP support	896,944	1,413,236	896,944	879,221
Total	898,735	1,419,165	898,735	882,911

Financial assets at amortised cost

Cash and bank balances	9,099,463	10,220,207	9,099,463	6,358,334
Loans and advances to customers	7,141,638	3,799,703	7,141,638	2,363,923
Clearing balances due from other banks	34,497	20,015	34,497	12,452
Other assets*	1,408,360	1,293,818	1,408,360	804,927
Total	17,683,958	15,333,743	17,683,958	9,539,636

* Excludes prepayments and stationery.

	Inflation adjusted		Historical	
	2021	2020	2021	2020
Financial assets at fair value through other comprehensive income	ZWL000	ZWL000	ZWL000	ZWL000
Treasury bills and promissory notes	1,818,484	1,557,331	1,818,484	968,868
Unquoted equity securities	1,081,101	80,722	1,081,101	50,219
Total	2,899,585	1,638,053	2,899,585	1,019,087
Total Financial assets	21,482,278	18,390,961	21,482,278	11,441,634

Financial liabilities

Financial liabilities at fair value through profit and loss

Derivative financial liabilities	1,272	99	1,272	62
Total	1272	99	1272	62

Financial liabilities at amortised cost

Customer deposits	16,397,317	14,170,567	16,397,317	8,815,986
Deposits from other banks	547,359	168,256	547,359	104,677
Other liabilities*	1,376,135	2,452,331	1,376,135	1,525,677
Lease liability	171,032	153,916	171,032	95,756
Balances due to group companies	230,060	247,943	230,060	154,254
Total Financial liabilities	18,721,903	17,193,013	18,721,903	10,696,350

*Excludes deferred income

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36a Financial instruments

36.1a Classification of assets and liabilities

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
Financial assets at fair value through profit and loss				
Derivative financial assets	1,791	5,929	1,791	3,690
RBZ receivable - NOP support	896,944	1,413,236	896,944	879,221
Total	898,735	1,419,165	898,735	882,911

Financial assets at amortised cost

Cash and bank balances	9,099,463	10,220,207	9,099,463	6,358,334
Loans and advances to customers	7,141,638	3,799,703	7,141,638	2,363,923
Clearing balances due from other banks	34,497	20,015	34,497	12,452
Other assets*	1,408,360	1,293,818	1,408,360	804,927
Total	17,683,958	15,333,743	17,683,958	9,539,636

* Excludes prepayments and stationery.

Financial assets at fair value through other comprehensive income

Treasury bills and promissory notes	1,818,484	1,557,331	1,818,484	968,868
Unquoted equity securities	1,641,101	80,722	1,641,101	50,219
Total	3,459,585	1,638,053	3,459,585	1,019,087

Total Financial assets	22,042,278	18,390,961	22,042,278	11,441,634
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Financial liabilities

Financial liabilities at fair value through profit and loss

Derivative financial liabilities	1,272	99	1,272	62
Total	1272	99	1272	62

	Inflation adjusted		Historical	
	2021	2020	2021	2020
	ZWL000	ZWL000	ZWL000	ZWL000
Financial liabilities at amortised cost				
Customer deposits	16,397,317	14,170,567	16,397,317	8,815,986
Deposits from other banks	547,359	168,256	547,359	104,677
Other liabilities*	1,376,135	2,452,331	1,376,135	1,525,677
Lease liability	171,032	153,916	171,032	95,756
Balances due to group companies	230,060	247,943	230,060	154,254
Total Financial liabilities	18,721,903	17,193,013	18,721,903	10,696,350

*Excludes deferred income

36.2 Fair value hierarchy of assets and liabilities held at fair value

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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36.2 Fair value hierarchy of assets and liabilities held at fair value (continued)

	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Historical and inflation adjusted 2021			
Recurring fair value measurements			
Financial assets			
Derivative assets	1,791	-	1,791
RBZ receivable - NOP support	-	896,944	896,944
Treasury bills	-	1,800,591	1,800,591
Unquoted equity instruments	-	1,081,101	1,081,101
Balance at 31 December 2021	1,791	3,778,636	3,780,427
Financial liabilities			
Derivative liabilities	1,272	-	1,272
Balance at 31 December 2021	1,272	-	1,272
Non - financial assets			
Land and buildings	-	3,350,110	3,350,110
Investment property	-	1,278,340	1,278,340
Investment in joint venture - underlying property	-	3,066,433	3,066,433
Balance at 31 December 2021	-	7,694,883	7,694,883
Recurring fair value measurements			
Financial assets			
Derivative assets	5,929	-	5,929
RBZ NOP Support receivable	-	1,413,236	1,413,236
Treasury bills	-	1,557,331	1,557,331
Unquoted equity instruments	-	80,722	80,722
Balance at 31 December 2020	5,929	3,051,289	3,057,218
Financial liabilities			
Derivative liabilities	99	-	99
Balance at 31 December 2020	99	-	99
Non - financial assets			
Land and buildings	-	1,485,778	1,485,778
Investment property	-	462,087	462,087
Investment in joint venture - underlying property	-	1,561,105	1,561,105
Balance at 31 December 2020	-	3,508,970	3,508,970
Historical 2020			
Recurring fair value measurements			
Financial assets			
Derivative assets	3,690	-	3,690
RBZ NOP Support receivable	-	879,221	879,221
Treasury bills	-	968,868	968,868
Unquoted equity instruments	-	50,219	50,219
Balance at 31 December 2020	3,690	1,898,308	1,901,998
Financial liabilities			
Derivative liabilities	62	-	62
Balance at 31 December 2020	62	-	62
Non - financial assets			
Land and buildings	-	924,352	924,352
Investment property	-	287,480	287,480
Investment in joint venture - underlying asset	-	971,216	975,969
Balance at 31 December 2020	-	2,183,048	2,183,048

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36.2a Fair value hierarchy of assets and liabilities held at fair value

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Historical and inflation adjusted 2021	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	1,791	-	1,791
RBZ receivable - NOP support	-	896,944	896,944
Treasury bills	-	1,800,591	1,800,591
Unquoted equity instruments	-	1,641,101	1,641,101
Balance at 31 December 2021	1,791	4,338,636	4,340,427
Financial liabilities			
Derivative liabilities	1,272	-	1,272
Balance at 31 December 2021	1,272	-	1,272
Non - financial assets			
Land and buildings	-	2,790,110	2,790,110
Investment property	-	1,278,340	1,278,340
Investment in joint venture - underlying asset	-	3,066,433	3,066,433
Investment in subsidiary	-	-	-
Balance at 31 December 2021	-	7,134,883	7,134,883

Inflation adjusted 2020	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Recurring fair value measurements			
Financial assets			
Derivative assets	5,929	-	5,929
RBZ NOP Support receivable	-	1,413,236	1,413,236
Treasury bills	-	1,557,331	1,557,331
Unquoted equity instruments	-	80,722	80,722
Balance at 31 December 2020	5,929	3,051,289	3,057,218
Financial liabilities			
Derivative liabilities	99	-	99
Balance at 31 December 2020	99	-	99
Non - financial assets			
Land and buildings	-	1,485,778	1,485,778

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Investment property	-	462,087	462,087
Investment in joint venture - underlying asset	-	1,561,105	1,561,105
Balance at 31 December 2020	-	3,508,970	3,508,970

36.2a Fair value hierarchy of assets and liabilities held at fair value (continued)

	Level 2 ZWL000	Level 3 ZWL000	Total ZWL000
Historical 2020			
Recurring fair value measurements			
Financial assets			
Derivative assets	3,690	-	3,690
RBZ NOP Support receivable	-	879,221	879,221
Treasury bills	-	968,868	968,868
Unquoted equity instruments	-	50,219	50,219
Balance at 31 December 2020	3,690	1,898,308	1,901,998
Financial liabilities			
Derivative liabilities	62	-	62
Balance at 31 December 2020	62	-	62
Non - financial assets			
Land and buildings	-	924,352	924,352
Investment property	-	287,480	287,480
Investment in joint venture - underlying asset	-	971,216	975,969
Balance at 31 December 2020	-	2,183,048	2,183,048

36.3 Valuation techniques for the level 2 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 in the fair value hierarchy. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

Category of asset/liability	Valuation technique applied	Significant observable inputs
Foreign Exchange Contracts	Discounted cash flow	Interest and foreign currency exchange rates

36.4 Valuation techniques for the level 3 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the significant unobservable inputs used at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 3 in the fair value hierarchy.

Category of asset/liability	Valuation applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs
Unquoted equity financial instrument	Discounted cash flow/ Earnings multiple	Cashflows and discount rates	0.24
Land and buildings	Market/ income approach	Capitalisation rates	7% to 9%
Investment properties	Market/income approach	Capitalisation rates	7% to 9%
Treasury bills	Discounted cash flow	Market Yield – not actively traded	7%
RBZ NOP Support receivable	Discounted cash flow	Discount Rate	9.75%

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36.5 Reconciliation of recurring level 3 fair value measurements

Historical and inflation adjusted 2021	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Investment in subsidiary ZWL000	Total ZWL000
Balance at 1 January 2021	1,638,053	462,087	1,413,236	1,561,105	-	5,074,481
Additions	17,165,254	-	-	-	-	17,165,254
Monetary adjustment	(329,676)	-	(534,015)	-	-	(863,691)
Accrued interest	178,321	-	99,251	-	-	277,572
Maturities	(16,721,158)	-	(282,569)	-	-	(17,003,727)
Total gains and losses recognised in profit or loss	-	816,253	201,041	1,505,328	-	2,522,622
Total gains and losses recognised in other comprehensive income	968,791	-	-	-	-	968,791
Balance at 31 December 2021	2,899,585	1,278,340	896,944	3,066,433	-	8,141,302

Inflation adjusted 2020	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Total ZWL000
Balance at 1 January 2020	1,671,361	514,150	334,042	1,728,116	4,247,669
Additions	6,215,855	-	-	-	6,215,855
Accrued interest	74,333	-	153,260	-	227,593
Maturities	(6,218,648)	-	(450,354)	-	(6,669,002)
Total gains and (losses) recognised in profit or loss	-	(52,063)	1,376,288	(167,011)	1,157,214
Total gains and losses recognised in other comprehensive income	(104,848)	-	-	-	(104,848)
Balance at 31 December 2020	1,638,053	462,087	1,413,236	1,561,105	5,074,481

Historical 2020	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Total ZWL000
Balance at 1 January 2020	1,039,810	319,870	207,819	1,075,119	2,642,618
Additions	3,867,092	-	-	-	3,867,092
Accrued interest	46,244	-	95,347	-	141,591
Maturities	(3,868,830)	-	(280,180)	-	(4,149,010)
Total gains and (losses) recognised in profit or loss	-	(32,390)	856,235	(103,903)	719,942
Total gains and losses recognised in other comprehensive income	(65,229)	-	-	-	(65,229)
Balance at 31 December 2020	1,019,087	287,480	879,221	971,216	3,157,004

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36.5a Reconciliation of recurring level 3 fair value measurements

Historical and inflation adjusted 2021	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Investment in subsidiary ZWL000	Total ZWL000
Balance at 1 January 2021	1,638,053	462,087	1,413,236	1,561,105	-	5,074,481
Additions	17,165,254	-	-	-	429,261	17,594,515
Monetary adjustment	(329,676)	-	(534,015)	-	-	(863,691)
Accrued interest	178,321	-	99,251	-	-	277,572
Maturities	(16,721,158)	-	(282,569)	-	-	(17,003,727)
Total gains and losses recognised in profit or loss	-	816,253	201,041	1,505,328	-	2,522,622
Total gains and losses recognised in other comprehensive income	968,791	-	-	-	130,739	1,099,530
Balance at 31 December 2021	2,899,585	1,278,340	896,944	3,066,433	560,000	8,701,302

Inflation adjusted 2020	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Total ZWL000
Balance at 1 January 2020	1,671,361	514,150	334,042	1,728,116	4,247,669
Additions	6,215,855	-	-	-	6,215,855
Accrued interest	74,333	-	153,260	-	227,593
Maturities	(6,218,648)	-	(450,354)	-	(6,669,002)
Total gains and (losses) recognised in profit or loss	-	(52,063)	1,376,288	(167,011)	1,157,214
Total gains and losses recognised in other comprehensive income	(104,848)	-	-	-	(104,848)
Balance at 31 December 2020	1,638,053	462,087	1,413,236	1,561,105	5,074,481

Historical 2020	Investment securities ZWL000	Investment properties ZWL000	RBZ net open position Receivable ZWL000	Investment in Joint venture - Property ZWL000	Total ZWL000
Balance at 1 January 2020	1,039,810	319,870	207,819	1,075,119	2,642,618
Additions	3,867,092	-	-	-	3,867,092
Accrued interest	46,244	-	95,347	-	141,591
Maturities	(3,868,830)	-	(280,180)	-	(4,149,010)
Total gains and (losses) recognised in profit or loss	-	(32,390)	856,235	(103,903)	719,942
Total gains and losses recognised in other comprehensive income	(65,229)	-	-	-	(65,229)
Balance at 31 December 2020	1,019,087	287,480	879,221	971,216	3,157,004

37 Risk management

Financial risk management objectives

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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37 Risk management (continued)

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. Internal audit and Operational Risk and Control departments are responsible for the review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed include among other risks credit risk, liquidity risk, market risk and operational risk.

37.1 Capital risk management

Capital risk – is the risk that the Group is unable to maintain adequate levels of capital which could lead to an inability to support business activity or failure to meet regulatory requirements.

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 banking regulators;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management and the Directors, employing techniques based on guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe for supervisory purposes. The Group's regulatory capital comprises of three tiers;

- **Tier 1 Capital:** comprises contributed capital, accumulated profits, share based payment reserve and currency translation reserve.
- **Tier 2 Capital:** comprises impairment allowance, revaluation reserve and part of currency translation reserve.
- **Tier 3 Capital:** comprises operational and market risk capital.

The Reserve Bank of Zimbabwe requires each bank to maintain a core capital adequacy ratio of 8% and total capital adequacy ratio of 12%. The table below summarises the composition of regulatory capital and the ratios of the Group.

	2021 ZWL000	2020 ZWL000
Share capital	216	216
Share premium	24,085	23,981
Accumulated profits	6,902,434	2,080,613
Impairment reserve	-	456
Share based payment reserve	2,274	1,216
Fair value through OCI reserve	1,198,141	48,312
Currency translation reserve	3,508	3,508
Total core capital	8,130,658	2,158,302
Less market and operational risk capital	(643,080)	(269,015)
Less exposures to insiders	-	(35,648)
Tier 1 capital	7,487,578	1,853,639
Currency translation reserve movement	4,277	4,277
Revaluation reserves	2,037,184	704,763
General provisions (limited to 1.25% of weighted risk assets)	78,682	50,974
Tier 2 capital	2,120,143	760,014
Total tier 1 & 2 capital	9,607,721	2,613,653

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37.1 Capital risk management (continued)

	2021 ZWL000	2020 ZWL000
Market risk	70,453	49,265
Operational risk	572,627	219,750
Tier 3 capital	643,080	269,015
Total tier 1, 2 & 3 capital base	10,250,801	2,882,668
Deductions from capital	(1,081,101)	(50,219)
Total capital base	9,169,700	2,832,449
Credit risk weighted assets	17,004,942	6,239,338
Operational risk equivalent assets	7,157,836	2,746,884
Market risk equivalent assets	880,665	615,806
Total risk weighted assets (RWAs)	25,043,443	9,602,028
Tier 1 capital ratio	30%	19%
Tier 1 and 2 capital ratio	38%	27%
Total capital adequacy ratio	37%	29%

Credit risk capital - is subject to guidelines provided by the regulator which are based on Basel 1 principles. On this approach the Grouping book exposures are categorised into broad classes of assets with different underlying risk characteristics. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market risk capital - is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational risk capital - is assessed using the standardised approach. This approach is tied to average gross income over three years per regulated business lines as indicator of scale of operations. Total capital charge for operational risk equals the sum of charges per business lines.

Economic capital-Economic capital methodologies are used to calculate risk sensitive capital allocations for businesses incurring market risk. Consequently the businesses incur capital charges related to their market risk.

37.2 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Group separates exposures to market risk into either trading or Grouping book. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market; this is mainly to support client trading activity.

Non trading book primarily arises from the management of the Group's retail and commercial Grouping assets and liabilities.

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

(i) Net Open Position (NOP) Management

Foreign exchange risk is managed through daily monitoring of the net foreign exchange exposure by Treasury. Currency swaps are also used to manage foreign exchange risk where necessary. This is achieved through limiting exposure per currency against total qualifying capital held. In compliance with regulatory provisions, exposure to a single currency is limited to 10% of total qualifying capital while total exposure is limited to 20% of the same.

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37.2 Market risk (continued)

(ii) Stress tests

Stress tests provide an indication of losses that could arise in extreme positions.

The stress measure for foreign currency risk is based on determining currency volatility for the past seven years and applying it to the average net open position for the past year assuming a 40 day holding period as per Basel guidelines.

Summarised Daily Value at Risk (DVaR) statistics for the Group relating to currency stress as at 31 December 2021

Currency	Average NOP	Risk Position	Worst Daily Vols	Stress Factor	Risk Measure
USD	302,519	302,519	8.4%	52.9%	159,978
GBP	54,863	54,863	8.4%	53.4%	29,283
Rand	20,773	20,773	7.0%	44.0%	9,140
Other currencies	102,300	102,305	7.9%	50.2%	51,346
Total	480,455	480,460			249,748

Summarised DVaR statistics for the Group relating to currency stress as at 31 December 2020

Currency	NOP	Risk Position	Worst Daily Vols	Stress Factor	Risk Measure
USD	135,556	135,556	8.4%	22.1%	29,988
GBP	43,605	43,605	8.4%	22.3%	9,736
Rand	21,334	21,334	7.0%	18.4%	3,927
Other currencies	72,762	72,779	3.2%	20.0%	14,577
Total	273,257	273,274			58,228

37.2.1 Interest rate risk

Interest rate risk is the risk that the Group will be adversely affected by changes in the level or volatility of market interest rates. The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing interest rate risk lies with the Assets and Liabilities Committee (ALCO). On a day to day basis, risks are managed through a number of management committees. Through this process, the Group monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Risk and Control Committee and the Board.



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37.2.1 Interest rate risk (continued)

The table below summarises the Group's interest rate risk exposure.

Historical and inflation adjusted 31-Dec-21	Over 5 years historical adjusted				Non-interest bearing historical		Non-interest bearing inflation adjusted		Total inflation adjusted	
	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	5 years historical adjusted ZWL000	Non-interest bearing historical ZWL000	Non-interest bearing inflation adjusted ZWL000	Total historical ZWL000	Total inflation adjusted ZWL000
Assets										
Cash and bank balances	5,146,904	-	-	-	-	-	3,952,559	3,952,559	9,099,463	9,099,463
Derivative financial assets	1,791	-	-	-	-	-	-	-	1,791	1,791
Investment securities	34,497	520,702	862,494	322,252	113,037	-	1,046,603	1,046,603	2,899,585	2,899,585
Loans and receivables from banks	34,497	-	-	-	-	-	-	-	34,497	34,497
Loans and advances to customers	6,801,194	42	8	33	327,929	12,432	-	-	7,141,638	7,141,638
Other assets	-	-	-	-	-	868,852	1,785,539	1,880,147	2,748,999	2,748,999
Property and equipment	-	-	-	-	-	-	3,515,459	3,530,108	3,530,108	3,530,108
Investment properties	-	-	-	-	-	-	1,278,340	1,278,340	1,278,340	1,278,340
Investment in joint venture	-	-	-	-	-	-	3,084,125	3,084,125	3,084,125	3,084,125
Intangible assets	-	-	-	-	-	-	11,982	260,909	260,909	260,909
Right of use assets	-	-	-	-	-	-	171,938	171,938	171,938	171,938
Total assets	12,018,883	520,744	862,502	322,285	440,966	881,284	14,846,545	15,204,729	29,893,209	30,251,393
Liabilities										
Derivative financial liabilities	1,272	-	-	-	-	-	-	-	1,272	1,272
Lease liabilities	-	-	-	-	-	-	171,032	171,032	171,032	171,032
Deposits from banks	142,801	-	-	262,631	-	-	141,927	141,927	547,359	547,359
Deposits from customers	10,319,582	172,082	256,768	513,535	4,108,280	1,027,070	-	-	16,397,317	16,397,317
Employee benefit accruals	-	-	-	-	-	-	201,281	201,281	201,281	201,281
Other liabilities	-	-	-	-	-	-	1,424,672	1,432,744	1,432,744	1,432,744
Deferred tax liabilities	-	-	-	-	-	-	735,439	827,295	827,295	827,295
Current tax liabilities	-	-	-	-	-	-	12,658	12,658	12,658	12,658
Due to group companies	-	-	-	-	-	-	230,060	230,060	230,060	230,060
Total liabilities	10,463,655	172,082	256,768	776,166	4,108,280	1,027,070	2,917,069	3,016,997	19,721,090	19,821,018
Interest rate Re - pricing gap	1,555,228	348,662	605,734	(453,881)	(3,667,314)	(145,786)	11,929,476	12,187,732	10,172,119	10,430,375
Cumulative gap	1,555,228	1,903,890	2,509,624	2,055,743	(1,611,571)	(1,757,357)	10,172,119	-	-	-

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37.2.1 Interest rate risk (continued)

Inflation adjusted 31-Dec-20	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	Over 5 years historical adjusted ZWL000	Non- interest bearing inflation adjusted ZWL001	Total inflation adjusted ZWL000
Assets								
Cash and bank balances	4,374,545	-	-	-	-	-	5,845,662	10,220,207
Derivative financial assets	-	-	-	-	-	-	5,929	5,929
Investment securities	1,547,762	1,821	-	7,748	-	-	80,722	1,638,053
Loans and receivables from banks	20,015	-	-	-	-	-	-	20,015
Loans and advances to customers	-	3,799,703	-	-	-	-	-	3,799,703
Other assets	42,890	84,771	90,301	171,456	1,033,392	-	1,708,138	3,130,948
Property and equipment	-	-	-	-	-	-	1,554,708	1,554,708
Investment properties	-	-	-	-	-	-	462,087	462,087
Investment in joint venture	-	-	-	-	-	-	1,568,746	1,568,746
Intangible assets	-	-	-	-	-	-	324,207	324,207
Right of use assets	-	-	-	-	-	-	463,538	463,538
Total assets	5,985,212	3,886,295	90,301	179,204	1,033,392	-	12,013,737	23,188,141
Liabilities								
Derivative financial liabilities	99	-	-	-	-	-	-	99
Lease liabilities	153,916	-	-	-	-	-	-	153,916
Deposits from banks	168,256	-	-	-	-	-	-	168,256
Deposits from customers	14,170,567	-	-	-	-	-	-	14,170,567
Employee benefit accruals	-	-	-	-	-	-	94,142	94,142
Other liabilities	-	-	-	-	-	-	2,475,741	2,475,741
Deferred tax liabilities	-	-	-	-	-	-	555,596	555,596
Current tax liabilities	-	-	-	-	-	-	48,479	48,479
Due to group companies	-	-	-	-	-	-	247,943	247,943
Total liabilities	14,492,838	-	-	-	-	-	3,421,901	17,914,739
Interest rate Re - pricing gap	(8,507,626)	3,886,295	90,301	179,204	1,033,392	-	8,591,836	5,273,402
Cumulative gap	8,507,626	(4,621,331)	(4,531,030)	(4,351,826)	(3,318,434)	(3,318,434)	5,273,402	-

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37.2.1a Interest rate risk (continued) The table below summarises the Bank's interest rate risk exposure.

Historical and inflation adjusted

31-Dec-21	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing Historical	Total Historical	Non-interest bearing inflation adjusted	Total inflation adjusted
ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Assets										
Cash and bank balances	5,146,904	-	-	-	-	-	3,952,559	9,099,463	3,952,559	9,099,463
Derivative financial assets	1,791	-	-	-	-	-	-	1,791	-	1,791
Investment securities	34,497	520,702	862,494	322,252	113,037	-	1,046,603	2,899,585	1,046,603	2,899,585
Loans and receivables from banks	34,497	-	-	-	-	-	-	34,497	-	34,497
Loans and advances to customers	6,801,194	42	8	33	327,929	12,432	-	7,141,638	-	7,141,638
Other assets	-	-	-	-	-	868,852	1,785,539	2,654,391	1,880,147	2,748,999
Property and equipment	-	-	-	-	-	-	2,955,459	2,955,459	2,970,108	2,970,108
Investment properties	-	-	-	-	-	-	1,278,340	1,278,340	1,278,340	1,278,340
Investment in joint venture	-	-	-	-	-	-	3,084,125	3,084,125	3,084,125	3,084,125
Investment in Subsidiaries	-	-	-	-	-	-	560,000	560,000	560,000	560,000
Intangible assets	-	-	-	-	-	-	11,982	11,982	260,909	260,909
Right of use assets	-	-	-	-	-	-	171,938	171,938	171,938	171,938
Total	12,018,883	520,744	862,502	322,285	440,966	881,284	14,846,545	29,893,209	15,204,729	30,251,393
Liabilities										
Derivative financial liabilities	1,272	-	-	-	-	-	-	1,272	-	1,272
Lease liabilities	-	-	-	-	-	-	171,032	171,032	171,032	171,032
Deposits from banks	142,801	-	-	262,631	-	-	141,927	547,359	141,927	547,359
Deposits from customers	10,319,582	172,082	256,768	513,535	4,108,280	1,027,070	-	16,397,317	-	16,397,317
Employee benefit accruals	-	-	-	-	-	-	201,281	201,281	201,281	201,281
Other liabilities	-	-	-	-	-	-	1,424,672	1,424,672	1,432,744	1,432,744
Deferred tax liabilities	-	-	-	-	-	-	735,439	735,439	821,125	821,125
Current tax liabilities	-	-	-	-	-	-	12,658	12,658	12,658	12,658
Due to group companies	-	-	-	-	-	-	230,060	230,060	230,060	230,060
Total liabilities	10,463,655	172,082	256,768	776,166	4,108,280	1,027,070	2,917,069	19,721,090	3,010,827	19,814,848
"Interest rate Re - pricing gap"	1,555,228	348,662	605,734	(453,881)	(3,667,314)	(145,786)	11,929,476	10,172,119	12,193,902	10,436,545
Cumulative gap	1,555,228	1,903,890	2,509,624	2,055,743	(1,611,571)	(1,757,357)	10,172,119	-	10,436,545	-

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37.2.1 Interest rate risk (continued)

Inflation adjusted
31-Dec-20

	Up to 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 months to 1 year ZWL000	1 to 5 years ZWL000	Over 5 years historical adjusted ZWL000	Non- interest bearing inflation adjusted ZWL001	Total inflation adjusted ZWL000
Assets								
Cash and bank balances	4,374,545	-	-	-	-	-	5,845,662	10,220,207
Derivative financial assets	-	-	-	-	-	-	5,929	5,929
Investment securities	1,547,762	1,821	-	7,748	-	-	80,722	1,638,053
Loans and receivables from banks	20,015	-	-	-	-	-	-	20,015
Loans and advances to customers	-	3,799,703	-	-	-	-	-	3,799,703
Other assets	42,890	84,771	90,301	171,456	1,033,392	-	1,708,138	3,130,948
Property and equipment	-	-	-	-	-	-	1,554,708	1,554,708
Investment properties	-	-	-	-	-	-	462,087	462,087
Investment in joint venture	-	-	-	-	-	-	1,568,746	1,568,746
Intangible assets	-	-	-	-	-	-	324,207	324,207
Right of use assets	-	-	-	-	-	-	463,538	463,538
Total assets	5,985,212	3,886,295	90,301	179,204	1,033,392		- 12,013,737	23,188,141
Liabilities								
Derivative financial liabilities	99	-	-	-	-	-	-	99
Lease liabilities	153,916	-	-	-	-	-	-	153,916
Deposits from banks	168,256	-	-	-	-	-	-	168,256
Deposits from customers	14,170,567	-	-	-	-	-	-	14,170,567
Employee benefit accruals	-	-	-	-	-	-	94,142	94,142
Other liabilities	-	-	-	-	-	-	2,475,741	2,475,741
Deferred tax liabilities	-	-	-	-	-	-	555,596	555,596
Current tax liabilities	-	-	-	-	-	-	48,479	48,479
Due to group companies	-	-	-	-	-	-	247,943	247,943
Total liabilities	14,492,838	-	-	-	-		- 3,421,901	17,914,739
Interest rate Re - pricing gap	8,507,626)	3,886,295	90,301	179,204	1,033,392		- 8,591,836	5,273,402
Cumulative gap	(8,507,626)	(4,621,331)	(4,531,030)	(4,351,826)	(3,318,434)	(3,318,434)	5,273,402	-

Net interest income sensitivity ("NII")

NII measures the sensitivity of annual earnings to changes in interest rates. NII is calculated at a 15% and 5% change in local currency and foreign currency interest rates respectively.

The Group's interest income sensitivity is shown below:

	Inflation adjusted		Historical	
	2021 Impact on earnings ZWL000	2020 Impact on earnings ZWL000	2021 Impact on earnings ZWL000	2020 Impact on earnings ZWL000
Net interest income sensitivity				
Local currency				
1500bps increase in interest rates	472,385	29,131	366,074	18,123
1500bps decrease in interest rates	(472,385)	(29,131)	(366,074)	(18,123)
Benchmark	-	-	-	-
Foreign currency				
500bps increase in interest rates	13,543	7,070	10,495	4,399
500bps decrease in interest rates	(13,543)	(7,070)	(10,495)	(4,399)
Benchmark	-	-	-	-

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37.2.2 Foreign exchange risk

This is a risk that the value of a financial liability or asset denominated in foreign currency will fluctuate due to changes in the exchange rate. The Group takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates in the financial position and cash flows. Mismatches on foreign exchange assets and liabilities are minimised through the daily monitoring of the net foreign exchange exposure by treasury. Currency swaps are also used to manage foreign exchange risk where necessary.

The table below summarises the Group's financial instruments at carrying amounts, categorised by currency.

Historical and inflation adjusted 2021 At 31 December 2021	USD (ZWL Equiv) ZWL000	GBP (ZWL Equiv) ZWL000	Rand (ZWL Equiv) ZWL000	Other currency (ZWL Equiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	3,942,367	180,527	1,234,267	1,137,681	6,494,842
Investment securities	41,316	-	-	-	41,316
Loans and advances to customers	2,269,226	37	510	12	2,269,785
Other assets	2,265,888	-	-	-	2,265,888
Foreign exchange swaps	-	-	-	-	-
Total financial assets	8,518,797	180,564	1,234,777	1,137,693	11,071,831
Liabilities					
Deposits from banks	160	-	-	-	160
Deposits from customers	7,152,507	20,672	81,339	94,008	7,348,526
Other liabilities	2,752,653	16,370	3,964	36,266	2,809,253
Balances due to group companies	230,060	-	-	-	230,060
Total financial liabilities	10,135,380	37,042	85,303	130,274	10,387,999
Net currency positions	(1,616,583)	143,522	1,149,474	1,007,419	683,832

Exchange rate sensitivity to Profit for the year

Exchange rate increase of 20%	(323,317)	28,704	229,895	201,484	136,766
Exchange rate decrease of 20%	323,317	(28,704)	(229,895)	(201,484)	(136,766)

Exchange rates applied in 2021

	USD	GBP	Rand	EUR	CND
ZWL closing rate	109	146	7	123	85

Other foreign Currency

Inflation adjusted	USD (ZWL Equiv) ZWL000	GBP (ZWL Equiv) ZWL000	Rand (ZWL Equiv) ZWL000	Other currency (ZWL Equiv) ZWL000	Total ZWL000
Assets					
Cash and bank balances	7,730,880	140,391	367,319	371,597	8,610,186
Loans and advances to customers	121,893	-	-	-	121,893
Other assets	1,710,582	-	-	-	1,710,582
Foreign exchange swaps	267,391	-	-	-	267,391
Total financial assets	9,830,746	140,391	367,319	371,597	10,710,052
Liabilities					
Deposits from banks	6,020	-	-	-	6,020
Deposits from customers	7,131,891	25,926	334,633	142,645	7,635,094
Other liabilities	1,909,837	20,039	5,598	2,653	1,938,126
Balances due to group companies	275,176	-	-	31,506	306,682
Total financial liabilities	9,322,924	45,965	340,231	176,804	9,885,922
Net currency positions	507,822	94,426	27,088	194,793	824,130

Exchange rate sensitivity to Profit for the year

Exchange rate increase of 20%	8,306,607	1,544,556	443,087	3,186,291	13,480,542
Exchange rate decrease of 20%	(8,306,607)	(1,544,556)	(443,087)	(3,186,291)	(13,480,542)

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37.2.2 Foreign exchange risk (continued)

Exchange rates applied in 2020

	USD	GBP	Rand	EUR	CND
ZWL closing rate	82	6	100	64	63

Historical 2020

	USD (ZWL Equiv) ZWL000	GBP (ZWL Equiv) ZWL000	Rand (ZWL Equiv) ZWL000	Other currency (ZWL Equiv) ZWL000	Total ZWL000
At 31 December 2020					
Assets					
Cash and bank balances	4,809,640	87,342	228,521	231,183	5,356,686
Loans and advances to customers	75,834	-	-	-	75,834
Other assets	1,064,210	-	-	-	1,064,210
Foreign exchange swaps	166,353	-	-	-	166,353
Total financial assets	6,116,037	87,342	228,521	231,183	6,663,083
Liabilities					
Deposits from banks	3,745	-	-	-	3,745
Deposits from customers	4 436 990	16 129	208 186	88 744	4 750 049
Other liabilities	1 188 174	12 467	3 483	1 650	1 205 774
Balances due to group companies	171 196	-	-	19 601	190 797
Total financial liabilities	5 800 105	28 596	211 669	109 995	6 150 365
Net currency positions	315 932	58 746	16 852	121 188	512 718

37.2.3 Equity Risk

The Group does not hold any significant active trading instruments on the stock exchange and is therefore not exposed to equity pricing risk.

37.3 Credit risk

Credit risk is the risk of financial loss should the Group's customers, clients or market counter parties fail to fulfil their contractual obligations to the Group. The Group actively seeks to originate and manage credit risk in such a way as to achieve sustainable asset growth and risk adjusted returns in line with board-approved risk parameters. The credit risk that the Group faces arises mainly from corporate and retail loans advances and counter party credit risk arising from derivative contracts entered into with our clients. Other sources of credit risk arise from treasury bills, government bonds, settlement balances with counter parties and bank balances with Central Bank and other related banks. Credit risk management objectives are:

- Supporting the achievement of sustainable asset and revenue growth in line with our risk parameters
- Operating sound credit granting processes and monitoring credit risk using appropriate models to assist decision making.
- Ensure credit risk taking is based on sound credit risk management principles and controls; and
- Continually improving collection and recovery.

a) Risk limit and mitigation policies

The Group uses a range of policies and practices to mitigate credit risk. These include credit scoring, marking limits against counter parties, credit insurance, and monitoring cash flows and utilisation against limit and collateral. Principal collateral types used for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable, moveable assets and shares; and
- Cash cover.

The legal department is responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. The ratio of value of loan to value of security is assessed on grant date and continuously monitored.

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37.3 Credit risk (continued)

(b) Credit risk grading

Corporate Exposures

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counter parties. The Group uses internal rating models tailored to the various categories of counter party. Borrower and loan specific information collected at the time of application (such as level of collateral; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit scores from this model are mapped to the regulatory scale with 10 grades which are in turn categorised into Risk Categories 1-3. Those in Category 1 display no or unusual business as usual risk and the risk of default is low. Category 2 implies there are some doubts that the borrower will meet its obligations but the risk of default is medium. Category 3 implies that there are strong doubts that the customer will meet its obligations and the risk of default is either high or has occurred.

Category 1 (sub categories 1a – 3c):	0 to 29 days past due, have no or temporary problems and the risk of default is low
Category 2 (sub categories 4a – 7c):	30 days to 89 days past due, implies there are doubts that the customer will pay but the risk of default is medium
Category 3 (sub categories 8 – 10):	90 days+ past due (Default), there are doubts that the customer will pay and the risk of default is high

Retail exposures

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural internal credit rating. Any other known information about the borrower which impacts their creditworthiness such as unemployment and previous delinquency history is also incorporated into the behavioural internal credit rating. These ratings are reflected on the following delinquency bucket; Performing loans (Bucket 0); 1 day to 30 days past due (Bucket 1); 31 days to 60 days past due (Bucket 2); 61 days to 89 days past due (Bucket 3) and 90 days+ past due (default, Bucket 4).

(c) Expected credit losses measurement (ECLs)

The expected credit loss (ECLs) - is measured on either a 12 - month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired.

- ECLs are discounted at the effective interest rate of portfolio
- The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk
- The Group uses a portfolio approach to calculate ECLs. The portfolios are segmented into retail, corporate and treasury and further by product.
- Expected credit losses are the probability weighted discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

Probability of default (PD) - is the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" below), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PDs are modelled using historic data into 12 month and Lifetime PDs. Where data is not available proxies which resemble the risk of default characteristics of the exposure are used. The PDs are determined at portfolio level and segmented into various products.

PDs modelled using historical data are then adjusted for forward looking factors. PDs are mapped into regulatory grades as follows:

Corporate exposures

Stage 1	12 Month PD	Central Bank Grades 1 to 3 (Internal Category 1)
Stage 2	Life Time PD	Central Bank Grades 4 to 7 o (Internal Category 2)
Stage 3	Default PD	Central Bank Grades 8 to 10 (Internal Category 3)

Retail exposures

Stage 1	12 Month PD	Central Bank Grades 1 to3 (Internal grades bucket 0 & bucket 1)
Stage 2	Life Time PD	Central Bank Grades 4 to 7 (Internal grades bucket 2 & bucket 3)
Stage 3	Default PD	Central Bank Grades 8 to 10 (internal grades bucket 4)

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37.3 Credit risk (continued)

37.3 (c) Expected credit losses measurement (ECLs) (continued)

Treasury exposures

For debt securities in the treasury portfolio and interbank exposures, performance of the counter party is monitored for any indication of default. PDs for such exposures are determined based on benchmarked national ratings mapped to external credit rating agencies grade. For other bank balances where there are external credit ratings PDs are derived using those external credit ratings.

Exposure at default (EAD) - is the amount the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For a revolving commitment, the EAD includes the current drawn balance plus any further amount that is expected to be drawn up by the time of default, should it occur. For term loans EAD is the term limit while for short term loans and retail loans EAD is the drawn balance. Debt securities and interbank balances EAD is the current balance sheet exposure.

Loss given default (LGD) - represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan. LGD is modelled based on historical data. LGD for sovereign exposure is based on observed recovery rates for similar economies.

Default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 89 days past due.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

i) 12 month ECLs; (Stage 1 - no increase in credit risk)

ECLs measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. The 12 month ECL is calculated for the following exposures:

- Corporate loans with regulatory grades from 1 - 3
- Retail loans graded in bucket 0 and bucket 1
- Debt securities, loans to banks and bank balances which are not past due; and
- These are a product of 12 months PD, 12 months LGD and EAD.

ii) Life time ECLs (Stage 2 - significant increase in credit risk refer to 37.3 (d))

ECLs are measured based on expected credit losses on a lifetime basis. It is measured for the following exposures;

- Corporate loans with regulatory grades from grade 4 to grade 7
- Retail loans in bucket 2 to 3 (bucket 2 is 31 days to 60 days past due, bucket 3 is 61 days to 89 days past due)
- Debt securities, loans to banks and bank balances where the credit risk has significantly increased since initial recognition; and
- These are a product of lifetime PD, lifetime LGD and EAD.

iii) Life time ECLs (Stage 3 - default)

ECLs are measured based on expected credit losses on a lifetime basis. This is measured on the following exposures.

- All credit impaired/ in default corporate and retail loans and advances to banks and other debt securities in default.
- These are corporates in regulatory grade 8 - 10 and retail loans in bucket 4
- Exposures which are 90 days+ past due; and
- These are a product of default PD, lifetime LGD and EAD.

(d) Significant increase in credit risk (SICR)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The assessment of significant increase in credit risk incorporates forward looking information and is performed on a monthly basis at a portfolio level for all retail loans. Corporate and treasury exposures are assessed individually and reviewed monthly and monitored by an independent team in Credit Risk department, together with quarterly reviews by the Impairment Committee and Board Loans Review Committee of exposures against performance criteria.

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37.3 (d) Significant increase in credit risk (SICR) (continued)

Significant increase in credit risk - Quantitative measures

- Corporate loans - if the loan is reclassified from regulatory grades 1 - 3 to grades 4 - 7
- Retail loans - if the loan is reclassified from buckets 0 and 1 to buckets 2 to 3
- Treasury exposures which are past due.

Significant increase in credit risk - Qualitative measures retail and corporate

There are various qualitative measures which include:

- Retail - Retrenchment, Dismissal, Salary diversion, employer facing difficulties
- Corporate - Adverse business changes, changes in economic conditions, quality challenges, among others.

(e) Benchmarking Expected Credit Loss

Corporate and treasury

Corporate portfolio assessment is performed by way of a collective assessment semi-empirical IFRS 9 model (the ECL Model) developed in consultation with external consultants supported by available historic information to support the modelling of PD, LGD and EAD. Individual assessment is performed on all customer loans and advances after having defined a minimum exposure threshold. ECL for Treasury exposures is based on benchmarked PDs and LGDs due to lack of historical data. ECL for Retail exposures are based on model output with no benchmarking comparative since enough historical default data was available when designing the calculation model.

37.3 (f) Forward – looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the ECL vary by financial instrument. Expert judgment has also been applied in this process.

(g) Write offs

The Group will write off retail accounts following charge off of the account if the equivalent of an instalment is not recovered cumulatively over a 12-month period post charge off. Corporate accounts are written off once security has been realised depending on the residual balance and further recovery prospects. The corporate write off policy is not rules based, or time bound.

(h) ECL model governance

The models used for PD, EAD and LGD calculations are governed on a day to day through the Impairments Committee. This committee comprises of senior managers in risk, finance and the business. Decisions and key judgements made by the Impairments Committee relating to the impairments and model overrides will be taken to Board Risk, Board Loans and Board Audit Committee.

(i) Maximum exposure to credit risk by credit quality grade before credit enhancements

The Group has an internal rating scale which is mapped into the Basel II grading system. The internal rating is broadly classified into; performing loans, standard monitoring and non-performing.

Performing loans

Loans and advances not past due and which are not part of renegotiated loans are considered to be performing assets, these are graded as per RBZ credit rating scale as grade 1 - 3.

Standard monitoring grade

These are loans and advances which are less than 90 days past due and in some cases not past due but the business has significant concern on the performance of that exposure, as per RBZ credit rating scale these are grade 4 - 7.

Non-performing grade

These are loans and overdrafts on which interest is no longer accrued or included in income unless the customer pays back. These non-performing (past due) assets include balances where the principal amount and / or interest is due and unpaid for 90 days or more, as per RBZ credit rating scale these are grade 8 - 10.

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37.3 (f) Forward – looking information incorporated in the ECL models (continued)

Loans and advances renegotiated

During the year the Group renegotiated loans and advances to customers amounting ZWL8.3 million (2020: ZWL 38 million). Renegotiations related to customers with operations that were directly impacted by COVID-19.

Bank balances with other banks are held with banks which have the following credit ratings:

Counterparty	Latest ratings 2021/22	Previous ratings 2020/21
Crown Agency	BB	BB

Other asset balances are held by counter parties with the following ratings;

Counterparty	2021	2020
VISA	AA-	AA-
MasterCard International	A+	A+

37.3.1 Maximum credit risk exposure

Historical and inflation adjusted 2021 Loans and advances to customers	Maximum credit risk exposure				ECL Reconciliation			
	Stage 1 ZWL000	Stage 2 ZWL000	Stage 3 ZWL000	Total ZWL000	Stage 1 ZWL000	Stage 2 ZWL000	Stage 3 ZWL000	Total ZWL000
Corporate	3,749,499	675,856	-	4,425,355	41,661	3,006	-	44,667
Business banking	980,799	11,134	36,974	1,028,907	10,025	2,319	3,216	15,560
Retail	1,690,612	51,056	47,228	1,788,896	26,996	2,087	12,210	41,293
Total	6,420,910	738,046	84,202	7,243,158	78,682	7,412	15,426	101,520

Balances with central bank

Savings bonds and treasury bills	1,800,591	-	-	1,800,591	9,228	-	-	9,228
Bank balances	2,609,265	-	-	2,609,265	203	-	-	203
Total	4,409,856	-	-	4,409,856	9,431	-	-	9,431

Balances with other banks and settlement balances

Settlement balances - local currency	34,497	-	-	34,497	487	-	-	487
Bank balances - foreign currency	3,393,945	-	-	3,393,945	1,053	-	-	1,053
Total	3,428,442	-	-	3,428,442	1,540	-	-	1,540

Other assets

RBZ receivable NOP support	896,944	-	-	896,944	36,439	-	-	36,439
RBZ receivable other	1,157	-	-	1,157	-	-	-	-
Other assets	1,304,239	-	-	1,304,239	(40)	-	-	(40)
Total	2,202,340	-	-	2,202,340	36,399	-	-	36,399

Total on balance sheet	16,461,548	738,046	84,202	17,283,796	126,052	7,412	15,426	148,890
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Guarantees and letters of credit

Guarantees	121,395	-	-	121,395	-	-	-	-
Letters of credit	814,954	-	-	814,954	-	-	-	-
Total	936,349	-	-	936,349	-	-	-	-

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37.3.1 Maximum credit risk exposure

Inflation adjusted 2020	Maximum credit risk exposure				ECL Reconciliation			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Corporate	2,811,157	119,107	-	2,930,264	49,691	2,918	-	52,609
Business banking	83,670	61,024	-	144,694	9,306	4,404	-	13,710
Retail	805,552	9,714	6,304	821,570	22,939	1,884	5,683	30,506
Total	3,700,379	189,845	6,304	3,896,528	81,936	9,206	5,683	96,825
Balances with central bank								
Savings bonds and treasury bills	1,557,331	-	-	1,557,331	733	-	-	733
Bank balances	1,730,709	-	-	1,730,709	194	-	-	194
Total	3,288,040	-	-	3,288,040	927	-	-	927
Balances with other banks and settlement balances								
Settlement balances - local currency	20,015	-	-	20,015	-	-	-	-
Bank balances - foreign currency	5,474,138	-	-	5,474,138	1,763	-	-	1,763
Total	5,494,153	-	-	5,494,153	1,763	-	-	1,763
Other assets								
RBZ receivable NOP support	1,413,236	-	-	1,413,236	52,114	-	-	52,114
RBZ receivable other	8,127	-	-	8,127	-	-	-	-
Other assets	304,250	-	-	304,250	147	-	-	147
Total	1,725,613	-	-	1,725,613	52,261	-	-	52,261
Total on balance sheet	14,208,185	189,845	6,304	14,404,334	136,887	9,206	5,683	151,776
Guarantees and letters of credit								
Guarantees	177,795	-	-	177,795	-	-	-	-
Letters of credit	1,069,833	-	-	1,069,833	-	-	-	-
Total	1,247,628	-	-	1,247,628	-	-	-	-
Maximum credit risk exposure								
Historical 2020	Maximum credit risk exposure				ECL Reconciliation			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Corporate	1,748,915	74,100	-	1,823,015	30,914	1,816	-	32,730
Business banking	52,054	37,965	-	90,019	5,790	2,740	-	8,530
Retail	501,161	6,044	3,922	511,127	14,270	1,171	3,537	18,978
Total	2,302,130	118,109	3,922	2,424,161	50,974	5,727	3,537	60,238
Balances with central bank								
Savings bonds and treasury bills	968,868	-	-	968,868	456	-	-	456
Bank balances	1,076,732	-	-	1,076,732	121	-	-	121
Total	2,045,600	-	-	2,045,600	577	-	-	577
Balances with other banks and settlement balances								
Settlement balances - local currency	12,452	-	-	12,452	-	-	-	-
Bank balances - foreign currency	3,405,645	-	-	3,405,645	1,097	-	-	1,097
Total	3,418,097	-	-	3,418,097	1,097	-	-	1,097
Other assets								
RBZ receivable NOP support	879,221	-	-	879,221	32,422	-	-	32,422
RBZ receivable other	5,056	-	-	5,056	-	-	-	-
Other assets	189,284	-	-	189,284	92	-	-	92
Total	1,073,561	-	-	1,073,561	32,514	-	-	32,514
Total on balance sheet	8,839,388	118,109	3,922	8,961,419	85,162	5,727	3,537	94,426
Guarantees and letters of credit								
Guarantees	110,612	-	-	110,612	-	-	-	-
Letters of credit	665,579	-	-	665,579	-	-	-	-
Total	776,191	-	-	776,191	-	-	-	-

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37.3.2 Reconciliation of movements in expected credit losses during the year.

	Stage 1 - 12 month ECL ZWL000	Stage 2 - Lifetime ECL not credit impaired ZWL000	Stage 3 - Lifetime ECL credit impaired ZWL000	Total ZWL000
Inflation adjusted 2021				
Balance at beginning of the year	136,887	9,206	5,683	151,776
Movement with P&L impact				
New financial assets purchased or originated	72,589	-	-	72,589
Transfers from stage 1 to stage 2	(21,056)	21,056	-	-
Transfers from stage 2 to stage 3	-	(18,880)	18,880	-
Write offs	(74)	-	-	(74)
Total	51,459	2,176	18,880	72,515
Movement with no P&L impact				
Bad debts written off	-	-	(2,742)	(2,742)
Monetary adjustment	(62,294)	(3,970)	(6,395)	(72,659)
Balance at 31 December 2021	126,052	7,412	15,426	148,890

	Stage 1 - 12 month ECL ZWL000	Stage 2 - Lifetime ECL not credit impaired ZWL000	Stage 3 - Lifetime ECL credit impaired ZWL000	Total ZWL000
Inflation adjusted 2020				
Balance at beginning of the year	53,019	2,516	4,361	59,896
Movement with P&L impact				
New financial assets purchased or originated	93,882	-	-	93,882
Transfers from stage 1 to stage 2	(10,014)	10,014	-	-
Transfers from stage 2 to stage 3	-	(3,324)	3,324	-
Transfer to provisions	-	-	(1,500)	(1,500)
Write offs	-	-	(502)	(502)
Balance at 31 December 2020	136,887	9,206	5,683	151,776

	Stage 1 - 12 month ECL ZWL000	Stage 2 - Lifetime ECL not credit impaired ZWL000	Stage 3 - Lifetime ECL credit impaired ZWL000	Total ZWL000
Historical 2020				
Balance at beginning of the year	32,985	1,565	2,713	37,263
Movement with P&L impact	-			
New financial assets purchased or originated	58,407	-	-	58,407
Transfers from stage 1 to stage 2	(6,230)	6,230	-	-
Transfers from stage 2 to stage 3	-	(2,068)	2,068	-
Transfer to provisions	-	-	(933)	(933)
Write offs	-	-	(311)	(311)
Balance at 31 December 2021	85,162	5,727	3,537	94,426

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37.3.3 Credit risk concentration of loans and advances were as follows;

Industry/Sector	Historical and inflation adjusted 2021		Inflation adjusted 2020		Historical 2020	
	ZWL000	%	ZWL000	%	ZWL000	%
Trade and services	1,943,212	27%	453,989	12%	282,442	12%
Energy and minerals	-	0%	41,579	1%	25,868	1%
Agriculture	1,147,601	16%	475,587	12%	295,879	12%
Light and heavy industry	792,699	11%	1,343,510	34%	835,843	34%
Physical persons	1,788,830	25%	821,569	21%	511,127	21%
Transport and distribution	1,289,800	18%	714,502	18%	444,516	18%
Financial services	281,016	4%	45,792	1%	28,486	1%
Total	7,243,158	100%	3,896,528	100%	2,424,161	100%

Historical and inflation adjusted 2021 Industry/Sector	Total loans	Non performing loans	Write offs	Recoveries	Impairment allowance
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Trade and services	1,943,212	3,364	-	-	-
Energy and minerals	-	-	-	-	-
Agriculture	1,147,601	28,599	-	-	3,216
Light and heavy industry	792,699	-	-	-	-
Physical persons	1,788,830	47,228	2,742	97	12,210
Transport and distribution	1,289,800	5,011	-	-	-
Financial services	281,016	-	-	-	-
Gross value at 31 December 2021	7,243,158	84,202	2,742	97	15,426

Inflation adjusted 2020 Industry/Sector	Total loans	Non performing loans	Write offs	Recoveries	Impairment allowance
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Trade and services	453,989	-	-	-	-
Energy and minerals	41,579	-	-	-	-
Agriculture	475,587	-	-	-	-
Light and heavy industry	1,343,510	-	-	-	-
Physical persons	821,569	6,304	630	680	5,683
Transport and distribution	714,502	-	-	-	-
Financial services	45,792	-	-	-	-
Gross value at 31 December 2020	3,896,528	6,304	630	680	5,683

Historical 2020 Industry/Sector	Total loans	Non performing loans	Write offs	Recoveries	Impairment allowance
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Trade and services	282,442	-	-	-	-
Energy and minerals	25,868	-	-	-	-
Agriculture	295,879	-	-	-	-
Light and heavy industry	835,843	-	-	-	-
Physical persons	511,127	3,922	392	423	3,537
Transport and distribution	444,516	-	-	-	-
Financial services	28,486	-	-	-	-
Gross value at 31 December 2020	2,424,161	3,922	392	423	3,537

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37.3.4 Collateral held for exposure

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers are as shown below:

	Inflation adjusted		Historical	
	ZWL000	ZWL000	ZWL000	ZWL000
Performing loans	4,436,118	2,820,035	4,436,118	1,754,438
Non-performing loans	13,190	-	13,190	-
Total	4,449,308	2,820,035	4,449,308	1,754,438

37.4 Liquidity risk

Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet the obligations to repay deposits and fulfil commitments to lend. Liquidity risk is inherent in all banking operations and can be affected by a range of Group specific and market wide events. The efficient management of liquidity is essential to the Group in maintaining confidence in the financial markets and ensuring that the business is sustainable.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

Liquidity risk management objectives are;

- Growing and diversifying funding base to support asset growth and other strategic initiatives, balanced with strategy to reduce the weighted funding cost;
- To maintain the market confidence in the Group;
- Maintaining adequate levels of surplus liquid asset holdings in order to remain within the liquidity risk appetite;
- Set early warning indicators to identify the emergence of increased liquidity risk or vulnerabilities;
- To maintain a contingency funding plan that is comprehensive.

Liquidity risk management process

Liquidity risk is managed as;

- a) Business as usual referring to the management of cash inflows and outflows of the Group in the ordinary course of business.
- b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. The Group's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk. The Group's liquidity management process as carried out by the ALCO and Treasury units includes:
 - Day to day funding and monitoring of future cash flows to ensure that funding requirements are met;
 - Maintaining a high balance of cash or near cash balances that can easily be liquidated as protection against unforeseen funding gaps;
 - Monitoring liquidity ratios against internal and regulatory benchmarks;
 - Limits are set across the business to control liquidity risk;
 - Early warning indicators are set to identify the emergence of increased liquidity risk and;
 - Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding;
 - Managing concentration of deposits.

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Liquidity ratios				
Total liquid assets	10,124,491	10,671,361	10,124,491	6,639,012
Deposits and other short term liabilities	17,601,806	15,223,483	17,601,806	9,471,040
Liquidity ratio	58%	70%	58%	70%
Reserve Bank of Zimbabwe minimum	30%	30%	30%	30%

Liquidity profiling as at 31 December 2021

The amounts disclosed in the table below are the contractual undiscounted cash flows. The assets which are used to manage liquidity risk, which is mainly cash and bank balances and investment securities are also included on the table based on the contractual maturity profile.

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37.4 Liquidity risk (continued)

On balance sheet items as at 31 December 2021

Historical and inflation adjusted 2021

Assets held for managing liquidity risk (contractual maturity dates)

	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	5+ years ZWL000	Total ZWL000	Carrying amount ZWL000
Cash and bank balances	8,285,767	-	814,954	-	-	-	9,100,721	9,099,463
Derivative financial assets	1,791	-	-	-	-	-	1,791	1,791
Investment securities	1,142,886	503,881	652,839	496,586	103,393	-	2,899,585	2,899,585
Loans and receivables from banks	34,497	-	-	-	-	-	34,497	34,497
Loans and advances to customers	1,465,329	1,464,259	1,205,823	783,267	2,308,250	16,297	7,243,225	7,141,638
Other assets	1,251,756	55,727	83,591	167,181	747,050	-	2,305,305	2,748,999
Total assets	12,182,026	2,023,867	2,757,207	1,447,034	3,158,693	16,297	21,585,124	21,925,973
Liabilities								
Derivative financial liabilities	1,272	-	-	-	-	-	1,272	1,272
Lease liabilities	5,685	11,370	16,964	33,229	161,894	84,162	313,304	171,032
Deposits from Banks	547,359	-	-	-	-	-	547,359	547,359
Deposits from customers	15,195,681	1,197,016	-	4,620	-	-	16,397,317	16,397,317
Provisions	-	-	201,281	-	-	-	201,281	201,281
Other liabilities	1,412,013	-	-	-	-	-	1,412,013	1,432,744
Current income tax liabilities	12,658	-	-	-	-	-	12,658	12,658
Balances due to Group companies	230,060	-	-	-	-	-	230,060	230,060
Total liabilities - (contractual maturity)	17,404,728	1,208,386	218,245	37,849	161,894	84,162	19,115,264	18,993,723
Liquidity gap	(5,222,702)	815,481	2,538,962	1,409,185	2,996,799	(67,865)	2,469,860	2,932,250
Cumulative liquidity gap	(5,222,702)	(4,407,221)	(1,868,259)	(459,074)	2,537,725	2,469,860	-	-

Contingent liabilities and commitments as at 31 December 2021

	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6-Dec months ZWL000	1 to 5 years ZWL000	Total ZWL000
Historical and inflation adjusted 2021						
Assets						
Commitment to lend	98,923	110,334	86,974	51,382	68,753	416,366
Total assets	98,923	110,334	86,974	51,382	68,753	416,366
Liabilities						
Commitment to lend	416,366	-	-	-	-	416,366
Total liabilities	416,366	-	-	-	-	416,366
Liquidity gap	(317,443)	110,334	86,974	51,382	68,753	-
Cumulative liquidity gap	(317,443)	(207,109)	(120,135)	(68,753)	-	-

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37.4 Liquidity risk (continued)

On balance sheet items as at 31 December 2020

Inflation adjusted 2020

Assets held for managing liquidity risk (contractual maturity dates)

	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	5+ years ZWL000	Total ZWL000	Carrying amount ZWL000
Cash and bank balances	9,121,051	-	1,099,593	-	-	-	10,220,644	10,220,207
Derivative financial assets	5,929	-	-	-	-	-	5,929	5,929
Investment securities	1,547,241	10,090	-	80,722	-	-	1,638,053	1,638,053
Loans and receivables from banks	20,015	-	-	-	-	-	20,015	20,015
Loans and advances to customers	1,346,876	1,469,719	591,288	567,118	1,553,751	37,735	5,566,487	3,799,703
Other assets	1,124,234	95,116	103,197	203,439	1,172,940	-	2,698,926	3,130,948
Total assets	13,165,346	1,574,925	1,794,078	851,279	2,726,691	37,735	20,150,054	18,814,855
Liabilities								
Derivative financial liabilities	99	-	-	-	-	-	99	99
Lease liabilities	2,977	5,953	8,930	17,855	138,665	19,376	193,756	153,916
Deposits from Banks	168,256	-	-	-	-	-	168,256	168,256
Deposits from customers	13,423,089	615,622	395	131,461	-	-	14,170,567	14,170,567
Provisions	-	-	94,142	-	-	-	94,142	94,142
Other liabilities	2,459,527	-	-	-	-	-	2,459,527	2,475,741
Current income tax liabilities	48,479	-	-	-	-	-	48,479	48,479
Balances due to Group companies	247,943	-	-	-	-	-	247,943	247,943
Total liabilities - (contractual maturity)	16,350,370	621,575	103,467	149,316	138,665	19,376	17,382,769	17,359,143
Liquidity gap	(3,185,024)	953,350	1,690,611	701,963	2,588,026	18,359	2,767,285	1,455,712
Cumulative liquidity gap	(3,185,024)	(1,388,398)	(366,612)	100,102	1,710,201	2,767,285	-	-

37.4 Contingent liabilities and commitments as at 31 December 2020

	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	6 to 12 months ZWL000	1 to 5 years ZWL000	Total ZWL000
Inflation adjusted 2020						
Assets						
Commitment to lend	53,766	177,911	54,047	71,136	26,966	383,825
Total assets	53,766	177,911	54,047	71,136	26,966	383,825
Liabilities						
Commitment to lend	383,825	-	-	-	-	383,825
Total liabilities	383,825	-	-	-	-	383,825
Liquidity gap	(330,059)	177,911	54,047	71,136	26,966	-
Cumulative liquidity gap	(330,059)	(152,148)	(98,101)	(26,965)	-	-

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37.4 Liquidity risk (continued)

On balance sheet items as at 31 December 2020

Historical 2020

Assets held for managing liquidity risk (contractual maturity dates)

	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	months ZWL000	1 to 5 years ZWL000	5+ years ZWL000	Total ZWL000	Carrying amount ZWL000
Cash and bank balances	5,674,512	-	684,094	-	-	-	6,358,606	6,358,334
Derivative financial assets	3,690	-	-	-	-	-	3,690	3,690
Investment securities	962,591	6,277	-	50,219	-	-	1,019,087	1,019,087
Loans and receivables from banks	12,452	-	-	-	-	-	12,452	12,452
Loans and advances to customers	837,937	914,361	367,860	352,823	966,641	23,476	3,463,098	2,363,923
Other assets	699,424	59,175	64,203	126,566	729,726	-	1,679,094	1,826,107
Total assets	8,190,606	979,813	1,116,157	529,608	1,696,367	23,476	12,536,027	11,583,593
Liabilities								
Derivative financial liabilities	62	-	-	-	-	-	62	62
Lease liabilities	1,852	3,704	5,556	11,108	86,268	12,055	120,543	95,756
Deposits from Banks	104,677	-	-	-	-	-	104,677	104,677
Deposits from customers	8,350,955	382,999	246	81,786	-	-	8,815,986	8,815,986
Provisions	-	-	58,569	-	-	-	58,569	58,569
Other liabilities	1,530,154	-	-	-	-	-	1,530,154	1,539,652
Current income tax liabilities	30,160	-	-	-	-	-	30,160	30,160
Balances due to Group companies	154,254	-	-	-	-	-	154,254	154,254
Total liabilities - (contractual maturity)	10,172,114	386,703	64,371	92,894	86,268	12,055	10,814,405	10,799,116
Liquidity gap	(1,981,508)	593,110	1,051,786	436,714	1,610,099	11,421	1,721,622	784,477
Cumulative liquidity gap	(1,981,508)	(1,388,398)	(336,612)	100,102	1,710,201	1,721,622	-	-

Contingent liabilities and commitments as at 31 December 2020

	Less than 1 month ZWL000	1 to 3 months ZWL000	3 to 6 months ZWL000	44,901 months ZWL000	1 to 5 years ZWL000	Total ZWL000
Historical 2020						
Assets						
Commitment to lend	33,450	110,684	33,624	44,256	16,777	238,791
Total assets	33,450	110,684	33,624	44,256	16,777	238,791
Liabilities						
Commitment to lend	238,791	-	-	-	-	238,791
Total liabilities	238,791	-	-	-	-	238,791
Liquidity gap	(205,341)	110,684	33,624	44,256	16,777	-
Cumulative liquidity gap	(205,341)	(94,657)	(61,033)	(16,777)	-	-

38 Other risks Strategic risk

The roles of the Chairman and the Managing Director are not vested in the same person. The executive team formulates the strategy under the guidance of the Board which approves it. The executive directors bear the responsibility to execute the approved strategy. The Board reviews the performance and suitability of the strategy at least quarterly.

Legal and compliance risk

The Risk Management Committee ensures that the management and operations of the Group's business is done within the established governance and regulatory control framework of the Reserve Bank of Zimbabwe and other regulatory bodies. A dedicated legal and compliance unit is in place to monitor legal and compliance requirements and ensure that they are met on a daily basis.

Reputation risk

The Group adheres to very strict reputation standards set based on its chosen set of values. The Human Resources Committee of the Board assists the Board in ensuring that staff complies with set policies and practices consistent with the reputation demands of both the Group and the industry. The compliance unit and human resources function monitor compliance by both management and staff with the Group's ethical codes and compliance standards in managing conduct risk.

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38 Other risks Strategic risk (continued)

Operational risk

This is the risk of losses arising from inadequate or failed internal processes, people and/or systems or from external events. A significant part of the Group's operations are automated and processed in the core banking system. Key banking operations in corporate and investment banking, retail and business banking and treasury are heavily dependent on the Group's core banking system. The core banking system also supports key accounting processes for financial assets, financial liabilities and revenue including customer interface on mobile, internet banking and related electronic platforms.

Practices to minimise operational risk are embedded across all transaction cycles. Risk workshops are held for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The Group employs the standardised approach to determine capital required to cover operational risk. Each function carries out a risk and control assessment of their processes on a regular basis. The assessment results are reviewed by Operational Risk Management department. Internal Audit audits selected functions at given times.

Risks and Ratings

The Central Bank conducts regular examinations of Group and financial institutions it regulates. The last on-site examination of the Group was as at 30 June 2016 and it assessed the overall condition of the Group to be satisfactory. This is a score of "2" on the CAMELS rating scale. The CAMELS rating evaluates banks on capital adequacy, asset quality, management and corporate governance, liquidity and funds management and sensitivity to market risks.

The CAMELS and Risk Assessment System (RAS) ratings are summarised in the following tables;

CAMELS ratings

CAMELS component	Latest Rating - June 2016	
Capital	1	Strong
Asset quality	2	Satisfactory
Management	2	Satisfactory
Earnings	1	Strong
Liquidity and funds management	2	Satisfactory
Sensitivity to market risk	1	Strong

Summary risk matrix - June 2016 on-site supervision

Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Low	Strong	Low	Stable
Liquidity	Moderate	Acceptable	Moderate	Stable
Foreign exchange	Low	Strong	Low	Stable
Interest rate	Low	Strong	Low	Stable
Strategic risk	Moderate	Strong	Moderate	Stable
Operational risk	Moderate	Strong	Moderate	Stable
Legal and compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Moderate	Strong	Moderate	Stable
Overall	Moderate	Strong	Moderate	Stable

Interpretation of risk matrix

Level of inherent risk

Low - reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

Moderate - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

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38 Other risks Strategic risk (continued)

Adequacy of risk management systems

Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.

Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.

Strong - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk.

The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place.

The policies comprehensively define the Group's risk tolerance. Responsibilities and accountabilities are effectively communicated.

Overall composite risk

Low - would be assigned to low inherent risk areas. Moderate risk areas may be assigned to a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate - risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

High - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the Group's overall condition.

Direction of overall composite risk

Increasing - based on the current information, risk is expected to increase in the next 12 months.

Decreasing - based on current information, risk is expected to decrease in the next 12 months.

Stable - based on current information, risk is expected to be stable in the next 12 months.

External Credit Ratings

	Latest credit ratings	Previous credit ratings
Rating agent	2021/22	2020/21
Global Credit Rating Co.	A+(ZW)	A+(ZW)

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39 Fair value of financial instruments not held at fair value

The disclosed fair values of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because of their short term nature.

	Inflation adjusted				Historical			
	2021 Carrying amount ZWL000	Fair value ZWL000	2020 Carrying amount ZWL000	Fair value ZWL000	2021 Carrying amount ZWL000	Fair value ZWL000	2020 Carrying amount ZWL000	Fair value ZWL000
Financial Assets								
Cash and bank balances	9,099,463	9,099,463	10,220,207	10,220,207	9,099,463	9,099,463	6,358,334	6,358,334
Loans and receivables from banks	34,497	34,497	20,015	20,015	34,497	34,497	12,452	12,452
Loans and advances to customers	7,141,638	7,141,638	3,799,703	3,799,703	7,141,638	7,141,638	2,363,923	2,363,923
Other assets	1,408,360	1,408,360	1,293,817	1,293,817	1,408,360	1,408,360	804,927	804,927
Total	17,683,958	17,683,958	15,333,742	15,333,742	17,683,958	17,683,958	9,539,636	9,539,636
Financial Liabilities								
Deposits from banks	547,359	547,359	168,256	168,256	547,359	547,359	104,677	104,677
Deposits from customers	16,397,317	16,397,317	14,170,567	14,170,567	16,397,317	16,397,317	8,815,986	8,815,986
Lease liability	171,032	171,032	153,916	153,916	171,032	171,032	95,756	95,756
Other liabilities	1,376,135	1,376,135	2,452,331	2,452,331	1,376,135	1,376,135	1,525,677	1,525,677
Balances due to group companies	230,060	230,060	247,943	247,943	230,060	230,060	154,254	154,254
Total	18,721,903	18,721,903	17,193,013	17,193,013	18,721,903	18,721,903	10,696,350	10,696,350

40 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Country Management Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8 Operating Segments. The Country Management Committee assesses the performance of the operating segments monthly based on a measure of profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

The Group has four broad business segments:

- 1. Retail banking** - focuses on individual customers with product offering that incorporates direct debit facilities, current and savings accounts, investment savings products, safe custody, debit cards, consumer loans and mortgages.
- 2. Business banking** – focuses on small to medium enterprises with product offering suited to the size of the commercial entities.
- 3. Corporate banking** - focuses on large corporates, multi-nationals and non-governmental organisations. Product offering includes current accounts, overdrafts, loans and foreign currency products.
- 4. Treasury** - focuses on management of the overall Bank operating asset balances and balance sheet structure. Main products include financial instruments and foreign currency trading

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40 Segment reporting (continued) Segment results of operations

	Retail Banking	Corporate Banking	Business Banking	Treasury	Total
Inflation adjusted 2021	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Net interest income	737,203	1,337,377	320,531	289,600	2,684,711
Net fee and commission income	1,887,513	447,513	500,969	-	2,835,995
Net trading and foreign exchange income	152,421	114,239	140,395	507,083	914,138
Net investment and other income	-	-	-	290,260	290,260
Fair value gain on investment property	-	-	-	816,253	816,253
Total Income	2,777,137	1,899,129	961,895	1,903,196	7,541,357
Impairment losses on financial assets	(30,779)	(14,728)	(9,227)	(17,782)	(72,516)
Net operating income	2,746,358	1,884,401	952,668	1,885,414	7,468,841
Staff costs	(975,047)	(248,466)	(105,898)	(289,656)	(1,619,067)
Infrastructure costs (excluding depreciation)	(435,358)	(88,223)	(30,635)	(144,364)	(698,580)
General expenses	(709,958)	(235,587)	(69,473)	(487,116)	(1,502,134)
Depreciation and amortisation	(301,227)	(85,895)	(32,357)	(134,692)	(554,171)
Operating expenses	(2,421,590)	(658,171)	(238,363)	(1,055,828)	(4,373,952)
Net monetary loss	-	-	-	-	(557,365)
Share of profits of joint ventures	-	-	-	-	1,545,527
Profit/ (loss) before tax	324,768	1,226,230	714,305	829,586	4,083,051
Taxation	(170,599)	(321,985)	(181,960)	(54,371)	(728,915)
Profit /(loss) for the year	154,169	904,245	532,345	775,215	3,354,136
Total assets	1,747,537	4,380,754	1,013,347	23,109,755	30,251,393
Total liabilities	3,315,958	11,124,900	1,956,459	3,423,702	19,821,019

	Retail Banking	Corporate Banking	Business Banking	Treasury	Total
Inflation adjusted 2020	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Net interest income	218,289	766,622	166,034	218,034	1,368,979
Net fee and commission income	1,389,244	645,180	59,658	30,350	2,124,432
Net trading and foreign exchange income	-	-	-	1,905,421	1,905,421
Net investment and other income	-	-	-	86,207	86,207
Fair value gain on investment property	-	-	-	(52,063)	(52,063)
Total Income	1,607,533	1,411,802	225,692	2,187,949	5,432,976
Impairment losses on financial assets	(38,158)	(45,920)	(17,705)	(65,642)	(167,425)
Net operating income	1,569,375	1,365,882	207,987	2,122,307	5,265,551
Staff costs	(252,157)	(72,776)	(15,364)	(579,201)	(919,498)
Infrastructure costs (excluding depreciation)	(137,861)	(8,433)	(358)	(465,237)	(611,889)
General expenses	(100,149)	(76,221)	(371)	(1,204,467)	(1,381,208)
Depreciation and amortisation	(13,583)	(2,033)	(73)	(304,456)	(320,145)
Operating expenses	(503,750)	(159,463)	(16,166)	(2,553,361)	(3,232,740)
Net monetary loss	-	-	-	-	(421,014)
Share of profits of joint ventures	-	-	-	-	(163,119)
Profit/ (loss) before tax	1,065,625	1,206,419	191,821	(431,054)	1,448,678
Taxation	(294,284)	(318,552)	(50,391)	(26,373)	(689,600)
Profit /(loss) for the year	771,341	887,867	141,430	(457,427)	759,078
Total assets	791,068	2,877,652	130,983	19,388,438	23,188,141
Total liabilities	2,469,771	10,525,672	1,175,124	3,744,172	17,914,739

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

40 Segment reporting (continued)

	Retail Banking	Corporate Banking	Business Banking	Treasury	Total
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Historical 2021					
Net interest income	589,591	1,069,590	256,350	231,612	2,147,143
Net fee and commission income	1,506,428	357,161	399,824	-	2,263,413
Net trading and foreign exchange income	121,058	90,732	111,506	402,742	726,038
Net investment and other income	-	-	-	270,616	270,616
Fair value gain on investment property	-	-	-	990,860	990,860
Total Income	2,217,077	1,517,483	767,680	1,895,830	6,398,070
Impairment losses on financial assets	(24,240)	(11,599)	(7,267)	(14,004)	(57,110)
Net operating income	2,192,837	1,505,884	760,413	1,881,826	6,340,960
Staff costs	(708,199)	(180,467)	(76,916)	(210,384)	(1,175,966)
Infrastructure costs	(343,834)	(69,676)	(24,195)	(114,015)	(551,720)
General expenses	(539,921)	(179,163)	(52,834)	(370,451)	(1,142,369)
Depreciation and amortisation	(35,897)	(10,236)	(3,856)	(16,051)	(66,040)
Operating expenses	(1,627,851)	(439,542)	(157,801)	(710,901)	(2,936,095)
Share of profits /(losses) of joint ventures	-	-	-	-	2,126,189
Profit /(loss) before tax	564,986	1,066,342	602,612	1,170,925	5,531,054
Taxation	(142,563)	(269,070)	(152,057)	(45,436)	(609,126)
Profit /(loss) for the year	422,423	797,272	450,555	1,125,489	4,921,928
Total assets	1,747,537	4,380,754	1,013,347	22,751,570	29,893,209
Total liabilities	3,315,958	11,124,900	1,956,459	3,323,773	19,721,090
Historical 2020					
Net interest income	89,514	314,372	68,086	89,410	561,382
Net fee and commission income	603,743	280,385	25,926	13,189	923,243
Net trading and foreign exchange income	-	-	-	893,330	893,330
Net investment and other income	-	-	-	34,296	34,296
Fair value gain on investment property	-	-	-	216,173	216,173
Total Income	693,257	594,757	94,012	1,246,398	2,628,424
Impairment losses on financial assets	(12,918)	(15,547)	(5,994)	(22,223)	(56,682)
Net operating income	680,339	579,210	88,018	1,224,175	2,571,742
Staff costs	(108,616)	(31,348)	(6,618)	(216,782)	(363,364)
Infrastructure costs	(55,235)	(3,379)	(143)	(186,399)	(245,156)
Depreciation and amortisation	(1,329)	(199)	(7)	(29,787)	(31,322)
Administrative expenses	(41,564)	(31,634)	(154)	(499,884)	(573,236)
Operating expenses	(206,744)	(66,560)	(6,922)	(932,852)	(1,213,078)
Share of profits /(losses) of joint ventures	-	-	-	736,666	736,666
Profit /(loss) before tax	473,595	512,650	81,096	1,027,989	2,095,330
Taxation	(148,163)	(160,382)	(25,371)	(23,510)	(357,426)
Profit /(loss) for the year	325,432	352,268	55,725	1,004,479	1,737,904
Total assets	492,149	1,790,285	81,489	11,542,825	13,906,748
Total liabilities	1,536,528	6,548,374	731,084	1,223,419	11,039,405

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

41 Share-based payments

41.1 Local managerial share option scheme

This scheme benefits managerial employees. Managerial employees are granted shares in First Capital Bank. Share options issued have a vesting period of three years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following assumptions were input into the valuation model:

- Volatility of 81.83%
- Nominal risk free rate of return of 20%
- Expected option exercise date is 2 years after vesting period.

In the valuation, volatility was calculated as the standard deviation of lognormal weekly returns for a full year. Volatility is a measure of the amount by which the price is expected to fluctuate between the grant date and the exercise date.

41.2 Movements during the period

The following reconciles the share options outstanding at the beginning and end of the year:

	2021		2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of the year	4,610,000	0.05	7,210,000	0.05
Granted during the year	4,470,000	0.07	280,000	0.07
Forfeited during the year	(1,060,000)	0.03	(1,014,247)	0.03
Exercised during the year	(1,620,000)	-	(1,865,753)	-
Outstanding at 31 December	6,400,000	-	4,610,000	-
Exercisable at 31 December	1,320,000	0.13	2,400,000	0.06
Weighted average contractual life of options outstanding at end of period (years)	1.91	-	4.20	-

42 Related parties

The Group is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 53% (2020: 53%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 32% of the shares are widely held. The ultimate parent of the Group is FMBcapital Holdings PLC incorporated in Mauritius. There are other companies which are related to First Capital Bank through common shareholdings or common directorship.

42.1 Directors and key management compensation

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Salaries and other short term benefits	161,059	92,132	161,059	28,032
Post-employment contribution plan	8,754	3,957	8,754	1,204
Share based payments	839	65	651	20
Total	170,652	96,154	170,464	29,256

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. These include the Managing Director, Chief Finance Officer, Head of Risk, Commercial Director, Chief Operating Officer, Consumer Banking Director, Chief Internal Auditor, Head of Compliance, Company Secretary and Head of Human Resources.

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

42.2 Loans to directors and key management

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Loans outstanding at 1 January	16,658	16,721	16,658	2,319
Loans issued during the year	25,741	25,572	25,741	15,909
Loans repayments during the year	(2,322)	(15,518)	(2,322)	(1,570)
Loans outstanding at 31 December	40,077	26,775	40,077	16,658

Of the loans advanced to directors and other key management personnel of ZWL1.4m (2020:1.7m) is secured and repayable over 15-17 years. The balance of ZWL38m is unsecured and repayable monthly over 4 years at average interest rates of 15% (2020:15%). Loans and advances to non-executive directors during the year ended 31 December 2021 were nil (2020: nil). The loans to directors were issued under conditions similar to other staff loans.

No impairment losses have been recognised in respect of loans and advanced to related parties (2020: nil)

42.3 Deposits from directors and key management

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Deposits at 1 January	13,831	16,721	13,831	332
Deposits received during the year	71,581	25,572	71,581	23,627
Deposits repaid during the year	(81,416)	(15,518)	(81,416)	(10,128)
Deposits at 31 December	3,996	26,775	3,996	13,831

42.4 Balances with related parties - related through common directorship and shareholding

	Inflation adjusted				Historical			
	Deposits 2021 ZWL000	Loans and advances 2021 ZWL000	Deposits 2020 ZWL000	Loans and advances 2020 ZWL000	Deposits 2021 ZWL000	Loans and advances 2021 ZWL000	Deposits 2020 ZWL000	Loans and advances 2020 ZWL000
Barclays Bank Pension Fund	100,163	-	8,739	9,080	100,163	-	5,437	5,649
Tobacco Sales Limited	-	-	87	-	-	-	-	-
Makasa Sun (Private) Limited	22,524	-	6,012	-	22,524	-	304	-
NicozDiamond Insurance Limited	20,342	-	489	-	20,342	-	17,969	-
Lotus Stationary Manufacturers (Pvt) Ltd	1,369	-	19,006	48,221	1,369	-	11,824	30,000
St Georges College	4,686	-	-	-	4,686	-	3,740	-
Beitbridge Bulawayo Railway P/L	42	-	28,883	-	42	-	54	-
Total	149,126	-	63,216	57,301	149,126	-	39,328	35,649
Current	149,126	-	63,216	57,301	149,126	-	39,328	35,649
Non - current	-	-	-	-	-	-	-	-
Total	149,126	-	63,216	57,301	149,126	-	39,328	35,649

Repayments on the loans to the related parties were made on due dates and new loans were also granted.

42.5 Balances with group companies

	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Bank balances due from group companies	38,643	49,755	38,643	30,954
Bank balances due to group companies	-	(26,661)	-	(16,587)
Total	38,643	23,094	38,643	14,367
Other balances due from group companies	-	29,288	-	18,221
Other balances due to group companies	(230,060)	(277,231)	(230,060)	(172,475)
Total	(230,060)	(247,943)	(230,060)	(154,254)

Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

43 Capital commitments and contingencies	Inflation adjusted		Historical	
	2021 ZWL000	2020 ZWL000	2021 ZWL000	2020 ZWL000
Authorised and contracted for	-	143,846	-	89,492
Authorised but not yet contracted for	967,366	1,370,319	967,366	852,522
Total capital commitment	967,366	1,514,165	967,366	942,014

44 Contingent assets and liabilities				
Loan commitments	416,366	383,825	416,366	238,791
Guarantees and letters of credit	936,348	1,217,772	936,348	757,617
Total	1,352,714	1,601,597	1,352,714	996,408

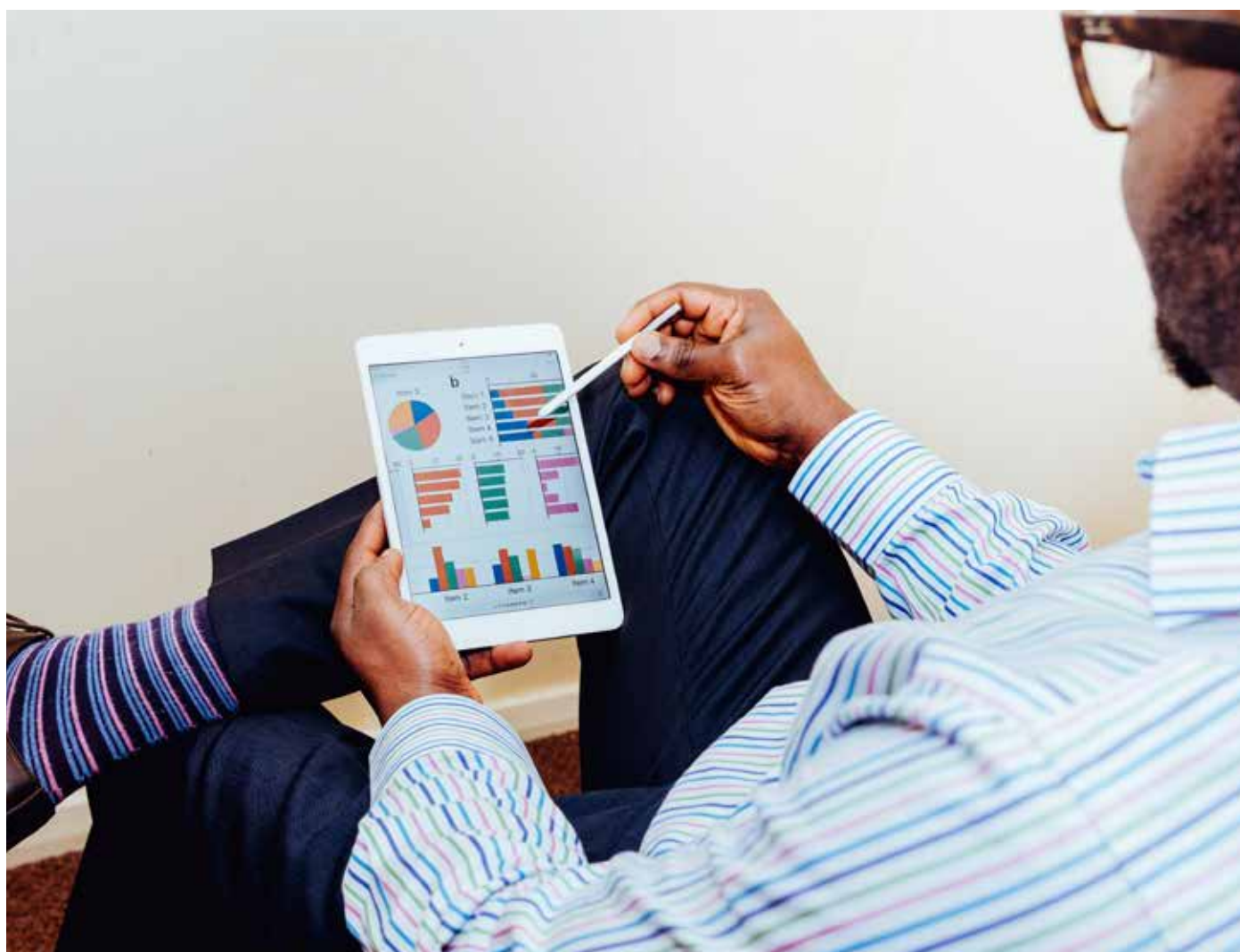
45 Assets under administration

The Group has assets for exporters and parastatals under its administration. These amounts were as a result of the transfer of exporter and parastatals' funds to the Reserve Bank of Zimbabwe "RBZ" in the previous years, after issuance of Exchange Control Directives by the RBZ. Final settlement of the principal amount to the exporters and parastatals was done through the Group's name on the RBZ Central Securities Depository. The Group's role is solely of an administrative nature, involving crediting interest and principal amounts into customers' accounts after payment by the Government of Zimbabwe and when a customer wants to move the treasury bills to another financial institution the Group will notify the RBZ.

The treasury bills and the accrued interest are not on the Group's statement of financial position.

46 Events after the reporting date

There were no events noted after reporting date that required to be adjusted for or disclosed in the consolidated financial results of First Capital Bank Limited.



Notes to the Consolidated and Separate Annual Financial Statements

for the year ended 31 December 2021

47 New accounting pronouncements

47.1 Standards, amendments and interpretations that are relevant to the Bank.

Standard/ Interpretation	Content	Applicable for financial years beginning on or after
"IFRS 1 First-time Adoption of International Financial Reporting Standards"	Subsidiary as a First-time Adopter	1-Jan-22
IFRS 9 Financial Instruments	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1-Jan-22
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use"	The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.	1-Jan-22
IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.	1-Jan-22
IFRS 3 Reference to the Conceptual Framework	Updates a reference to the Conceptual Framework in IFRS 3 Business Combinations and makes further amendments to IFRS 3 to prevent unintended consequences of updating the reference.	1-Jan-22
"IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021"	Amended IFRS 16 to extend by one year the application period of the practical expedient in paragraph 46A to help lessees accounting for Covid-19-related rent concessions.	1-Jan-22
"IFRS 1, IFRS 3, IFRS 3 (as amended by IFRS 16), IFRS 5, IFRS 7, IFRS 7 (as amended by IFRS 16), IFRS 9, IFRS 15; IAS 1, IAS 7, IAS 16, IAS 19, IAS 28, IAS 32, IAS 36, IAS 37, IAS 38, IAS 40; SIC 27, IFRS 4 (withdrawn)"	"In the statement of financial position, an entity is required to measure profitable insurance contracts at the risk-adjusted present value of the future cash flows plus unearned profit for services to be provided under the contract. IFRS 17 requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately. The Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately."	1-Jan-23
IAS 1 Classification of Liabilities as Current or Non-current—Deferral of Effective Date"	Clarifies a criterion in IAS 1 Presentation of Financial Statements for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	1-Jan-23
IAS 1 "Disclosure of Accounting Policies"	Disclosure of Accounting Policies	1-Jan-23
IAS 8 Definition of Accounting Estimates	The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.	1-Jan-23
"IFRS 12 IFRS 1" Deferred Tax relating to Assets and Liabilities arising from a Single Transaction"	"The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations."	1-Jan-23

The full impact of the revised standards to the Group has not been fully analysed.

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Bindura Branch

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Borrowdale Branch

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Bulawayo Affluent Centre

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Victoria Falls

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Zvishavane Branch

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ATM LOCATIONS

Arundel Shopping Centre
Avondale Branch Harare
Cripps Road Branch Harare
First Street Branch Harare
Highlands Branch
Harare Airport Harare
Borrowdale Branch
JMN Nkomo Street Branch Bulawayo
Affluent Centre Bulawayo
Belmont Branch Bulawayo
Chiredzi Branch Chiredzi
Marondera Branch Marondera
Mutare Branch Mutare
Victoria Falls Branch Victoria Falls



I/We
 (full names)
 of
 (full address)

being the registered holder/s of ordinary
 shares in

FIRST CAPITAL BANK LIMITED (the Bank), do hereby appoint:

(full names)

of
 (full address)

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of the Bank to be held on **5 May 2022** commencing at **15h00**.

I/We instruct my/our proxy or proxies to vote in the following way:
 (Please mark the appropriate box with an "X" next to each resolution)

	ORDINARY BUSINESS	For	Against	Abstain
1	To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2021.			
2	To confirm the payment of an interim dividend of 5 ZWL cents per share in September 2021 and a second interim dividend of 38.61 ZWL cents per share in April 2022, giving a total dividend of 43.61 ZWL cents per share for the financial year ended 31 December 2021.			
3	To elect the following directors who retire by rotation in terms of Article 102 of the Articles of Association and, having been eligible, offered themselves for re-election. Unless otherwise resolved, the election of the Directors will be done by separate resolution for each director:			
	Mrs. S. Moyo			
	Mr. K. Naik			
	Mr. K. Terry			
4	To approve director's fees and remuneration for the year ended 31 December 2021.			
5	To approve the remuneration of the auditors for the previous year and to re-appoint Messrs Deloitte & Touche Chartered Accountants as auditors for the current year.			

Details of the above resolutions are set out in the Notice of the Annual General Meeting Signed this day of2022

SIGNATURE OF SHAREHOLDER

NOTES:

Unless otherwise instructed the proxy will vote as he / she sees fit.

In terms of Section 171 of the Companies and Other Business Entities Act [Chapter 24:31] a member of the company is entitled to appoint one or more persons to act in the alternative as his / her proxy, to attend, vote and speak in his stead. A proxy needs not be a member of the Company.

Article 81 of the Company's Articles of Association provides that instruments of proxy must be deposited at the Registered Office of the Company not less than forty-eight hours before the time of holding the meeting.

The minutes of the last Annual General Meeting held on 6 May 2021 are available for inspection

Electronic copies of the Bank's 2021 Annual Report comprising the Director's Report, the Independent Auditor's Report and the consolidated and separate inflation adjusted financial statements for the year ended 31 December 2021, can be accessed on the Bank's website

www.firstcapitalbank.co.zw

Members requiring login credentials or any other assistance with regards to electronic participation should contact the Bank's Transfer Secretaries on +263772289768 and +263779145849 or corpserve@escrowgroup.org

Notes

[illegible]

Premier Banking

Experience luxury banking
beyond expectations.

**#Believe in
the Big Bank**



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