



FBC Building Society

(Registered Building Society)

strength • diversity • service

Unaudited Interim Results For the six months ended 30 June 2014

STATEMENT OF FINANCIAL POSITION As at 30 June 2014

	Notes	Unaudited 30 June 2014 US\$	Audited 31 Dec 2013 US\$
ASSETS			
Balances with banks and cash	1	40 661 075	24 661 038
Loans and advances to customers	2	43 565 247	44 902 805
Inventory	3	4 976 493	4 158 075
Other assets	4	1 454 267	201 611
Investment property		25 000	25 000
Intangible assets	5	174 899	204 017
Property and equipment	6	4 817 621	4 774 019
Total assets		95 674 602	78 926 565
LIABILITIES			
Deposits from banks	7.1	25 486 490	16 901 030
Deposits from customers	7.2	33 365 244	26 433 069
Borrowings	7.3	5 476 788	6 608 141
Other liabilities	7.4	3 026 171	3 174 274
Total liabilities		67 354 693	53 116 514
EQUITY			
Share capital		156 175	156 175
Share premium		11 110 424	11 110 424
Revaluation reserves		24 123	24 123
Accumulated surplus		17 029 187	14 519 329
Total equity		28 319 909	25 810 051
Total equity and liabilities		95 674 602	78 926 565

STATEMENT OF COMPREHENSIVE INCOME For the six months ended 30 June 2014

	Notes	Unaudited 30 June 2014 US\$	Unaudited 30 June 2013 US\$
Interest income	8	5 830 785	4 261 452
Interest expense	9	(2 955 966)	(1 951 134)
Net interest income		2 874 819	2 310 318
Revenue property sales		3 734 154	5 865 302
Cost of sales		(2 474 004)	(3 707 166)
Gross profit property sales		1 260 150	2 158 136
Fees and commission income		2 533 113	1 934 902
Fees and commission expense		(39 737)	(47 113)
Net fees and commission income		2 493 376	1 887 789
Other income	10	91 786	54 450
Total income		6 720 131	6 410 693
Impairment allowances on financial assets	2.2	(296 205)	(112 455)
Operating expenses	11	(3 123 857)	(3 174 633)
Total operating expenses		(3 420 062)	(3 287 088)
Surplus for the period		3 300 069	3 123 605
Other comprehensive income		-	-
Total comprehensive income for the period		3 300 069	3 123 605

STATEMENT OF CHANGES IN EQUITY For the six months ended 30 June 2014

	Share capital US\$	Share premium US\$	Non distributable reserve US\$	Revaluation reserve US\$	Accumulated surplus US\$	Total US\$
Half year ended 30 June 2014						
Balance as at 1 January 2014	156 175	11 110 424	-	24 123	14 519 329	25 810 051
Surplus for the period	-	-	-	-	3 300 069	3 300 069
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	3 300 069	3 300 069
Transactions with owners recorded directly in equity	-	-	-	-	(790 211)	(790 211)
Dividend paid	-	-	-	-	(790 211)	(790 211)
Shareholders equity as at 30 June 2014	156 175	11 110 424	-	24 123	17 029 187	28 319 909
Half year ended 30 June 2013						
Balance as at 1 January 2013	156 125	9,985,434	839 778	309,385	8 069 388	19 360 110
Surplus for the period	-	-	-	-	3 123 605	3 123 605
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	3 123 605	3 123 605
Transactions with owners recorded directly in equity	-	-	-	-	-	-
Bonus share issue	50	1 124 990	(839 778)	(285 262)	-	-
Shareholders equity as at 30 June 2013	156 175	11 110 424	-	24 123	11 192 993	22 483 715

STATEMENT OF CASH FLOWS For the six months ended 30 June 2014

	Notes	Unaudited 30 June 2014 US\$	Unaudited 30 June 2013 US\$
Cash flow from operating activities			
Surplus for the period		3 300 069	3 123 605
Adjustments for:			
Depreciation	6	89 835	87 538
Amortisation of intangible assets		29 118	29 118
Profit on disposal of property and equipment		(300)	-
Impairment allowance on loans and advances	2.2	296 205	112 455
Net cash generated before changes in operating assets and liabilities		3 714 927	3 352 716
Decrease/ (increase) in loans and advances to customers		1 041 353	(2 573 970)
(Increase)/decrease in inventory		(818 418)	224 402
Increase in other assets		(1 252 656)	(1 094 216)
Increase in deposits from banks		8 585 460	6 758 313
Increase in deposits from customers		6 932 175	3 590 173
Decrease in other liabilities		(148 103)	(1 377 393)
Net cash generated from operating activities		18 054 738	8 880 025
Cash flows from investing activities			
Purchase of property and equipment	6	(133 437)	(42 162)
Proceeds from disposal of property and equipment		300	-
Net cash used in investing activities		(133 137)	(42 162)
Cash flows from financing activities			
Repayment of borrowings		(1 131 353)	(833 333)
Proceeds from borrowings		-	2 955 350
Dividend paid		(790 211)	-
Net cash generated from financing activities		(1 921 564)	2 122 017
Net increase in cash and cash equivalents		16 000 037	10 959 880
Cash and cash equivalents at the beginning of the period		24 661 038	18 961 069
Cash and cash equivalents at the end of the period	1	40 661 075	29 920 949

NOTES TO THE FINANCIAL RESULTS For the six months ended 30 June 2014

	Unaudited 30 June 2014 US\$	Audited 31 Dec 2013 US\$
1. BALANCES WITH BANKS AND CASH		
Cash on hand	938 302	1 169 613
Cash at bank	2 466 855	714 393
Interbank short term investments	37 255 918	22 777 032
	40 661 075	24 661 038
2. LOANS AND ADVANCES TO CUSTOMERS		
Short term loan advances	14 218 393	17 047 191
Mortgage loan advances	30 534 057	29 025 679
Gross loans and advances to customers	44 752 450	46 072 870
Less: Allowance for impairment	(1 187 203)	(1 170 065)
Net loans and advances to customers	43 565 247	44 902 805
2.1 Maturity analysis of loans and advances		
Up to 1 month	1 284 006	1 002 165
1 month to 3 months	2 350 739	1 826 787
3 months to 1 year	9 066 863	7 776 684
1 year to 5 years	17 040 165	14 890 025
Over 5 years	13 823 474	19 407 144
	43 565 247	44 902 805
2.2 Movement in impairment allowance on loans and advances		
Balance at beginning of the period	1 170 065	651 669
Specific impairment	296 205	518 396
Amounts written off during the year as uncollectible	(279 067)	-
	1 187 203	1 170 065
2.3 Exposure to credit risk		
Carrying amount	43 565 247	44 902 805
Past due and impaired		
Grade 8: Impaired	1 011 701	1 561 536
Grade 9: Impaired	1 279 287	641 013
Grade 10: Impaired	603 622	159 535
Gross amount	2 894 610	2 362 084
Allowance for impairment	(340 966)	(543 207)
Carrying amount	2 553 644	1 818 877
Neither past due nor impaired		
Grades 1-3: low fair risk	31 878 485	35 424 237
Grades 4-7: watch list	9 979 355	8 286 549
Gross amount	41 857 840	43 710 786
Allowance for impairment	(846 237)	(626 858)
Carrying amount	41 011 603	43 083 928
Total carrying amount	43 565 247	44 902 805
3. INVENTORY		
Raw materials	1 711 448	1 664 177
Work in progress	3 265 045	2 493 898
	4 976 493	4 158 075
4. OTHER ASSETS		
Prepayments	72 523	39 439
Other	1 381 744	162 172
	1 454 267	201 611
4.1 Maturity analysis of other assets		
Up to 1 month	220 867	74 927
1 month to 3 months	429 934	126 684
3 months to 1 year	803 466	-
	1 454 267	201 611



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Unaudited Interim Results For the six months ended 30 June 2014

NOTES TO THE FINANCIAL RESULTS For the six months ended and as at 30 June 2014

	Unaudited 30 June 2014 US\$	Audited 31 Dec 2013 US\$
5 INTANGIBLE ASSETS		
Opening net book amount	204 017	262 253
Amortisation charge	(29 118)	(58 236)
Closing balance	174 899	204 017
6 PROPERTY AND EQUIPMENT		
Cost		
Carrying amount at beginning of the period	4 774 019	4 439 861
Gross carrying amount	5 430 925	4 916 362
Accumulated depreciation and impairment loss	(656 906)	(476 501)
Additions	133 437	526 563
Disposals	-	(5 000)
Current period depreciation charge	(89 835)	(187 405)
Carrying amount at end of the year	4 817 621	4 774 019
7. DEPOSITS AND OTHER LIABILITIES		
7.1 Deposits from banks		
Money market deposits	25 486 490	16 901 030
	25 486 490	16 901 030
7.2 Deposits from customers		
Retail savings deposits	6 389 657	6 705 835
Money market deposits	26 975 587	19 727 234
	33 365 244	26 433 069
7.3 Borrowings		
Offshore deposits	5 476 788	6 608 141
	5 476 788	6 608 141
7.4 Other liabilities		
Trade and other payables	2 068 291	1 704 632
Deferred income	501 604	672 569
Provisions	456 276	797 073
	3 026 171	3 174 274
Total deposits and other liabilities	67 354 693	53 116 514
7.5 Maturity analysis of deposits and other liabilities		
Up to 1 month	37 999 948	27 762 503
1 month to 3 months	20 588 779	11 110 709
3 months to 1 year	4 706 303	5 849 531
Over 1 year	4 059 663	8 393 771
	67 354 693	53 116 514
8. INTEREST INCOME		
Loans and advances to customers	4 027 581	2 875 586
Interbank money market investments	1 803 204	1 385 866
	5 830 785	4 261 452
9. INTEREST EXPENSE		
Deposits from banks	1 194 979	690 537
Demand deposits- retail savings	118 414	61 081
Borrowings	345 013	413 500
Time deposits	1 297 560	786 016
	2 955 966	1 951 134
10. OTHER INCOME		
Rent received	77 914	49 932
Profit on disposal of property and equipment	300	-
Other	13 572	4 518
	91 786	54 450
11. OPERATING EXPENSES		
Administration expenses	855 090	970 810
Personnel expenses	2 085 344	2 016 680
Directors fees	64 470	70 487
Depreciation and impairment	118 953	116 656
	3 123 857	3 174 633

12. LIQUIDITY RISK Maturity profile of assets and liabilities 30 June 2014

	Up to 30 days US\$	31 to 90 days US\$	91 to 180 days US\$	181-365 days US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
Assets							
Cash and cash equivalents	31 776 075	8 885 000	-	-	-	-	40 661 075
Loans and advances to customers	1 284 006	2 350 739	3 143 052	5 923 811	17 040 165	13 823 474	43 565 247
Inventory	328 160	2 518 394	1 035 595	318 744	775 600	-	4 976 493
Other assets	220 867	429 934	644 900	158 566	-	-	1 454 267
Investment properties	-	-	-	-	-	25 000	25 000
Intangible assets	-	-	-	-	174 899	-	174 899
Property and equipment	-	-	-	-	451 541	4 366 080	4 817 621
Total assets	33 609 108	14 184 067	4 823 547	6 401 121	18 442 205	18 214 554	95 674 602
Liabilities							
Deposits from banks	12 500 284	11 188 184	798 022	1 000 000	-	-	25 486 490
Deposits from customers	24 913 583	7 601 674	849 987	-	-	-	33 365 244
Borrowings	-	962 580	151 515	303 030	3 030 303	1 029 360	5 476 788
Other liabilities	586 081	836 341	419 885	1 183 864	-	-	3 026 171
Equity	-	-	-	-	-	28 319 909	28 319 909
Total liabilities	37 999 948	20 588 779	2 219 409	2 486 894	3 030 303	29 349 269	95 674 602
Liquidity gap	(4 390 840)	(6 404 712)	2 604 138	3 914 227	15 411 902	(11 134 715)	-
Cumulative liquidity gap	(4 390 840)	(10 795 552)	(8 191 414)	(4 277 187)	11 134 715	-	-

13. INTEREST RATE RISK Interest rate repricing gap 30 June 2014

	Up to 30 days US\$	31-90 days US\$	91-180 days US\$	181-365 days US\$	Over 365 days US\$	Non interest bearing US\$	Total US\$
Assets							
Cash and cash equivalents	28 370 918	8 885 000	-	-	-	3 405 157	40 661 075
Loans and advances to customers	30 610 790	1 765 034	2 264 494	4 130 122	4 794 807	-	43 565 247
Inventory	-	-	-	-	-	4 976 493	4 976 493
Other assets	-	-	-	-	-	1 454 267	1 454 267
Investment properties	-	-	-	-	-	25 000	25 000
Intangible assets	-	-	-	-	-	174 899	174 899
Property and equipment	-	-	-	-	-	4 817 621	4 817 621
Total assets	58 981 708	10 650 034	2 264 494	4 130 122	4 794 807	14 853 437	95 674 602
Liabilities							
Deposits from banks	12 500 284	11 188 184	798 022	1 000 000	-	-	25 486 490
Deposits from customers	24 913 583	7 601 674	849 987	-	-	-	33 365 244
Borrowings	4 620 312	856 476	-	-	-	-	5 476 788
Other liabilities	-	-	-	-	-	3 026 171	3 026 171
Equity	-	-	-	-	-	28 319 909	28 319 909
Total liabilities	42 034 179	19 646 334	1 648 009	1 000 000	-	31 346 080	95 674 602
Interest rate repricing gap	16 947 529	(8 996 300)	616 485	3 130 122	4 794 807	(16 492 643)	-
Cumulative interest rate repricing gap	16 947 529	7 951 229	8 567 714	11 697 836	16 492 643	-	-

14. CAPITAL ADEQUACY RATIO

	Unaudited 30 June 2014 US\$	Audited 31 Dec 2013 US\$
Core Capital Tier 1		
Issued and fully paid up ordinary share capital	11 266 599	11 266 599
Accumulated surplus	17 029 187	14 519 329
Capital allocated for market and operational risk	(1 455 973)	(1 517 765)
Advances to insiders	(51 871)	(917 016)
Total core capital	26 787 942	23 351 147
Supplementary Capital Tier 2		
Revaluation reserves	24 123	24 123
Total supplementary capital	24 123	24 123
Tier 3		
Capital allocated for market and operational risk	1 455 973	1 517 765
Core capital plus supplementary capital	28 268 038	24 893 035
Total risk weighted assets	66 532 359	54 547 119
Tier 1 capital ratio	40%	43%
Tier 2 capital ratio	0%	0%
Tier 3 capital ratio	2%	3%
Capital adequacy ratio	42%	46%
Capital expenditure authorised not yet undertaken	636 563	957 838

15. CAPITAL COMMITMENTS

Capital expenditure authorised not yet undertaken

16. BOARD ATTENDANCE

Board member	Main Board		Board Audit		Board HR		Board Finance & ALCO		Board Risk & Compliance		Board Credit		Board Loans Review	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Benjamin Kumalo	✓	✓	n/a	n/a	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓	X
Felix Gwandekwande	✓	✓	n/a	n/a	X	✓	✓	✓	✓	✓	✓	✓	n/a	n/a
Oliver Gwaze	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	n/a	n/a	✓	✓
Marah Hativagone	✓	✓	✓	✓	n/a	n/a	✓	✓	n/a	n/a	✓	✓	n/a	n/a
Agnes Kanhukamwe	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Patrick L. Mapani	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	✓	n/a	n/a	✓	✓
Kennard C. Muranda	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	n/a	n/a
John Mushayavanhu	✓	X	n/a	n/a	✓	X	✓	✓	n/a	n/a	n/a	n/a	✓	X
Christopher Y Muyeye	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a
Pius Rateiwa	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Webster Rusere	✓	✓	n/a	n/a	n/a	n/a	✓	✓	✓	X	✓	X	n/a	n/a

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

Q1 - Quarter 1
Q2 - Quarter 2

By Order of the Board

Tichaona K. Mabeza
Group Company Secretary
28 August 2014