CHAIRMAN'S STATEMENT

Financial Highlights

- Group profit before income tax US$16.2 million.
- Group profit for the year US$14 million.
- Cost to income ratio 80%.
- Basic earnings per share 2.29 US cents.
- Net asset value per share 14 US cents per share.
- Final dividend proposed US$1 million, bringing total dividend to US$2 million including interim dividend of US$1 million.

Financial Performance Review

The Group has continued to benefit from its diversified business model in addition to its strong risk management culture against a backdrop of a stable but challenging environment. The Group registered a slight decrease in profit before tax of 4% to US$16.2 million from US$16.9 million in 2012. This is attributed to the negative performance of the Group's construction material manufacturing business unit. In this respect, an impairment allowance coupled with a reduced demand for its traditional product offerings, adversely affected the performance of the said business unit. The introduction of the new concrete tile product in July 2013 was inadequate to offset reduced revenues in other product lines.

Profit for the year decreased to US$14 million from US$15.6 million. The decrease in profit for the year was higher than that of profit before tax, as a result of an increased tax burden after the utilization of the deferred tax credit in 2012.

The Group recorded total net income of US$79.5 million which is 7% higher than the US$74.2 million recorded last year. The level of total net income increase was negatively affected by the mandatory reduction of bank charges and interest margins as was stipulated in the Memorandum of Understanding ("MoU") signed by all the banking institutions and the Reserve Bank of Zimbabwe in January 2013. The said MoU expired in December 2013.

The Group continues to place considerable emphasis on cost containment, whilst concurrently investing in business expansion. The Group's cost to income ratio moved to the current level of 80% from 77% last year mainly as a result of increased impairment allowance. The Group is set to continue focusing on improving cost efficiencies anchored on e-commerce.

An impairment allowance of US$7.2 million was charged in response to the current challenging operating environment, resulting in a cumulative impairment allowance of US$18 million. This amount is in tandem with the Group's conservative view on impairment allowance. We shall continue to place notable emphasis on credit underwriting skills with particular emphasis on clients with undoubted primary and secondary sources of repayments.

The Group's banking subsidiaries continued to maintain adequate liquidity levels for all of their depositing clients throughout the year by following prudent liquidity management strategies. The continuous exercise of prudence in the area of liquidity management under the current challenging economic environment shall remain of critical importance within the Group.

The Group's statement of financial position grew by 16% to US$453 million from US$392 million last year, a testimony to the improvement in the acceptance of the FBC brand amongst our numerous stakeholders.

Total equity attributable to its shareholders increased by 40% to US$94 million from US$67 million, the position as at the 31st December 2012. This growth was primarily driven by disposal of treasury shares, the acquisition of a minority interest in one of the Group's subsidiaries and retained profits for the year.

All the Group's financial services' business units achieved commendable results. This has served to buttress the FBC Holdings footprint in the local financial services sector. It is our thrust to consolidate our position thereof, whilst ensuring that our clients are provided with an utmost pleasant experience in utilising our various products and services.

Operating Environment

The Zimbabwe economic landscape though stable, continues to face considerable difficulties which are still evident in the current operating environment. This has regrettably resulted in most businesses and other major stakeholders failing to adapt to the environment. The economy continues to be constrained by acute liquidity challenges, thereby adversely affecting the ability of the productive sectors of our economy to access affordable credit lines. Consequently the productive sectors' capacity utilization fell from 44% in 2012 to 39% in 2013.

The Gross Domestic Product ("GDP") growth rate was revised downwards to 3.4% in 2013 from an initial projection of 5%. This was as a result of increased liquidity challenges and the slow gross fixed capital formation. In 2014, however, the local economy is projected to grow by 6.1%, driven mainly by mining and agriculture.

Financial Services Sector

Liquidity challenges have persisted in the economy driven mainly by low business activity, leakages due to a perpetual negative external funding position, reduced confidence in the banking sector, reduced lines of credit, perceived high country risk, policy issues and high non-performing loans. The industry average for non-performing loans was 15.92% as at 31 December 2013. Deposits remained short term in nature, compounded by high funding costs.

The Group continues to leverage on its stable brand image and impeccable corporate governance record to alienate itself from the high country risk and perceived sector vulnerabilities to access foreign lines of credit.

New Capital Requirements

In view of the current macroeconomic challenges besetting the economy, we welcome the extension of the capitalization deadline to the 31st of December 2020, for banking institutions to comply with the new capital requirements of US$100 million for commercial banks and US$80 million for building societies. It is our considered view that this reprieve gives the Group ample time for both the Bank and the Building Society to comply with the new capital requirements separately.

Shareholders will recall that in my interim report, I highlighted that we had obtained the required approvals for the proposal to merge the Bank and the Building Society into a single entity, FBC Bank. The decision had been necessitated by the need to comply with the new capital requirements, given the compressed compliance timeline that had been announced by the regulatory authority, the RBZ. I also highlighted in my half-year report that whilst all hurdles had been cleared, the Bank and the Society were to continue as separate legal entities until we receive clarity regarding the compliance time table. As at 31 December 2013 both the Bank and the Building Society were in excess of the current minimum capital levels of US$25 million and US$20 million respectively and will therefore continue to operate separately. Whilst we will continue to review the proposal to merge the said separate entities up to 2020, we are on course to submit a comprehensive recapitalization plan to the RBZ by the 30th June 2014.

We are pleased to report that all the FBC Holdings Limited subsidiaries are in full compliance with regulatory capital requirements.

Share Price Performance

The local equities market defied the uncertainties prevailing in the local economy to record an impressive 32.6% gain for 2013, ending the year at 202.12 points. The resources index mirrored the general sector-wide challenges that have confronted the mining sector, chief among them, working capital support and capacity regeneration. Consequently, the mining index lost 30% in 2013 and closed at 45.79 points. Despite the economic challenges experienced in 2013, FBCH's share out-performed the index with an impressive 80% gain after closing the year at US$0.135. The Group continues to display great potential and has remained resiliently sound in a difficult operating environment. Given the present value of growth opportunities, we believe the FBC Holdings counter still remains heavily discounted from its true value.

Corporate Social Investment

FBC Holdings as a responsible corporate citizen, has remained active in improving the livelihood of the communities we serve. The Group has been supportive of various entities, encompassing education, financial inclusion, enterprise development, sports, the arts as well as health sectors. To this end, a corporate social investment of US$215 722 was made towards charity organisations and various noble causes across the country during 2013. The Group firmly believes that it has a material role to play in the improvement of the Zimbabwean social landscape by ploughing back profits into the community in different areas of social endeavour.

Marketing and Public Relations

The FBC Brand has remained highly visible in the market place during the year as a result of a cocktail of sustained marketing and public relations initiatives that have been implemented. FBC Holdings Limited was publicly recognised once again when it scooped the Independent Quoted Companies Survey 2012 award for the second year running, having been awarded the same recognition in 2011 and previously in 2007 where it also won the Independent Quoted Companies Overall award for the best performing company for that year.

FBC Bank also won the 2nd runner up award for an outstanding performance in the buy Zimbabwe Banking and Finance Awards. This accolade is in recognition of the outstanding role played by the Bank in rejuvenating the economy, employment creation and stirring national pride. The Zimbabwe Investment Authority honoured FBC Bank with the financial sector award as 1st runner-up in recognition of the Bank's contribution to the broadening of the financial services sector.

FBC Building Society continues to deliver housing units to satisfy the huge demand for shelter. During the course of 2013, the Society delivered 443 housing units into the market in both low and high density suburbs across the country.

FBC Reinsurance was the only reinsurance company in Zimbabwe to be accorded an A- credit rating in 2013, based on the institution's well established position in the domestic market, underpinned by previously demonstrated capital support from the holding company and linkages to top tier reinsurers.

Microplan, the micro-financing arm of FBCH was recognised as one of the major players in the microfinance industry by the Zimbabwe Insititute of Microfinance Institutions ("ZAMFI") and was accorded "platinum" status in the micro finance industry. Microplan has also increased its distribution points, opening branches in Mutoko, Mutare, Masvingo and Chiredzi.

The Group will continue to reach its audience through effective marketing communications on its products and service promotions so that it consistently stays ahead of its competition.

e-Commerce

The Group continues to make significant strides in the roll-out of electronic channels with customers benefiting immensely from the resultant convenience. We will focus on integrating the various payment platforms and channels with various stakeholders which should enable monetization of the investment. The mobile channel development will leverage the Group's participation in enabling the inclusion of the lower income groups into the mainstream financial services. The rollout of an agency network will enhance the reach and support of electronic channels, creating new markets for the Group. Electronic channels were the perfect antidote to overcome the curtailment of income caused by the Memorandum of Understanding which controlled the pricing of bank charges for customers.

Dividend

On behalf of the Board, I am pleased to advise shareholders that a final dividend of 0.149 US cents per share was proposed. This makes a total dividend of 0.298 US cents per share, together with the interim dividend of 0.149 US cents per share paid in September 2013. The Board has taken into account the performance of the Group, the solid recapitalization plan and the deferring of banking institutions' new capitalization levels to 2020.

Outlook

Having concluded pressing political processes during 2013, stakeholders are focused on the nation's economic recovery. Capital raising initiatives will continue to be at the centre of capital market activity, so will be the transition to an automated trading system which is expected to improve the Group's activity on the local bourse and increase its depth. The Group will leverage on strategic business units to benefit from capital raising initiatives.

Appreciation

I would like to extend my deep appreciation to our valued customers who remain loyal to the FBC brand which has grown in stature since its inception. Your continued support and confidence shown in FBC are invaluable. As always, I am truly grateful for the non-executive directors' unwavering guidance and counsel during this period, alongside the Group Chief Executive and Team FBC's professionalism, dedication and commitment demonstrated at all times.

Herbert Nkala
Group Chairman
18 March 2014

FBC Holdings Limited

strength • diversity • service

Audited Financial Results

For The Year Ended 31 December 2013

GROUP CHIEF EXECUTIVE'S REPORT
31st December 2013

I am pleased to present to you the FBC Holdings' audited financial statements for the year ended 31st December 2013. The Group continues to build on its diversified business model while consolidating its revenue generation capacity across all business units.

Group Performance
The Group has once again delivered positive performance despite the challenges of operating in a difficult business environment. The various units within the Group have continued on an expansion path, with the exception of the construction material manufacturing business, whose performance was negatively affected by the harsh economic environment and increased impairment allowance on debtors.

The Group's total net income increased by US$5 million to US$79.5 million in 2013 from US$74 million recorded last year. The magnitude of the increase was weighed down by the capping of bank charges and interest margins payable by clients within the banking sector as a whole. All banks currently operating in Zimbabwe entered into a Memorandum of Understanding ("MoU") with the RBZ for a ten month period covering February to November 2013. In addition, our manufacturing business experienced weak demand on its traditional products due to the depressed economic activity currently obtaining in the country. The Group's other subsidiaries achieved commendable growth in revenue in 2013 buoyed mainly by increased customer acquisitions.

Although a ceiling was placed with regards to the amount of interest margins that banking institutions could charge to clients, in line with the aforementioned MoU, the Group's net interest income recorded an increase of 8% to US$21.9 million from US$20.3 million achieved in 2012. This was driven by the growth in loans and advances, mortgages and micro loans. The magnitude of net interest income was however tapered by the increased cost of funding as a result of aggressive pricing of deposits to match competition in an illiquid financial market. While the Group was successful in attracting a number of lines of credit, the price premium thereof did not significantly reduce the cost of funding to levels below those currently obtaining in the local operating environment. The contribution of net interest income to Group total net income was static at 28%.

Notwithstanding the capping of bank charges to clients, fee and commission income recorded a respectable growth of 8% to US$22.3 million from US$20.6 million in 2012. This was primarily as a result of increased volume of transactions emanating from increased customer acquisitions and the introduction of e-based transactions. The Banking subsidiaries and the micro lending subsidiary registered significant success in customer acquisitions during the year.

The contribution of gross profit on sales to total income decreased to 19% in 2013, from 22% in 2012 and to US$15 million from $16 million in value terms as the manufacturing business absorbed increased production costs, which it could not pass on to customers due to the weak demand. The new tiling plant commissioned in the second half of the year ameliorated the reduction in revenues from the traditional products. The newly launched Turnall concrete tile has gained acceptance by the market as a result of its strength and quality. Revenue contribution from the product is forecast to continue increasing.

The insurance businesses' revenue lines increased by 14% to US$16.7 million in the year under review from US$14.6 million last year driven by increased customer acquisitions as the FBC brand continued to gain traction in the market. The contribution of net earned insurance premium to total Group income increased to 21% from the 20% recorded last year bearing testimony to the strength of the Group's diversified business model and strong risk transfer model.

The Group's impairment allowance of US$7.2 million is prudent in view of the liquidity challenges and heightened default rates currently obtaining in the Zimbabwean economic landscape. We will continue to enhance our credit risk management framework whilst concurrently ensuring that impairment allowance is properly measured and charged. The Group's total impairment allowance at US$18 million is considered sufficient, taking into account the level of tangible security on loans.

Cost to income ratio moved to 80% from 77% last year as a result of increased impairment allowance. Administrative expenses, at US$46.5 million registered an increase of US$1.6 million in value terms and 4% in percentage terms in an environment where the Group is still expanding distribution channels and consolidating its brand equity. The strategy of the Group going forward is to align all costs to revenues through improving efficiencies.

The Group's statement of financial position at US$453 million increased by 16% compared to prior year. The marked increase in the statement of financial position was driven by a 15% increase in deposits to US$291 million from US$254 million achieved last year. This growth bears testimony to the continued consolidation of the FBC brand in the market.

Total equity attributable to shareholders of the Company is now at US$94 million compared to US$67 million as at 31 December 2012 as a result of measures being employed by the Group including but not limited to, the retention of earnings, the disposal of treasury shares and the acquisition of a minority interest in one of the subsidiaries. The gap between the book value of equity at US$94 million and the market capitalization of FBC Holdings Limited of US$90 million, as at 31st December 2013 narrowed down to US$4 million from US$23 million as at 31st December 2012. This gives us a great sense of satisfaction as it serves as evidence that the market is now appreciating the resilience of the FBCH business model.

FBC Bank Limited
In a market that continues to be dogged by acute liquidity challenges, FBC Bank recorded a profit before income tax of US$7.1 million compared to US$6.7 million achieved last year. The contribution of the Bank, the flagship business of the Group, to the profit before income tax increased to 44% from 40%. The Bank's total net income increased by 4% to US$37 million from US$36 million last year. The modest increase was due to prescribed bank charges and interest margins by RBZ and increased cost of funding in an illiquid market.

The Bank's statement of financial position increased by 15% to US$322 million buoyed by total deposits which increased by 16% to US$278 million from US$239 million last year.

The Bank increased its lending portfolio by 35% to US$215 million from US$160 million last year on the back of accessed credit lines. The Bank will continue to focus on securing additional external lines of credit with a view to providing the much needed support to clients with bankable businesses. The thrust is to position FBC Bank as a market leader in securing external lines of credit for on lending to quality corporates as well as qualifying individuals.

Core capital currently standing at US$39 million is well in excess of the revised minimum capital requirement of US$25 million set by the RBZ. The Bank is well positioned and has ample time to comply with the US$100 million minimum capital threshold set by the regulatory authority, wherein all banks are required to be fully compliant thereof by the 31st December 2020.

In the latter part of the year, the Bank expanded its product offering, by establishing a Lease Finance Department. Plans are also underway to establish a Debt Factoring Unit in the first quarter of 2014. The Bank's Mobile Payments platform, Mobile Moola, was expanded to cover bill payments for selected retailers and service providers. The Bank's branch network has also expanded to include Beitbridge.

FBC Holdings was awarded the Best Bank Award in the Banking Sector by the Zimbabwe Independent Quoted Companies Survey 2013, winning the award for the second year running for the best performing holding company on the Zimbabwe Stock Exchange.

The Bank maintained it's A-rating from the Global Credit Rating Agency in 2013.

FBC Building Society
The Building Society recorded a net surplus of US$7 million, registering a 27% growth from the 2012 net surplus of US$5.5 million. Total net income for the year amounted to US$13.7 million representing a 16% growth from 2012 while a modest 5% increase was recorded on operating expenses as cost control measures continue to be implemented. The Building Society contributed 44% to the Group's profit before income tax.

The Society continues to make use of robust operating strategies, in its' quest to provide new housing stock on the market and to this end, a total of 249 new housing units were released into the market during the year under review. Housing development projects were undertaken to cater for different segments of the market. A high density project was completed in Mbizo, Kwekwe, where 157 units were constructed. In Harare, a total of 76 units were constructed in medium density suburbs while 16 upmarket town houses were constructed in the low density suburbs. In 2014, the Society intends to construct 95 medium density units and 40 low density units in Harare.

The loan portfolio registered a 55% growth to US$45 million from US$29 million in 2012. The growth was mainly driven by mortgage lending arising from the development of properties. The performance of the loans portfolio remains satisfactory with a non performing loans ratio of 5%. The capital base as of the 31st December 2013 stood at US$25.8 million making the Society compliant with the regulatory minimum requirement of US$20 million set by RBZ.

The unavailability of long term financing in the local market continues to be a barrier to the Building Society's prospects for optimum expansion.

Microplan Financial Services (Private) Limited
Since its establishment in January 2011, Microplan has recorded significant growth in market share and is now ranked 3rd by balance sheet size in the market. The unit has contributed US$1.2 million to the overall Group profit before tax, representing a 37% growth since 2012. Microplan's success is a result of employing aggressive business development tactics while at the same time applying strong risk management methods. The business unit has spread its footprint to Mutoko, Gwanda, Masvingo, Mutare and Chiredzi. This has enhanced visibility as well as market share.

Microplan Financial Services was accorded Platinum Membership status by the Zimbabwe Association of Microfinance Institutions ("ZAMFI") in recognition of its increasing role in the sector and has in the process, been accorded a seat on the ZAMFI board.

FBC Securities (Private) Limited
The performance of the equities market continues to be subdued owing to investor apathy coupled with liquidity constraints. The depressed capacity levels across all sectors, has taken its toll on the Zimbabwe Stock Exchange ("ZSE") with several entities on the bourse losing their listings.

During the year under review, FBC Securities embarked on a deliberate strategy to broaden its local market base and make inroads into foreign markets. This resulted in the business unit achieving a break-even position as at 31 December 2013.

We believe that the unit's strategic focus of expanding its product and service offering in line with capital market dynamics, will see the entity achieving profitability in the ensuing year.

FBC Reinsurance Limited ("FBC Re")
FBC Re's gross premium income grew by 11% to US$15.2 million during the year under review, while profit before income tax increased by 38% to US$2.9 million compared to US$2.1 million achieved last year. The company recorded a positive underwriting result of US$1.2 million which is a 40% improvement in comparison to the same period last year. The business unit continues to exercise a robust risk management framework while employing strong underwriting discipline. We are pleased to report that FBC Re is now the lead reinsurer for the majority of the large direct insurers in Zimbabwe and, remains the most liquid and most profitable Zimbabwean reinsurer in the market. FBC Re also has the fastest claims turnaround time in the market.

In the just ended business year, FBC Re maintained its' A- rating in claims paying ability from Global Credit Rating Agency of South Africa.

Eagle Insurance Company Limited
Eagle Insurance continues to grow since its acquisition by the Group in 2011. The insurance company increased its contribution to the Group profit before income tax to 10% from 4% last year. It grew its profits by an impressive 126% to US$1.76 million in 2013 from US$0.740 million in 2012.

The outlook remains largely positive, with the business unit poised to benefit from on-going product development, prudent underwriting and a robust as well as liquid balance sheet. In 2013, Eagle Insurance's claims paying ability was upgraded to BBB- by the Global Credit Rating Agency of South Africa ("GCR").

Turnall Holdings Limited ("Turnall")
Turnall recorded static turnover of US$42 million and recorded a loss of US$2.9 million mainly due to increased impairment allowance. The Company widened its product range by introducing an affordable concrete tile. This range of concrete tile has gained wide acceptance in the market and is poised to continue gaining market share. However, the success of the new concrete tile product was not adequate to counter-weigh the prior weak demand experienced by the Company's traditional products. The Company is restructuring its operations in line with the demand obtaining in the market. I am confident that the new initiatives will see the Company improving its performance in the current operating environment.

Service Delivery
The Group remains committed to delivering a quality service to all clients and stakeholders through continuous product innovation and review. There has been a concerted effort to increase physical representation across the country for business units such as FBC Bank, FBC Building Society and Microplan.

In order to provide good quality service and convenience to all our valued stakeholders, the Group continues to invest in cutting edge technology such as the recent acquisition of state-of-the-art ATMs which are being deployed across the branch network.

Risk Management
The Group maintains a strong risk management culture reinforced by a risk philosophy which states that 'everyone in the Group is a risk manager'. Policies and procedure manuals are regularly reviewed to ensure that they remain relevant to conditions prevailing in the operating environment and are in conformity with best practices and regulatory requirements.

The Group, through its Enterprise-Wide Risk Management Framework, conducts stress tests to assess the vulnerability of the Group against severe market conditions. Proactive measures are continuously being undertaken to address any undesirable outcomes from the stress tests. In addition, the Group has embarked on a programme to adopt best practice Information Technology Operations Control Frameworks, given the e-Commerce strategic thrust being pursued. The Group's adoption of the Basel II Standards has been of great assistance in achieving the objective of maintaining robust risk management processes. Management and Board Committees which form part of the risk governance structure across the Group, provide continuous oversight on overall risks.

Human Resources
The Group continues to enjoy harmonious employee relations across all its business units. In addition, and for the third year running, the Group retained all its key and critical skills. Employee commitment has continued to improve and in 2013, the level of employee engagement was at its highest since the Group started tracking employee engagement and commitment to the Group.

The financial results of the Group are testimony to the level of productivity that engaged employees are capable of achieving. Going forward, the Group will continue to focus on those facets of human capital management that place considerable emphasis on the promotion and sustainability of higher employee engagement. This is achievable through the consistent implementation of well-oiled strategies such as sound management of industrial relations, talent, performance, commensurate rewards, learning and development, employee participation as well as other initiatives that ensure a high level of motivation and commitment.

Information Technology and e-Commerce
The operating landscape continues to demand innovative solutions in the face of a well-informed and technologically-savvy client. The Group's e-Commerce thrust is starting to pay off with new revenue lines starting to flow into the fee income base driven by increased transaction traffic. The Group has enhanced its capacity to serve more clients more conveniently with the current infrastructure, hence increased productivity.

The high mobile phone penetration rate currently prevailing in Zimbabwe should see the Group leverage the channel to enter new segments with technology-driven products and services at a competitive cost. Strategic partnerships are a key factor in establishing and consolidating the existing financial reach. This serves to ensure viable financial inclusivity in an increasingly competitive industry into which mobile network operators have also entered with vigour and enthusiasm. The Group will exploit its industry knowledge as well as create partnerships in order to maintain leadership in technology driven financial services.

Product Development
The Group believes that with a sustained thrust towards understanding the desires of the market and responding to that need in the form of innovative products and services, we are well positioned to succeed in a highly contested market place.

Appreciation
Our loyal clients and stakeholders continue to be the cornerstone of our existence and for that I am truly grateful. Your invaluable support drives us to reach greater heights. I wish to take this opportunity to convey my sincere gratitude to the FBC Holdings Limited Board of Directors, Management and Staff members for their unwavering support.

John Mushayavanhu
Group Chief Executive
18 March 2013

Audited Financial Results

For The Year Ended 31 December 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 US$	2012 US$
Interest income	15	43 742 060	37 806 670
Interest expense	15.1	(21 824 570)	(17 511 395)
Net interest income		**21 917 490**	**20 295 275**
Fee and commission income	16	22 310 748	20 605 148
Fee and commission expense	16.1	(21 558)	(27 318)
Net fee and commission income		**22 289 190**	**20 577 830**
Revenue	17	55 861 131	53 613 611
Cost of sales	17.1	(40 926 855)	(37 504 472)
Gross profit		**14 934 276**	**16 109 139**
Insurance premium revenue	18	27 825 380	22 951 209
Premium ceded to reinsurers and retrocessionaires		(11 145 316)	(8 373 776)
Net earned insurance premium		**16 680 064**	**14 577 433**
Net trading income		1 007 454	1 163 206
Net gains from financial assets at fair value through profit or loss		599 201	388 229
Other operating income	19	2 072 690	1 103 913
		3 679 345	2 655 348
Total net income		**79 500 365**	**74 215 025**
Impairment allowance on financial assets	5.3	(7 176 388)	(3 603 842)
Net insurance commission expense	20	(3 310 674)	(3 012 597)
Insurance claims and loss adjustment expenses	21	(6 270 029)	(5 811 900)
Administrative expenses	22	(46 522 750)	(44 894 036)
Profit before income tax		**16 220 524**	**16 892 650**
Income tax expense	23	(2 132 747)	(1 255 798)
Profit for the year		**14 087 777**	**15 636 852**
Other comprehensive income			
Gains on property revaluation		-	-
Tax relating to other comprehensive income		-	-
Other comprehensive income, net income tax		**-**	**-**
Total comprehensive income for the year		**14 087 777**	**15 636 852**
Profit attributable to:			
Equity holders of the parent		13 838 514	12 987 368
Non - controlling interest		249 263	2 649 484
Profit for the year		**14 087 777**	**15 636 852**
Total comprehensive income attributable to:			
Equity holders of the parent		13 838 514	12 987 368
Non - controlling interest		249 263	2 649 484
Total comprehensive income for the year		**14 087 777**	**15 636 852**
Earnings per share (US cents)			
Basic	27.1	2.30	2.42
Diluted	27.2	2.30	2.42
Headline	27.3	2.30	2.39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	2013 US$	2012 US$
ASSETS			
Balances with banks and cash	4	69 386 905	82 415 090
Loans and advances to customers	5.1	265 760 858	190 592 547
Trade and other receivables including insurance receivables	5.2	27 393 114	26 582 806
Debentures		2 664 279	
Financial assets at fair value through profit or loss	6	1 495 227	2 932 818
Inventory	7	22 163 975	22 152 528
Prepayments and other assets	8	7 541 727	6 921 582
Income tax asset		844 192	
Deferred income tax assets		2 428 213	1 664 338
Investment property		25 000	25 000
Intangible asset	9	1 276 109	1 457 875
Property, plant and equipment	10	59 798 711	57 310 267
Total assets		**460 778 310**	**392 054 851**
EQUITY AND LIABILITIES			
Liabilities			
Deposits from customers	11.1	151 334 391	128 101 881
Deposits from other banks	11.2	75 931 501	84 389 793
Borrowings	11.3	71 247 683	41 566 592
Insurance liabilities	12	35 780 871	10 976 731
Trade and other payables	13	11 635 967	29 885 061
Current income tax liability		1 789 455	1 712 581
Deferred income tax liability		6 842 926	7 269 579
Total liabilities		**354 562 794**	**303 902 218**
Equity			
Capital and reserves attributable to equity holders of the parent entity			
Share capital and share premium	14.3	14 089 892	7 681 908
Other reserves		42 183 895	34 616 972
Retained profits		37 575 558	24 738 249
		93 849 345	67 037 129
Non controlling interest in equity		12 366 171	21 115 504
Total equity		**106 215 516**	**88 152 633**
Total equity and liabilities		**460 778 310**	**392 054 851**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital US$	Share premium US$	Retained profits US$	Share option reserve US$	Treasury shares US$	Non distributable reserve US$	Revaluation reserve US$	Regulatory reserve US$	Changes in ownership US$	Total US$	Non controlling interest US$	Total equity US$
Balance as at 1 January 2012	**5 918**	**7 675 990**	**13 106 111**	**110 716**	**(2 686 644)**	**33 659 224**	**3 191 743**	**690 650**	**(214 766)**	**55 538 942**	**18 679 890**	**74 218 832**
Profit for the year	-	-	12 987 368	-	-	-	-	-	-	12 987 368	2 649 484	15 636 852
Other comprehensive income;												
Gain on revaluation of property, plant and equipment, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory impairment allowance	-	-	63 060	-	-	-	-	(63 060)	-	-	-	-
Total other comprehensive income	**-**	**-**	**63 060**	**-**	**-**	**-**	**-**	**(63 060)**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**13 050 428**	**-**	**-**	**-**	**-**	**(63 060)**	**-**	**12 987 368**	**2 649 484**	**15 636 852**
Transaction with owners:												
Share options excercised	-	-	-	-	-	-	-	-	-	-	-	-
Dividend declared and paid	-	-	(1 352 280)	-	-	-	-	-	-	(1 352 280)	(213 870)	(1 566 150)
Share option remeasurement	-	-	-	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	(201 085)	-	-	-	-	(201 085)	-	(201 085)
Treasury share reserve release		-	(66 010)	-	130 194	-	-	-	-	64 184	-	64 184
Balance as at 31 December 2012	**5 918**	**7 675 990**	**24 738 249**	**110 716**	**(2 757 535)**	**33 659 224**	**3 191 743**	**627 590**	**(214 766)**	**67 037 129**	**21 115 504**	**88 152 633**
Balance as at 1 January 2013	**5 918**	**7 675 990**	**24 738 249**	**110 716**	**(2 757 535)**	**33 659 224**	**3 191 743**	**627 590**	**(214 766)**	**67 037 129**	**21 115 504**	**88 152 633**
Profit for the year	-	-	13 838 514	-	-	-	-	-	-	13 838 514	249 263	14 087 777
Other comprehensive income:												
Gain on revaluation of property, plant	-	-	-	-	-	-	-	-	-	-	-	-
and equipment, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory impairment allowance	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**13 838 514**	**-**	**-**	**-**	**-**	**-**	**-**	**13 838 514**	**249 263**	**14 087 777**
Transaction with owners:												
Share options excercised	-	-	-	-	-	-	-	-	-	-	-	-
Dividend declared and paid	-	-	(1 001 205)	-	-	-	-	-	-	(1 001 205)	(5 111)	(1 006 316)
Increase in ownership interest	801	6 407 183	-	-	-	-	-	-	2 585 501	8 993 485	(8 993 485)	-
Treasury share purchase	-	-	-	-	(100 015)	-	-	-	-	(100 015)	-	(100 015)
Treasury share disposal	-	-	-	-	2 518 400	2 563 037	-	-	-	5 081 437	-	5 081 437
Balance as at 31 December 2013	**6 719**	**14 083 173**	**37 507 772**	**110 716**	**(339 150)**	**36 222 261**	**3 191 743**	**627 590**	**2 370 735**	**93 849 345**	**12 366 171**	**106 215 516**

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	Note	2013 US$	2012 US$
Cash flow from operating activities			
Profit before income tax		16,220,524	16 892 650
Adjustments for non cash items:			
Depreciation	10	4 096 996	3 830 018
Amortisation charge	9	729 786	582 752
Impairment allowance on financial assets	5.3	7 176 388	3 603 842
Fair value adjustment on financial assets at fair value through profit or loss		(599 201)	(388 229)
Profit on disposal of property, plant and equipment	19	(21 883)	(175 109)
Net cash generated before changes in operating assets and liabilities		**27 602 610**	**24 345 924**
Increase in loans and advances		(78 924 354)	(63 331 490)
Increase in trade and other receivables		(4 230 652)	(3 822 387)
(Increase)/ decrease in debentures		(2 664 279)	
(Increase)/decrease in financial assets at fair value through profit or loss			1 437 591
(809 579)			
Increase in inventory		(11 447)	(4 861 655)
Increase in prepayments and other assets		(620 145)	(1 212 809)
Increase/(decrease) in deposits from customers		23 232 510	57 311 590
Increase in deposits from other banks		(8 458 292)	30 275 459
Increase in insurance liabilities		24 804 140	2 596 323
Increase in trade and other payables		(18 249 094)	8 018 676
		(36 081 412)	**48 510 052**
Income tax paid		(3 455 130)	(6 257 608)
Net cash used in operating activities		**(39 536 542)**	**42 252 444**
Cash flows from investing activities			
Purchases of intangible assets	9	(548 020)	(621 836)
Purchase of property, plant and equipment	10	(6 668 505)	(4 336 496)
Proceeds from sale of property, plant and equipment		104 948	239 484
Net cash used in investing activities		**(7 111 577)**	**(4 718 848)**
Cash flows from financing activities			
Proceeds from borrowings		53 952 598	36 725 399
Repayment of borrowings		(24 271 507)	(31 663 432)
Dividend paid to company's shareholders		(1 001 205)	(1 352 280)
Dividends paid to non-controlling interests		(5 111)	(213 870)
Proceeds from sale of treasury shares		5 081 437	-
Purchase of treasury shares		(100 015)	(201 085)
Net cash generated from financing activities		**33 656 197**	**3 294 732**
Net decrease in cash and cash equivalents		(12 991 922)	40 828 328
Cash and cash equivalents at beginning of the year		81 920 185	41 091 857
Cash and cash equivalents at the end of year	4.1	**68 928 263**	**81 920 185**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2013

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking , mortgage finance, microlending, stockbrocking, reinsurance, short-term insurance and other related financial services, and also manufactures pipes, roofing sheets and concrete tiles.

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

These consolidated financial results were approved for issue by the Board of Directors on 18 March 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation
The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the International Financial Reporting Interpretations Committee, ("IFRS IC") interpretations and in the manner required by the Zimbabwe Companies Act, (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 62/96 and SI 33/99. The consolidated financial statements have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, investment property and property, plant and equipment.

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

2.2 Basis of consolidation

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with International Accounting Standard ("IAS") 39 Financial Instruments: recognition and measurement, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

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

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The areas involving critical accounting estimates and judgements include; impairment allowances, income taxes, claims and inventory valuation.

4 BALANCES WITH BANKS AND CASH

	2013 US$	2012 US$
Balances with Reserve Bank of Zimbabwe ("RBZ")		
Current account balances	32 781 621	50 701 657
Balances with banks and cash		
Notes and coins	23 319 109	23 907 633
Other bank balances	13 286 175	7 805 800
	36 605 284	**31 713 433**
Balances with banks and cash (excluding bank overdrafts)	**69 386 905**	**82 415 090**
Current	69 386 905	82 415 090
Non-current	-	-
Total	**69 386 905**	**82 415 090**

4.1 Cash and cash equivalents
Cash and bank balances comprise balances with less than three months maturity from date of acquisition, including cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Cash and cash equivalents include the following for the purposes of the statement of cash flows;

	2013 US$	2012 US$
Current account balance at Reserve Bank of Zimbabwe ("RBZ")	32 781 621	50 701 657
Balances with banks and cash	36 605 284	31 713 433
Bank overdrafts	(458 642)	(494 905)
	68 928 263	**81 920 185**

5 LOANS AND RECEIVABLES

5.1 Loans and advances to customers

	2013 US$	2012 US$
Loans and advance maturities		
Maturing within 1 year	136 266 134	144 452 501
Maturing after 1 year	143 715 897	55 928 410
Gross carrying amount	**279 982 031**	**200 380 911**
Impairment allowance	(14 221 173)	(9 788 364)
	265 760 858	**190 592 547**
Current	130 643 528	135 315 806
Non-current	135 117 330	55 276 741
Total	**265 760 858**	**190 592 547**

		2013 US$	2012 US$
5.2	**Trade and other receivables**		
	Retail trade receivables	20 180 732	16 813 011
	Insurance receivables;		
	- Due by insurance clients and insurance brokers	6 429 247	4 807 101
	- Due by reinsurers	714 504	492 749
	- Due by retrocessionaires	4 216 799	4 497 710
	Gross carrying amount	31 541 282	26 610 571
	Impairment allowance	(4 148 168)	(27 765)
		27 393 114	**26 582 806**
	Current	26 217 921	26 582 806
	Non-current	1 175 193	-
	Total	**27 393 114**	**26 582 806**

		Loans and advances	Trade and other receivables	Total
5.3	**Allowance for impairment**			
	Balance as at 1 January 2012	4 030 127	324 795	4 354 922
	Impairment allowance through statement of comprehensive income	3 107 714	496 128	3 603 842
	Reversal of impairment	-	(41 419)	(41 419)
	Amounts written off during the year as uncollectable	-	(751 739)	(751 739)
	Interest in suspense	2 650 523	-	2 650 523
	Balance as at 31 December 2012	**9 788 364**	**27 765**	**9 816 129**
	Balance as at 1 January 2013	9 788 364	27 765	9 816 129
	Impairment allowance through statement of comprehensive income	3 756 044	3 420 344	7 176 388
	Reversal of impairment	8 227	-	8 227
	Amounts written off during the year as uncollectable	(849 510)	-	(849 510)
	Interest in suspense	1 518 048	700 059	2 218 107
	Balance as at 31 December 2013	**14 221 173**	**4 148 168**	**18 369 341**

		2013 US$	2012 US$
6	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**		
	Listed securities at market value	1 495 227	2 932 818
	Current	1 495 227	2 932 818
	Non-current	-	-
	Total	**1 495 227**	**2 932 818**
7	**INVENTORY**		
	Consumables	2 234 140	1 508 735
	Raw materials	3 300 632	4 334 764
	Work in progress	2 676 770	3 854 289
	Finished goods	13 952 433	12 454 740
		22 163 975	**22 152 528**
	Current	22 163 975	22 152 528
	Non-current	-	-
	Total	**22 163 975**	**22 152 528**
8	**PREPAYMENTS AND OTHER ASSETS**		
	Prepayments	3 464 921	2 385 095
	Deferred acquisition costs	1 041 220	848 404
	Recoveries	-	276 898
	Commission receivable	1 711 042	1 474 367
	Refundable deposits for Mastercard and Visa transactions	285 674	198 697
	Stationary stock and other consumables	26 858	76 228
	Jointly controlled asset	78 750	90 000
	Other	933 262	1 571 893
		7 541 727	**6 921 582**
	Current	5 751 935	6 831 582
	Non-current	1 789 792	90 000
	Total	**7 541 727**	**6 921 582**

		Software US$
9	**INTANGIBLE ASSETS**	
	Year ended 31 December 2012	
	Opening net book amount	1 418 791
	Additions	621 836
	Amortisation charge	(582 752)
	Closing net book amount	**1 457 875**
	As at 31 December 2012	
	Cost	3 249 573
	Accumulated amortisation	(1 791 698)
	Net book amount	**1 457 875**
	Year ended 31 December 2013	
	Opening net book amount	1 457 875
	Additions	548 020
	Amortisation charge	(729 786)
	Closing net book amount	**1 276 109**
	As at 31 December 2013	
	Cost	3 797 593
	Accumulated amortisation	(2 521 484)
	Net book amount	**1 276 109**

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$	Plant and machinery US$	Computer equipment US$	Furniture and office equipment US$	Motor vehicles US$	Total US$
Year ended 31 December 2012						
Opening net book amount	28 545 237	22 758 317	1 274 448	2 973 783	1 316 380	56 868 165
Additions	140 000	2 586 205	459 396	819 268	331 627	4 336 496
Disposals	-	(577)	(13 209)	(39 231)	(11 359)	(64 376)
Impairment	-	-	-	-	-	-
Depreciation	(601 941)	(1 949 319)	(507 041)	(391 156)	(380 561)	(3 830 018)
Closing net book amount	**28 083 296**	**23 394 626**	**1 213 594**	**3 362 664**	**1 256 087**	**57 310 267**
As at 31 December 2012						
Cost or valuation	30 220 085	28 052 262	2 651 891	4 675 175	3 557 314	69 156 727
Accumulated depreciation	(2 082 241)	(4 657 636)	(1 438 297)	(1 312 511)	(2 049 676)	(11 540 361)
Accumulated impairment	(54 548)	-	-	-	(251 551)	(306 099)
Net book amount	**28 083 296**	**23 394 626**	**1 213 594**	**3 362 664**	**1 256 087**	**57 310 267**
Year ended 31 December 2013						
Opening net book amount	28 083 296	23 394 626	1 213 594	3 362 664	1 256 087	57 310 267
Additions	836 144	3 675 885	263 923	1 506 975	385 578	6 668 505
Disposals	(8 000)	-	(1 310)	(9 446)	(64 309)	(83 065)
Depreciation	(582 708)	(2 111 351)	(521 390)	(444 670)	(436 877)	(4 096 996)
Closing net book amount	**28 328 732**	**24 959 160**	**954 817**	**4 415 523**	**1 140 479**	**59 798 711**
As at 31 December 2013						
Cost or valuation	31 048 229	31 728 147	2 893 212	6 169 007	3 517 244	75 355 839
Accumulated depreciation	(2 664 949)	(6 768 987)	(1 938 395)	(1 753 484)	(2 125 214)	(15 251 029)
Accumulated impairment	(54 548)	-	-	-	(251 551)	(306 099)
Net book amount	**28 328 732**	**24 959 160**	**954 817**	**4 415 523**	**1 140 479**	**59 798 711**

The Group's land and buildings were revalued as at 31 December 2011 by independent valuers. Valuations were made on the basis of open market values.

		2013 US$	2012 US$
11	**DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS**		
11.1	**Deposits from customers**		
	Demand deposits	89 287 121	91 944 231
	Promissory notes	48 078 519	30 007 720
	Other time deposits	13 968 751	6 149 930
		151 334 391	**128 101 881**
	Current	147 771 183	128 101 881
	Non-current	3 563 208	-
	Total	**151 334 391**	**128 101 881**
11.2	**Deposits from other banks**		
	Money market deposits	75 931 501	84 389 793
	Current	75 931 501	84 389 793
	Non-current	-	-
	Total	**75 931 501**	**84 389 793**
11.3	**Borrowings**		
	Bank borrowings	4 887 629	7 789 365
	Foreign lines of credit	66 360 054	33 777 227
		71 247 683	**41 566 592**
	Current	66 323 320	37 449 753
	Non-current	4 924 363	4 116 839
	Total	**71 247 683**	**41 566 592**
	Total deposits and borrowings	**298 513 575**	**254 058 266**

		2013	% US$	2012	% US$
11.4	**Total deposits and borrowings concentration**				
	Agriculture	5 601 111	2%	4 982 313	2%
	Construction	2 939 150	1%	2 225 233	1%
	Wholesale and retail trade	31 409 246	11%	31 663 276	12%
	Public sector	19 684 382	7%	16 766 961	7%
	Manufacturing	14 002 778	5%	10 930 868	4%
	Telecommunication	2 801 024	1%	2 351 318	1%
	Transport	5 601 111	2%	4 558 834	2%
	Individuals	49 643 017	17%	38 390 033	15%
	Financial services	147 179 183	49%	125 956 385	50%
	Mining	17 172 931	6%	12 699 878	5%
	Other	2 479 642	1%	3 533 167	1%
		298 513 575	**100%**	**254 058 266**	**100%**

		2013 US$	2012 US$
12	**INSURANCE LIABILITIES**		
	Gross outstanding claims	7 192 096	7 336 142
	Liability for unearned premium	4 443 871	3 640 589
		11 635 967	**10 976 731**
	Current	11 635 967	10 976 731
	Non-current	-	-
	Total	**11 635 967**	**10 976 731**
13	**TRADE AND OTHER PAYABLES**		
	Trade and other payables	26 739 655	21 249 775
	Deferred income	938 787	1 122 067
	Other liabilities	8 102 429	7 513 219
		35 780 871	**29 885 061**
	Current	35 053 507	29 885 061
	Non-current	727 364	-
	Total	**35 780 871**	**29 885 061**
14	**SHARE CAPITAL AND SHARE PREMIUM**		
14.1	**Authorised**		
	Number of ordinary shares	800 000 000	800 000 000
	Par value of shares US$	0.00001	0.00001
14.2	**Issued and fully paid**		
	Number of ordinary shares	671 949 927	591 850 127

		Number of Shares	Share Capital US$	Share Premium US$	Total US$
14.3	**Share capital movement**				
	As at 1 January 2012	591 850 127	5 918	7 675 990	7 681 908
	Disposal of treasury shares	-	-	-	-
	As at 31 December 2012	591 850 127	5 918	7 675 990	7 681 908
	Share issue	80 099 800	801	6 407 183	6 407 984
	As at 31 December 2013	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

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

15 INTEREST INCOME

	2013 US$	2012 US$
Cash and cash equivalents	2 939 633	1 823 319
Loans and advances to other banks	1 497 933	919 545
Loans and advances to customers	35 004 133	32 053 931
Banker's acceptances and tradable bills	4 070 546	2 809 677
Other interest income	229 815	200 198
	43 742 060	**37 806 670**

15.1 INTEREST EXPENSE

Deposit from other banks	7 230 405	6 625 777
Demand deposits	422 180	218 328
Afreximbank and PTA Bank	3 257 316	6 474 285
Time deposits	10 914 669	4 193 005
	21 824 570	**17 511 395**

16 FEE AND COMMISSION INCOME

Retail service fees	16 587 820	15 403 897
Credit related fees	4 598 723	4 799 658
Investment banking fees	489 556	102 713
Brokerage	363 636	95 844
Financial guarantee contracts	271 013	203 036
	22 310 748	**20 605 148**

16.1 FEE AND COMMISSION EXPENSE

Brokerage	21 558	27 318

17 REVENUE

Property sales	12 982 890	11 105 170
Sales of construction products	41 206 886	41 516 549
Export sales of construction products	1 671 355	991 892
	55 861 131	**53 613 611**

17.1 COST OF SALES

Depreciation of property, plant and equipment	2 281 642	2 119 318
Raw materials	18 402 516	29 136 969
Staff costs	6 054 491	6 052 734
Other	14 188 206	195 451
	40 926 855	**37 504 472**

18 INSURANCE PREMIUM REVENUE

Gross premium written	28 628 662	24 129 957
Change in unearned premium reserve ("UPR")	(803 282)	(1 178 748)
	27 825 380	**22 951 209**

19 OTHER OPERATING INCOME

Rental income	319 180	317 581
Profit disposal of property, plant and equipment	21 883	175 109
Sundry income	1 731 627	611 223
	2 072 690	**1 103 913**

20 NET INSURANCE COMMISSION EXPENSE

Commissions paid	4 210 301	3 604 237
Commission received	(732 577)	(461 550)
Change in technical provisions	(167 050)	(130 090)
	3 310 674	**3 012 597**

21 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	Gross US$	Reinsurance US$	Net US$
Year ended 31 December 2012			
Claims and loss adjustment expenses	8 640 361	(3 777 142)	4 863 219
Change in technical provisions	923 782	24 899	948 681
Total claims	**9 564 143**	**(3 752 243)**	**5 811 900**
Year ended 31 December 2013			
Claims and loss adjustment expenses	6 260 828	-	6 260 828
Change in technical provisions	9 201	-	9 201
Total claims	**6 270 029**	**-**	**6 270 029**

22 ADMINISTRATIVE EXPENSES

	2013 US$	2012 US$
Administration expenses	18 024 062	15 890 785
Staff costs	20 161 795	19 946 495
Directors' remuneration	4 413 832	5 428 907
Audit fees:		
- Current year fees	531 453	468 362
- Prior year fees	101 004	34 099
- Other services	-	63 724
Depreciation	1 815 353	1 710 700
Amortisation	729 786	582 752
Operating lease payment	745 465	768 212
	46 522 750	**44 894 036**

23 INCOME TAX EXPENSE

Charge for the year		
Current income tax on income for the reporting year	2 518 114	2 878 323
Adjustments in respect of prior years	805 160	354 431
Deferred income tax	(1 190 527)	(1 977 093)
Withholding tax		137
Income tax expense	**2 132 747**	**1 255 798**

24 CAPITAL COMMITMENTS

Capital expenditure authorised but not yet contracted	7 943 188	7 687 961

Capital commitments will be funded from the Group's own resources

25 CONTINGENT LIABILITIES

Guarantees and letters of credit	6 498 133	8 225 844

26 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of additional interest in a subsidiary

On 28 June 2013, the Company acquired the remaining 40% of the issued shares of FBC Building Society for a purchase consideration of US$6 407 984. The Group now holds 100% of the equity share capital of FBC Building Society. The carrying amount of the non-controlling interests in FBC Building Society on the date of acquisition was US$8 993 485. The Group derecognised non-controlling interests of US$8 993 485 and recorded an increase in equity attributable to owners of the parent of US$2 585 501.

The effect of changes in the ownership interest of FBC Building Society on the equity attributable to owners of the Company during the year is summarised as follows:

	2013 US$	2012 US$
Carrying amount of non-controlling interests aquired	8 993 485	-
Consideration paid to non-controlling interests	(6 407 984)	-
Excess of consideration paid recognised in parent's equity	2 585 501	-

27 EARNINGS PER SHARE

27.1 Basic earnings per share

Profit attributable to equity holders	13 838 514	12 987 368

Weighted average number of ordinary shares	Shares issued	Treasury shares	Net issued shares	Weighted
Year ended 31 December 2012				
Issued ordinary shares as at 1 January 2012	591 850 127	53 379 734	538 470 393	538 470 393
Treasury shares purchased	-	2 912 065	(2 912 065)	(2 184 049)
Weighted average number of ordinary shares as at 31 December	**591 850 127**	**56 291 799**	**535 558 328**	**536 286 344**
Basic earnings per share for the year ended 31 December 2012 (US cents)				**2.42**
Weighted average number of ordinary shares				
Year ended 31 December 2013				
Issued ordinary shares as at 1 January 2013	591 850 127	56 291 799	535 558 328	535 558 328
Treasury shares purchased	-	967 661	(967 661)	(725 746)
Treasury shares sold	-	(51 577 785)	51 577 785	25 788 893
New share issue	80 099 800	-	80 099 800	40 049 900
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**5 681 675**	**666 268 252**	**600 671 375**
Basic earnings per share for the year ended 31 December 2013 (US cents)				**2.30**

27.2 Diluted earnings per share

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

	2013 US$	2012 US$
Profit attributable to equity holders	13 838 514	12 987 368
Weighted average number of ordinary shares at 31 December	**600 671 375**	**536 286 344**
Diluted earnings per share (US cents)	**2.30**	**2.42**

27.3 Headline earnings per share

Profit attributable to equity holders	13 838 514	12 987 368
Adjusted for excluded remeasurements;		
Profit on the disposal of property, plant and equipment	(21 883)	(175 109)
Headline earnings	**13 816 631**	**12 812 259**
Weighted average number of ordinary shares at 31 December	**600 671 375**	**536 286 344**
Headline earnings per share (US cents)	**2.30**	**2.39**

28 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

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

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

31 December 2013	Commercial banking US$	Microlending US$	Mortgage financing US$	Short term reinsurance US$	Short term Insurance US$	Stockbroking US$	Manufacturing US$	Consolidated US$
Total segment net income								
Interest income	36 231 880	4 015 984	9 269 954	-	144 049	85 767	19 619	43 742 060
Interest expense	(19 274 829)	(1 916 176)	(4 379 362)	-	-	-	(3 222 760)	(21 824 570)
Net interest income / loss	16 957 051	2 099 808	4 890 592	-	144 049	85 767	(3 203 141)	21 917 490
Turnover	-	-	12 982 889	-	-	-	42 878 242	55 861 131
Cost of sales	-	-	(8 544 309)	-	-	-	(32 382 546)	(40 926 855)
Gross profit	-	-	4 438 580	-	-	-	10 495 696	14 934 276
Net earned insurance premium	-	-	-	10 888 085	6 510 067	-	-	16 680 065
Net fee and commission income	17 946 118	430 535	4 218 411	-	-	349 642	-	22 289 190
Net trading income and other income	2 548 401	457 889	131 556	1 640 352	103 651	(2 169)	383 133	3 679 345
Total income for reported segments	37 451 570	2 988 232	13 679 139	12 528 437	6 757 767	433 240	7 675 689	79 500 365
Intersegment revenue	(3 976 588)	-	(2 591 207)	(943 364)	(137 776)	(2 338)	-	(7 651 272)
Intersegment interest expense and commission	3 248 631	1 633 559	1 090 020	-	590 415	-	1 088 647	7 651 272
Net income from external customers	**36 723 614**	**4 621 791**	**12 177 952**	**11 585 073**	**7 272 715**	**430 902**	**8 764 335**	**79 500 365**
Segment profit before income tax	**7 070 065**	**1 209 646**	**7 074 662**	**2 863 949**	**1 671 536**	**32 490**	**(3 078 753)**	**16 220 524**
Impairment allowances on financial assets	2 909 034	360 271	486 738	-	118 191	-	3 302 153	7 176 388
Depreciation	1 066 532	5 615	187 405	78 045	103 634	24 238	2 631 525	4 096 996
Amortisation	615 770	-	58 236	-	55 780	-	-	729 786
Segment assets	**322 785 345**	**12 865 510**	**78 926 565**	**22 440 347**	**9 028 769**	**1 725 116**	**68 982 627**	**460 778 310**
Total assets includes:								
Additions to non-current assets	1 960 032	81 035	526 563	36 583	230 669	-	3 833 623	6 668 505
Investment in associates	-	-	-	491 139	-	-	-	-
Segment liabilities	**283 929 258**	**10 897 298**	**53 116 514**	**13 764 614**	**5 472 074**	**1 452 709**	**42 009 807**	**354 562 795**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	Production and sales of building materials	

31 December 2012	Commercial banking US$	Microlending US$	Mortgage financing US$	Short term reinsurance US$	Short term Insurance US$	Stockbroking US$	Manufacturing US$	Consolidated US$
Total segment net income								
Interest income	33 926 104	2 252 320	5 653 513	-	43 680	104 291	3 285	37 806 670
Interest expense	(16 191 911)	(740 188)	(2 038 362)	-	-	-	(3 117 802)	(17 511 395)
Net interest income	17 734 193	1 512 132	3 615 151	-	43 680	104 291	(3 114 517)	20 295 275
Turnover	-	-	11 105 170	-	-	-	42 508 441	53 613 611
Cost of sales	-	-	(7 370 540)	-	-	-	(30 133 932)	(37 504 472)
Gross profit	-	-	3 734 630	-	-	-	12 374 509	16 109 139
Net earned insurance premium	-	-	-	10 916 829	5 372 704	-	-	14 577 433
Net fee & commission income	16 578 794	181 650	4 325 001	-	-	68 526	-	20 577 830
Net trading income and other income	1 852 785	254 497	108 727	1 221 043	81 089	-	253 761	2 655 348
	36 165 772	1 948 279	11 783 509	12 137 872	5 497 473	172 818	9 513 752	74 215 025
Intersegment revenue	(2 516 072)	(257 455)	(1 731 588)	(1 186 712)	(1 349 678)	(39 766)	(55 929)	(7 137 200)
Intersegment interest expense and commission	3 366 209	529 888	1 116 681	150 088	724 283	-	1 250 052	7 137 200
Net income from external customers	**37 015 909**	**2 220 712**	**11 168 602**	**11 101 248**	**4 872 078**	**133 052**	**10 707 875**	**74 215 025**
Segment profit before income tax	**6 691 552**	**881 412**	**5 478 729**	**2 094 406**	**739 551**	**(301 364)**	**1 209 889**	**16 892 650**
Impairment allowances on financial assets	2 031 685	685 152	390 877	-	-	-	496 128	3 603 842
Depreciation	1 013 614	639	167 377	81 875	79 622	24 466	2 462 425	3 830 018
Amortisation	553 825		28 927					582 752
Segment assets	**281 171 886**	**8 507 481**	**56 461 813**	**19 243 995**	**6 586 222**	**1 606 752**	**67 485 937**	**392 054 851**
Total assets includes:								
Additions to non-current assets	1 413 685	1 020	134 045	41 602	87 392	54 589	2 604 160	4 336 493
Investment in associates	-	-	-	491 139	-	-	-	-
Segment liabilities	**246 738 794**	**7 294 013**	**37 101 703**	**12 216 923**	**4 550 136**	**1 353 932**	**37 950 537**	**303 902 218**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	Production and sales of building materials	

29 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from financial instruments:
(a) Credit risk
(b) Market risk
(b.i) Interest rate risk,
(b.ii) Currency risk, and
(b.iii) Price risk
(c) Liquidity risk
(d) Settlement risk
(e) Operational risk
(f) Capital risk

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

29.1 Credit risk

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

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

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

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

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

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

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

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

Creditworthiness for the guarantor is established in line with the credit policy.

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

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

Credit terms:

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

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

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

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

Provisioning policy and write offs
Determination of general and specific provisions

The Group complies with the following Reserve Bank of Zimbabwe provisioning requirements:

<table>
<tr><th>Rating</th><th>Descriptive classification</th><th>Risk level</th><th>Level of allowance</th><th>Old five grade/ tier system</th><th>2012 Grading and level of allowance</th><th>Type of allowance</th></tr>
<tr><td>1</td><td>Prime grade</td><td>Insignificant</td><td>1%</td><td rowspan="4">Pass</td><td rowspan="4">A (1%)</td><td rowspan="7">General</td></tr>
<tr><td>2</td><td>Strong</td><td>Modest</td><td>1%</td></tr>
<tr><td>3</td><td>Satisfactory</td><td>Average</td><td>2%</td></tr>
<tr><td>4</td><td>Moderate</td><td>Acceptable</td><td>3%</td></tr>
<tr><td>5</td><td>Fair</td><td>Acceptable with care</td><td>4%</td><td rowspan="3">Special Mention</td><td rowspan="3">B (3%)</td></tr>
<tr><td>6</td><td>Speculative</td><td>Management attention</td><td>5%</td></tr>
<tr><td>7</td><td>Highly Speculative</td><td>Special mention</td><td>10%</td></tr>
<tr><td>8</td><td>Substandard</td><td>Vulnerable</td><td>20%</td><td>Substandard</td><td>C (20%)</td><td rowspan="3">Specific</td></tr>
<tr><td>9</td><td>Doubtful</td><td>High default</td><td>50%</td><td>Doubtful</td><td>D (50%)</td></tr>
<tr><td>10</td><td>Loss</td><td>Bankrupt</td><td>100%</td><td>Loss</td><td>E (100%)</td></tr>
</table>

General allowance for impairment

Prime to highly speculative grades "1 to 7"
General allowance for impairment for facilities in this category are maintained at the percentage (detailed in table above) of total customer account outstanding balances and off balance sheet (i.e. contingent) risks.

Specific allowance for impairment
Sub-standard to loss grades "8 to 10" - Timely repayment and/or settlement may be at risk
Specific allowance for impairment for facilities in this category are currently maintained at the percentages (detailed above) of total customer outstanding balances and off balance sheet (i.e. contingent) risks less the value of tangible security held.

The basis for writing off assets
When an advance which has been identified as impaired and subjected to a specific allowance for impairment, continues to deteriorate, a point will come when it may be concluded that there is no realistic prospect of recovery. Board involvement will be sought from Group Credit Management Department for the exposure to be immediately written off from the Group's books while long term recovery strategies are being pursued.

Credit risk and Basel II
The Group applied Credit Risk Basel II standards in line with the regulatory authorities' approach. Internal processes were revamped in an effort to comply with the requirements. Policies and procedure manuals have been realigned to comply with the minimum requirements of Basel II.

29.1.1 Exposure to credit risk

	2013 US$	2012 US$
Loans and advances		
Past due and impaired		
Grade 8: Impaired	11 514 186	12 741 919
Grade 9: Impaired	4 875 240	3 059 909
Grade 10: Impaired	7 629 635	2 470 241
Gross amount, past due and impaired	24 019 061	18 272 069
Allowance for impairment	(10 551 613)	(7 633 643)
Carrying amount, past due and impaired	13 467 448	10 638 426
Past due but not impaired		
Grade 4 - 7:	34 157 470	13 003 340
Neither past due nor impaired		
Grade 1 - 3:	221 805 502	169 105 502
Gross amount, not impaired	255 962 970	182 108 842
Allowance for impairment	(3 669 560)	(2 154 721)
Carrying amount, not impaired	252 293 409	179 954 121
Total carrying amount	**265 760 858**	**190 592 547**

Loans and advances neither past due nor impaired
Loans and advances neither past due nor impaired and which are not part of renegotiated loans are considered to be within the grade 1 to 3 category. Past due loans and advances are those whose repayments (capital and interests) are overdue for more than 30 days.

Loans and advances past due but not impaired
Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

29.1.2 Sectorial analysis of utilizations of loans and advances to customers (net of impairment allowances)

	2013 US$	2013 %	2012 US$	2012 %
Mining	14 601 090	5%	12 395 909	7%
Manufacturing	48 249 358	18%	35 382 390	19%
Mortgage	28 639 381	11%	16 968 935	9%
Wholesale	14 734 254	6%	12 210 166	6%
Distribution	26 256 359	10%	19 621 528	10%
Individuals	82 832 247	31%	46 758 523	25%
Agriculture	14 730 474	6%	9 886 442	5%
Communication	5 572 107	2%	1 938 286	1%
Construction	3 316 646	1%	1 971 742	1%
Local authorities	20 975 505	8%	2 133 306	1%
Other services	5 853 437	2%	31 325 320	16%
	263 395 278	**100%**	**190 592 547**	**100%**

29.1.3 Reconciliation of allowance for impairment for loans and advances

Allowances for impairment	31 December 2013 Specific allowance US$	Collective allowance US$	Total US$	31 December 2012 Specific allowance US$	Collective allowance US$	Total US$
Balance at 1 January	7 633 643	2 154 721	9 788 364	2 895 075	1 135 052	4 030 127
Increase in impairment allowance	1 428 333	1 560 240	2 988 573	2 088 045	1 019 669	3 107 714
Impairment reversal	-	(45 401)	(45 401)	-	-	-
Write off	-	-	-	-	-	-
Interest in suspense	1 489 637	-	1 489 637	2 650 523	-	2 650 523
	10 551 613	3 669 560	14 221 173	7 633 643	2 154 721	9 788 364

29.1.4 Trade and other receivables including insurance receivables

	2013 US$	2012 US$
Past due and impaired	12 581 143	6 430 768
Allowance for impairment	(4 148 169)	(27 765)
Carrying amount	8 432 974	6 403 003
Past due but not impaired	3 847 948	2 870 522
Neither past due nor impaired	15 112 192	17 309 281
Gross amount, not impaired	18 960 140	20 179 803
Allowance for impairment	-	-
Carrying amount, not impaired	18 960 140	20 179 803
Total carrying amount	**27 393 114**	**26 582 806**

29.2 Liquidity risk

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

Management of liquidity risk

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

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

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

Contractual maturity analysis

On balance sheet items as at 31 December 2013	Up to 3 months US$	3 months to 1 year US$	Over 1 year US$	Total US$
Liabilities				
Deposits from customers	137 044 304	10 678 086	3 612 001	154 334 391
Deposits from other banks	72 055 536	3 875 965	-	75 931 501
Borrowings	39 998 971	23 668 500	7 580 212	71 247 683
Insurance liabilities	-	1 944 582	9 691 385	11 635 967
Current income tax liabilities	-	1 789 455	-	1 789 455
Trade and other liabilities	10 106 815	11 818 021	13 856 036	35 780 872
Total liabilities - (contractual maturity)	**259 205 626**	**53 774 609**	**34 739 634**	**347 719 869**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	53 816 658	15 570 247	-	69 386 905
Loans and advances to customers	85 976 887	75 515 452	104 268 519	265 760 858
Trade and other receivables including insurance receivables	-	-	7 796 863	7 796 863
Financial assets at fair value through profit or loss	1 495 227	-	-	1 495 227
Prepayments and other assets	-	2 251 966	-	2 251 966
Inventory	2 264 110	1 154 903	739 062	4 158 075
	143 552 882	94 492 569	112 804 446	250 849 897
Liquidity gap	**(115 652 744)**	**40 717 960**	**78 064 812**	**3 130 028**
Cumulative liquidity gap - on balance sheet	**(115 652 744)**	**(74 934 784)**	**3 130 028**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	6 498 133	-	-	6 498 133
Commitments to lend	-	-	-	-
Total liabilities	6 498 133	-	-	6 498 133
Liquidity gap	**(6 498 133)**	**-**	**-**	**(6 498 133)**
Cumulative liquidity gap - off balance sheet	**(122 150 877)**	**(74 934 784)**	**3 130 028**	**-**

On balance sheet items as at 31 December 2012

	Up to 3 months US$	3 months to 1 year US$	Over 1 year US$	Total US$
Liabilities				
Deposits from customers	107 565 002	18 948 879	1 588 000	128 101 881
Deposits from other banks	50 461 284	33 928 509	-	84 389 793
Borrowings	882 958	30 486 709	10 196 925	41 566 592
Insurance liabilities	-	1 674 174	9 302 557	10 976 731
Current income tax liabilities	-	1 712 581	-	1 712 581
Trade and other liabilities	7 938 366	15 060 174	6 886 521	29 885 061
Total liabilities - (contractual maturity)	**166 847 610**	**101 811 026**	**27 974 003**	**296 632 639**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	57 851 531	24 563 559	-	82 415 090
Loans and advances to customers	119 728 990	30 810 784	40 052 772	190 592 547
Trade and other receivables including insurance receivables	2 240 000	1 300 094	23 042 712	26 582 806
Financial assets at fair value through profit or loss	2 932 818	-	-	2 932 818
Prepayments and other assets	121 331	2 292 750	1 487 714	3 901 795
Inventory	1 786 166	22 986 188	775 600	25 547 954
	184 660 836	82 475 243	65 358 798	332 494 877
Liquidity gap	**17 813 226**	**(19 335 783)**	**37 384 795**	**35 862 238**
Cumulative liquidity gap - on balance sheet	**17 813 226**	**(1 522 557)**	**35 862 238**	**-**
Off balance sheet items as at 31 December 2012				
Liabilities				
Guarantees and letters of credit	8 225 844	-	-	8 225 844
Commitments to lend	13 270 266	-	-	13 270 266
Total liabilities	21 496 110	-	-	21 496 110
Liquidity gap - off balance sheet	**(21 496 110)**	**-**	**-**	**(21 496 110)**
Cumulative liquidity gap - on and off balance sheet	**(3 682 884)**	**(1 522 557)**	**35 862 238**	**-**

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

29.3 Market risk

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

The market risk for the trading portfolio is managed and monitored based on a collection of risk management methodologies to assess market risk including Value–at– Risk ("VaR") methodology that reflects the interdependency between risk variables, stress testing, loss triggers and traditional risk management measures. Non–trading positions are managed and monitored using other sensitivity analysis. The market risk for the non-trading portfolio is managed as detailed in notes 29.3.1 to 29.3.3.

29.3.1 Interest rate risk

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

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

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

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

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

Scenario analysis of net interest income

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

29.3.2 Currency risk

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

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

29.3.3 Price risk

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

29.4 Settlement risk

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

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

29.5 Operating risk

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

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

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

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

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

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

29.6 Capital risk

29.6.1 Regulatory Capital and Financial Risk Management
Capital risk refers to the risk of the Group's subsidiaries own capital resources being adversely affected by unfavourable external developments.

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

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

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

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

•Tier 1 capital, which includes ordinary share capital and premium, retained profits, non distributable reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

•Tier 2 capital, which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

•Tier 3 capital or market and operational risk capital includes market risk capital and operational risk capital.

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

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

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

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

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

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

Company	Regulatory authority	Minimum capital required US$	Net regulatory capital US$	Total equity US$
As at 31 December 2013				
FBC Bank Limited	RBZ	25 000 000	33 905 826	38 856 087
FBC Building Society	RBZ	20 000 000	25 424 278	25 810 051
FBC Reinsurance Limited	IPEC	1 500 000	8 675 733	8 675 733
FBC Securities (Private) Limited	SECZ	150 000	272 408	272 408
Eagle Insurance Company (Private) Limited	IPEC	1 000 000	3 556 694	3 556 694
Microplan Financial Services (Private) Limited	RBZ	10 000	2 244 770	2 244 770
As at 31 December 2012				
FBC Bank Limited	RBZ	25 000 000	29 378 973	28 198 757
FBC Building Society	RBZ	20 000 000	18 979 135	14 416 055
FBC Reinsurance Limited	IPEC	1 500 000	5 671 890	5 671 890
FBC Securities (Private) Limited	SECZ	150 000	229 656	229 656
Eagle Insurance Company (Private) Limited	IPEC	1 000 000	1 683 720	1 683 720
Microplan Financial Services (Private) Limited	RBZ	10 000	418 472	418 472

29.7 Statement of Compliance

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

30 INTERNATIONAL CREDIT RATINGS

The banking and reinsurance subsidiaries have their credit ratings reviewed annually by an international credit rating agency, Global Credit Rating. All subsidiaries have maintained their investor grade ratings as illustrated below;

Subsidiary	2013	2012	2011
FBC Bank Limited	A-	A-	A-
FBC Reinsurance Limited	A-	A-	A-
FBC Building Society	BBB-	BBB-	BBB-
Eagle Insurance Company Limited	BBB-	BB+	BB

31 FINAL DIVIDEND ANNOUNCEMENT

Notice is hereby given that a final dividend of 0.149 US cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 18 March 2014 in respect of the year ended 31 December 2013. The dividend is payable to shareholders registered in the books of the Company at the close of business on Friday, 4 April 2014. The transfer books and register of members will be closed from 4 April 2014 to 7 April 2014. Dividend payment will be made to shareholders on or about 22 April 2014.

32 CORPORATE GOVERNANCE

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

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

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

Board Attendance

Board member	Main board				Board Audit				Board HR				Board Finance & Strategy				Board Risk & Compliance				Board Marketing & PR			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Godfrey G Nhemachena	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A
Kenzias Chibota	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A
Philip M Chiradza	√	√	√	√	√	x	√	√	√	x	√	√	N/A	N/A	N/A	N/A	√	x	√	√	N/A	N/A	N/A	N/A
Kleto Chiketsani	√	√	x	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	√	√	x	x
John Mushayavanhu	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	√	√	x	√	√	√	√	√
Webster Rusere	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	√	√	√	√
Chipo Mtasa	x	√	√	√	√	√	x	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A
Gertrude S Chikwava	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√
Trynos Kufazvinei	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James M Matiza	√	√	x	x	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√
Johnson R Mawere	√	√	√	√	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Herbert Nkala	√	√	√	√	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canada Malunga	√	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Felix Gwandekwande	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	√	√	√	√	√	x	√	√

Legend

Not a member	N/A
Attended	√
Apologies	x
Quarter	Q
Meeting postponed	P

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY
18 March 2013

Audit opinion
The independent auditor of the Group, PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have audited the financial statements of the Group for the year ended 31 December 2013. The audit report is unqualified.