FBC Holdings Limited

strength • diversity • service

FBC Bank Limited
(Registered Commercial Bank)

FBC Building Society
(Registered Building Society)

FBC Securities (Private) Limited
(Registered Stockbroker) - Zimbabwe Stock Exchange

FBC Reinsurance Limited

Eagle Insurance Company Limited

TURNALL
Turnall Holdings Limited

MicroPlan
Financial Services (Pvt) Limited
(A registered microfinance institution)

Unaudited Interim Results

for the six months ended 30 June 2014

FBC Holdings Limited

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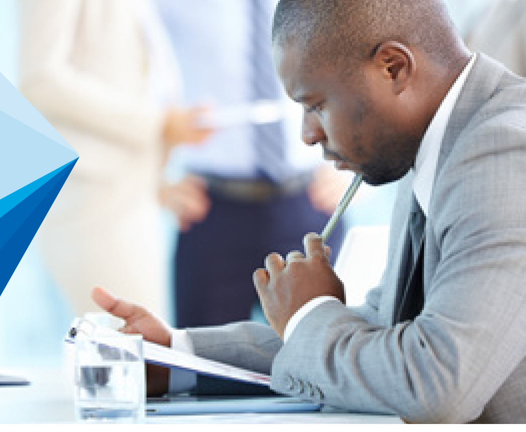

Unaudited Interim Results For the six months ended 30 June 2014

Chairman's Statement

Financial Highlights

- Group profit before income tax US$7.8 million.
- Group profit after tax US$6.8 million.
- Cost to income ratio 81%.
- Basic earnings per share 1.19 US cents.
- Net asset value per share 15 US cents per share.
- Proposed distribution of the FBC Group's shareholding in Turnall Holdings Limited by way of dividend in specie

Financial Performance Review

Despite the challenging operating environment, the Group sustained a positive performance, achieving a profit before tax of $7.8 million for the six months ended 30 June 2014. The performance is however, 22% less than the profit before tax of $10 million achieved for the same period last year. While there was a creditable positive performance from the financial services subsidiaries of the Group, the manufacturing subsidiary recorded a loss for the six months ended 30 June 2014, consequently weighing down on the overall Group performance. The change in the business model for Turnall from credit sales to cash sales, coupled with market wide depressed demand, resulted in a decrease in the sales volumes for the unit during the period. The performance for Turnall is however expected to rebound in the second half of the year as the benefits of the changes made in the business structure begin to materialise. The profit before tax for the financial services subsidiaries, excluding Turnall, amounted to $11.3 million for the six months ended 30 June 2014 compared to $10 million for the same period last year, reflecting the resilience of the businesses as the Group continues to benefit from its diversified business model, in addition to its strong risk management culture.

Notwithstanding the negative contribution to total income by Turnall, the Group recorded an 11% growth in total income. Total income for the six months ended 30 June 2014 was $41 million compared with $36.8 million for the same period last year. Income growth was mainly driven by increased revenues from the lending portfolios on the back of offshore credit facilities accessed by the Group and an increase in insurance business underwritten in the six months.

The Group continues to place considerable emphasis on cost containment, whilst concurrently investing in business expansion. The Group's cost to income ratio increased to 81% compared with 73% for same period last year mainly as a result of reduced revenues at the manufacturing subsidiary. The Group will remain vigilant in managing operating costs with the e-commerce thrust expected to continually bring in cost efficiencies in the long run.

The continued deterioration of the credit environment on the backdrop of a slowdown in economic activity, has resulted in an increase in non-performing loans for the financial services sector in the market. The Group continued to exercise strong risk management in its lending activities. In addition to this, the Group remains prudent in making adequate credit loss provisions. An impairment allowance of US$2.3 million was charged for the half year ended 30 June 2014, resulting in a cumulative impairment allowance provision of US$19.6 million.

The banking subsidiaries continued to maintain adequate liquidity levels for all of their depositing clients by continuously following prudent liquidity management strategies in a challenging economic environment. This remains of critical importance to the Group.

The Group's statement of financial position registered a modest 6% growth to US$489 million from US$461 million as at 31 December 2013 as the Group continues to make inroads in accessing credit facilities offshore. The Group's total equity attributable to its shareholders, increased by 6% to US$99.9 million from US$93.8 million as at 31 December 2013.

Operating Environment

The economy continues to exhibit signs of structural weaknesses with key economic fundamentals continuing to decline. The growth prospects for the economy were revised downwards to a mere 2% by the World Bank for the year 2014, against the envisaged Sub-Saharan Africa growth rate of 4.7%, indicating yet another year of economic slowdown.

Liquidity constraints have remained the most limiting factor in the economy. The much needed working capital to the productive sectors of the economy has remained depressed, resulting in reduced capacity utilisation. Consequently, in order to survive the current challenges, most companies are adopting lean cost structures through reduced working hours and staff retrenchments.

New Capital Requirements

I am pleased to advise that all the FBC Holdings Limited regulated subsidiaries were in full compliance with the regulatory capital requirements. The banking subsidiaries, FBC Bank and FBC Building Society, are required to be in compliance with capital levels of $100 million and $80 million respectively by 31 December 2020. FBC Holdings Limited presented its recapitalisation plan to the Reserve Bank of Zimbabwe by the due date of 30 June 2014. The plan hinged on the following achievable scenarios:

a) both FBC Bank and FBC Building Society will trade themselves into compliance;
b) in the event that a shortfall is experienced through trading, recapitalisation will be undertaken from dividend income from the other subsidiaries in the Group and
c) if the outcome is a persisting shortfall on capital after these measures are taken, FBC Bank Limited and FBC Building Society will be merged into one banking institution, FBC Bank Limited. The two banking institutions will be required to raise US$100 million for only one unit-the commercial banking arm, which is entirely within reach.

Share Price Performance

The 2013 depressed earnings compounded by subdued foreign portfolio support had a significant impact on the benchmark industrial index. In the first half of the year, the industrial index decreased by 1.4% to 186.57 points at the end of June 2014 with the resources index amassing 75% at 61.32 points on a year to date basis. Meanwhile FBC Holdings Limited share price performance lost 14.8% to close the period under review at 11.5 US cents per share. The FBC Holdings share price continues to trail the company's net asset value per share which is at 15 US cents per share, indicating the upside potential of the Group.

Corporate Social Environment

The Group continues to participate in various corporate social responsibility initiatives in the fields of education, health, community share trusts, sports and the arts, and remains committed to giving back to the communities it operates in.

Dividend in Specie

The Board of Directors of FBC Holdings Limited "FBCH" proposes to distribute the Group's combined shareholding in Turnall Holdings Limited by way of a dividend in specie to the Shareholders of FBCH comprising 287,536,313 (two hundred and eighty seven million, five hundred and thirty six thousand, three hundred and thirteen) ordinary shares in Turnall Holdings Limited, as an interim dividend to all FBCH shareholders registered as such on the Record Date. All FBCH shareholders will receive 0.39 (zero point three nine) Turnall ordinary shares for every 1 (one) ordinary share held in FBCH, subject to regulatory approvals.

Rationale

The investment in Turnall by FBCH is the only investment that does not operate in the financial services business sector and is therefore non-core. The decision to dispose of the investment in Turnall by FBCH is intended to align the investments of the Group with its primary business interests in commercial banking, mortgage finance, non-life insurance, non-life reinsurance as well as stockbroking and to ensure that FBC is in line with the provisions of section 34 of the Banking Act [Chapter 24:20], which requires that subject to the approval of the Registrar and on certain terms and conditions as the Registrar may determine, a banking institution should not hold shares in a company which engages in any business or activity other than approved banking business. The distribution of the Turnall shares will result in FBCH retaining its identity as purely a financial services Group.

Terms of the dividend in specie

FBC Bank which currently owns 236,156,476 of the combined 287,536,313 Turnall shares, will declare a dividend in specie to FBCH in order to make the Turnall Shares available to FBCH Shareholders. In terms of the distribution to FBCH Shareholders, the Board of FBCH proposes a dividend to FBCH shareholders that will be settled through Turnall shares in the ratio 0.39 (zero point three nine) Turnall shares for every 1 (one) FBCH shares held as at the record date. FBCH shareholders will receive their dividend in specie entitlement less 10% (ten percent) withholding tax payable to ZIMRA where applicable. The value of this withholding tax shall be calculated based on the Turnall Holdings share price as at the date of the Board resolution of 25 August 2014. Shareholders registered in the books as at the record date will subsequently receive a share certificate for the Turnall Shares distributed to them, in proportion to their shareholding. The transfer of the 287,536,313 Turnall shares from FBCH to shareholders will have a corresponding effect on FBCH's organisational structure. Upon successful execution of the transaction, Turnall will no longer be a subsidiary of FBCH.

Marketing and Public Relations

The Group has remained highly visible within the market place during the first half of the year owing to various sustained marketing and public relations initiatives that have been implemented. FBC Holdings Limited was publicly recognised once again when it was accorded the award of the 4th best listed company on the Zimbabwe Stock Exchange (ZSE) and the best performer in the Financial Services Sector at the recently held Independent Quoted Companies Survey Awards banquet.

e-commerce

The Group has made significant strides to enhance internal and customer-facing delivery efficiencies in an increasingly competitive market. FBC Bank and FBC Building Society clients have migrated to electronic channels which now drive the majority of transactions, extending convenience and creating revenue opportunities. The FBC Group has adopted a collaborative approach with partners and fellow market players to achieve interoperability which benefits customers and the industry in the long-run. The Group is well positioned to hold its own in the face of entry by non-traditional and technology-driven players into the financial services industry. In the process, the Group will play its part in contributing to a green environment through the reduction of paper in its operations.

Outlook

The depressed economy, coupled with the significant constraints facing the government and the Central Bank to stimulate economic growth, points to a tough year ahead. Liquidity shortages, low consumer spending due to limited development in disposable incomes and a strong dollar, are therefore expected to remain the main determinants of the deflation trend in the economy.

The Group is however, well poised to exploit organisational and operational economies of scale, leveraging on its strong brand image and profitability.

Appreciation

As always, I am extremely grateful for the consistent efforts, support and confidence shown in the FBC brand by our customers who remain loyal year after year. I am also highly appreciative of the guidance and counsel given to me by the non-executive directors during this period. Thanks and appreciation also go to the Group Chief Executive, his management team and staff members for the level of professionalism, dedication and commitment demonstrated at all times.

Herbert Nkala
Group Chairman
28 August 2014

FBC Holdings Limited

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Unaudited Interim Results
For the six months ended 30 June 2014

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Note	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
Interest income	15	28 548 380	20 319 390
Interest expense	16	(12 566 751)	(10 464 365)
Net interest income		**15 981 629**	**9 855 025**
Fee and commission income	17	12 850 644	11 474 111
Fee and commission expense		(19 742)	(5 867)
Net fee and commission income		**12 830 902**	**11 468 244**
Revenue	18.1	16 612 240	24 833 494
Cost of sales	18.2	(14 479 665)	(18 503 085)
Gross profit		**2 132 575**	**6 330 409**
Insurance premium revenue	19	15 411 881	12 088 498
Premium ceded to reinsurers and retrocessionaires		(6 072 222)	(4 872 989)
Net earned insurance premium		**9 339 659**	**7 215 509**
Net trading income		532 450	409 646
Net (loss) / gains from financial instruments carried at fair value		(121 529)	236 263
Other operating income	20	293 579	1 286 678
		704 500	1 932 587
Total income		**40 989 265**	**36 801 774**
Impairment allowance on financial assets	5.3	(2 303 398)	(623 964)
Net insurance commission expense	21	(1 935 199)	(1 841 936)
Insurance claims and loss adjustment expenses	22	(4 323 015)	(2 620 530)
Administrative expenses	23	(24 581 189)	(21 687 159)
Profit before income tax		**7 846 464**	**10 028 185**
Income tax expense	24	(997 030)	(1 729 194)
Profit for the period		**6 849 434**	**8 298 991**
Other comprehensive income		-	-
Total comprehensive income for the period		**6 849 434**	**8 298 991**
Profit attributable to:			
Equity holders of the parent		7 935 224	7 025 059
Non-controlling interests		(1 085 790)	1 273 932
Total		**6 849 434**	**8 298 991**
Total comprehensive income attributable to:			
Equity holders of the parent		7 935 224	7 025 059
Non-controlling interests		(1 085 790)	1 273 932
Total		**6 849 434**	**8 298 991**
Earnings per share (US cents)			
Basic earnings per share	27.1	1.19	1.31
Diluted earnings per share	27.2	1.19	1.31

Consolidated Statement of Financial Position
As at 30 June 2014

	Notes	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
ASSETS			
Balances with banks and cash	4	118 851 421	69 386 905
Loans and advances to customers	5.1	247 791 572	265 760 858
Trade and other receivables including insurance receivables	5.2	25 333 383	27 393 114
Financial assets at fair value through profit or loss	6	1 550 735	1 495 227
Debentures		2 664 279	2 664 279
Inventory	7	22 754 673	22 163 975
Prepayments and other assets	8	9 266 158	7 541 727
Income tax asset		123 700	844 192
Deferred income tax assets		1 663 023	2 428 213
Investment property		25 000	25 000
Intangible assets	9	1 184 575	1 276 109
Property, plant and equipment	10	58 286 475	59 798 711
Total assets		**489 494 994**	**460 778 310**
EQUITY AND LIABILITIES			
Liabilities			
Deposits from other banks and customers	11	323 593 745	299 744 370
Insurance liabilities	12	12 486 410	11 635 967
Trade and other payables	13	34 450 738	34 550 076
Current income tax liabilities		1 784 921	1 789 455
Deferred income tax liabilities		5 967 292	6 842 926
Total liabilities		**378 283 106**	**354 562 794**
Equity			
Capital and reserves attributable to equity holders of the parent entity			
Share capital and share premium		14 089 892	14 089 892
Other reserves		41 349 344	42 183 895
Retained profits		44 509 577	37 575 558
		99 948 813	93 849 345
Non controlling interest in equity		11 263 075	12 366 171
Total equity		**111 211 888**	**106 215 516**
Total equity and liabilities		**489 494 994**	**460 778 310**

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2014

	Share capital US$	Share premium US$	Retained profit US$	Share option reserve US$	Treasury shares US$	Non distributable reserve US$	Revaluation reserve US$	Regulatory provisions US$	Changes in ownership US$	Total US$	Non controlling interest US$	Total equity US$
Half year ended 30 June 2014												
Balance at 1 January 2014	**6 719**	**14 083 173**	**37 575 558**	**110 716**	**(339 150)**	**36 222 261**	**3 191 743**	**627 590**	**2 370 735**	**93 849 345**	**12 366 171**	**106 215 516**
Profit for the period	-	-	7 935 224	-	-	-	-	-	-	7 935 224	(1 085 790)	6 849 434
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	7 935 224	-	-	-	-	-	-	7 935 224	(1 085 790)	6 849 434
Transaction with owners												
Dividend	-	-	(1 001 205)	-	-	-	-	-	-	(1 001 205)	(17 306)	(1 018 511)
Treasury share purchase	-	-	-	-	(834 551)	-	-	-	-	(834 551)	-	(834 551)
Shareholders' equity at 30 June 2014	**6 719**	**14 083 173**	**44 509 577**	**110 716**	**(1 173 701)**	**36 222 261**	**3 191 743**	**627 590**	**2 370 735**	**99 948 813**	**11 263 075**	**111 211 888**
Half year ended 30 June 2013												
Balance 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 period	-	-	7 025 059	-	-	-	-	-	-	7 025 059	1 273 932	8 298 991
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	7 025 059	-	-	-	-	-	-	7 025 059	1 273 932	8 298 991
Transaction with owners												
Net sale of treasury shares	-	2 638 811	-	-	2 442 625	-	-	-	-	5 081 436	-	5 081 436
Increase in ownership interest	801	6 407 183	-	-	-	-	-	-	2 585 502	8 993 486	(8 993 486)	-
Share buyback	-	-	-	-	(81 864)					(81 864)	-	(81 864)
Shareholders' equity at 30 June 2013	**6 719**	**16 721 984**	**31 763 308**	**110 716**	**(396 774)**	**33 659 224**	**3 191 743**	**627 590**	**2 370 736**	**88 055 246**	**13 395 950**	**101 451 196**

FBC Holdings Limited

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Unaudited Interim Results
For the six months ended 30 June 2014

Consolidated Statement of Cash Flows
For the six months ended 30 June 2014

	Note	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
Cash flow from operating activities			
Profit for the period		7 846 464	10 028 185
Adjustments for non cash items:			
Depreciation	10	2 331 923	1 995 150
Amortisation charge	9	134 371	335 905
Impairment allowance on loans and advances	5.3	2 303 398	623 964
Loss / (profit) from disposal of property and equipment	20	4 100	(2 922)
Fair value adjustment on financial assets at fair value through profit or loss		121 529	(236 263)
Net cash generated before changes in operating assets and liabilities		**12 741 785**	**12 744 019**
Decrease / (increase) in loans and advances		15 713 132	(20 014 044)
Decrease / (increase) in trade and other receivables		2 059 731	(1 646 531)
(Increase) / decrease in financial assets at fair value through profit or loss		(55 508)	386 446
(Increase) / decrease in inventory		(590 698)	1 421 499
Increase in prepayments and other assets		(677 045)	(1 377 182)
Increase in deposits from other banks and customers		42 340 894	32 881 308
Increase in insurance liabilities		850 443	603 804
(Decrease) / increase in trade and other payables		(99 338)	3 618 828
		72 283 396	**28 618 147**
Income tax paid		(1 607 673)	(1 815 907)
Net cash generated from operating activities		**70 675 723**	**26 802 240**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(824 087)	(3 173 668)
Purchase of intangible assets	9	(42 837)	-
Proceeds from sale of property, plant and equipment		300	139 775
Net cash used in investing activities		**(866 624)**	**(3 033 893)**
Net cash flows before financing activities		69 809 099	23 768 347
Cash flows from financing activities			
Repayments of borrowings		(20 145 867)	-
Proceeds from borrowings		1 400 000	8 448 610
Dividend paid to company's shareholders		(1 001 205)	-
Dividend paid to non-controlling interest		(17 306)	-
Purchase of treasury shares		(834 551)	(81 864)
Proceeds from resale of treasury shares		-	5 081 436
Net cash generated from financing activities		**(20 598 929)**	**13 448 182**
Net increase in cash and cash equivalents		49 210 170	37 216 529
Cash and cash equivalents at beginning of the period		68 928 263	81 920 185
Cash and cash equivalents at the end of period	4.1	**118 138 433**	**119 136 714**

Notes to the Financial Results
For the six months ended 30 June 2014

1 GENERAL INFORMATION

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

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 condensed interim consolidated financial statements were approved for issue by the Board of Directors on 28 August 2014.

2 BASIS OF PREPARATION

The Group's condensed interim consolidated financial statements for the half year ended 30 June 2014 have been prepared in accordance with the International Accounting Standard ("IAS") 34, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20) and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2013.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consisent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

The condensed interim consolidated financial statements have been prepared under the historical cost convention and are presented in the United States dollars ("US$") and are rounded off to the nearest dollar.

	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
4 BALANCES WITH BANKS AND CASH		
Balances with Reserve Bank of Zimbabwe ("RBZ")		
Current account balances	85 803 265	32 781 621
Balances with other banks and cash		
Notes and coins	15 711 577	23 319 109
Other bank balances	17 336 579	13 286 175
Balances with banks and cash (excluding bank overdrafts)	**118 851 421**	**69 386 905**
Current	118 851 421	69 386 905
Non-current	-	-
Total	**118 851 421**	**69 386 905**

4.1 For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances:	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$	Unaudited 30 June 2013 US$
Balances with other banks, cash and current account balances at RBZ (including bank overdrafts)	118 138 433	68 928 263	119 136 714
Total cash and cash equivalents - statement of cash flows	**118 138 433**	**68 928 263**	**119 136 714**

5 LOANS AND RECEIVABLES	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
5.1 Loans and advances to customers		
Loans and advances maturities		
Maturing within 1 year	136 297 128	136 266 134
Maturing after 1 year	126 478 284	143 715 897
Gross carrying amount	**262 775 412**	**279 982 031**
Impairment allowance	(14 983 840)	(14 221 173)
	247 791 572	**265 760 858**
Current	127 782 015	130 643 528
Non-current	120 009 557	135 117 330
Total	**247 791 572**	**265 760 858**

	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
5.2 Trade and other receivables		
Retail trade receivables	17 048 126	20 180 732
Insurance receivables		
-Due by insurance clients and insurance brokers	6 453 922	6 429 247
-Due by reinsurers and retrocessionaires	6 443 245	4 931 303
Gross carrying amount	29 945 293	31 541 282
Impairment allowance	(4 611 910)	(4 148 168)
Total	**25 333 383**	**27 393 114**
Current	25 333 383	26 217 921
Non-current	-	1 175 193
Total	**25 333 383**	**27 393 114**

	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$	Unaudited 30 June 2013 US$
5.3 Allowance for impairment			
Balance at 01 January	18 369 341	9 816 129	9 816 129
Impairment allowance through statement of comprehensive income	2 303 398	7 176 388	623 964
Reversal of impairment	-	8 227	-
Amounts written off during the period as uncollectible	(3 081 686)	(849 510)	(354 013)
Interest in suspense	2 004 697	2 218 107	78 541
Balance at end of period	**19 595 750**	**18 369 341**	**10 164 621**

	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed securities at market value	1 550 735	1 495 227
Current	1 550 735	1 495 227
Non-current	-	-
Total	**1 550 735**	**1 495 227**
7 INVENTORY		
Consumables	1 625 839	2 234 140
Raw materials	2 538 185	3 300 632
Work in progress	3 470 402	2 676 770
Finished goods	15 120 247	13 952 433
	22 754 673	**22 163 975**
Current	22 754 673	22 163 975
Non-current	-	-
Total	**22 754 673**	**22 163 975**
8 PREPAYMENTS AND OTHER ASSETS		
Prepayments	3 629 348	3 464 921
Deferred acquisition costs	949 204	1 041 220
Commission receivable	1 711 041	1 711 041
Refundable deposits for Mastercard and Visa transactions	100 000	285 674
Jointly controlled assets	73 125	78 750
Other	2 803 440	960 121
	9 266 158	**7 541 727**
Current	7 555 117	5 751 935
Non-current	1 711 041	1 789 792
Total	**9 266 158**	**7 541 727**

	Software US$
9 INTANGIBLE ASSETS	
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**
Half year ended 30 June 2014	
Opening net book amount	1 276 109
Additions	42 837
Amortisation charge	(134 371)
Closing net book amount	**1 184 575**
As at 30 June 2014	
Cost	3 840 430
Accumulated amortisation	(2 655 855)
Net book amount	**1 184 575**

10 PROPERTY, PLANT AND EQUIPMENT

	Freehold premises US$	Plant and machinery US$	Computer equipment US$	Furniture and Office equipment US$	Motor vehicles US$	Total US$
Half year ended 30 June 2014						
Opening net book amount	28 328 732	24 959 160	954 817	4 415 523	1 140 479	59 798 711
Additions	-	231 602	131 589	189 921	270 975	824 087
Disposals	-	-	-	-	(4 400)	(4 400)
Depreciation	(360 741)	(1 185 923)	(265 734)	(307 328)	(212 197)	(2 331 923)
Closing net book amount	**27 967 991**	**24 004 839**	**820 672**	**4 298 116**	**1 194 857**	**58 286 475**

FBC Holdings Limited

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Unaudited Interim Results
For the six months ended 30 June 2014

	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
11 DEPOSITS FROM OTHER BANKS AND CUSTOMERS		
11.1 Deposits from customers		
Demand deposits	83 178 611	90 517 914
Promissory notes	53 965 623	48 518 105
Other time deposits	55 368 927	13 968 753
	192 513 161	153 004 772
11.2 Deposits from other banks		
Money market deposits	78 764 006	75 931 501
Bank borrowings and lines of credit	52 316 578	70 808 097
	131 080 584	146 739 598
TOTAL DEPOSITS	**323 593 745**	**299 744 370**
Current	278 410 890	291 256 797
Non-current	45 182 855	8 487 573
Total	**323 593 745**	**299 744 370**

11.3 Deposits concentration

	Unaudited 30 June 2014 US$	Unaudited 30 June 2014 %	Audited 31 Dec 2013 US$	Audited 31 Dec 2013 %
Agriculture	8 130 619	2%	5 601 111	2%
Construction	3 172 035	1%	4 515 344	2%
Wholesale and retail trade	64 637 445	20%	31 409 246	10%
Public sector	20 783 911	6%	19 684 382	7%
Manufacturing	9 681 449	3%	10 941 874	4%
Telecommunication	7 376 819	2%	2 801 024	1%
Transport	3 206 768	1%	4 193 781	1%
Individuals	37 582 120	12%	36 899 939	12%
Financial services	125 603 798	39%	146 739 598	49%
Mining	24 830 957	8%	13 461 905	4%
Other	18 587 824	6%	23 496 166	8%
	323 593 745	**100%**	**299 744 370**	**100%**

	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
12 INSURANCE LIABILITIES		
Gross outstanding claims	7 680 544	7 192 096
Provisions for unearned premium	4 805 866	4 443 871
	12 486 410	**11 635 967**
Current	12 486 410	11 635 967
Non-current	-	-
Total	**12 486 410**	**11 635 967**
13 TRADE AND OTHER PAYABLES		
Trade and other payables	27 309 253	26 739 655
Deferred income	1 975 963	3 136 683
Other liabilities	5 165 522	4 673 738
	34 450 738	**34 550 076**
Current	34 450 738	33 822 711
Non-current	-	727 365
Total	**34 450 738**	**34 550 076**
14 SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
Number of ordinary shares, with a nominal value of US$0.00001	800 000 000	800 000 000
Issued and fully paid		
Number of ordinary shares, with a nominal value of US$0.00001	671 949 927	671 949 927

Share capital movement

	Number of Shares	Share Capital US$	Share Premium US$	Total US$
As at 1 January 2014	671 949 927	6 719	14 083 173	14 089 892
As at 30 June 2014	**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.

	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
15 INTEREST INCOME		
Cash and cash equivalents	159 371	212 251
Loans and advances to other banks	583 721	496 967
Loans and advances to customers	26 454 364	16 945 422
Bankers acceptances and tradable bills	1 350 924	2 664 750
	28 548 380	**20 319 390**
16 INTEREST EXPENSE		
Deposit from other banks	7 037 702	8 676 578
Demand deposits	296 615	175 585
Afreximbank and PTA Bank	2 332 712	1 148 959
Time deposits	2 899 722	463 243
	12 566 751	**10 464 365**
17 FEE AND COMMISSION INCOME		
Retail service fees	9 961 165	7 777 515
Credit related fees	2 453 237	3 289 117
Investment banking fees	6 391	58 462
Brokerage	130 381	201 062
Other	299 470	147 955
	12 850 644	**11 474 111**
18.1 REVENUE		
Sales of construction products	12 512 668	18 121 858
Export sales of construction products	365 418	846 334
Property Sales	3 734 154	5 865 302
	16 612 240	**24 833 494**
18.2 COST OF SALES		
Depreciation of property, plant and equipment	1 296 901	960 576
Raw materials	6 201 462	8 053 603
Staff costs	2 271 587	2 771 996
Property development	2 474 004	3 707 166
Other	2 235 711	3 009 744
	14 479 665	**18 503 085**
19 INSURANCE PREMIUM REVENUE		
Gross premium written	15 773 876	13 630 904
Change in unearned premium reserve ("UPR")	(361 995)	(1 542 406)
	15 411 881	**12 088 498**

	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
20 OTHER OPERATING INCOME		
Excess fair value over cost of acquisition	-	86 834
Rental income	192 285	171 142
(Loss) / profit on disposal of property, plant and equipment	(4 100)	2 922
Sundry income	105 394	1 025 780
	293 579	**1 286 678**
21 NET INSURANCE COMMISSIONS EXPENSE		
Commissions paid	2 285 986	2 124 186
Change in technical provisions	(350 787)	(282 250)
	1 935 199	**1 841 936**
22 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES		
Claims paid	4 051 548	2 933 996
Change in technical provisions	271 467	(313 466)
	4 323 015	**2 620 530**
23 ADMINISTRATIVE EXPENDITURE		
Administration expenses	10 468 753	8 644 641
Staff costs	11 965 493	10 968 552
Directors' remuneration	326 698	256 742
Audit fees:		
- current year fees	226 534	155 971
- prior year fees	24 753	26 257
- other services	-	-
Depreciation	1 021 705	923 618
Amortisation	147 688	335 905
Operating lease payment	399 565	375 473
	24 581 189	**21 687 159**
24 INCOME TAX EXPENSE		
Current income tax on income for the half year	1 991 419	1 627 224
Deferred tax	(994 389)	101 970
	997 030	**1 729 194**
25 CAPITAL COMMITMENTS		
Capital expenditure authorized but not yet contracted for	8 215 795	8 402 652
26 CONTINGENT LIABILITIES		
Guarantees and letters of credit	9 383 499	11 628 343
27 EARNINGS PER SHARE		
27.1 Basic earnings per share		
Profit attributable to equity holders	7 935 224	7 025 059

	Shares issued	Treasury shares	Shares outstanding	Weighted
Weighted average number of ordinary shares				
Half year ended 30 June 2014				
Issued ordinary shares as at 1 January 2014	671 949 927	5 681 675	666 268 252	666 268 252
Treasury shares purchased	-	6 409 016	(6 409 016)	(1 602 254)
Weighted average number of ordinary shares as at 30 June 2014	**671 949 927**	**12 090 691**	**659 859 236**	**664 665 998**
Basic earnings per share for the half year ended 30 June 2014 (US cents)				1.19
Weighted average number of ordinary shares				
Half year ended 30 June 2013				
Issued ordinary shares as at 1 January 2013	591 850 127	56 291 799	535 558 328	535 558 328
Treasury shares sold	-	(51 577 785)	51 577 785	-
Share issue	80 099 800	-	80 099 800	-
Treasury shares purchased	-	1 025 595	(1 025 595)	(256 399)
Weighted average number of ordinary shares as at 30 June 2013	**671 949 927**	**5 739 609**	**666 210 318**	**535 301 929**
Basic earnings per share for the half year ended 30 June 2013 (US cents)				1.31

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.

	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
Profit attributable to equity holders	7 935 224	7 025 059
Weighted average number of ordinary shares at 30 June	664 665 998	535 301 929
Diluted earnings per share (US cents)	**1.19**	**1.31**
27.3 Headline earnings per share		
Profit attributable to equity holders	7 935 224	7 025 059
Adjusted for excluded remeasurements		
Loss / (profit) on the disposal of property, plant and equipment	4 100	(2 922)
Other	-	-
Headline earnings	**7 939 324**	**7 022 137**
Weighted average number of ordinary shares at 30 June	664 665 998	535 301 929
Headline earnings per share (US cents)	**1.19**	**1.31**

27.4 Diluted headline earnings per share

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

	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
Headline earnings	7 939 324	7 022 137
Weighted average number of ordinary shares at 30 June	664 665 998	535 301 929
Diluted earnings per share (US cents)	**1.19**	**1.31**

28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

28.1 FAIR VALUE HIERARCHY

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the the fair value hierarchy are defined below.

Quoted market prices - Level 1
Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets in active markets where the quoted price is readily available.

Valuation technique using observable inputs - Level 2
Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

Valuation technique using significant observable inputs - Level 3
Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique:

Valuation technique using;

	Quoted prices in active markets for identical assets (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$
Recurring fair value measurements			
As at 30 June 2014			
Investment property – Residential house, Victoria Falls	-	-	25 000
Financial assets at fair value through profit or loss	1 550 735	-	-
Land and buildings	-	-	27 967 991
As at 31 December 2013			
Investment property – Residential house, Victoria Falls	-	-	25 000
Financial assets at fair value through profit or loss	1 495 227	-	-
Land and buildings	-	-	28 083 296

There were no transfers between levels 1 and 2 during the period

28.2 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following table summarises the fair value of financial assets and liabilities measured at amortised cost on the Group's consolidated statement of financial position.

	As at 30 June 2014		As at 31 December 2013	
	Carrying value US$	Fair value US$	Carrying value US$	Fair value US$
Financial assets				
Loans and advances to customers	247 791 572	248 913 865	265 760 858	266 964 537
Trade and other receivables including insurance receivables	25 333 383	25 159 600	27 393 114	27 205 202
Debentures	2 664 279	2 513 586	2 664 279	2 513 586
Financial liabilities				
Deposits and borrowings from other banks and customers	323 593 745	323 593 745	299 744 370	299 744 370
Insurance liabilities	12 486 410	12 486 410	11 635 967	11 635 967
Trade and other payables	34 450 738	34 450 738	34 550 076	34 550 076

29 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the Group's classification of each class of financial assets and liabilities.

	Held for trading US$	Loans and receivables US$	Financial liabilities at amortised cost US$
As at 30 June 2014			
Trading assets			
Balances with other banks and cash	-	118 851 421	-
Loans and advances to customers	-	247 791 572	-
Trade and other receivables including insurance receivables	-	25 333 383	-
Debentures	-	2 664 279	
Financial assets at fair value through profit or loss	1 550 735	-	-
	1 550 735	394 640 655	-
Trading liabilities			
Deposits and borrowings from other banks and customers	-	-	323 593 745
Insurance liabilities	-	-	12 486 410
Trade and other payables	-	-	34 450 738
	-	-	370 530 893
As at 31 December 2013			
Trading assets			
Balances with other banks and cash	-	69 386 905	-
Loans and advances to customers	-	265 760 858	-
Trade and other receivables including insurance receivable	-	27 393 114	-
Debenture	-	2 664 279	
Financial assets at fair value through profit or loss	1 495 227	-	-
	1 495 227	365 205 156	-
Trading liabilities			
Deposits and borrowings from other banks and customers	-	-	299 744 370
Insurance liabilities	-	-	11 635 967
Trade and other payables	-	-	34 550 076
	-	-	345 930 413

30 RELATED PARTIES

The Group carried out banking and investment related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking regulations.

31 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.

30 June 2014	Commercial banking US$	Microlending US$	Mortgage financing US$	Short term reinsurance US$	Short term insurance US$	Stockbroking US$	Manufacturing US$	Consolidated US$
Total segment revenue								
Interest income	20 789 360	3 801 417	5 830 785	490 073	136 998	76 705	3 592	28 548 380
Interest expense	(10 630 350)	(1 319 738)	(2 955 966)	-	-	-	(895 853)	(12 566 751)
Net interest income	10 159 010	2 481 679	2 874 819	490 073	136 998	76 705	(892 261)	15 981 629
Turnover	-	-	3 734 154	-	-	-	12 878 086	16 612 240
Cost of sales	-	-	(2 474 004)	-	-	-	(12 005 661)	(14 479 665)
Gross profit	-	-	1 260 150	-	-	-	872 425	2 132 575
Net earned insurance premium	-	-	-	5 614 653	3 725 006	-	-	9 339 659
Net fee and commission income	10 041 005	173 259	2 493 376	-	-	123 262	-	12 830 902
Net trading income and other income	605 042	47 493	91 786	(191 683)	18 674	1 358	18 195	704 500
Total Income	**20 805 057**	**2 702 431**	**6 720 131**	**5 913 043**	**3 880 678**	**201 325**	**(1 641)**	**40 989 265**
Intersegment revenue	(536 344)	-	(1 668 529)	(186 965)	(135 052)	(53 661)	-	(3 235 157)
Intersegment interest expense and commission	1 668 529	654 606	665 240	-	-	-	246 782	3 235 157
Revenue from external customers	**21 937 242**	**3 357 037**	**5 716 842**	**5 726 078**	**3 745 626**	**147 664**	**245 141**	**40 989 265**
Segment profit before income tax	**4 375 489**	**1 571 784**	**3 300 069**	**758 738**	**452 291**	**(34 688)**	**(3 516 023)**	**7 846 464**
Impairment losses on financial assets	1 688 499	318 694	296 205	-	-	-	-	2 303 398
Depreciation	670 512	6 192	89 835	11 166	62 975	7 040	1 484 203	2 331 923
Amortisation	63 418	-	29 118	-	41 835	-	-	134 371
Segment assets	**347 985 361**	**15 045 168**	**95 674 602**	**21 108 693**	**10 534 045**	**1 920 149**	**62 611 771**	**489 494 994**
Total assets includes:								
Additions to non-current assets	251 857	13 287	133 437	7 547	80 761	2 332	334 865	824 087
Investment in associates	-	-	-	491 139	-	-	-	491 139
Segment liabilities	**309 328 101**	**12 118 335**	**67 354 693**	**12 112 833**	**7 025 654**	**1 687 560**	**38 280 140**	**378 283 106**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Equity market dealing	Production and sales of building materials	

30 June 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 revenue								
Interest income	16 705 469	1 532 204	4 261 452	465 863	62 140	50 181	3 610	20 319 390
Interest expense	(9 280 626)	(642 450)	(1 951 134)	-	-	-	(1 351 685)	(10 464 365)
Net interest income	7 424 843	889 754	2 310 318	465 863	62 140	50 181	(1 348 075)	9 855 025
Turnover	-	-	5 865 302	-	-	-	18 968 191	24 833 494
Cost of sales	-	-	(3 707 166)	-	-	-	(14 795 919)	(18 503 085)
Gross profit	-	-	2 158 136	-	-	-	4 172 272	6 330 409
Net earned insurance premium	-	-	-	5 158 649	2 780 077	-	-	7 215 509
Net fee and commission income	9 767 720	143 199	1 887 789	-	-	273 315	-	11 468 244
Net trading income and other income	619 091	161 865	54 450	413 580	42 095	-	514 794	1 932 587
Total Income	**17 811 654**	**1 194 818**	**6 410 693**	**6 038 092**	**2 884 311**	**323 496**	**3 338 991**	**36 801 774**
Intersegment revenue	(1 347 467)	-	(1 214 610)	(131 013)	(54 139)	(14 300)	-	(2 761 528)
Intersegment interest expense and commission	1 227 588	642 450	467 416	-	-	-	424 075	2 761 528
Revenue from external customers	**17 691 775**	**1 837 268**	**5 663 499**	**5 907 079**	**2 830 172**	**309 196**	**3 763 066**	**36 801 774**
Segment profit before income tax	**4 150 444**	**563 977**	**3 123 605**	**1 635 871**	**464 378**	**102 896**	**29 320**	**10 028 185**
Impairment losses on financial assets	333 958	177 551	112 455	-	-	-	-	623 964
Depeciation	556 014	2 805	87 538	40 181	61 428	13 842	1 233 342	1 995 150
Amortisation	306 787	-	29 118	-	-	-	-	335 905
Segment assets	**326 572 076**	**11 051 084**	**70 678 528**	**20 274 203**	**6 858 755**	**7 089 262**	**70 119 677**	**450 596 308**
Total assets includes:								
Additions to non-current assets	819 402	33 770	42 162	32 797	468 251	-	1 777 287	3 173 668
Investment in associates	-	-	-	491 139	-	-	-	491 139
Segment liabilities	**289 057 279**	**9 418 863**	**48 194 813**	**12 087 771**	**4 331 001**	**6 769 707**	**40 696 152**	**349 145 112**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Equity market dealing	Production and sales of building materials	

32 RISK MANAGEMENT

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

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

The Board Credit Committees of the Bank, Microplan and the Building Society periodically review and approve 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 assesses 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 a 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 that all loans whose degree of default has become extensive such that there is no longer reasonable assurance of collection of the full outstanding amount of principal and interest.

All such loans are classified in the 8, 9 and 10 category 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:

Rating	Discriptive Classification	Risk level	Level of allowance	Type of allowance
1	Prime grade	Insignificant	1%	General
2	Strong	Modest	1%	
3	Satisfactory	Average	2%	
4	Moderate	Acceptable	3%	
5	Fair	Acceptable with care	4%	
6	Speculative	Management attention	5%	
7	Speculative	Special mention	10%	
8	Substandard	Vulnerable	20%	Specific
9	Doubtful	High default	50%	
10	Loss	Bankrupt	100%	

General allowance for impairment

Prime to highly speculative grades "1 to 7"
General allowance for impairment of 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.

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

32.1.1 Exposure to credit risk

Loans and advances	**Unaudited 30 June 2014 US$**	**Audited 31 Dec 2013 US$**
Past due and impaired		
Grade 8: Impaired	6 378 376	11 514 186
Grade 9: Impaired	5 251 919	4 875 240
Grade 10: Impaired	12 366 912	7 629 635
Gross amount	23 997 207	24 019 061
Allowance for impairment	(9 601 799)	(10 551 613)
Carrying amount	14 395 408	13 467 448
Past due but not impaired		
Grades 4 - 7:	53 815 135	34 157 470
Niether past due nor impaired		
Grades 1 - 3:	184 963 071	221 805 500
Gross amount	238 778 206	255 962 970
Allowance for impairment	(5 382 042)	(3 669 560)
Carrying amount	233 396 164	252 293 410
Total carrying amount	247 791 572	265 760 858

32.1.2 Sectoral analysis of utilisations - loans and advances

	Unaudited 30 June 2014 US$	**Unaudited 30 June 2014 %**	**Audited 31 Dec 2013 US$**	**Audited 31 Dec 2013 %**
Mining	13 625 944	5%	14 765 262	5%
Manufacturing	45 037 436	17%	53 956 109	19%
Mortgage	30 534 057	12%	29 025 679	11%
Wholesale	14 876 077	6%	14 902 784	5%
Distribution	27 341 766	10%	28 628 031	10%
Individuals	78 434 925	30%	83 063 491	30%
Agriculture	14 568 903	6%	15 022 935	5%
Communication	6 309 638	2%	5 788 924	2%
Construction	2 103 213	1%	3 364 914	1%
Local Authorities	18 928 915	7%	21 210 917	8%
Other services	11 014 538	4%	10 252 985	4%
Gross loans and advances	262 775 412	100%	279 982 031	100%
Less impairment allowance	(14 983 840)		(14 221 173)	
Carrying amount	247 791 572		265 760 858	

32.1.3 Reconciliation of allowance for impairment for loans and advances

	Unaudited 30 June 2014 US$	**Audited 31 Dec 2013 US$**
Balance at 1 January	14 221 173	9 788 364
Increase in impairment allowance	2 303 398	3 756 044
Impairment reversal	-	8 227
Write off	(3 076 292)	(849 510)
Interest in suspense	1 535 561	1 518 048
	14 983 840	**14 221 173**

32.1.4 Trade and other receivables

Past due and impaired	13 758 775	12 581 142
Allowance for impairment	(4 469 113)	(4 148 168)
Carrying amount	9 289 662	8 432 974
Past due but not impaired	1 641 558	3 847 946
Niether past due nor impaired	14 544 960	15 112 194
Gross amount	16 186 518	18 960 140
Allowance for impairment	(142 797)	-
Carrying amount	16 043 721	18 960 140
Total carrying amount	**25 333 383**	**27 393 114**

32.2 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 designed to ensure that all subsidiaries have adequate liquidity to withstand stressed conditions. To achieve this objective, the Board of Directors of the subsidiary companies through the Board Asset Liability Committees of the Bank, Microplan and the Building Society and Board Risk and Compliance Committees is ultimately responsible for liquidity risk management. The responsibility for managing the daily funding requirements is delegated to the Heads of Treasury Divisions for banking entities and Finance Managers for non-banking entities with independent day to day monitoring being provided by Group Risk Management.

Liquidity and funding management
The 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 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 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 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 to evaluate the impact of unlikely events on liquidity positions.

32.3 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.

32.3.1 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, 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.

32.3.2 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 risk is the risk that an asset or investment denominated in foreign currency will lose value as a result of unfavourable 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.

32.3.3 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.

32.4 Settlement risk

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.

32.5 Operational 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 other 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. Each entity has a Management and Board Risk and Compliance Committee to ensure a robust operational risk management framework. 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 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 units and branches conduct tests half yearly in line with the Group policy. The Group conducts its business continuity tests in the second and fourth quarters of each year and all the processes are well documented.

32.6 Capital risk

32.6.1 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 objectives when managing capital 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 As at 30 June 2014	Regulatory Authority	Minimum capital required US$	Net Regulatory Capital US$	Total Equity US$
FBC Bank Limited	RBZ	25 000 000	32 941 529	38 657 260
FBC Building Society	RBZ	20 000 000	28 268 038	28 319 909
FBC Reinsurance Limited	IPEC	1 500 000	8 995 860	8 995 860
FBC Securities (Private) Limited	SECZ	150 000	232 590	232 590
Eagle Insurance Company (Private) Limited	IPEC	1 000 000	3 508 390	3 508 390
Microplan Financial Services (Private) Limited	RBZ	5 000	2 926 883	2 926 833

32.7 Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards. The Compliance function assesses the conformity of codes of conduct, instructions, procedures and organizations in relation to the rules of integrity in financial services activities. These rules are those which arise from the institution's own integrity policy as well as those which are directly provided by its legal status and other legal and regulatory provisions applicable to the financial services sector.

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

33 Statement of Compliance

The Group complied with the following statutes inter alia:-

The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23) and the Companies Act (Chapter - 24:03).

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

34 International credit ratings

The banking and insurance 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	2014	2013	2012	2011
FBC Bank Limited	A-	A-	A-	A-
FBC Reinsurance Limited	A-	A-	A-	A-
FBC Building Society	BBB-	BBB-	BBB-	BBB-
Eagle Insurance Company Limited	BBB+	BBB-	BBB+	BB

35 CORPORATE GOVERNANCE

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

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

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

Board Attendance

Board member	Main board		Board Audit		Board Human Resources		Board Finance and Strategy		Board Risk and Compliance		Board Marketing and Public Relations	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Herbert Nkala	√	√	N/A	N/A	√	√	N/A	N/A	N/A	N/A	N/A	N/A
John Mushayavanhu	√	√	N/A	N/A	√	√	√	√	√	√	√	x
Kenzias Chibota	√	√	N/A	N/A	N/A	N/A	√	√	√	√	N/A	N/A
Kleto Chiketsani	√	√	N/A	N/A	N/A	N/A	√	√	√	√	√	√
Gertrude S Chikwava	√	√	N/A	N/A	N/A	N/A	x	√	N/A	N/A	√	√
Philip M Chiradza	√	√	√	√	√	√	N/A	N/A	√	√	N/A	N/A
Felix Gwandekwande	√	√	N/A	N/A	N/A	N/A	√	√	√	√	x	√
Franklin H Kennedy	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
Canada Malunga	√	x	x	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James M Matiza	√	√	N/A	N/A	N/A	N/A	√	x	N/A	N/A	√	√
Johnson R Mawere	√	√	√	√	√	√	N/A	N/A	N/A	N/A	N/A	N/A
Chipo Mtasa	√	√	√	√	N/A	N/A	N/A	N/A	√	√	N/A	N/A
Godfrey G Nhemachena	√	√	√	√	N/A	N/A	N/A	N/A	√	√	N/A	N/A
Webster Rusere	√	√	N/A	N/A	N/A	N/A	√	x	√	x	√	x

Legend

Not a member - N/A   Attended - √   Apologies - x   Quarter - Q

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY
28 August 2014

FBC Bank Limited
(Registered Commercial Bank)

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Unaudited Interim Results
For the six months ended 30 June 2014

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
ASSETS			
Balances with banks and cash	1	115 682 195	68 694 552
Loans and advances to customers	2	198 102 041	212 509 128
Financial assets available for sale	3	7 084 694	11 807 824
Debentures		2 664 279	2 664 279
Prepayments and other assets	4	3 503 760	3 804 845
Amounts due from group companies		2 468 878	3 890 022
Current income tax asset		-	844 192
Deferred income tax asset		2 148 244	1 975 342
Intangible assets		688 940	709 522
Property and equipment	5	15 642 330	16 060 985
Total assets		347 985 361	322 960 691
LIABILITIES			
Deposits from customers	6	168 064 363	137 356 748
Deposits from other financial institutions		95 022 271	83 151 112
Lines of credit		43 026 088	59 312 327
Current income tax liability		80 770	-
Trade and other payables	7	3 134 609	4 109 071
Total liabilities		309 328 101	283 929 258
EQUITY			
Share capital		18 500 000	18 500 000
Retained profits		23 240 076	19 835 745
Other reserves		(3 082 816)	695 688
Total equity		38 657 260	39 031 433
Total equity and liabilities		347 985 361	322 960 691

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

	Notes	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
Interest and similar income	9	20 789 360	16 705 469
Interest and similar expense	10	(10 630 350)	(9 280 626)
Net interest income		10 159 010	7 424 843
Dealing and trading income		568 459	519 194
Fee and commission income	11	10 001 482	9 767 720
Other operating income		76 106	99 896
Total net income		20 805 057	17 811 653
Impairment allowance on loans and advances	2.2	(1 688 499)	(333 958)
Administrative expenses	12	(14 741 069)	(13 327 252)
Profit before income tax		4 375 489	4 150 443
Income tax expense		(971 158)	(1 068 739)
Profit for the period		3 404 331	3 081 704
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Fair value loss on financial assets available for sale		(4 723 130)	-
Tax relating to other comprehensive income		944 626	-
Other comprehensive income (net of income tax)		(3 778 504)	-
Total comprehensive income for the period		(374 173)	3 081 704

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

	Share capital US$	Retained profits US$	Revaluation reserve US$	Regulatory reserve US$	Financial assets available for sale US$	Total equity US$
Balance as at 1 January 2014	18 500 000	19 835 745	980 070	660 244	(944 626)	39 031 433
Profit for the year	-	3 404 331	-	-	-	3 404 331
Other comprehensive income: Fair value loss on financial assets available for sale	-	-	-	-	(3 778 504)	(3 778 504)
Total other comprehensive income	-	-	-	-	(3 778 504)	(3 778 504)
Total comprehensive income	-	3 404 331	-	-	(3 778 504)	(374 173)
Balance as at 30 June 2014	18 500 000	23 240 076	980 070	660 244	(4 723 130)	38 657 260

STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013

	Share capital US$	Retained profits US$	Revaluation reserve US$	Regulatory reserve US$	Financial assets available for sale US$	Total equity US$
Balance as at 1 January 2013	18 500 000	14 292 779	980 070	660 244	-	34 433 093
Profit for the year	-	3 081 704	-	-	-	3 081 704
Other comprehensive income: Fair value loss on financial assets available for sale	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	3 081 704	-	-	-	3 081 704
Balance as at 30 June 2013	18 500 000	17 374 483	980 070	660 244	-	37 514 797

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

	Notes	Unaudited 30 June 2014 US$	Unaudited 30 June 2013 US$
Cash flow from operating activities			
Profit for the year		4 375 489	4 150 443
Adjustments for non cash items:			
Impairment allowance on loans and advances	2.2	1 688 499	333 958
Fair value adjustment on financial assets at fair value through profit or loss (unrealised)		-	(387 210)
Amortisation		63 418	306 787
Depreciation	5	670 512	556 014
Profit on disposal of property and equipment		-	(2 922)
Net cash generated before changes in operating assets and liabilities		6 797 918	4 957 070
Decrease/(Increase) in loans and advances to customers		14 578 762	(17 438 482)
Decrease/(Increase) in prepayments and other assets		301 085	(407 391)
Decrease in amounts due from group companies		1 421 144	724 195
Increase in deposits from customers		30 707 615	28 276 249
Increase in deposits from other financial institutions		11 871 159	7 678 020
Decrease in other liabilities		(974 462)	(1 692 994)
		64 703 221	22 096 667
Income tax paid		(1 134 645)	(924 644)
Net cash (used in)/generated from operating activities		63 568 576	21 172 023
Cash flows from investing activities			
Proceeds from sale of property and equipment		-	92 819
Sale of financial assets at fair value through profit or loss		-	200 349
Purchase of financial assets at fair value through profit or loss		-	(14 979)
Purchase of intangible assets		(42 837)	(31 610)
Purchase of property and equipment	5	(251 857)	(819 437)
Net cash used in investing activities		(294 694)	(572 858)
Cash flows from financing activities			
Proceeds received from lines of credit		1 400 000	8 141 063
Repayments of lines of credit		(17 686 239)	-
Net cash generated from financing activities		(16 286 239)	8 141 063
Net (decrease)/increase in cash and cash equivalents		46 987 643	28 740 228
Cash and cash equivalents at beginning of period		68 694 552	83 438 773
Cash and cash equivalents at the end of period	1	115 682 195	112 179 001

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

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
1	**BALANCES WITH BANKS AND CASH**		
	Balances with Reserve Bank of Zimbabwe		
	Current account balances	85 646 708	32 569 512
	Balances with other banks and cash		
	Nostro accounts	5 910 284	6 482 830
	Notes and coins	14 773 276	21 446 534
	Other bank balances	9 351 927	8 195 676
		30 035 487	36 125 040
	Cash and cash equivalents	115 682 195	68 694 552
2	**LOANS AND ADVANCES TO CUSTOMERS**		
	Maturing within 1 year	115 893 839	120 358 854
	Maturing after 1 year but within 5 years	94 427 442	104 405 072
	Gross carrying amount	210 321 281	224 763 926
	Impairment allowance (note 2.2)	(12 219 240)	(12 254 798)
	Net loans	198 102 041	212 509 128

2.1 Loans concentration by sector

Sector of the economy	2014 gross total	percentage	2013 gross total	percentage
Agriculture	14 568 903	7%	15 022 935	7%
Communication	6 309 638	3%	5 788 924	3%
Construction	2 103 213	1%	3 364 914	1%
Distribution	27 341 766	13%	28 628 031	13%
Individuals	52 580 320	25%	58 381 732	26%
Local authorities	18 928 915	9%	21 210 917	9%
Manufacturing	50 477 108	24%	53 956 109	24%
Mining	12 619 277	6%	13 254 595	6%
Other services	10 516 064	5%	10 252 985	5%
Wholesale	14 876 077	7%	14 902 784	7%
Gross value of loans and advances	210 321 281	100%	224 763 926	100%
less allowance for impairment	(12 219 240)		(12 254 798)	
Net loans	198 102 041		212 509 128	

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
2.2	**Movement in impairment provision**		
	Balance at the beginning of the period	12 254 798	7 933 186
	Increase in impairment allowances	1 688 499	2 909 034
	Increase in interest in suspense	1 073 168	1 412 578
	Amounts written off	(2 797 225)	-
	Balance at end period	12 219 240	12 254 798

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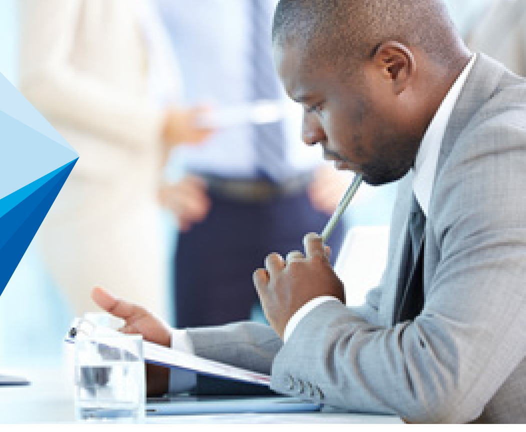

Unaudited Interim Results
For the six months ended 30 June 2014

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

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
3	**FINANCIAL ASSETS AVAILABLE FOR SALE**		
	Listed securities at market value	7 084 694	11 807 824

Financial assets available for sale are equities that had been pledged as security on a non-performing loan. Changes in fair values of financial assets available for sale are recognised in other comprehensive income.

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
4	**PREPAYMENTS AND OTHER ASSETS**		
	Prepayments	1 429 919	1 552 877
	Commission receivable	1 711 041	1 711 041
	Mastercard collateral	100 000	285 674
	Stationary stock and other consumables	22 542	26 859
	Other receivables	240 258	228 394
		3 503 760	3 804 845
4.1	**Maturity analysis of other assets**		
	Maturing within 1 year	1 692 716	2 093 801
	Maturing after 1 year but within 5 years	1 811 044	1 711 044
		3 503 760	3 804 845
5	**PROPERTY PLANT AND EQUIPMENT**		
	Opening balance	16 060 985	15 179 907
	Additions	251 857	1 960 031
	Disposals	-	(12 421)
	Depreciation charge for the period	(670 512)	(1 066 532)
	Carrying amount for the period	15 642 330	16 060 985
6	**DEPOSITS FROM CUSTOMERS**		
	Amounts due to customers by type:		
	Demand deposits	83 567 607	85 064 528
	Promissory notes	53 965 623	48 315 386
	Other Time deposits	30 531 133	3 976 834
		168 064 363	137 356 748
6.1	**Deposits from other financial institutions**		
	Money market deposits	95 022 271	83 151 112
6.2	**Lines of credit**		
	Eastern and Southern African Trade and Development Bank ("PTA Bank")	-	7 980 000
	African Export-Import Bank	40 234 868	48 153 336
	The Zimbabwe Agriculture Development Trust ("ZADT")	2 791 220	3 178 991
		43 026 088	59 312 327
	Total Deposits	306 112 722	279 820 187

6.3	**Deposits concentration (excluding lines of credit)**				
	Agriculture	8 130 619	3%	5 601 111	3%
	Construction	3 023 256	1%	4 376 750	2%
	Wholesale and retail trade	64 447 452	24%	42 008 333	19%
	Public sector	13 172 282	5%	14 002 778	6%
	Manufacturing	9 681 449	4%	10 941 874	5%
	Telecommunication	7 374 700	3%	2 800 556	1%
	Transport	3 206 767	1%	4 193 781	2%
	Individuals	32 395 055	12%	32 065 811	15%
	Financial services	95 022 271	36%	83 151 112	38%
	Mining	19 346 189	7%	13 092 307	6%
	Other	7 286 594	3%	8 273 447	4%
		263 086 634	100%	220 507 860	100%

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
6.4	**Maturity analysis**		
	(Deposits and lines of credit)		
	Maturing within 1 year	264 989 530	279 820 187
	Maturing after 1 year but within 5 years	41 123 192	-
		306 112 722	279 820 187
7	**TRADE AND OTHER PAYABLES**		
	Provisions	648,375	574,613
	Accrued expenses	1 011 875	1 336 563
	Deferred income	1 474 359	2 197 895
		3 134 609	4 109 071
8	**CAPITAL ADEQUACY**		
	Ordinary Share Capital	18 500 000	18 500 000
	Retained profit	23 240 076	19 835 745
	Regulatory reserve	660 244	660 244
	Capital allocated for market and operational risk	(3 243 114)	(2 853 472)
	Advances to insiders	(5 715 731)	(6 131 043)
	Tier 1 capital	33 441 475	30 011 474
	Revaluation reserve	980 070	980 070
	Available for sale reserve	(4 723 130)	(944 626)
	Tier 1 & 2 capital	29 698 415	30 046 918
	Tier 3 capital allocated for market and operational risk	3 243 114	2 853 472
		32 941 529	32 900 390
	Risk weighted assets	186 456 471	215 450 041
	Tier 1 Ratio (%)	17.94%	13.93%
	Tier 2 Ratio (%)	-2.01%	0.02%
	Tier 3 Ratio (%)	1.74%	1.32%
	Capital adequacy (%)	17.67%	15.27%

		Unaudited 30 June 2014	Unaudited 30 June 2013
9	**INTEREST INCOME**		
	Loans and advances to banks and other financial institutions	604 826	534 352
	Loans and advances to customers	19 389 217	13 506 367
	Banker's acceptances and tradable bills	696 317	2 664 750
	Debentures	99 000	-
		20 789 360	16 705 469
10	**INTEREST EXPENSE**		
	Deposit from other financial institutions	5 429 818	5 941 563
	Demand deposits	178 201	114 504
	Lines of credit	1 504 750	637 066
	Other time deposits	3 517 581	2 587 493
		10 630 350	9 280 626
11	**FEES AND COMMISSION INCOME**		
	Retail services fees	8 163 654	6 969 774
	Corporate banking service fees	1 831 437	2 739 484
	Investment banking fees	6 391	58 462
		10 001 482	9 767 720
12	**ADMINISTRATION EXPENSES**		
	Operating expenses	6 870 268	5 935 435
	Staff costs (note 12.1)	5 373 703	5 162 831
	Directors' remuneration (note 12.2)	1 285 383	935 656
	Depreciation	670 512	557 954
	Amortisation	63 418	304 847
	Operating lease payment	356 189	323 804
	Audit fees	121 596	106 725
		14 741 069	13 327 252
12.1	**Staff costs**		
	Salaries and allowances	4 902 563	4 767 671
	Social security	117 518	94 742
	Pension contribution	353 622	300 418
		5 373 703	5 162 831
12.2	**Directors' remuneration**		
	Board fees	87 218	37 202
	For services as management	899 054	843 415
	Other emoluments	58 951	55 039
	Share based payments	240 160	-
		1 285 383	935 656

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
13	**CAPITAL COMMITMENTS**		
	Capital expenditure authorized but not yet contracted for	6 878 493	7 173 188
14	**CONTINGENT LIABILITIES**		
	Guarantees and letters of credit	7 125 181	11 628 344

The amount of these letters of credit and guarantees represents the Bank's maximum exposure and no material losses are anticipated from these transactions.

		Unaudited 30 June 2014 US$	Audited 31 Dec 2013 US$
15	**EXPOSURE TO CREDIT RISK**		
	Gross carrying amount of loans and advances to customers		
	Past due and impaired		
	Grade 8: impaired	4 892 069	9 500 743
	Grade 9: impaired	2 717 345	2 953 267
	Grade 10: impaired	11 718 131	7 470 100
	Gross amount, past due and impaired	19 327 545	19 924 110
	Allowance for impairment	(7 683 435)	(10 008 405)
	Carrying amount, past due and impaired	11 644 110	9 915 705
	Past due but not impaired		
	Grade 4-7:	43 671 459	25 718 819
	Neither past due nor impaired		
	Grade 1-3:	147 322 277	179 120 997
	Gross amount, not impaired	190 993 736	204 839 816
	Allowance for impairment	(4 535 805)	(2 246 393)
	Carrying amount, not impaired	186 457 931	202 593 423
	Total carrying amount (loans and advances)	198 102 041	212 509 128

Directors: Taka Mutunhu (Chairman), Webster Rusere (Managing Director)*, Garikai Bera, David Birch, Trynos Kufazvinei*, Martin Makonese*, Theresa Mazoyo (Ms), Mercy Ndoro (Ms), Agrippa Mugwagwa*, John Mushayavanhu*, Susan Mutangadura (Ms), Patrick Takawira*. (*Executive)

FBC Bank Limited

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For the six months ended 30 June 2014

16 LIQUIDITY PROFILING

Liquidity profiling as at 30 June 2014

On balance sheet items	**Up to 3 months US$**	**3 months to 1 year US$**	**Over 1 year US$**	**Total US$**
Liabilities				
Deposits from customers	152 043 841	16 020 522	-	168 064 363
Deposits from other financial institutions	94 282 321	739 950	-	95 022 271
Lines of credit	1 099 965	1 542 880	40 383 243	43 026 088
Current income tax liabilities	80 770	-	-	80 770
Other liabilities	1 177 136	1 957 473		3 134 609
Total liabilities - (contractual maturity)	**248 684 033**	**20 260 825**	**40 383 243**	**309 328 101**
Assets held for managing liquidity risk				
Balances with other banks and cash	114 884 173	798 022	-	115 682 195
Loans and advances to customers	70 512 811	49 425 937	78 163 293	198 102 041
Debentures	-	-	2 664 279	2 664 279
Other assets (excluding prepayments)		2 073 842	-	2 073 842
Total assets - (contractual maturity)	185 396 984	52 297 801	80 827 572	318 522 357
Liquidity gap	(63 287 049)	32 036 976	40 444 329	9 194 256
Cumulative liquidity gap - on balance sheet	(63 287 049)	(31 250 073)	9 194 256	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	7 125 181	-	-	7 125 181
Commitments to lend	3 002 514			3 002 514
Total liabilities	10 127 695	-	-	10 127 695
Liquidity gap	(73 414 744)	32 036 976	40 444 329	(933 439)
Cumulative liquidity gap - on and off balance sheet	(73 414 744)	(41 377 768)	(933 439)	-

Liquidity profiling as at 31 December 2013 - Audited

On balance sheet items	**Up to 3 months US$**	**3 months to 1 year US$**	**Over 1 year US$**	**Total US$**
Liabilities				
Deposits from customers	127 642 180	9 714 568	-	137 356 748
Deposits from other financial institutions	81 196 774	1 954 338	-	83 151 112
Lines of credit	38 574 537	20 737 790	-	59 312 327
Current income tax liabilities	-	844 192	-	844 192
Other liabilities	1 408 110	2 700 961		4 109 071
Total liabilities - (contractual maturity)	248 821 601	35 951 849	-	284 773 450
Assets held for managing liquidity risk				
Balances with other banks and cash	68 694 552	-	-	68 694 552
Loans and advances to customers	80 731 855	68 438 109	63 339 164	212 509 128
Debentures	-	-	2 664 279	2 664 279
Other assets (excluding prepayments)	-	540 926	1 711 042	2 251 968
Total assets - (contractual maturity)	149 426 407	68 979 035	67 714 485	286 119 927
Liquidity gap	(99 395 194)	33 027 186	67 714 485	1 346 477
Cumulative liquidity gap - on balance sheet	(99 395 194)	(66 368 008)	1 346 477	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	6 498 133	-	-	6 498 133
Commitments to lend	4 965 854			4 965 854
Total liabilities	11 463 987	-	-	11 463 987
Liquidity gap	(110 859 181)	33 027 186	67 714 485	(10 117 510)
Cumulative liquidity gap - on and off balance sheet	(110 859 181)	(77 831 995)	(10 117 510)	-

17 INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 30 June 2014

	0 - 30 days US$	**31 - 90 days US$**	**91-180 days US$**	**181-365 days US$**	**Over 365 days US$**	**Non-interest bearing US$**	**Total US$**
ASSETS							
Balances with other banks and cash	12 564 186	1 898 184	798 022	-	-	100 421 803	115 682 195
Loans and advances to customers	40 817 196	29 695 615	19 129 818	30 296 119	78 163 293	-	198 102 041
Debentures	-	-	-	-	2 664 279	-	2 664 279
Financial assets available for sale	-	-	-	-	-	7 084 694	7 084 694
Prepayments and other assets	-	-	-	-	-	3 503 760	3 503 760
Amounts due from group companies	-	-	-	-	-	2 468 878	2 468 878
Current income tax assets	-	-	-	-	-	-	-
Deferred income tax asset	-	-	-	-	-	2 148 244	2 148 244
Intangible assets	-	-	-	-	-	688 940	688 940
Property and equipment	-	-	-	-	-	15 642 330	15 642 330
Total assets	53 381 382	31 593 799	19 927 840	30 296 119	80 827 572	131 958 649	347 985 361
LIABILITIES							
Deposits from customers	43 895 902	20 010 826	13 117 103	2 903 419	-	88 137 113	168 064 363
Deposits from other financial institutions	68 456 519	25 825 802	739 950	-	-	-	95 022 271
Lines of credit	-	1 099 965	142 880	1 400 000	40 383 243	-	43 026 088
Current income tax liability	-	-	-	-	-	80 770	80 770
Other liabilities	-	-	-	-	-	3 134 609	3 134 609
Capital and reserves	-	-	-	-	-	38 657 260	38 657 260
Total liabilities	112 352 421	46 936 593	13 999 933	4 303 419	40 383 243	130 009 752	347 985 361
Interest rate repricing gap	(58 971 039)	(15 342 794)	5 927 907	25 992 700	40 444 329	1 948 897	-
Cumulative interest rate repricing gap	(58 971 039)	(74 313 833)	(68 385 926)	(42 393 226)	(1 948 897)	-	

INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 31 December 2013

	0 - 30 days US$	**31 - 90 days US$**	**91-180 days US$**	**181-365 days US$**	**Over 365 days US$**	**Non-interest bearing US$**	**Total US$**
ASSETS							
Balances with other banks and cash	14 517 283	-	-	-	-	54 177 269	68 694 552
Loans and advances to customers	64 022 148	16 709 707	46 467 855	34 224 452	63 339 164	(12 254 198)	212 509 128
Debentures	-	-	-	-	2 664 279	-	2 664 279
Financial assets available for sale	-	-	-	-	-	11 807 824	11 807 824
Prepayments and other assets	-	-	-	-	1 711 042	2 093 803	3 804 845
Amounts due from group companies	-	-	-	-	-	3 890 022	3 890 022
Current income tax assets	-	-	-	-	-	844 192	844 192
Deferred income tax asset	-	-	-	-	-	1 975 342	1 975 342
Intangible assets	-	-	-	-	-	709 522	709 522
Property and equipment	-	-	-	-	-	16 060 985	16 060 985
Total assets	78 539 431	16 709 707	46 467 855	34 224 452	67 714 485	79 304 761	322 960 691
LIABILITIES							
Deposits from customers	34 849 254	9 389 949	2 115 044	5 569 382	-	85 433 119	137 356 748
Deposits from other financial institutions	61 835 161	19 361 613	1 954 338	-	-	-	83 151 112
Lines of credit	38 712 123	302 000	15 139 913	2 788 360	2 369 931	-	59 312 327
Other liabilities	-	-	-	-	-	4 109 071	4 109 071
Capital and reserves	-	-	-	-	-	39 031 433	39 031 433
Total liabilities	135 396 538	29 053 562	19 209 295	8 357 742	2 369 931	128 573 623	322 960 691
Interest rate repricing gap	(56 857 107)	(12 343 855)	27 258 560	25 866 710	65 344 554	(49 268 862)	-
Cumulative interest rate repricing gap	(56 857 107)	(69 200 962)	(41 942 402)	(16 075 692)	49 268 862	-	

18 FBC Bank Foreign Exchange Gap as at 30 June 2014

Foreign exchange gap analysis as at 30 June 2014

Base currency US$ equivalent	**ZAR US$**	**EUR US$**	**BWP US$**	**GBP US$**	**TOTAL US$**
Assets					
Cash	894 425	40 525	19 491	19 959	974 400
Correspondent nostro balances	147 051	522 497	216 333	84 949	970 830
Loans and overdrafts	83 373	1 740	342	698	86 153
Other assets	94 291	2	18	-	94 311
Total assets	1 219 140	564 764	236 184	105 606	2 125 694
Liabilities					
Deposits from customers	803 880	450 785	106 504	42 119	1 403 288
Other liabilities	93 203	217	23	113	93 556
Total liabilities	897 083	451 002	106 527	42 232	1 496 844
Net currency position	322 057	113 762	129 657	63 374	628 850

FBC Bank Foreign Exchange Gap as at 31 December 2013

Foreign exchange gap analysis as at 31 December 2013

Base currency US$ equivalent	**ZAR US$**	**EUR US$**	**BWP US$**	**GBP US$**	**TOTAL US$**
Assets					
Cash	1 107 336	79 558	42 405	30 353	1 259 652
Correspondent nostro balances	921 492	310 107	203 068	68 929	1 503 596
Loans and overdrafts	179 869	1 778	221	615	182 483
Other assets	4 955	2	18	-	4 975
Total assets	2 213 652	391 445	245 712	99 897	2 950 706
Liabilities					
Deposits from customers	1 131 327	278 414	98 551	20 753	1 529 045
Other liabilities	94 500	8	9 537	108	104 153
Total liabilities	1 225 827	278 422	108 088	20 861	1 633 198
Net currency position	987 825	113 023	137 624	79 036	1 317 508

19 Value at Risk

Value at Risk is a statistical estimate of the maximum loss expected from the Bank's trading book with a given degree of confidence over a given holding period. The Bank's system uses the Exponentially Weighted Moving Average (EWMA) method to compile VaR. This method attaches more weighting to the most recent data on market risk factors- the weights decaying exponentially as we go further into the past. The VaR parameters used are a 95% confidence level, one day holding period and 5 day holding period.

30 June 2014				Value at risk(95% confidence level)	
Asset class	Type of risk	Present value	Portfolio weight	1-day holding period	5-day holding period
Currency	Exchange rate	628 850	100%	3 993	3 993
Quoted investments	Equity				
	Total portfolio VaR	628 850	100%	3 993	3 993
31 December 2013					
Asset class					
Currency	Exchange rate	1 317 508	100%	12 195	27 268
Quoted investments	Equity				
	Total portfolio VaR	1 317 508	100%	12 195	27 268

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Unaudited Interim Results
For the six months ended 30 June 2014

20 EXTERNAL CREDIT RATING (GLOBAL CREDIT RATING)

	2014	2013
Rating	A-	A-

21 BOARD ATTENDANCE

NAME	2014 MAIN BOARD	
	QUARTER 1	QUARTER 2
Takabvakure Euwitt Mutunhu	√	√
John Mushayavanhu	√	X
Garikai Bera	√	√
Trynos Kufazvinei	√	√
Martin Makonese	√	√
Susan Mutangadura	X	X
Webster Rusere	√	√
Mercy Rufaro Ndoro	√	√
Theresa Mazoyo	√	√
Patrick Takawira	√	√
Agrippa Mugwagwa	X	√
David William Birch	√	√

√ - Present X - Absent

By order of the Board

Tichaona Kudakwashe Mabeza
Company Secretary
28 August, 2014

FBC Building Society

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Unaudited Interim Results
For the six months ended 30 June 2014

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

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

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

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

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

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

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

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

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

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

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Unaudited Interim Results
For the six months ended 30 June 2014

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

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

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

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

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

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

14. CAPITAL ADEQUACY RATIO

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

16. BOARD ATTENDANCE

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

Key
√ - Attended   x - Apologies   Q1 - Quarter 1
n/a- not applicable   Q2 - Quarter 2

By Order of the Board

Tichaona K. Mabeza
Group Company Secretary

28 August 2014

Directors: Benjamin Kumalo (Chairman), Felix Gwandekwande (Managing Director), Oliver Gwaze, Marah Hativagone, Agnes Kanhukamwe*, Patrick L. Mapani, Kennard C. Muranda, John Mushayavanhu, Christopher Y Muyeye, Pius Rateiwa*, Webster Rusere (Executive*)