FBC Holdings Limited
strength • diversity • service

Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Group total income	Group profit before income tax	Group (loss) profit after income tax	Cost to income ratio	Basic (loss)/earnings per share	Net asset value per share	Asset base	Dividend declared
Inflation Adjusted	ZWL$1.6 billion	ZWL$168.8 million	(ZWL$363.3 million)	64%	(58.67 ZWL cents)	163 ZWL cents	ZWL$6.2 billion	ZWL$35.6 million
Historical Cost	ZWL$1.1 billion	ZWL$529.4 million	ZWL$295.9 million	50%	47.88 ZWL cents	154 ZWL cents	ZWL$6.1 billion	ZWL$35.6 million

I am honoured to be presenting to you the group financial results of FBC Holdings Limited for the year ended 31 December 2019, which are on inflation adjusted basis, following the categorization of Zimbabwe as a hyperinflationary economy.

Financial Performance Review - Inflation Adjusted

Despite the Group recording a profit before tax of ZWL$529.4 million and a profit after tax of ZWL$295.9 million in historical terms, this performance in inflation adjusted terms, which is the primary reporting basis, translates to a profit before tax of ZWL$168.8 million and a loss after tax of ZWL$363.3 million respectively. The inflation adjusted loss arose mainly from the erosion in purchasing power of the Group's net monetary assets, the holding of which is inherent in the Group's main business model. This was also compounded by the incapacity to reprice products and services to match hyperinflation due to regulatory constraints that stipulate a minimum notice period of 30 days before any banking products are repriced.

The Group recorded total income of ZWL$1.6 billion registering a growth of 37% compared to the previous year's inflation adjusted performance. The commendable total income was however, counteracted by a significant monetary loss of ZWL$408.9 million emanating mainly from the holding of net monetary assets. Administrative expenses of ZWL$867.3 million increased by 49% compared to the previous year outpacing that of total income and further weighing down overall performance.

Net interest income declined by 41%, mainly as a result of sub inflation interest rates applicable to lending products. The banking subsidiaries could not proactively adjust interest rates in line with inflation due to regulatory constraints and externally induced low interest regime.

The Group's non funded income constituted 80% of the total income and registered an increase of 104% compared to the previous year, mainly as a result of increased volume of transactions as our customers transacted more in the prevailing hyperinflationary environment.

The cost to income ratio, excluding the monetary loss, slightly increased to 64% from 62% due to the immediate repricing of overheads to match the devaluation of the local currency and the hyperinflationary environment. Staff costs were a significant cost driver as the Group responded to the plight of staff, enabling them to cushion income erosion in a hyperinflationary environment.

The Group recorded a net monetary loss of ZWL$408.9 million compared to the previous year amount of ZWL$316.5 million. The amount represents the effect of inflation on net monetary assets of the Group. This is explained in detail under the note on basis of preparation in the financial statements.

The Group's income tax expense of ZWL$532.1 million was higher than the Group profit before tax of ZWL$168.8 million mainly as a result of the deferred tax expense, arising mainly from unrealized exchange gains and the restatement of paid taxes to reflect the end of year inflation indices.

The Group statement of financial position as at 31 December 2019 of ZWL$6.2 billion, decreased by 12% compared to ZWL$7 billion in the previous year, mainly as a result of the inflation adjusted loss in purchasing power of the Group's net assets and the loss incurred for the period.

The Group total equity decreased by 16% to ZWL$1 billion from ZWL$1.2 billion as at 31 December 2019, mainly as a result of the inflation adjusted loss incurred for the year.

By virtue of it being in the financial services sector, the Group is structured to be long on net monetary financial assets in order to create value for its customers. This model however, is not sustainable in a hyperinflationary environment, where banks are required to give notice of 30 days to reprice their products in order to comply with regulatory requirements, when input costs are changing on a daily basis in line with hyperinflation and the devaluation of the local currency. The Group is restructuring its business model to ensure the impact of the hyperinflationary environment is minimised through prioritising hedging for most of its generated revenues and net monetary assets.

Operating Environment

The challenges bedeviling the business environment intensified throughout the year 2019. This was against the backdrop of significant economic and other concomitant reforms introduced by the government as well as other regulatory authorities, in an effort to stabilize the economy. The government instituted watershed fiscal and monetary reforms that culminated in the abandonment of the multi-currency system that was introduced in 2009 and the reintroduction of the local currency, the Zimbabwe Dollar, as the official financial reporting and transacting currency for the country. Market confidence in the economic reforms is, however, at the lowest ebb, dented by low production, shortages of foreign currency and fuel, electricity load shedding, coupled with the collapse of the reintroduced local currency resulting in a hyperinflationary environment. Adverse weather patterns further compounded the macroeconomic challenges as agricultural output dropped owing to drought. Capacity utilization reportedly reduced to below 30% as firms grappled with power and fuel shortages. On the other hand, production of major minerals like gold, diamonds and coal, reportedly fell by more than 27 percent. Consequently aggregate demand weakened significantly, further weakening macroeconomic fundamentals.

On a positive note however, fiscal measures introduced to address the persistent fiscal deficit, resulted in improved fiscal performance for the year 2019. The reforms enabled the government to subsidize key services such as transport and public education. Government was also able to subsidize mealie meal to enhance food security. Export performance was lower compared to 2018, whilst imports dropped significantly, resulting in a current account surplus for the year under review.

Foreign Exchange

An interbank foreign exchange market was introduced in February 2019, wherein the local currency was initially pegged at ZWL$ 2.50 to 1 USD. Since then the local currency has however, been trading at a weakened position against major currencies, closing on 31 December 2019, at a rate of ZWL$16.7734 to 1 USD, resulting in significant negative pass through effects on real incomes, operating costs and overall economic prospects. The continued devaluation of the local currency resulted in most businesses and individuals preferring the index pricing of goods and services to USD, to avoid a hyperinflationary induced collapse of their businesses. Procurement costs increased sharply and supply chains in some instances were disrupted, further weakening capacity utilization across all sectors of the economy.

Hyperinflation

The country morphed into the hyperinflationary phase as prices of goods and services soared in 2019. Monthly inflation figures averaged more than 10% while year-on-year inflation closed the year 2019 at 521% according to the International Monetary Fund. Consequently, this phenomenon resulted in the country being declared as hyperinflationary by the Public Accountants and Auditors Board. Companies therefore are now applying IAS29- Financial reporting in hyper-inflationary economies.

Banking Sector

The sector remained sound as reflected in the financial soundness indicators published by the RBZ in the February 2020 Monetary Policy Statement. Liquidity and Asset quality indicators all pointed to a sound banking sector. The industry capitalization levels were well within the regulatory thresholds. The regulatory authorities have set new minimum capital requirements: US$30 million for tier 1 commercial banks; and US$20 million for tier 2 banks and building societies by the end of 31 December 2020. The Group subsidiaries are well poised to meet the capital requirements by the due date. The rationale behind the resetting of the capital thresholds is to avoid systemic risks and increase the business underwriting capacity of banks in support of economic growth.

The banking sector is witnessing a wave of digital transformation as banks adopt more cost effective channels for offering and distributing financial services. This has increased customer convenience and enhanced confidence in the sector overall. The Group in the same vein is intensely involved in transforming the business to a digitally oriented business through new technology adoption and structural and process changes.

The Insurance Sector

This sector has not been spared from the dynamics prevailing in the economy and this has been compounded by insurance not being regarded as a priority by companies and individuals. This has led to a weakened demand for both short-term and long-term insurance services. Volatility in the foreign exchange market continued to weigh down the capacity of industry players to meet contractual obligations as well as meet reasonable policyholder and fund member expectations thereby undermining confidence in the sector.

During the course of 2019, the Insurance and Pension Commission (IPEC) launched the Zimbabwe Integrated Capital and Risk Project ("ZICARP"). ZICARP aims to create market discipline and improve confidence levels in the country's insurance sector through three pillars namely; Risk based Capital Framework, Own-Risk and Solvency Assessment framework (ORSA) and Market Disclosure Framework. IPEC also introduced new minimum capital requirements for the various licenses ranging from ZWL$5 million for Micro Insurance license to ZWL$150 million for composite short term and long term reinsurance. Our short term insurance and re-insurance businesses are already compliant with the new requirements.

Property Market

Investments in this sector were lower as long-term funding became elusive owing to inflation. Residual activity was on residential properties whilst commercial real estate suffered lack of investment due to weak demand. Rental yields remained low whilst occupancy levels were also low as businesses continued to rationalize space. This sector however remains one of the hedging options available in light of the inflation levels. The Group is heavily involved in this sector through FBC Building Society. The Group targets to contribute to the national housing stock by developing high and medium density units in 2020.

Stock Market Performance

The stock market experienced mixed trading during the year, though a few counters proved to be preferred inflation hedging options for investors. The equities market benefited from the weak returns on the money market. Currency bottlenecks also fed the stock markets as investors looked for hedged portfolios. On the regulatory front, the Zimbabwe Stock Exchange ("ZSE") published revised Listing Requirements under Statutory Instrument 134 of 2019. Disclosure of financial performance was increased to quarterly from semi-annually in line with best practice.

Share Price Performance

The FBCH share price closed December 31 trades at ZWL65.25 cents, representing a growth of 118% against 57% achieved by the all share index. The historical cost net asset value (NAV) per share for the period was 154 cents. A total of 55.22 million shares were traded for the respective period. It remains the Group's primary objective to make the FBCH share the counter of choice for shareholders looking for growth in value and liquidity, through a sustainable dividend pay-out ratio.

FBC in the Community

FBC Holdings continues to support sustainable and value driven community based Corporate Social Responsibility initiatives. The Group believes in ploughing back into the various societies that it serves. As such, FBC Holdings continues to support various activities that include but are not limited to education, sport, health, environment, culture and the welfare of senior citizens.
During the course of 2019, FBC Holdings spent over ZWL$2 million towards various causes to help alleviate social issues being experienced in various communities.

FBC Holdings also acquired building materials for Charleswood Primary School located in Chimanimani which was affected by Cyclone Idai in 2019. Construction of two class room blocks with two classrooms each is currently underway. The classrooms will benefit 180 students every year.

FBC Trendsetting

FBC Holdings continues to make waves in the market with new and innovative products that seek to provide various solutions for our clients. The Group and its subsidiaries have also been recognized in different spheres for good Corporate Governance and excellent business practices. The awards are a clear testament of FBC Holdings' brand position in the Zimbabwean Financial Services Market.
During the course of 2019 FBC Holdings subsidiaries received recognition from various bodies as outlined below:

- FBC Holdings won the Institute of People Management of Zimbabwe (IPMZ) 1st Runner Up People Development and Impact Award 2018.
- FBC Holdings was recognised as one of the nation's Top Five Listed Companies in The Zimbabwe Independent 2018 Quoted Companies Survey (QCS).
- FBC Bank scooped the Most Sustainable Corporate Social Responsibility Programme of the Year Award in the 2019 Banks and Banking Survey.
- FBC Bank scooped the Institute of Chartered Secretaries and Administration of Zimbabwe (ICSAZ) Overall Winner Best Governed Banking Institution.
- FBC Bank scooped the IPMZ Overall Winner Risk and Internal Control Reporting Award.
- FBC Bank was recognised as one of the Marketers Association of Zimbabwe (MAZ) Top 20 Business to Business Superbrands.
- FBC Insurance's Usage Based Insurance Service (MyDrive) won the First Runner Up Innovative Product Award in the Business Weekly Inaugural Consumer Insurance Awards.
- MyDrive also won the Marketers Association of Zimbabwe (MAZ) Second Runner Up Best New Product or Innovation of the Year Award in the Exceptional Marketing Awards 2019.
- Microplan won the following awards in 2019: the Most Financially stable Micro Finance Institution; the Fastest Outreach growing Micro Finance Institution; the Most Exceptional customer-centric Micro Finance Institution and the first runner up in the Most Digitised & innovative Micro Finance Institution.

Compliance

The Group has put in place measures to ensure the entire Group complies with all applicable laws and regulations adopting a zero tolerance towards non- compliance. In line with guidance received from our Correspondent Banks, the Group has invested in systems to enhance transaction surveillance and sanctions monitoring, in an effort to combat money laundering activities.

Environment, Social and Governance (ESG) Priorities (Sustainability)

The Group made a deliberate commitment to sustainable business values through sustainability reporting. The realization that our businesses make such a significant contribution to the economy and affect the well-being of many stakeholders required a more deliberate effort of managing social, economic and environmental touch points to build a strong relevant business model.

We are also aware of the mandatory sustainability reporting as promulgated in the new listing requirements under Statutory Instrument 134 of 2019. The Group is committed to engender ecological balance as it conducts its mandate and is therefore in full support of the new regulatory requirements. In our sustainability report, we provide insights on the triple bottom line comprising people, planet and profit which measures the Group's degree of social responsibility, economic value created, as well as the environmental impact. Currently, we are working with the assistance of external consultants to align our reporting with international best practices and in particular Global Reporting Initiative (GRI) guidelines. This will further cement our culture of zero tolerance to non-compliance.

At FBC Holdings we recognise that, while our shareholders remain at the forefront, our purpose ultimately is not only about giving a return to shareholders. FBCH is a devoted, socially responsible corporate citizen which takes cognisance of the challenges that climate change presents to the global economy. The Group has adopted a deliberate strategy to support activities that protect the environment. The Group seeks to align the interests of shareholders and stakeholders over time, and provides the strategic business units with a basis from which to determine sustainability standards.

Directorate

The Board was further enhanced by the appointment of Mr. Charles Msipa with effect from 19 September 2019 and Mr. Aeneas Chuma with effect from 23 September 2019. The two non – executive directors each bring a wealth of experience that will be beneficial to the Group as it charts its way forward into the future.

Messrs. Philip Chiradza and Godfrey Nhemachena both retired from the Board with effect from 27 June 2019, each of them having served for more than ten years on the Board of FBC Holdings Limited. Mr. Felix Gwandekwande, an executive director of the Group retired from the Board with effect from 30 September 2019. I thank the three gentlemen for their valuable contributions to the Group over the years and wish Messrs. Gwandekwande, Chiradza and Nhemachena well in their future endeavours.

Dividend

The Board declared a total interim dividend of ZWL$35.6 million, with ZWL$15.6 million declared on 28 August 2019, relating to the half year ended 30 June 2019 and a second interim dividend of ZWL$20 million having been declared on 12 December 2019. On 27 March 2020, the Board of Directors of FBC Holdings Limited resolved to make the second interim dividend declared on 12 December 2019, a final dividend, due to the need to meet the capitalization requirements of Group subsidiary business units.

Corona Virus/Covid -19 pandemic

The threat arising from the rapid spread of the Corona virus (COVID – 19) which was declared a global pandemic on 11 March 2020 by the World Health Organisation (WHO) is creating significant disruptions at a global level for both individuals and businesses. To-date Zimbabwe has recorded a number of confirmed cases. Through our business continuity committee, we have activated our business continuity plan to mitigate against possible disruption as we seek to protect our employees and customers across the country. We have restricted employee travel across borders and postponed all scheduled FBC gatherings in response to the government order on the same. The wellbeing of all our stakeholders is our concern and as such we are continuously educating our employees and valued customers on the preventative measures recommended so as to alleviate the risk of contracting the virus. The ongoing digitalization of our systems will enable our clients to transact without the need for physical interaction, thereby assisting in curbing the spread of the corona virus.

Outlook

The resurgence of hyperinflation in Zimbabwe, the Covid-19 global pandemic and a series of extreme weather events could all have adverse effects on macroeconomic prospects. Key economic statistics point to a weak economic outlook as the country is vulnerable to exogenous and endogenous factors. Policy consistency and sequencing remains pivotal in turning around the economic fortunes of the economy. The Group will continue to adapt its various business models to the environment in order to further consolidate its position in the market.

Appreciation

I wish to convey my sincere gratitude to our various stakeholders, strategic partners, clients and regulatory authorities for their unwavering support. It is comforting to note that the Board remains confident in its strategy and together with members of staff, we are making concerted efforts in driving the growth, profitability and stability of the Group. I wish to convey my sincere appreciation to my fellow Non-Executive Directors at FBCH, Group Chief Executive John Mushayavanhu and the entire FBC team for their effort in driving the Group forward.

Herbert Nkala
Group Chairman
29 April 2020

GROUP CHIEF EXECUTIVE'S REPORT

I am pleased to present to you FBC Holdings' audited financial results for the 12 months ended 31 December 2019.

The Group's 2019 financial performance is presented in accordance with the International Accounting Standard 29 (IAS29) which deals with financial reporting in hyperinflationary economies. As such, the Group's financial statements will be presented under the historic and inflation adjusted formats with the latter forming the basis for primary reporting.

Market Overview

The year 2019 was characterized by significant market developments which completely transformed the market landscape in comparison to prior years. Currency developments in February 2019 ushered in the introduction of a local currency. The market also witnessed the adoption of a mono-currency as the multi-currency regime was abandoned in response to market dynamics. The local currency however lost significant value against major trading currencies. Inflation and pricing distortions emerged strongly, severely affecting the operations of most businesses. Balance sheet risks increased significantly with the most prevalent among them being capital preservation and inflation risks. Foreign obligations assumed before February 2019 were quarantined and assumed by the Reserve Bank of Zimbabwe (RBZ) under the legacy debts/ blocked funds arrangement. The Central Bank has committed to honour these obligations. This move has resulted in organizations potentially avoiding crippling financial losses and insolvency.

The focus of the Group in light of these developments is balance sheet hedging to preserve shareholder value. Further, revenue diversification will be enhanced to immunize the Group from market shocks.

Performance of the Group

The Group achieved an inflation adjusted profit before tax of ZWL$168.8 million demonstrating its resilience in an extremely challenging environment. The performance after tax, however, was a loss of ZWL$363.3 million. The loss after tax emanated mainly from the inflation indexed tax expense of ZWL$532.1 million, which was partly caused by the income tax requirement to pay 65% of the estimated tax quarterly in advance, in March; June and September; with the balance of 35% payable in the last quarter in December. In a hyperinflationary environment the prepaid tax expense when inflation adjusted becomes very significant. The growth in revenues was inadequate to offset the magnified tax expense. The timing in earnings of other revenue lines also affected the deferred tax component of the income tax expense. The deferred tax component of income, arising from exchange gains, was more pronounced during the first three quarters of the year, in line with the depreciation of the local currency.

The Group is re-examining the major components of its business model which has an inherent risk of requiring significant holding of net monetary assets to effectively serve customers. In a hyperinflationary environment, however, the monetary assets tend to lose value rapidly translating into a loss in the absence of inflation matching pricing.

FBC Bank Limited

The Bank recorded an inflation adjusted profit before tax of ZWL$286.3 million and an after tax loss of ZWL$221.7 million. The after tax loss arose from the inflation adjusted tax expense of ZWL$508 million. The huge inflation adjusted tax expense emanated from the prepayment of forecast tax and the timing of deferred tax expense.

FBC Bank's performance was largely driven by the growth in payments and processing income. In addition, hedging strategies resulted in the Bank recording significant exchange and revaluation gains. Operating costs increased sharply as businesses indexed pricing of goods and services in United States Dollars. Cost rationalization became a necessity given that revenue growth was lower than operating costs increases. Going forward the Bank will realign operations and pursue digitalization aggressively to remain competitive and improve customer satisfaction.

FBC Bank continues to excel and break new ground in terms of market share, profitability, client quality, corporate governance and risk management.

FBC Building Society

The Society recorded a loss before and after tax of ZWL$154 million. The inflation adjusted total income of ZWL$117.7 million was inadequate to offset inflation indexed administrative expenses of ZWL$89.4 million and a monetary loss of ZWL$177.1 million which mainly emanated from the holding of net financial assets.

Revenue streams for the Building Society were driven by the core business lines such as mortgage lending and transactional business. Exchange gains and revaluations also contributed significantly to the financial performance of the business. Going forward, the business model will remain anchored on property development and investment property in order to harden its assets.

Microplan Financial Services (Private) Limited

Microplan recorded an inflation adjusted loss before tax of ZWL$38 million and an after tax loss of ZWL$42.6 million. The Unit's assets were mostly financial assets, thereby bearing the brunt of hyperinflation, with a loss in purchasing power of ZWL$45.4 million on total inflation adjusted revenues of ZWL$42.5 million.

The business experienced a slowdown in demand for credit as income levels could not provide further headroom for more credit. Inflation levels also caused a serious mismatch between income levels and reasonable lending limits. As a result, business performance was below target. The future of the business hinges on expanding the product offering in favour of non-traditional markets. The operating model will also be revised to make use of agents to assist in product and service delivery.

FBC Securities (Private) Limited

FBC Securities also recorded an inflation adjusted loss as inflation adjusted revenues of ZWL$5.8 million were insufficient to cover the monetary loss of ZWL$5 million and inflation adjusted operating expenses of ZWL$5.3 million, resulting in an inflation adjusted loss before tax of ZWL$4.4 million and a loss after tax of ZWL$5.6 million.

FBC Securities' revenue was driven by the stock market rallies experienced in 2019, as investors switched portfolios to more inflation resistant options. This business follows the fortunes of the stock market. Expectations are that the equities market will remain a hedging option and as such activity is expected to remain high as investors seek shelter in stocks. This implies that the entity will benefit from activity driven by customers looking to lock value on the stock market.

FBC Insurance Limited

FBC Insurance recorded an inflation adjusted loss before tax of ZWL$27 million and a loss after tax of ZWL$23.6 million. The business was hard hit by claims inflation and total revenues of ZWL$78.1 million were inadequate to cover, inter-alia, insurance claims of ZWL$32.2 million, operating expenses of ZWL$45.4 million, and a monetary loss of ZWL$22.6 million.

The full impact of the downside of the traditional business was reduced by the investment strategies that yielded positive results. With traditional insurance products no longer appealing to the local market, the unit has been working on expanding its micro product offering to increase the revenue base. Demand for traditional products has weakened as clients change expenditure priorities. The unit will prioritize hedging its income and assets to preserve capital.

FBC Reinsurance Company Limited

The re-insurance business recorded a loss of ZWL$26.8 million before tax and a loss after tax of ZWL$49.5 million. The unit had a total inflation adjusted income of ZWL$204.8 million. This was, however, inadequate to cover inflation indexed claims of ZWL$52.4 million, commissions of ZWL$33.8 million, operating expenses of ZWL$44.4 million and a monetary loss of ZWL$99.1 million.

The weak product demand experienced by primary insurers also filtered to the reinsurance entity. Investment income contributed significantly to reducing the severity of the under-performance of the traditional business. Management will focus on new markets beyond the boarders whilst at the same time pursuing hedging and alignment of investment portfolios to preserve value and enhancing underwriting capacity.

Capitalization

The Reserve Bank of Zimbabwe reviewed the minimum capital requirements for banking institutions to the ZWL$ equivalent of USD based benchmarks. FBC Bank Limited is now required to have an equivalent of US$30 million, with FBC Building Society expected to have an equivalent of US$20 million while MicroPlan is expected to have an equivalent of US$25 000 by 31 December 2020. The Group has developed a recapitalization plan for all entities in line with regulatory expectations. Well capitalized institutions are able to absorb business and market shocks. Such businesses also enjoy enhanced business underwriting capacity which enhances shareholder value.

At the same time, the minimum capital requirement for insurance Companies have also been reviewed with re-insurance companies expected to have a minimum capital of ZWL$75 million and primary insurance company ZWL$ 35 million.

Risk Management

Our Group strategy continues to be influenced by our risk appetite and this entails aligning our risk taking initiatives to the risk bearing capacity of the Group. These initiatives are further enhanced by our risk management philosophy that says "Everyone is a risk manager". As a result, all the value creation pursuits across the Group are informed and appraised on the basis of one of our key business principles, which is "to optimize risk".

The Group Risk Management Framework is anchored on key pillars which include adequate board and senior management oversight; risk identification; measurement; monitoring; and control; policies, procedures, and limits; internal control systems; and management information systems (MIS). Our risk management systems have been designed to enable the Group to effectively respond to the rapid changes in the operating environment. All the business processes and procedures are continuously reviewed in line with the changes in the business environment. Our risk frameworks are a blend of regulatory frameworks and international best practice standards.

We also continue to refine our internal models in order to determine the impact of various stress scenarios, building closer alignment between risk and financial planning. Capacity building and staff training on cyber security is on-going in response to the Group's digital transformation strategy and the various business technology trends that are happening across the financial services sector.

Combating the Financing of Terrorism (CFT) and Anti-Money Laundering (AML)

FBC Holdings Limited (the FBC Group) realizes the potential catastrophic impact that non-compliance with laws and regulations may have on its various operations. The Group has hence adopted a "Zero Tolerance's to Non-Compliance" and a Compliance Philosophy that dictates that "Everybody is a Compliance Manager".

The FBC Group operates in a highly regulated sector and is committed to complying with all laws including applicable financial crime compliance laws and regulations such as those related to anti money laundering, countering the financing of terrorism, sanctions and anti-bribery and corruption.

In addition, the Group has adopted International standards such as the Financial Action Taskforce's (FATF) forty recommendations as well as best practice in line with the expectations of important stakeholders such as its regulators and correspondent banks.

Human Capital Development

FBC Holdings is an equal opportunity employer that believes in the capability of its human capital to deliver its strategic and operational business objectives. In this respect, talent management and positive employee experience are central to its human capital policies and programmes. As a result, it enjoys a harmonious and stable industrial relations climate across all its subsidiaries. In addition, it has consistently enjoyed positive employee engagement outcomes that are above the national average for the past five years and this bears testimony to the value and importance that it attaches to its employee relations management and practices.

As a business the Group has also observed that there is a positive correlation between rising employee engagement and higher organizational performance and ultimately productivity. In this respect, it has also provided rewards programmes to its employees that are commensurate with the maintenance of high levels of employee commitment and belonging as reflected by the high level of employee engagement which have been recorded in recent surveys. The high level of engagement and positive employee experience levels provide the Group with a dipstick through which it is able to assess staff motivation and the extent to which they are prepared to provide a positive customer experience. In this regard, the company has observed that there is a strong positive correlation between a positive employee experience and satisfactory customer experience and will therefore continue to invest in policies and practices that realise mutually beneficial outcomes for employees and consequently our customers who matter most to our business.

The Group periodically reviews its human capital management policies and practices with a view to ensuring that areas which positively impact the level of employee experience and consequently productivity, are on the top of our employee agenda. These policies relate to areas such as employee relations; talent management; performance management; incentives and rewards; learning and development; employee participation; employee wellness; and other complementary initiatives that impact employee commitment and belonging as can be seen in the Groups employee retention levels which have consistently been above 96% for the past 6 years.

The Group believes that it still employs some of the best skilled staffers within the financial services sector. Skills retention is therefore, one of the most important factors that contribute to our strategic and competitive advantage in customer solutions and service. Our robust talent management programme through which we nurture talent from apprentice level to a full contributor ensures that we have a sufficient pipeline from which talent can be sourced internally to manage emerging areas of work and succession. The Group has moved to ensure that it positions itself for the future by embracing a digitalization and innovation strategy with a view to ensuring that all employees embrace the necessary mental transformation and paradigm shift required for the realisation of our digitalization journey. This involves a complete turnaround in our service and performance culture as will be exhibited in the conduct and behaviour of our employees with respect to customer service, efficiency, convenience and expeditious query resolution.

The Group has installed an e- learning management system which facilitates easier and cost effective access to learning materials for all our employees through an on-line platform. This initiative has contributed towards giving the Group a competitive advantage in terms of human capital development in line with one of its values which is life-long learning. The Group will continue to invest in systems that enhance employee knowledge and improve all our processes in the business and products value chains. The Group pays tribute to its staff without whom it would not be where it is today in terms of growth and performance as measured against its market peers.

Information Technology, Digital Transformation and Innovation

Development in the Information and Technology space is growing at an exponential rate the world over. Convenience to the customer is being redefined on a daily basis by way of innovation through digital products. FBC Holdings (FBCH) strives to continue to provide a superior service to its customers and as such, we embarked on a digitalization journey in 2018. The year 2019 saw the establishment and firming up of the guiding principles for our digitalization journey, the forging of necessary relationships, enhancing back office efficiencies and launching some innovative and exciting products that have been made available, for the convenience of our customers.

The Group also undertook some major systems upgrades in 2019, aimed at improving customer experience and enabling the expansion of the digital service offerings. One such major change was the upgrade of the core banking system for the Bank & Building Society. This introduced a new look internet banking channel with exciting new features. The Bank & Building Society have also complied with the migration of their debit cards from the magnetic strip to the more secure chip and pin card. FBCH's banking units are among the first institutions in the market to comply with this requirement.

FBC Holdings continues to invest in its information technology environment, given the important role that it will play going forward. This is being done through aligning our processes to best practice. Cybercrime has become a material threat as services migrate to digital. Information Security's role is becoming more prominent in view of the need to secure the organization's information assets and the customer's confidential information. As such, FBC Holdings continues to invest in this significant capability in order to ensure that our valued customers have confidence. Information Technology Risk Management remains a key activity.

In 2020 and beyond, FBC Holdings, aims to reduce its physical and carbon footprint through technology, while increasing the availability of current and exciting new products and services through digital touch points.

Appreciation

My heartfelt appreciation goes out to all our stakeholders and particularly to our valued and loyal customers who have demonstrated unwavering support for the Group in this challenging operating environment. I am also grateful to the FBC Holdings Board of Directors, management and staff members, for their guidance, contribution and support in the execution of our business strategy. We would like to promise our esteemed stakeholders that the Group will continue to deliver sustainable, innovative and market-leading products for the present and future generations. To our customers we would like to reaffirm our commitment to our promise that you matter most to us.

John Mushayavanhu
Group Chief Executive
29 April 2020

FBC Holdings Limited
strength • diversity • service

Audited Results
FOR THE YEAR ENDED 31 DECEMBER 2019

AUDIT OPINION

These abridged audited financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2019, which have been audited by Deloitte & Touche and an adverse opinion has been issued thereon. The auditor's report, which has an adverse opinion in respect of the impact of the incorrect date of application of IAS 21 'The Effects of Changes in Foreign Exchange Rates' is available for inspection at the FBC Holdings Limited's registered address. Further, an emphasis of matter has been raised with regards to the possible effects of the COVID-19 outbreak on the Group and its inability to quantify the possible impact.

In addition to the above matters, the auditor's opinion contains key audit matters relating to:

- Valuation of expected credit losses (ECL) on financial assets;
- Valuation of Incurred But Not Reported (IBNR) claims provision;
- Valuation of the derivative resulting from legacy debt; and
- Valuation of property and equipment and investment property.

The auditor's report has been made available to management and the directors of FBC Holdings Limited. The engagement Partner responsible for the audit was Tumai Mafunga.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

		INFLATION ADJUSTED		HISTORICAL COST*	
	Note	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
Interest income	18	528 516 869	696 261 744	224 505 240	85 310 382
Interest expense	18.1	(212 750 132)	(161 379 945)	(93 158 365)	(20 111 730)
Net interest income		**315 766 737**	**534 881 799**	**131 346 875**	**65 198 652**
Fee and commission income	19	309 644 060	346 755 837	149 146 686	43 159 361
Fee and commission expense	19.1	(2 029 077)	(2 903 873)	(781 832)	(358 716)
Net fee and commission income		**307 614 983**	**343 851 964**	**148 364 854**	**42 800 645**
Revenue	20	31 851 496	76 375 696	16 586 687	10 839 739
Cost of sales	20.1	(12 458 749)	(59 133 593)	(3 073 238)	(8 350 999)
Net income from property sales		**19 392 747**	**17 242 103**	**13 513 449**	**2 488 740**
Insurance premium revenue	21	341 888 833	270 237 933	154 585 095	35 036 452
Premium ceded to reinsurers and retrocessionaires		(144 393 280)	(99 703 813)	(73 683 897)	(13 357 206)
Net earned insurance premium		**197 495 553**	**170 534 120**	**80 901 198**	**21 679 246**
Net trading income		429 509 942	11 837 260	416 365 612	1 464 471
Net gain from financial assets at fair value through profit or loss	22	72 709 084	19 596 042	72 709 084	3 139 229
Other operating income	23	255 931 118	64 870 669	196 626 084	9 153 805
		758 150 144	**96 303 971**	**685 700 780**	**13 757 505**
Total net income		**1 598 420 164**	**1 162 813 957**	**1 059 827 156**	**145 924 788**
Credit impairment losses	5.4	(33 816 186)	(15 610 497)	(33 816 186)	(2 513 421)
Net insurance commission expense	24	(35 895 682)	(30 336 586)	(11 750 036)	(3 806 204)
Insurance claims and loss adjustment expenses	25	(83 767 667)	(87 663 428)	(52 674 803)	(11 656 355)
Administrative expenses	26	(867 285 789)	(583 702 414)	(432 235 679)	(73 302 335)
Monetary loss		(408 871 233)	(316 525 532)	-	-
Profit before income tax		**168 783 607**	**128 975 500**	**529 350 452**	**54 646 473**
Income tax expense	27	(532 101 996)	(90 944 202)	(233 482 765)	(10 211 030)
(Loss)/profit for the year		**(363 318 389)**	**38 031 298**	**295 867 687**	**44 435 443**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains on property revaluation		334 398 960	-	604 352 529	-
Tax		(68 530 585)	-	(98 119 717)	-
		265 868 375	**-**	**506 232 812**	**-**
Items that may be subsequently reclassified to profit or loss					
Gain on financial assets at fair value through other comprehensive income		1 805 744	7 633 882	1 805 744	1 228 993
Tax		(18 057)	(76 339)	(18 057)	(12 290)
		1 787 687	**7 557 543**	**1 787 687**	**1 216 703**
Total other comprehensive income, net income tax		**267 656 062**	**7 557 543**	**508 020 499**	**1 216 703**
Total comprehensive (loss)/income for the year		**(95 662 327)**	**45 588 841**	**803 888 186**	**45 652 146**
(Loss)/profit attributable to:					
Equity holders of the parent		(362 233 681)	38 617 370	295 598 000	44 416 204
Non - controlling interest		(1 084 708)	(586 072)	269 687	19 239
(Loss)/profit for the year		**(363 318 389)**	**38 031 298**	**295 867 687**	**44 435 443**
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		(95 233 358)	46 174 913	802 025 118	45 632 907
Non - controlling interest		(428 969)	(586 072)	1 863 068	19 239
Total comprehensive (loss)/income for the year		**(95 662 327)**	**45 588 841**	**803 888 186**	**45 652 146**
(Loss)/earnings per share (ZWL cents)					
Basic (loss)/earnings per share	28.1	(58.67)	6.04	47.88	6.95
Diluted (loss)/earnings per share	28.2	(58.67)	6.04	47.88	6.95
Headline (loss)/earnings per share	28.3	(59.11)	6.00	47.88	6.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		INFLATION ADJUSTED		HISTORICAL COST*	
	Note	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
ASSETS					
Balances with other banks and cash	4	1 907 906 680	1 190 946 201	1 907 906 680	192 209 582
Financial assets at amortised cost	5.5	190 730 266	1 157 734 027	190 730 266	186 068 296
Loans and advances to customers	5.1	2 560 944 198	2 522 176 904	2 560 920 299	405 508 331
Trade and other receivables including insurance receivables	5.2	103 370 140	80 365 131	104 144 323	12 942 578
Bonds and debentures	6	121 510 634	1 397 747 294	121 510 634	225 565 873
Financial assets at fair value through profit or loss	7	54 932 609	80 823 911	57 760 631	9 049 902
Financial assets at fair value through other comprehensive income	8	14 869 971	12 824 894	14 869 971	2 064 702
Inventory	9	65 962 780	68 084 741	13 525 576	8 461 294
Prepayments and other assets	10	360 690 712	122 650 767	318 540 053	21 000 608
Current income tax asset		40 041	915 081	40 041	147 326
Deferred income tax assets		512 446	27 602 682	59 509	5 189 191
Investment property	11	154 282 658	54 897 226	154 282 658	8 838 000
Intangible assets	12	200 448 102	17 264 142	200 426 701	2 056 337
Property and equipment	13	458 243 138	298 083 719	458 243 138	34 874 699
Right of use asset		22 356 696	-	7 865 553	-
Total assets		**6 216 801 071**	**7 032 116 720**	**6 110 826 033**	**1 113 976 719**
EQUITY AND LIABILITIES					
Liabilities					
Deposits and borrowings from other banks and customers	14	3 942 347 289	5 423 717 001	3 942 347 289	873 173 638
Insurance liabilities	15	100 632 018	96 567 469	51 333 232	13 921 902
Trade and other payables	16	880 058 825	298 226 697	865 030 059	46 742 668
Current income tax liability		3 717 891	3 996 648	3 405 985	643 429
Deferred income tax liability		272 768 912	11 095 464	290 265 625	783 115
Lease liability		7 974 372	-	7 974 372	-
Total liabilities		**5 207 499 307**	**5 833 603 279**	**5 160 356 562**	**935 264 752**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	17.3	121 330 899	121 330 899	14 089 892	14 089 892
Other reserves		515 098 905	289 166 263	530 725 056	35 396 838
Retained profits		371 210 931	785 851 070	403 507 476	128 886 322
		1 007 640 735	**1 196 348 232**	**948 322 424**	**178 373 052**
Non controlling interest in equity		1 661 029	2 165 209	2 147 047	338 915
Total equity		**1 009 301 764**	**1 198 513 441**	**950 469 471**	**178 711 967**
Total equity and liabilities		**6 216 801 071**	**7 032 116 720**	**6 110 826 033**	**1 113 976 719**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

		INFLATION ADJUSTED		HISTORICAL COST*	
	Note	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
Cash flow from operating activities					
Profit before income tax		168 783 607	128 975 500	529 350 452	54 646 473
Adjustments for non cash items:					
Depreciation	13	25 988 152	21 092 412	3 976 392	2 807 016
Amortisation charge	12	5 687 746	3 143 496	852 523	574 935
Credit impairment losses	5.4	33 816 186	15 610 497	33 816 186	2 513 421
Fair value adjustment on investment property	11	(86 025 134)	897 511	(143 905 214)	(45 970)
Net unrealised exchange gains and losses		611 938 435	-	(386 798 184)	-
Fair value adjustment on financial assets at fair value through profit or loss		(72 709 084)	(19 596 042)	(72 709 084)	(3 139 229)
Profit on disposal of property and equipment	23	(2 693 509)	(305 917)	(35 901)	(39 689)
Net cash generated/(used) before changes in operating assets and liabilities		**684 786 399**	**149 817 457**	**(35 452 830)**	**57 316 957**
Decrease/(increase) in financial instrument held to maturity		967 003 761	(185 711 744)	(4 661 970)	(73 189 473)
Decrease/(Increase) in loans and advances		1 222 089 691	55 406 538	(357 320 454)	(105 917 853)
(Increase)/decrease in trade and other receivables		(23 005 009)	2 643 923	(91 201 745)	(3 302 918)
Decrease/(increase) in bonds and debentures		1 276 236 660	(1 159 787 808)	104 055 239	(197 932 158)
Decrease/(increase) in financial assets at fair value through profit or loss		98 600 386	(40 859 579)	23 998 355	(3 545 348)
(Increase)/decrease in available for sale financial assets		(239 333)	-	(10 999 526)	-
Decrease/(increase) in inventory		2 121 961	(11 905 805)	(5 064 282)	(2 738 398)
(Increase)/decrease in prepayments and other assets		(27 804 145)	81 299 546	(86 812 360)	2 683 696
(Increase)/decrease in investment property		(13 360 298)	14 682 780	(1 539 444)	(607 630)
Increase in right of use asset		(22 356 696)	-	(7 865 553)	-
(Decrease)/increase in deposits from customers		(2 694 837 871)	277 690 605	577 460 983	207 225 825
(Decrease)/increase in deposits from other banks		(679 893 815)	110 963 701	54 267 613	52 143 469
Increase in insurance liabilities		4 064 549	30 426 002	37 411 330	6 241 038
Increase/(decrease) in trade and other payables		352 009 389	(5 844 970)	588 464 652	11 431 490
Increase in lease liabilities		7 974 372	-	7 974 372	-
		1 153 390 001	**(681 179 354)**	**792 714 380**	**(50 191 303)**
Income tax paid		(306 452 414)	(34 962 197)	(35 635 222)	(6 796 032)
Net cash generated from/(used in) operating activities		**846 937 587**	**(716 141 551)**	**757 079 158**	**(56 987 335)**
Cash flows from investing activities					
Purchase of intangible assets		(8 591 739)	(4 243 285)	(5 270 623)	(780 136)
Purchase of property and equipment		(39 120 803)	(75 561 685)	(17 935 021)	(8 838 267)
Proceeds from sale of property and equipment		2 985 497	597 905	69 810	45 432
Net cash used in investing activities		**(44 727 045)**	**(79 207 065)**	**(23 135 834)**	**(9 572 971)**
Cash flows from financing activities					
Proceeds from borrowings		-	533 489 841	-	97 514 129
Repayment of borrowings		(8 218 260)	(10 566 266)	(1 369 710)	(7 694 638)
Dividend paid to the Company's shareholders		(58 418 959)	(63 831 666)	(20 976 846)	(7 412 632)
Dividend paid to non-controlling interests		(75 211)	(110 068)	(54 936)	(12 504)
Purchase of treasury shares		(35 055 180)	(31 336 572)	(11 098 900)	(4 627 032)
Net cash (used in)/generated from financing activities		**(101 767 610)**	**427 645 269**	**(33 500 392)**	**77 767 323**
Net increase/(decrease) in cash and cash equivalents		**700 442 932**	**(367 703 347)**	**700 442 932**	**11 207 017**
Cash and cash equivalents at beginning of the year		1 190 946 201	1 558 649 548	192 209 582	181 002 565
Effect of changes in exchange rates		16 517 547	-	1 015 254 166	-
Cash and cash equivalents at the end of year	4.2	**1 907 906 680**	**1 190 946 201**	**1 907 906 680**	**192 209 582**

FBC Holdings Limited
strength • diversity • service

Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

INFLATION ADJUSTED

	Share capital ZWL$	Share premium ZWL$	Retained profits ZWL$	Treasury shares ZWL$	Non distributable reserve ZWL$	Revaluation reserve ZWL$	Financial assets at fair value reserve ZWL$	Regulatory reserve ZWL$	Changes in ownership ZWL$	Total ZWL$	Non controlling interest ZWL$	Total equity ZWL$
Balance as at 1 January 2018, as previously reported	57 859	121 273 040	786 429 417	(21 539 577)	315 381 903	27 243 542	(1 296 020)	-	14 386 485	1 241 936 649	2 863 638	1 244 800 287
Changes on initial application of IFRS 15	-	-	(4 975 665)	-	-	-	-	-	-	(4 975 665)	-	(4 975 665)
Changes on initial application of IFRS 9	-	-	8 380 573	-	-	-	-	-	-	8 380 573	(2 289)	8 378 284
Balance as at 1 January 2018	57 859	121 273 040	789 834 325	(21 539 577)	315 381 903	27 243 542	(1 296 020)	-	14 386 485	1 245 341 557	2 861 349	1 248 202 906
Profit for the year	-	-	38 617 370	-	-	-	-	-	-	38 617 370	(586 072)	38 031 298
Other comprehensive income;												-
Transfer to and from Regulatory Reserves	-	-	(6 012 501)	-	-	-	-	6 012 501	-	-	-	-
Recycled opening revaluation reserve	-	-	27 243 542	-	-	(27 243 542)	-	-	-	-	-	-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	7 557 543	-	-	7 557 543	-	7 557 543
Total other comprehensive income	-	-	21 231 041	-	-	(27 243 542)	7 557 543	6 012 501	-	7 557 543	-	7 557 543
Total comprehensive income	-	-	59 848 411	-	-	(27 243 542)	7 557 543	6 012 501	-	46 174 913	(586 072)	45 588 841
Transaction with owners:												
Dividend declared and paid	-	-	(63 831 666)	-	-	-	-	-	-	(63 831 666)	(110 068)	(63 941 734)
Treasury share purchase	-	-	-	(31 336 572)	-	-	-	-	-	(31 336 572)	-	(31 336 572)
Total transactions with owners recognised directly in equity	-	-	(63 831 666)	(31 336 572)	-	-	-	-	-	(95 168 238)	(110 068)	(95 278 306)
Balance as at 31 December 2018	57 859	121 273 040	785 851 070	(52 876 149)	315 381 903	-	6 261 523	6 012 501	14 386 485	1 196 348 232	2 165 209	1 198 513 441
Balance as at 1 January 2019, restated	57 859	121 273 040	785 851 070	(52 876 149)	315 381 903	-	6 261 523	6 012 501	14 386 485	1 196 348 232	2 165 209	1 198 513 441
Loss for the year	-	-	(362 233 681)	-	-	-	-	-	-	(362 233 681)	(1 084 708)	(363 318 389)
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	265 212 636	-	-	-	265 212 636	655 739	265 868 375
Net transfer to and from regulatory reserves	-	-	6 012 501	-	-	-	-	(6 012 501)	-	-	-	-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 787 687	-	-	1 787 687	-	1 787 687
Total other comprehensive income	-	-	6 012 501	-	-	265 212 636	1 787 687	(6 012 501)	-	267 000 323	655 739	267 656 062
Total comprehensive income	-	-	(356 221 180)	-	-	265 212 636	1 787 687	(6 012 501)	-	(95 233 358)	(428 969)	(95 662 327)
Transaction with owners:												
Dividend declared and paid	-	-	(58 418 959)	-	-	-	-	-	-	(58 418 959)	(75 211)	(58 494 170)
Treasury share purchase	-	-	-	(35 055 180)	-	-	-	-	-	(35 055 180)	-	(35 055 180)
Total transactions with owners recognised directly in equity	-	-	(58 418 959)	(35 055 180)	-	-	-	-	-	(93 474 139)	(75 211)	(93 549 350)
Balance as at 31 December 2019	57 859	121 273 040	371 210 931	(87 931 329)	315 381 903	265 212 636	8 049 210	-	14 386 485	1 007 640 735	1 661 029	1 009 301 764

HISTORICAL COST*

	Share capital ZWL$	Share premium ZWL$	Retained profits ZWL$	Treasury shares ZWL$	Non distributable reserve ZWL$	Revaluation reserve ZWL$	Financial assets at fair value reserve ZWL$	Regulatory reserve ZWL$	Changes in ownership ZWL$	Total ZWL$	Non controlling interest ZWL$	Total equity ZWL$
Balance as at 1 January 2018, as previously reported	6 719	14 083 173	91 326 329	(2 501 344)	36 624 611	3 163 733	(150 504)	-	1 670 671	144 223 388	332 548	144 555 936
Changes on initial application of IFRS 15	-	-	(801 041)	-	-	-	-	-	-	(801 041)	-	(801 041)
Changes on initial application of IFRS 9	-	-	1 357 462	-	-	-	-	-	-	1 357 462	(368)	1 357 094
Balance as at 1 January 2018	6 719	14 083 173	91 882 750	(2 501 344)	36 624 611	3 163 733	(150 504)	-	1 670 671	144 779 809	332 180	145 111 989
Profit for the year	-	-	44 416 204	-	-	-	-	-	-	44 416 204	19 239	44 435 443
Other comprehensive income;												-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 216 703	-	-	1 216 703	-	1 216 703
Total other comprehensive income	-	-	-	-	-	-	1 216 703	-	-	1 216 703	-	1 216 703
Total comprehensive income	-	-	44 416 204	-	-	-	1 216 703	-	-	45 632 907	19 239	45 652 146
Transaction with owners:												
Dividend declared and paid	-	-	(7 412 632)	-	-	-	-	-	-	(7 412 632)	(12 504)	(7 425 136)
Treasury share purchase	-	-	-	(4 627 032)	-	-	-	-	-	(4 627 032)	-	(4 627 032)
Total transactions with owners recognised directly in equity	-	-	(7 412 632)	(4 627 032)	-	-	-	-	-	(12 039 664)	(12 504)	(12 052 168)
Balance as at 31 December 2018	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Balance as at 1 January 2019, as previously reported	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Balance as at 1 January 2019, restated	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Profit for the year	-	-	295 598 000	-	-	-	-	-	-	295 598 000	269 687	295 867 687
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	504 639 431	-	-	-	504 639 431	1 593 381	506 232 812
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 787 687	-	-	1 787 687	-	1 787 687
Total other comprehensive income	-	-	-	-	-	504 639 431	1 787 687	-	-	506 427 118	1 593 381	508 020 499
Total comprehensive income	-	-	295 598 000	-	-	504 639 431	1 787 687	-	-	802 025 118	1 863 068	803 888 186
Transaction with owners:												
Dividend declared and paid	-	-	(20 976 846)	-	-	-	-	-	-	(20 976 846)	(54 936)	(21 031 782)
Treasury share purchase	-	-	-	(11 098 900)	-	-	-	-	-	(11 098 900)	-	(11 098 900)
Total transactions with owners recognised directly in equity	-	-	(20 976 846)	(11 098 900)	-	-	-	-	-	(32 075 746)	(54 936)	(32 130 682)
Balance as at 31 December 2019	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	-	1 670 671	948 322 424	2 147 047	950 469 471

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2019

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage financing, microlending, reinsurance, short-term insurance, and stockbroking services.

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

These consolidated financial statements were approved for issue by the Board of Directors on 27 March 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The Group's consolidated financial results have been prepared with policies consistent with International Financial Reporting Standards ("IFRS"), and the International Financial Reporting Interpretations Committee, ("IFRS IC") interpretations and in the manner required by the Zimbabwe Companies Act, (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 62/96, SI 33/99 and SI 33/19. The consolidated financial results have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, through other comprehensive income, investment property, property and equipment and intangible assets

The accounting policies

The accounting policies applied in the preparation of the Group consolidation financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The effects of Change in Foreign Exchange Rates), and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflation Economies) and have been applied consistently in all material respects with those of the previous consolidated financial statements. In the current year, the Group has adopted the requirements of IAS 29, and IFRS 16 (Leases).

IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the Group's 2019 financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL$) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United Stated Dollar (USD).

Guidance issued by the Public Accountants and Auditors Board (PAAB) note the requirements of SI 33 were contrary of the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so due to the conflict between IAS 21 and local statutory instruments. In respect of the current financial year financial information and as a result of the absence of an observable foreign exchange market, the Group continues to be unable to meet the requirements of IAS 21. Due to the material and the pervasive impact of the technicalities, the Directors would like to advise users to exercise caution in their use of these inflation adjusted financial statements.

Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflation economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Standards Committee (IFRIC) 7. (Applying Restated Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018.

The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate the transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried in the income statement have been restated applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognized in the statement of profit of loss for the year ended 31 December 2019 and the comparative period. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

As noted above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The factors used in the periods under review are as follows:

Period	Indices	Conversion Factors at 31 Dec 19
CPI as at 30 September 2018	64.06	8.6112
CPI as at 31 December 2018	88.81	6.2115
CPI as at 31 December 2019	551.63	1

New and amended IFRS
Adoption of IFRS 16 (Leases)

The Group adopting IFRS 16 (Leases) as a replacement of IAS 17 (Leases) as well as its interpretation. IFRS 16 introduces a single balance sheet accounting model for leases by lessees and eliminates the distinction between operating income and finance leases. The Group, in compliance with IFRS 16, elected not to restate its comparative financial statements and the impact of adopting IFRS 16 will be applied prospectively.

Where the Group is a lessee, it is the Group's policy to recognize the right-of-use asset, representing its rights to use the underlying assets and lease liabilities, representing its obligation to make the lease payments. Lease liabilities are measured at the present value of the remaining lease payments, discounted at using the Group's weighted average incremental borrowing rate. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by prepaid or accrued lease payments and initial direct costs, if any, relating to the specific lease recognized on the balance sheet. Where the Group is a Lessor, lessor accounting remains similar to previous accounting policies.

2.2 Going concern

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

2.3 Basis of consolidation

(a) Subsidiaries

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

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(c) Disposal of subsidiaries

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

2.4 Segment reporting

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

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

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The areas involving critical accounting estimates and judgements include determination of functional currency, impairment allowances, income taxes, claims, inventory valuation, property valuation, derivatives and long service awards.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
4 BALANCES WITH BANKS AND CASH				
4.1 Balances with Reserve Bank of Zimbabwe ("RBZ")				
Current account balances	762 530 981	812 227 169	762 530 981	131 238 946
Balances with banks and cash				
Notes and coins	277 726 850	55 712 579	277 726 850	8 969 265
Other bank balances	867 648 849	323 006 453	867 648 849	52 001 371
	1 145 375 699	**378 719 032**	**1 145 375 699**	**60 970 636**
Balances with banks and cash (excluding bank overdrafts)	**1 907 906 680**	**1 190 946 201**	**1 907 906 680**	**192 209 582**
Current	1 907 906 680	1 190 946 201	1 907 906 680	192 209 582
Non-current	-	-	-	-
Total	**1 907 906 680**	**1 190 946 201**	**1 907 906 680**	**192 209 582**
4.2 Cash and cash equivalents				
Cash and bank balances comprise of balances with less than three months maturity from date of acquisition, including cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.				
Cash and cash equivalents include the following for the purposes of the statement of cash flows;				
Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1)	762 530 981	812 227 169	762 530 981	131 238 946
Balances with banks and cash (note 4.1)	1 145 375 699	378 719 032	1 145 375 699	60 970 636
	1 907 906 680	**1 190 946 201**	**1 907 906 680**	**192 209 582**
5 FINANCIAL ASSETS				
5.1 Loans and advances to customers				
Loans and advance maturities				
Maturing within 1 year	1 382 811 163	1 575 075 594	1 382 811 163	253 032 843
Maturing after 1 year	1 221 096 753	1 024 575 310	1 221 072 854	164 948 162
Gross carrying amount	**2 603 907 916**	**2 599 650 904**	**2 603 884 017**	**417 981 005**
Impairment allowance	(42 963 718)	(77 474 000)	(42 963 718)	(12 472 674)
	2 560 944 198	**2 522 176 904**	**2 560 920 299**	**405 508 331**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
5.2 Trade and other receivables including insurance receivables				
Retail trade and other receivables	26 361 993	-	26 361 993	-
- Due by insurance clients and insurance brokers	70 124 220	42 455 037	69 598 601	6 839 366
- Due by reinsurers	3 615 588	3 339 625	4 915 390	537 652
- Due by retrocessionaires	6 697 107	39 310 607	6 697 107	6 328 683
Gross carrying amount	**106 798 908**	**85 105 269**	**107 573 091**	**13 705 701**
Impairment allowance	(3 428 768)	(4 740 138)	(3 428 768)	(763 123)
	103 370 140	**80 365 131**	**104 144 323**	**12 942 578**
Current	68 897 690	40 873 486	69 671 868	6 584 749
Non-current	34 472 450	39 491 645	34 472 455	6 357 829
Total	**103 370 140**	**80 365 131**	**104 144 323**	**12 942 578**

5.3 Irrevocable commitments

There are no irrevocable commitments to extend credit, which can expose the Group to penalties or disproportionate expense.

5.4 Movement in credit impairment losses

INFLATION ADJUSTED

	Bonds and debentures ZWL$	Trade and other receivables ZWL$	Loans and advances ZWL$	Financial assets at at armotised cost ZWL$	Undrawn contractual commitments and guarantees ZWL$	Total ZWL$
Movement in credit impairment losses						
Balance at 01 January 2018	-	2 567 834	94 649 755	-	-	97 217 589
Change on initial application of IFRS 9	1 414 594	-	(4 565 846)	3 144 362	1 291 065	1 284 175
Impairment loss allowance	5 592 921	3 364 391	4 880 728	2 209 217	(436 760)	15 610 497
Amounts written off/reversals during the year	-	(1 192 087)	(4 369 820)	-	-	(5 561 907)
Interest in suspense (reclassifaction)	-	-	(13 120 817)	-	-	(13 120 817)
Balance as at 31 December 2018	**7 007 515**	**4 740 138**	**77 474 000**	**5 353 579**	**854 305**	**95 429 537**
Balance at 01 January 2019	7 007 515	4 740 138	77 474 000	5 353 579	854 305	95 429 537
Effects of IAS 29	(5 879 363)	(3 977 015)	(65 001 326)	(4 491 697)	(716 769)	(80 066 170)
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	(503 920)	2 661 923	31 519 765	117 432	20 986	33 816 186
Amounts written off/reversals during the year	-	3 722	(1 028 721)	(13 972)	-	(1 038 971)
Interest in suspense (reclassifaction)	-	-	-	-	-	-
Balance as at 31 December 2019	**624 232**	**3 428 768**	**42 963 718**	**965 342**	**158 522**	**48 140 582**

HISTORICAL COST

	Bonds and debentures ZWL$	Trade and other receivables ZWL$	Loans and advances ZWL$	Financial assets at at armotised cost ZWL$	Undrawn contractual commitments and guarantees ZWL$	Total ZWL$
Movement in credit impairment losses						
Balance at 01 January 2018	-	413 400	15 237 829	-	-	15 651 229
Change on initial application of IFRS 9	227 738	-	(735 064)	506 216	207 591	206 481
Impairment loss allowance	900 414	541 639	785 757	355 666	(70 055)	2 513 421
Amounts written off/reversals during the year	-	(191 916)	(703 505)	-	-	(895 421)
Interest in suspense (reclassifaction)	-	-	(2 112 343)	-	-	(2 112 343)
Balance as at 31 December 2018	**1 128 152**	**763 123**	**12 472 674**	**861 882**	**137 536**	**15 363 367**
Balance at 01 January 2019	1 128 152	763 123	12 472 674	861 882	137 536	15 363 367
Change on initial application of IFRS 9	-	-	-	-	-	-
Impairment loss allowance	(503 920)	2 661 923	31 519 765	117 432	20 986	33 816 186
Amounts written off/reversals during the year	-	3 722	(1 028 721)	(13 972)	-	(1 038 971)
Interest in suspense (reclassifaction)	-	-	-	-	-	-
Balance as at 31 December 2019	**624 232**	**3 428 768**	**42 963 718**	**965 342**	**158 522**	**48 140 582**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
5.5 Financial assets at amortised cost				
Maturing within 1 year	114 887 989	981 517 554	114 887 989	158 016 219
Maturing after 1 year	76 807 619	181 570 052	76 807 619	28 913 959
Gross carrying amount	**191 695 608**	**1 163 087 606**	**191 695 608**	**186 930 178**
Impairment allowance	(965 342)	(5 353 579)	(965 342)	(861 882)
	190 730 266	**1 157 734 027**	**190 730 266**	**186 068 296**
6 BONDS AND DEBENTURES				
Maturing within 1 year	100 000 000	975 268 772	100 000 000	157 010 217
Maturing after 1 year	22 134 866	429 486 037	22 134 866	69 683 808
Gross carrying amount	**122 134 866**	**1 404 754 809**	**122 134 866**	**226 694 025**
Impairment allowance	(624 232)	(7 007 515)	(624 232)	(1 128 152)
	121 510 634	**1 397 747 294**	**121 510 634**	**225 565 873**
Bonds have fixed interest rates of 7%, 10% and 5%. They mature on 30 June 2020, 30 June 2021 and 30 September 2020 respectively.				
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed securities at market value	**54 932 609**	**80 823 911**	**57 760 631**	**9 049 902**
Current	54 932 609	80 823 911	57 760 631	9 049 902
Non-current	-	-	-	-
Total	**54 932 609**	**80 823 911**	**57 760 631**	**9 049 902**

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other operating income' in the statement of comprehensive income. The fair value of all equity securities is based on their bid prices on an active market, the Zimbabwe Stock Exchange, at year end.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME				
Listed securities at market value	**14 869 971**	**12 824 894**	**14 869 971**	**2 064 702**
Current	14 869 971	12 824 894	14 869 971	2 064 702
Non-current	-	-	-	-
	14 869 971	**12 824 894**	**14 869 971**	**2 064 702**
9 INVENTORY				
Raw materials	4 314 793	796 993	957 600	68 900
Work in progress	54 729 195	49 336 188	11 685 054	6 307 718
Finished goods	6 918 792	17 951 560	882 922	2 084 676
	65 962 780	**68 084 741**	**13 525 576**	**8 461 294**
Current	65 962 780	68 084 741	13 525 576	8 461 294
Non-current	-	-	-	-
Total	**65 962 780**	**68 084 741**	**13 525 576**	**8 461 294**

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 2019 ZWL$	31 Dec 2018 ZWL$	31 Dec 2019 ZWL$	31 Dec 2018 ZWL$
10	**PREPAYMENTS AND OTHER ASSETS**				
	Prepayments	36 113 569	48 906 826	24 477 293	7 873 595
	Deferred acquisition costs	19 063 628	4 755 076	5 715 239	765 528
	Refundable deposits for Mastercard and Visa transactions	57 123 667	43 640 096	57 123 667	7 025 695
	Stationery stock and other consumables	10 585 655	208 495	1 704 203	33 566
	Time - share asset	3 563 625	193 752	3 563 625	22 500
	Legacy debt assets	222 079 816	-	222 079 816	-
	Other	12 160 752	24 946 522	3 876 210	5 279 724
		360 690 712	**122 650 767**	**318 540 053**	**21 000 608**
	Current	270 037 672	77 705 665	227 887 013	14 902 986
	Non-current	90 653 040	44 945 102	90 653 040	6 097 622
	Total	**360 690 712**	**122 650 767**	**318 540 053**	**21 000 608**
11	**INVESTMENT PROPERTY**				
	Balance as at 1 January	54 897 226	52 080 437	8 838 000	8 184 400
	Additions	13 781 549	3 929 580	1 814 773	632 630
	Fair value adjustment	86 025 134	(897 511)	143 905 214	45 970
	Disposals	(421 251)	(215 280)	(275 329)	(25 000)
	Balance as at 31 December	**154 282 658**	**54 897 226**	**154 282 658**	**8 838 000**
	Non-current	154 282 658	54 897 226	154 282 658	8 838 000
	Total	**154 282 658**	**54 897 226**	**154 282 658**	**8 838 000**
12	**INTANGIBLE ASSETS**				
	Year ended 31 December				
	Opening net book amount	17 264 142	16 164 353	2 056 337	1 851 136
	Additions	8 591 739	4 243 285	5 270 623	780 136
	Revaluation	180 279 967	-	193 952 264	-
	Amortisation charge	(5 687 746)	(3 143 496)	(852 523)	(574 935)
	Closing net book amount	**200 448 102**	**17 264 142**	**200 426 701**	**2 056 337**
	As at 31 December				
	Cost	250 771 675	61 899 969	206 541 769	7 318 882
	Accumulated amortisation	(50 323 573)	(44 635 827)	(6 085 841)	(5 233 318)
	Accumulated impairment	-	-	(29 227)	(29 227)
	Net book amount	**200 448 102**	**17 264 142**	**200 426 701**	**2 056 337**

13 PROPERTY AND EQUIPMENT

INFLATION ADJUSTED	Land and buildings ZWL$	Computer equipment ZWL$	Furniture and office equipment ZWL$	Motor vehicles ZWL$	Total ZWL$
Year ended 31 December 2018					
Opening net book amount	152 430 166	11 777 358	68 899 408	10 556 959	243 663 891
Additions	42 174 745	3 757 988	21 649 138	7 979 814	75 561 685
Disposals	-	(32 953)	(16 492)	-	(49 445)
Depreciation	(2 114 657)	(1 316 690)	(15 007 496)	(2 653 569)	(21 092 412)
Closing net book amount	**192 490 254**	**14 185 703**	**75 524 558**	**15 883 204**	**298 083 719**
As at 31 December 2018					
Cost or valuation	197 164 887	48 388 243	139 904 066	32 468 181	417 925 377
Accumulated depreciation	(4 674 633)	(34 202 540)	(64 379 508)	(16 584 977)	(119 841 658)
Net book amount	**192 490 254**	**14 185 703**	**75 524 558**	**15 883 204**	**298 083 719**
Year ended 31 December 2019					
Opening net book amount	192 490 254	14 185 703	75 524 558	15 883 204	298 083 719
Additions	3 851 927	23 958 725	4 543 869	6 766 282	39 120 803
Revaluation of property	58 633 448	106 710 422	(46 414 031)	28 388 919	147 318 758
Disposals	-	(52 728)	(166 067)	(73 195)	(291 990)
Depreciation	(3 043 885)	(6 831 995)	(11 177 028)	(4 935 244)	(25 988 152)
Closing net book amount	**251 931 744**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**
As at 31 December 2019					
Cost or valuation	259 650 262	176 141 141	97 167 981	66 678 759	599 638 143
Accumulated depreciation	(7 718 518)	(38 171 014)	(74 856 680)	(20 648 793)	(141 395 005)
Net book amount	**251 931 744**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**
HISTORICAL COST					
Year ended 31 December 2018					
Opening net book amount	17 870 284	1 383 003	8 054 578	1 541 326	28 849 191
Additions	4 897 661	642 625	2 321 502	976 479	8 838 267
Disposals	-	(3 827)	(1 916)	-	(5 743)
Depreciation	(443 759)	(609 312)	(1 265 575)	(488 370)	(2 807 016)
Closing net book amount	**22 324 186**	**1 412 489**	**9 108 589**	**2 029 435**	**34 874 699**
As at 31 December 2018					
Cost or valuation	23 999 208	5 670 625	14 774 948	4 408 432	48 853 213
Accumulated depreciation	(1 676 651)	(4 258 136)	(5 658 477)	(2 127 446)	(13 720 710)
Accumulated impairment	1 629	-	(7 882)	(251 551)	(257 804)
Net book amount	**22 324 186**	**1 412 489**	**9 108 589**	**2 029 435**	**34 874 699**
Year ended 31 December 2019					
Opening net book amount	22 324 186	1 412 489	9 108 589	2 029 435	34 874 699
Additions	1 127 617	12 530 117	1 838 188	2 439 099	17 935 021
Revaluation of property	229 044 891	125 306 131	12 770 394	42 322 303	409 443 719
Disposals	-	(6 124)	(19 285)	(8 500)	(33 909)
Depreciation	(564 950)	(1 272 486)	(1 386 585)	(752 371)	(3 976 392)
Closing net book amount	**251 931 744**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**
As at 31 December 2019					
Cost or valuation	254 171 716	143 168 215	29 282 972	49 060 138	475 683 041
Accumulated depreciation	(2 241 601)	(5 198 088)	(6 963 789)	(2 778 621)	(17 182 099)
Accumulated impairment	1 629	-	(7 882)	(251 551)	(257 804)
Net book amount	**251 931 744**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 19 ZWL$	31 Dec 18 ZWL$	31 Dec 19 ZWL$	31 Dec 18 ZWL$
14	**DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS**				
14.1	**Deposits from customers**				
	Demand deposits	1 743 082 384	3 076 053 490	1 743 082 384	495 219 204
	Promissory notes	220 261 721	270 081 167	220 261 721	43 480 837
	Other time deposits	61 530 409	554 063 960	61 530 409	89 199 721
		2 024 874 514	**3 900 198 617**	**2 024 874 514**	**627 899 762**
	Current	2 017 197 497	3 850 156 254	2 017 197 497	619 843 355
	Non-current	7 677 017	50 042 363	7 677 017	8 056 407
	Total	**2 024 874 514**	**3 900 198 617**	**2 024 874 514**	**627 899 762**
14.2	**Deposits from other banks**				
	Money market deposits	195 140 989	875 034 804	195 140 989	140 873 376
	Current	**195 140 989**	**875 034 804**	**195 140 989**	**140 873 376**
14.3	**Borrowings**				
	Foreign lines of credit	1 721 776 897	645 484 383	1 721 776 897	103 917 654
	Other borrowings	554 889	2 999 197	554 889	482 846
		1 722 331 786	**648 483 580**	**1 722 331 786**	**104 400 500**
	Current	39 600 979	31 072 352	39 600 979	5 002 392
	Non-current	1 682 730 807	617 411 228	1 682 730 807	99 398 108
	Total	**1 722 331 786**	**648 483 580**	**1 722 331 786**	**104 400 500**
	Total deposits and borrowings	**3 942 347 289**	**5 423 717 001**	**3 942 347 289**	**873 173 638**

14.4	INFLATION ADJUSTED Deposit concentration	31 Dec 19 ZWL$	%	31 Dec 18 ZWL$	%
	Agriculture	108 196 036	3%	209 419 887	4%
	Construction	65 529 366	2%	123 980 379	2%
	Wholesale and retail trade	454 635 668	12%	866 712 267	17%
	Public sector	133 601 753	3%	289 695 440	5%
	Manufacturing	238 021 241	6%	453 868 273	8%
	Telecommunication	130 290 710	3%	279 745 420	5%
	Transport	108 170 299	3%	202 652 037	4%
	Individuals	315 367 298	8%	615 159 249	11%
	Financial services	1 813 838 099	46%	1 428 642 177	27%
	Mining	324 510 898	8%	618 911 179	11%
	Other	250 185 921	6%	334 930 693	6%
		3 942 347 289	**100%**	**5 423 717 001**	**100%**
	HISTORICAL COST **Deposit concentration**				
	Agriculture	108 196 036	3%	33 714 872	4%
	Construction	65 529 366	2%	19 959 817	2%
	Wholesale and retail trade	454 635 668	12%	139 533 516	17%
	Public sector	133 601 753	3%	46 638 573	5%
	Manufacturing	238 021 241	6%	73 069 043	8%
	Telecommunication	130 290 710	3%	45 036 702	5%
	Transport	108 170 299	3%	32 625 304	4%
	Individuals	315 367 298	8%	99 035 558	11%
	Financial services	1 813 838 099	46%	229 999 590	27%
	Mining	324 510 898	8%	99 639 588	11%
	Other	250 185 921	6%	53 921 075	6%
		3 942 347 289	**100%**	**873 173 638**	**100%**

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 19 ZWL$	31 Dec 18 ZWL$	31 Dec 19 ZWL$	31 Dec 18 ZWL$
15	**INSURANCE LIABILITIES**				
	Gross outstanding claims	32 306 364	63 855 083	29 018 115	10 280 141
	Liability for unearned premium	68 325 654	32 712 386	22 315 117	3 641 761
		100 632 018	**96 567 469**	**51 333 232**	**13 921 902**
	Current	**100 632 018**	**96 567 469**	**51 333 232**	**13 921 902**
16	**TRADE AND OTHER PAYABLES**				
	Trade and other payables	98 869 628	76 122 154	97 474 651	12 255 038
	Deferred income	24 947 322	29 423 708	11 578 331	4 736 974
	Visa and MasterCard settlement payables	104 844 009	43 640 096	104 844 009	5 593 158
	TT Resdex inwards	143 621 711	1 527 227	143 621 711	245 871
	RBZ cash cover	351 355 319	-	351 355 319	-
	Zimswitch settlement	9 052 117	9 581 287	9 052 117	1 542 508
	Instant banking balances	5 595 738	27 069 606	5 595 738	4 357 983
	Other liabilities	141 772 981	110 862 619	141 508 183	18 011 136
		880 058 825	**298 226 697**	**865 030 059**	**46 742 668**
	Current	819 413 099	202 680 146	819 216 750	32 962 918
	Non-current	60 645 726	95 546 551	45 813 309	13 779 750
	Total	**880 058 825**	**298 226 697**	**865 030 059**	**46 742 668**
17	**SHARE CAPITAL AND SHARE PREMIUM**				
17.1	**Authorised**				
	Number of ordinary shares, with a nominal value of ZWL$0,00001	**800 000 000**	**800 000 000**	**800 000 000**	**800 000 000**
17.2	**Issued and fully paid**				
	Number of ordinary shares, with a nominal value of ZWL$0,00001	**671 949 927**	**671 949 927**	**671 949 927**	**671 949 927**

17.3	Share capital movement	Number of Shares	Share Capital ZWL$	Share Premium ZWL$	Total ZWL$
	INFLATION ADJUSTED				
	As at 1 January 2018	**671 949 927**	**57 859**	**121 273 040**	**121 330 899**
	Share issue	-	-	-	-
	As at 31 December 2018	**671 949 927**	**57 859**	**121 273 040**	**121 330 899**
	Share issue	-	-	-	-
	As at 31 December 2019	**671 949 927**	**57 859**	**121 273 040**	**121 330 899**
	HISTORICAL COST				
	As at 1 January 2018	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
	Share issue	-	-	-	-
	As at 31 December 2018	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
	Share issue	-	-	-	-
	As at 31 December 2019	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

FBC Holdings Limited

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Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 19 ZWL$	31 Dec 18 ZWL$	31 Dec 19 ZWL$	31 Dec 18 ZWL$
18	**INTEREST INCOME**				
	Cash and cash equivalents	5 324 683	6 780 351	3 285 192	254 667
	Loans and advances to other banks	23 546 639	19 519 270	10 548 883	2 384 789
	Loans and advances to customers	444 288 529	491 766 920	190 573 794	60 876 711
	Banker's acceptances and tradable bills	51 702 678	176 361 480	19 876 933	21 490 124
	Other interest income	3 654 340	1 833 723	220 438	304 091
		528 516 869	**696 261 744**	**224 505 240**	**85 310 382**
	Credit related fees that are an integral part of the effective interest on loans and advances have been classified under interest income.				
18.1	**INTEREST EXPENSE**				
	Deposit from other banks	22 016 507	22 525 519	9 067 272	4 778 238
	Demand deposits	7 288 823	19 852 049	3 306 963	2 459 326
	Lines of credit from financial institutions	144 691 609	66 331 744	66 093 991	5 686 106
	Time deposits	38 753 193	52 670 633	14 690 139	7 188 060
		212 750 132	**161 379 945**	**93 158 365**	**20 111 730**
19	**FEE AND COMMISSION INCOME**				
	Retail service fees	280 294 363	321 181 430	133 093 984	38 521 782
	Credit related fees	23 344 392	16 993 712	10 716 377	3 545 086
	Investment banking fees	1 354 950	2 624 326	657 203	326 413
	Brokerage commission	4 650 355	5 956 369	4 679 122	766 080
		309 644 060	**346 755 837**	**149 146 686**	**43 159 361**
19.1	**FEE AND COMMISSION EXPENSE**				
	Brokerage	**2 029 077**	**2 903 873**	**781 832**	**358 716**
20	**REVENUE**				
	Property sales	**31 851 496**	**76 375 696**	**16 586 687**	**10 839 739**
20.1	**COST OF SALES**				
	Raw materials	**12 458 749**	**59 133 593**	**3 073 238**	**8 350 999**
21	**INSURANCE PREMIUM REVENUE**				
	Gross premium written	388 325 870	274 336 019	173 340 846	35 439 009
	Change in unearned premium reserve ("UPR")	(46 437 037)	(4 098 086)	(18 755 751)	(402 557)
		341 888 833	**270 237 933**	**154 585 095**	**35 036 452**
22	**NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**				
	Financial assets at fair value through profit or loss (note 7), fair value gains	**72 709 084**	**19 596 042**	**72 709 084**	**3 139 229**
23	**OTHER OPERATING INCOME**				
	Rental income	2 019 096	1 122 506	550 045	212 282
	Profit disposal of property and equipment	2 693 509	305 917	35 901	39 689
	Sundry income	125 732 979	26 597 334	27 833 393	1 315 996
	Bad debts recoveries	21 438 928	37 742 423	6 280 059	7 539 868
	Fair value adjustment on investment property	86 025 134	(897 511)	143 905 214	45 970
	Legacy debt interest claim	18 021 472	-	18 021 472	-
		255 931 118	**64 870 669**	**196 626 084**	**9 153 805**
24	**NET INSURANCE COMMISSION EXPENSE**				
	Commissions paid	59 320 254	39 912 384	24 658 330	4 976 802
	Commission received	(13 517 148)	(9 328 286)	(7 876 187)	(1 147 861)
	Change in technical provisions	(9 907 424)	(247 512)	(5 032 107)	(22 737)
		35 895 682	**30 336 586**	**11 750 036**	**3 806 204**

25 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

INFLATION ADJUSTED

	Gross ZWL$	Reinsurance ZWL$	Net ZWL$
Year ended 31 December 2019			
Claims and loss adjustment expenses	(140 632 101)	63 792 846	(76 839 255)
Change in technical provisions	(9 124 760)	2 196 348	(6 928 412)
Total claims	**(149 756 861)**	**65 989 194**	**(83 767 667)**
Year ended 31 December 2018			
Claims and loss adjustment expenses	(126 449 622)	35 778 805	(90 670 817)
Change in technical provisions	2 299 428	707 961	3 007 389
Total claims	**(124 150 194)**	**36 486 766**	**(87 663 428)**
HISTORICAL COST			
Year ended 31 December 2019			
Claims and loss adjustment expenses	(73 281 692)	38 054 603	(35 227 089)
Change in technical provisions	(18 368 901)	921 187	(17 447 714)
Total claims	**(91 650 593)**	**38 975 790**	**(52 674 803)**
Year ended 31 December 2018			
Claims and loss adjustment expenses	(17 008 692)	5 760 092	(11 248 600)
Change in technical provisions	(521 731)	113 976	(407 755)
Total claims	**(17 530 423)**	**5 874 068**	**(11 656 355)**

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 19 ZWL$	31 Dec 18 ZWL$	31 Dec 19 ZWL$	31 Dec 18 ZWL$
26	**ADMINISTRATIVE EXPENSES**				
	Administrative expenses	363 924 031	236 759 937	148 609 889	29 592 178
	Staff costs (note 26.1)	369 637 895	272 485 209	192 279 183	32 425 016
	Directors' remuneration (note 26.2)	91 389 795	40 601 953	79 939 232	6 536 579
	Audit fees:				
	- Current year fees	4 297 349	2 058 516	3 225 311	331 404
	- Prior year fees	222 947	94 052	66 932	75 389
	- Other services	-	-	-	-
	Depreciation	25 988 152	21 092 412	3 976 392	2 807 016
	Amortisation	5 687 746	3 143 496	852 523	574 935
	Operating lease payment	6 137 874	7 466 839	3 286 217	959 818
		867 285 789	**583 702 414**	**432 235 679**	**73 302 335**
26.1	**Staff costs**				
	Salaries and allowances	353 108 637	261 266 246	189 106 984	30 642 742
	Social security	2 547 566	2 493 545	491 479	394 786
	Pension contribution	13 981 692	8 725 418	2 680 720	1 387 488
		369 637 895	**272 485 209**	**192 279 183**	**32 425 016**
26.2	**Director's remuneration**				
	Board fees	10 309 335	4 298 837	8 652 638	988 576
	Other emoluments	2 241 924	9 237 100	764 709	91 229
	For services as management	71 356 280	27 066 016	63 039 629	5 456 774
	Termination benefits	7 482 256	-	7 482 256	-
		91 389 795	**40 601 953**	**79 939 232**	**6 536 579**
27	**INCOME TAX EXPENSE**				
	Charge for the year				
	Current income tax on income for the reporting year	324 339 805	74 396 036	37 008 347	7 546 912
	Adjustments in respect of prior years	-	778 450	-	125 324
	Deferred income tax	207 762 191	15 769 716	196 474 418	2 538 794
	Income tax expense	**532 101 996**	**90 944 202**	**233 482 765**	**10 211 030**
28	**(LOSS)/EARNINGS PER SHARE**				
28.1	**Basic (loss)/earnings per share**				
	(Loss)/profit attributable to equity holders of the parent	(362 233 681)	38 617 370	295 598 000	44 416 204
	Total	**(362 233 681)**	**38 617 370**	**295 598 000**	**44 416 204**
	Basic (loss)/earnings per share (ZWL cents)	(58.67)	6.04	47.88	6.95
		(58.67)	**6.04**	**47.88**	**6.95**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2019				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2019	671 949 927	44 827 282	627 122 645	627 122 645
Treasury shares purchased	-	19 881 345	(19 881 345)	(9 761 017)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**64 708 627**	**607 241 300**	**617 361 628**
Year ended 31 December 2018				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2018	671 949 927	31 827 282	640 122 645	640 122 645
Treasury shares purchased	-	13 000 000	(13 000 000)	(1 246 575)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**44 827 282**	**627 122 645**	**638 876 070**

28.2 Diluted (loss)/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.

		INFLATION ADJUSTED		HISTORICAL COST	
		31 Dec 19 ZWL$	31 Dec 18 ZWL$	31 Dec 19 ZWL$	31 Dec 18 ZWL$
	(Loss)/Earnings				
	(Loss)/profit attributable to equity holders of the parent	(362 233 681)	38 617 370	295 598 000	44 416 204
	Total	**(362 233 681)**	**38 617 370**	**295 598 000**	**44 416 204**
	Weighted average number of ordinary shares at 31 December	**617 361 628**	**638 876 070**	**617 361 628**	**638 876 070**
	Diluted (loss)/earnings per share (ZWL cents)	(58.67)	6.04	47.88	6.95
		(58.67)	**6.04**	**47.88**	**6.95**
28.3	**Headline (loss)/earnings per share**				
	(Loss)/profit attributable to equity holders	**(362 233 681)**	**38 617 370**	**295 598 000**	**44 416 204**
	Adjusted for excluded remeasurements				
	Profit on the disposal of property and equipment (note 23)	(2 693 509)	(305 917)	(35 901)	(39 689)
	Headline (loss)/earnings	**(364 927 190)**	**38 311 453**	**295 562 099**	**44 376 515**
	Weighted average number of ordinary shares at 31 December	**617 361 628**	**638 876 070**	**617 361 628**	**638 876 070**
	Headline (loss)/earnings per share (ZWL cents)	**(59.11)**	**6.00**	**47.88**	**6.95**

Directors: Herbert Nkala (Chairman), Chipo Mtasa (Deputy Chairperson), John Mushayavanhu (Group Chief Executive)*, Kleto Chiketsani*, Gertrude S Chikwava, Aenesa Chuma, Gary S Collins, Franklin H Kennedy, Trynos Kufazvinei (Group Finance Director)*, Canada Malunga, Rute Moyo, Charles Msipa, Webster Rusere* (*Executive)

29 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

The Group comprises of six business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short term insurance and stockbroking. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group Executive Committee.

INFLATION ADJUSTED

31 December 2019	Commercial banking ZWL$	Microlending ZWL$	Mortgage financing ZWL$	Short term reinsurance ZWL$	Short term insurance ZWL$	Stockbroking ZWL$	Consolidated ZWL$
Total segment net income							
Interest income	428 963 460	37 450 138	61 012 202	1 250 892	1 038 479	705 555	530 420 726
Interest expense	(169 762 768)	(6 099 467)	(23 943 072)	-	-	-	(199 805 307)
Net interest income	259 200 692	31 350 671	37 069 130	1 250 892	1 038 479	705 555	330 615 419
Sales	-	-	31 851 496	-	-	-	31 851 496
Cost of sales	-	-	(12 458 749)	-	-	-	(12 458 749)
Gross profit	-	-	19 392 747	-	-	-	19 392 747
Net earned insurance premium	-	-	-	137 703 156	56 956 741	-	194 659 897
Net fee and commission income	266 860 702	5 335 648	30 724 109	-	-	4 214 181	307 134 640
Net trading income and other income	557 265 383	5 872 990	32 200 806	65 827 615	20 152 788	890 297	682 209 879
Total net income for reported segments	1 083 326 777	42 559 309	119 386 792	204 781 663	78 148 008	5 810 033	1 534 012 582
Intersegment revenue	(3 001 269)	(2 942 341)	(1 105 756)	(36 009 731)	30 096 764	(8 767)	(12 971 100)
Intersegment interest expense and commission	7 848 435	(3 160 036)	5 167 068	215 535	3 260 189	(16 773)	13 314 418
Net income from external customers	**1 088 173 943**	**36 456 932**	**123 448 104**	**168 987 467**	**111 504 961**	**5 784 493**	**1 534 355 900**
Segment profit/(loss) before income tax	**286 295 621**	**(37 997 561)**	**(154 081 267)**	**(26 780 977)**	**(26 973 862)**	**(4 449 577)**	**36 012 377**
Impairment allowances on financial assets	25 832 057	311 591	5 126 488	2 000 000	548 083	(7 834)	33 810 385
Depreciation	21 043 082	641 878	3 169 747	502 178	589 596	41 671	25 988 152
Amortisation	4 386 527	318 392	145 275	201 818	635 734	-	5 687 746
Segment assets	**5 359 225 494**	**58 635 435**	**447 693 676**	**200 584 353**	**119 453 846**	**4 620 935**	**6 190 213 739**
Total assets include:							
Additions to non-current assets	39 727 207	2 938 276	3 440 710	695 903	910 448	-	47 712 544
Segment liabilities	**4 705 820 457**	**32 858 001**	**244 053 738**	**125 103 318**	**82 155 168**	**2 726 084**	**5 192 716 766**
31 December 2018							
Total segment net income							
Interest income	492 357 910	73 846 064	128 639 776	4 646 813	1 833 723	3 225 464	704 549 750
Interest expense	(125 890 142)	(11 315 048)	(30 734 835)	-	-	-	(167 940 025)
Net interest income	366 467 768	62 531 016	97 904 941	4 646 813	1 833 723	3 225 464	536 609 725
Sales	-	-	76 375 696	-	-	-	76 375 696
Cost of sales	-	-	(59 133 593)	-	-	-	(59 133 593)
Gross profit	-	-	17 242 103	-	-	-	17 242 103
Net earned insurance premium	-	-	-	101 637 782	80 989 248	-	182 627 030
Net fee and commission income	287 178 252	9 251 029	50 026 634	-	-	5 022 579	351 478 494
Net trading income and other income	72 355 430	127 413	(159 700)	19 107 461	4 428 875	878 240	96 737 719
Total net income for reported segments	726 001 450	71 909 458	165 013 978	125 392 056	87 251 846	9 126 283	1 184 695 071
Intersegment revenue	8 621 995	38 089	4 442 731	54 317 495	(46 224 868)	41 803	21 237 245
Intersegment interest expense and commission	(7 166 852)	(8 619 517)	(3 294 697)	(39 148 139)	(7 540 300)	(34 430)	(65 803 935)
Net income from external customers	**727 456 593**	**63 328 030**	**166 162 012**	**140 561 412**	**33 486 678**	**9 133 656**	**1 140 128 381**
Segment profit/(loss) before income tax	**90 729 540**	**7 914 356**	**825 438**	**(18 489 166)**	**(9 687 017)**	**2 044 061**	**73 337 212**
Impairment allowances on financial assets	4 352 167	5 582 598	2 273 986	2 925 510	475 914	322	15 610 497
Depreciation	17 138 260	749 095	2 882 665	109 212	165 898	47 282	21 092 412
Amortisation	2 263 287	525 562	145 275	50 437	158 935	-	3 143 496
Segment assets	**5 630 574 215**	**170 483 053**	**1 225 712 506**	**200 945 617**	**104 381 967**	**16 690 782**	**7 348 788 140**
Total assets include:							
Additions to non-current assets	30 614 192	2 139 686	7 916 867	90 185	56 068	23 518	40 840 516
Investment in associates	-	-	-	4 229 297	-	-	-
Segment liabilities	**4 919 523 825**	**103 644 969**	**864 414 546**	**105 177 103**	**56 122 833**	**9 044 312**	**6 057 927 588**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

HISTORICAL COST

31 December 2019	Commercial banking ZWL$	Microlending ZWL$	Mortgage financing ZWL$	Short term reinsurance ZWL$	Short term insurance ZWL$	Stockbroking ZWL$	Consolidated ZWL$
Total segment net income							
Interest income	193 359 765	13 218 010	21 733 243	356 642	196 121	168 684	229 032 465
Interest expense	(78 397 877)	(2 407 117)	(9 407 526)	-	-	-	(90 212 520)
Net interest income	114 961 888	10 810 893	12 325 717	356 642	196 121	168 684	138 819 945
Sales	-	-	16 586 687	-	-	-	16 586 687
Cost of sales	-	-	(3 073 238)	-	-	-	(3 073 238)
Gross profit	-	-	13 513 449	-	-	-	13 513 449
Net earned insurance premium	-	-	-	61 858 749	24 887 753	-	86 746 502
Net fee and commission income	128 422 414	4 749 924	13 020 098	-	-	1 692 076	147 884 512
Net trading income and other income	529 011 049	1 985 633	44 017 483	71 519 008	18 385 603	890 117	665 808 893
Total net income for reported segments	772 395 351	17 546 450	82 876 747	133 734 399	43 469 477	2 750 877	1 052 773 301
Intersegment revenue	(3 001 269)	(2 942 341)	(1 105 756)	(36 009 731)	30 096 764	(8 767)	(12 971 100)
Intersegment interest expense and commission	7 848 435	(3 160 036)	5 167 068	215 535	3 260 189	(16 773)	13 314 418
Net income from external customers	**777 242 517**	**11 444 073**	**86 938 059**	**97 940 203**	**76 826 430**	**2 725 337**	**1 053 116 619**
Segment profit before income tax	**400 931 739**	**2 570 090**	**32 478 756**	**55 345 922**	**6 904 783**	**510 389**	**498 741 679**
Impairment allowances on financial assets	25 832 057	311 591	5 126 488	2 000 000	548 082	(2 032)	33 816 186
Depreciation	3 059 818	170 803	441 972	76 692	221 265	5 842	3 976 392
Amortisation	676 959	61 032	16 869	23 443	74 220	-	852 523
Segment assets	**5 342 950 647**	**51 374 903**	**389 465 557**	**191 272 092**	**112 129 474**	**4 620 935**	**6 091 813 608**
Total assets include:							
Additions to non-current assets	19 946 178	1 170 492	1 622 358	221 481	245 135	-	23 205 644
Segment liabilities	**4 715 111 255**	**32 858 001**	**244 053 738**	**95 595 632**	**65 322 478**	**2 726 083**	**5 155 667 187**
31 December 2018							
Total segment net income							
Interest income	60 154 388	9 083 399	15 817 053	555 073	226 151	388 999	86 225 063
Interest expense	(15 606 863)	(1 387 091)	(3 819 067)	-	-	-	(20 813 021)
Net interest income	44 547 525	7 696 308	11 997 986	555 073	226 151	388 999	65 412 042
Sales	-	-	10 839 739	-	-	-	10 839 739
Cost of sales	-	-	(8 350 999)	-	-	-	(8 350 999)
Gross profit	-	-	2 488 740	-	-	-	2 488 740
Net earned insurance premium	-	-	-	12 526 235	10 022 283	-	22 548 518
Net fee and commission income	35 719 180	1 131 633	6 186 328	-	-	649 156	43 686 297
Net trading income and other income	9 244 214	14 804	104 982	2 997 095	667 798	140 633	13 169 526
Total net income for reported segments	89 510 919	8 842 745	20 778 036	16 078 403	10 916 232	1 178 788	147 305 123
Intersegment revenue	(1 388 070)	(6 132)	(715 243)	(8 744 668)	7 441 822	(6 730)	(3 419 021)
Intersegment interest expense and commission	1 153 804	1 387 671	530 419	6 302 527	1 213 926	5 543	10 593 890
Net income from external customers	**89 276 653**	**10 224 284**	**20 593 212**	**13 636 262**	**19 571 980**	**1 177 601**	**154 479 992**
Segment profit before income tax	**33 802 683**	**3 855 139**	**11 696 179**	**2 667 001**	**443 220**	**612 323**	**53 076 545**
Impairment allowances on financial assets	700 663	898 752	366 093	470 983	76 618	312	2 513 421
Depreciation	2 235 536	92 277	310 584	42 350	120 429	5 840	2 807 016
Amortisation	399 301	61 032	16 870	23 905	73 827	-	574 935
	-	-	-	-	-	-	-
Segment assets	**896 448 380**	**27 400 002**	**192 801 038**	**31 737 372**	**15 050 013**	**2 672 274**	**1 166 109 079**
Total assets include:							
Additions to non-current assets	2 999 899	255 500	940 809	80 754	33 346	3 103	4 313 411
Investment in associates	-	-	-	491 139	-	-	-
Segment liabilities	**790 947 826**	**16 775 318**	**139 163 603**	**15 903 342**	**7 550 225**	**1 448 194**	**971 788 508**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

30 SEGMENT REPORTING

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 19 ZWL$	31 Dec 18 ZWL$	31 Dec 19 ZWL$	31 Dec 18 ZWL$
Operating segments reconciliations				
Net income				
Total net income for reportable segments	1 534 355 899	1 184 695 071	1 053 116 619	154 479 992
Total net income for non reportable segments	230 150 909	97 883 586	112 712 183	12 527 955
Elimination of intersegment revenue received from the holding company	-	(9 112 776)	-	(1 118 764)
Intersegment eliminations	(166 086 644)	(110 651 924)	(106 001 646)	(19 964 395)
Group total net income	**1 598 420 164**	**1 162 813 957**	**1 059 827 156**	**145 924 788**
Group profit before tax				
Total profit before income tax for reportable segments	36 012 377	73 337 212	498 741 679	53 076 545
Intersegment eliminations	132 771 230	55 638 288	30 608 773	1 569 928
Profit before income tax	**168 783 607**	**128 975 500**	**529 350 452**	**54 646 473**
Group assets				
Total assets for reportable segments	6 190 213 739	7 348 788 140	6 091 813 608	1 166 109 079
Other group assets	892 176 830	643 895 136	425 345 534	6 417 517
Deferred tax asset allocated to the holding company	-	-	-	511 314
Intersegment eliminations	(865 589 498)	(960 566 556)	(406 333 109)	(59 061 191)
Group total assets	**6 216 801 071**	**7 032 116 720**	**6 110 826 033**	**1 113 976 719**
Group liabilities				
Total liabilities for reportable segments	5 192 716 766	6 057 927 588	5 155 667 187	971 788 508
Other group liabilities and elimination of intersegment payables	14 782 541	(224 324 309)	4 689 375	(36 523 756)
Group total liabilities	**5 207 499 307**	**5 833 603 279**	**5 160 356 562**	**935 264 752**

In the normal course of business, group companies trade with one another and the material intergroup transactions include:

1) Underwriting of insurance risk by the insurance subsidiary;
2) Reinsurance of the insurance subsidiary's insurance risk by the reinsurance subsidiary;
3) Borrowings from the banking subsidiary by group companies and placement of funds and operating of current accounts; and
4) Placement of funds with the Building Society by group companies.

These transactions result in income, expenses, assets and liabilities that are eliminated on consolidation.

FBC Holdings Limited
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Audited Results
FOR THE YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL RISK MANAGEMENT

The Group has a defined risk appetite that is set by the Board and it outlines the amount of risk that the business is prepared to take in pursuit of its objectives and it plays a pivotal role in the development of risk management plans and policies. The Group regularly reviews its policies and systems to reflect changes in markets, products, regulations and best market practice.

The policies specifically cover foreign exchange risk, liquidity risk, interest rate risk , credit risk and the general use of financial instruments. Group Risk and Compliance and Group Internal audit review from time to time the integrity of the risk control systems in place and ensure that risk policies and strategies are effectively implemented within the Group.

The Group's risk management strategies and plans are aimed at achieving an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's activities and operations results in exposure to the following risks:
(a) Credit risk
(b) Market risk
(b.i) Interest rate risk,
(b.ii) Currency risk
(b.iii) Price risk
(c) Liquidity risk
(d) Settlement risk
(e) Operational risk
(f) Capital risk

Other risks:
g) Reputational risk
h) Legal and Compliance risk
i) Strategic risk

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

31.1 Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet their obligations as and when they fall due. Credit risk arises from lending, trading, insurance products and investment activities and products. Credit risk and exposure to loss are inherent parts of the Group's business.

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

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

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

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

Credit policies, procedures and limits

The Group has sound and well-defined policies, procedures and limits which are reviewed at least once every year and approved by the Board of Directors of the subsidiary companies and strictly implemented by Management. Credit risk limits include delegated approval and write-off limits to Credit Managers, Management, Board Credit Committees and the Board. In addition there are counterparty limits, individual account limits, group limits and concentration limits.

Credit risk mitigation and hedging

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

Credit risk stress testing

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

Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on the lifetime rather than 12-month Expected Credit Losses (ECL).

Credit terms:
Default

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

Past due loans

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

Impaired loans

The Group's policy regarding impaired/doubtful loans is that all loans where the degree of default becomes extensive such that the Group no longer has reasonable assurance of collection of the full outstanding amount of principal and interest; all such loans are classified in the categories 8, 9 and 10 under the Basel II ten tier grading system and stage 3 under IFRS 9 staging matrix.

Provisioning policy and write offs

The Group has adopted IFRS 9 to determine expected credit losses (ECL)

The table below shows the mapping of the RBZ Supervisory Rating Scale to the IFRS 9 staging matrix

Rating	Descriptive classification	Risk level	Level of allowance	2012 Grading and level of allowance	IFRS 9 grading/ tier system	Type of allowance
1	Prime grade	Insignificant	1%	A (1%)	Stage 1	12 Months
2	Strong	Modest	1%			
3	Satisfactory	Average	2%			
4	Moderate	Acceptable	3%	B (3%)	Stage 2	Lifetime ECL
5	Fair	Acceptable with care	4%			
6	Speculative	Management attention	5%			
7	Highly Speculative	Special mention	10%			
8	Substandard	Vulnerable	20%	C (20%)	Stage 3	Lifetime ECL
9	Doubtful	High default	50%	D (50%)		
10	Loss	Bankrupt	100%	E (100%)		

Expected Credit Losses (ECL)

In the context of IFRS 9, it is the probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract (scheduled or contractual cashflows) and the cash flows that the entity expects to receive (actual expected cashflows)

Expected Credit Losses are the product of Probability of Default(PD)*Exposure at Default (EAD)* Loss Given Default(LGD)

Probability of Default (PD)

It is the chance that borrowers will fail to meet their contractual obligations in the future. The PD is derived using historical internal credit rating data.

Exposure at Default (EAD)

It is the total value that a bank is exposed to at the time of a loan's default. In most cases and for most loan products, EAD is taken as the gross outstanding balance at time of default. It also includes off -balance sheet exposures such as guarantees and lending commitments which are then modeled based on historical experience to determine the appropriate exposure estimates.

Loss Given Default (LGD)

It is an estimate of the loss from a transaction given that a default has occurred. The LGD estimate is calculated as the quotient of the set of estimated cash flows resulting from the workout and/or collections process (the loss of principal, the carrying costs of non-performing loans e.g. interest income foregone and workout expenses). The estimates take into account the time value of money by discounting the recoveries to the date of default.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
31.1.1 Exposure to credit risk	ZWL$	ZWL$	ZWL$	ZWL$
Loans and advances				
Past due and impaired				
Stage 3/Grade 8: Impaired	3 551 198	14 117 457	3 551 198	2 272 794
Stage 3/Grade 9: Impaired	938 893	8 047 506	938 893	1 295 582
Stage 3/Grade 10: Impaired	4 154 084	8 211 309	4 154 084	1 321 953
Gross amount, past due and impaired	**8 644 175**	**30 376 272**	**8 644 175**	**4 890 329**
Allowance for impairment	(3 289 774)	(15 542 158)	(3 289 774)	(2 502 159)
Carrying amount, past due and impaired	**5 354 401**	**14 834 114**	**5 354 401**	**2 388 170**
Past due but not impaired				
Stage 2/Grade 4 - 7:	62 235 412	441 152 018	62 235 412	71 021 831
Neither past due nor impaired				
Stage 1/Grade 1 - 3:	2 533 028 329	2 128 122 614	2 533 004 430	342 068 845
Gross amount, not impaired	**2 595 263 741**	**2 569 274 632**	**2 595 239 842**	**413 090 676**
Allowance for impairment	(39 673 944)	(61 931 842)	(39 673 944)	(9 970 515)
Carrying amount, not impaired	**2 555 589 797**	**2 507 342 790**	**2 555 565 898**	**403 120 161**
Total carrying amount	**2 560 944 198**	**2 522 176 904**	**2 560 920 299**	**405 508 331**

Loans and advances — INFLATION ADJUSTED

	31 Dec 19				31 Dec 18			
	ECL staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	ECL staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Investment grade	2 533 028 329	-	-	2 533 028 329	2 128 122 614	-	-	2 128 122 614
Standard monitoring	-	39 640 753	-	39 640 753	-	319 854 483	-	319 854 483
Special monitoring	-	22 594 659	-	22 594 659	-	121 297 535	-	121 297 535
Default	-	-	8 644 175	8 644 175	-	-	30 376 272	30 376 272
Gross loans and advances	**2 533 028 329**	**62 235 412**	**8 644 175**	**2 603 907 916**	**2 128 122 614**	**441 152 018**	**30 376 272**	**2 599 650 904**
Loss allowance	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)	(26 131 527)	(35 800 315)	(15 542 158)	(77 474 000)
Net loans and advances	**2 503 436 283**	**52 153 514**	**5 354 401**	**2 560 944 198**	**2 101 991 087**	**405 351 703**	**14 834 114**	**2 522 176 904**
Analysis								
Gross amount								
Balance as at January	**2 128 122 613**	**441 152 019**	**30 376 272**	**2 599 650 904**	**1 450 974 503**	**422 019 695**	**89 743 977**	**1 962 738 175**
Effects of IAS29	(1 786 053 768)	(370 130 188)	(25 485 944)	(2 181 669 900)				
Transfers	3 022 579	(6 948 380)	3 925 800		(26 099 724)	17 455 187	8 644 537	
Stage 1	(12 125 345)	8 675 298	3 450 046		(82 297 576)	74 060 557	8 237 019	
Stage 2	14 604 040	(15 838 596)	1 234 557		54 108 701	(59 074 490)	4 965 789	
Stage 3	543 884	214 918	(758 803)		2 089 151	2 469 120	(4 558 271)	
New issue	2 330 966 949	31 478 360	1 007 604	2 363 452 913	2 224 696 481	259 256 860	5 821 771	2 489 775 112
Repayments	(143 030 044)	(33 316 399)	(728 626)	(177 075 069)	(1 521 448 647)	(257 579 723)	(69 464 193)	(1 848 492 563)
Amounts written off during the year as uncollectible	-	-	(450 932)	(450 932)	-	-	(4 369 820)	(4 369 820)
Balance as at December	**2 533 028 329**	**62 235 412**	**8 644 174**	**2 603 907 916**	**2 128 122 613**	**441 152 019**	**30 376 272**	**2 599 650 904**
Impairment								
Balance as at January	**26 131 527**	**35 800 315**	**15 542 158**	**77 474 000**	**41 654 603**	**23 280 741**	**29 714 413**	**94 649 755**
Changes on initial application of IFRS 9	-	-	-	-	(1 167 085)	368 652	(3 767 417)	(4 565 848)
Effects of IAS29	(21 924 567)	(30 036 760)	(13 039 999)	(65 001 326)				
Transfers	267 332	(324 669)	57 337		(4 921 625)	(625 939)	5 547 564	
Stage 1	(303 613)	204 984	98 629		(6 096 449)	2 763 769	3 332 680	
Stage 2	456 697	(582 762)	126 065		1 077 235	(3 455 513)	2 378 277	
Stage 3	114 248	53 109	(167 357)		97 589	65 805	(163 393)	
Net change due to new issues and repayments	28 354 234	4 121 492	(450 005)	32 025 721	(5 374 456)	15 452 594	2 565 903	12 644 041
Interest in suspense (reclassifaction)	-	-	-	-	(1 413 315)	(149 921)	(11 557 581)	(13 120 817)
Changes in parameters	(3 236 480)	521 520	1 631 215	(1 083 745)	(2 646 595)	(2 525 812)	(2 590 904)	(7 763 311)
Amounts written off during the year as uncollectible	-	-	(450 932)	(450 932)	-	-	(4 369 820)	(4 369 820)
Balance as at December	**29 592 046**	**10 081 898**	**3 289 774**	**42 963 718**	**26 131 527**	**35 800 315**	**15 542 158**	**77 474 000**

Loans and advances — HISTORICAL COST

	31 Dec 19				31 Dec 18			
	ECL staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	ECL staging Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Investment grade	2 533 004 430	-	-	2 533 004 430	342 068 845	-	-	342 068 845
Standard monitoring	-	39 640 752	-	39 640 752	-	51 493 930	-	51 493 930
Special monitoring	-	22 594 660	-	22 594 660	-	19 527 901	-	19 527 901
Default	-	-	8 644 175	8 644 175	-	-	4 890 329	4 890 329
Gross loans and advances	2 533 004 430	62 235 412	8 644 175	2 603 884 017	342 068 845	71 021 831	4 890 329	417 981 005
Loss allowance	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)	(4 206 960)	(5 763 555)	(2 502 159)	(12 472 674)
Net loans and advances	2 503 412 384	52 153 514	5 354 401	2 560 920 299	337 861 885	65 258 276	2 388 170	405 508 331
Analysis								
Gross amount								
Balance as at January	**342 068 845**	**71 021 831**	**4 890 329**	**417 981 005**	**233 594 910**	**67 941 685**	**14 448 039**	**315 984 634**
Transfers	3 022 580	(6 948 380)	3 925 800		(4 201 840)	2 810 141	1 391 699	
Stage 1	(12 125 345)	8 675 298	3 450 047		(13 249 230)	11 923 138	1 326 092	
Stage 2	14 604 040	(15 838 596)	1 234 556		8 711 054	(9 510 505)	799 451	
Stage 3	543 885	214 918	(758 803)		336 336	397 508	(733 844)	
New issue	2 331 483 152	31 478 362	1 007 604	2 363 969 118	357 616 440	41 738 213	937 257	400 291 910
Repayments	(143 570 147)	(33 316 401)	(728 626)	(177 615 174)	(244 940 665)	(41 468 208)	(11 183 161)	(297 592 034)
Amounts written off during the year as uncollectible	-	-	(450 932)	(450 932)	-	-	(703 505)	(703 505)
Balance as at December	**2 533 004 430**	**62 235 412**	**8 644 175**	**2 603 884 017**	**342 068 845**	**71 021 831**	**4 890 329**	**417 981 005**
Impairment								
Balance as at January	**4 206 960**	**5 763 555**	**2 502 159**	**12 472 674**	**6 706 047**	**3 748 007**	**4 783 775**	**15 237 829**
Changes on initial application of IFRS 9	-	-	-	-	(187 891)	59 350	(606 523)	(735 064)
Transfers	267 332	(324 669)	57 337		(792 341)	(100 771)	893 112	
Stage 1	(303 613)	204 984	98 629		(981 478)	444 944	536 534	
Stage 2	456 697	(582 762)	126 065		173 426	(556 309)	382 883	
Stage 3	114 248	53 109	(167 357)		15 711	10 594	(26 305)	
Net change due to new issues and repayments	28 354 234	4 121 492	(450 005)	32 025 721	(865 243)	2 487 740	413 089	2 035 586
Interest in suspense (reclassifaction)	-	-	-	-	(227 532)	(24 136)	(1 860 675)	(2 112 343)
Changes in parameters	(3 236 480)	521 520	1 631 215	(1 083 745)	(426 080)	(406 635)	(417 114)	(1 249 829)
Amounts written off during the year as uncollectible	-	-	(450 932)	(450 932)	-	-	(703 505)	(703 505)
Balance as at December	**29 592 046**	**10 081 898**	**3 289 774**	**42 963 718**	**4 206 960**	**5 763 555**	**2 502 159**	**12 472 674**

Loans and advances neither past due nor impaired

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

Loans and advances past due but not impaired

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

31.1.2 Sectoral analysis of utilizations of loans and advances to customers

	INFLATION ADJUSTED				HISTORICAL COST			
	31 Dec 19 ZWL$	31 Dec 19 %	31 Dec 18 ZWL$	31 Dec 18 %	31 Dec 19 ZWL$	31 Dec 19 %	31 Dec 18 ZWL$	31 Dec 18 %
Mining	207 529 414	8%	96 839 080	4%	207 529 414	8%	15 590 292	4%
Manufacturing	51 292 366	2%	165 306 245	6%	51 292 366	2%	26 612 940	6%
Mortgage	101 049 526	4%	444 426 857	17%	101 049 526	4%	71 549 053	17%
Wholesale	21 959 881	1%	167 502 034	6%	21 959 881	1%	26 966 444	6%
Distribution	68 432 245	3%	133 456 859	5%	68 432 245	3%	21 485 452	5%
Individuals	167 265 480	6%	644 763 824	25%	167 265 480	6%	103 801 650	25%
Agriculture	151 318 786	6%	138 735 764	5%	151 318 786	6%	22 335 312	5%
Communication	6 044 620	0%	32 211 771	1%	6 044 620	0%	5 185 829	1%
Construction	17 237 732	1%	62 054 190	2%	17 237 732	1%	9 990 212	2%
Local authorities	9 027 415	0%	66 237 765	3%	9 027 415	0%	10 663 733	3%
Other services	1 802 750 451	69%	648 116 515	25%	1 802 726 552	70%	103 800 088	25%
	2 603 907 916	**100%**	**2 599 650 904**	**100%**	**2 603 884 017**	**100%**	**417 981 005**	**100%**

Reconciliation of allowance for impairment for loans and advances

INFLATION ADJUSTED	31 Dec 19 Specific allowance / Stage 3 ZWL$	31 Dec 19 Collective allowance / Stage 1-2 ZWL$	31 Dec 19 Total ZWL$	31 Dec 18 Specific allowance / Stage 3 ZWL$	31 Dec 18 Collective allowance / Stage 1-2 ZWL$	31 Dec 18 Total ZWL$
Balance at 1 January	15 542 158	61 931 842	77 474 000	34 182 289	60 467 466	94 649 755
Effects of IAS 29	(13 039 999)	(51 961 327)	(65 001 326)	-	-	-
Change on initial application of IFRS 9	-	-	-	(6 171 602)	1 605 756	(4 565 846)
Impairment loss allowance	1 737 894	29 781 871	31 519 765	4 345 608	535 120	4 880 728
Impairment reversal	(499 347)	(78 442)	(577 789)	(2 126 643)	2 126 643	-
Amounts written off during the year	(450 932)	-	(450 932)	(4 369 820)	-	(4 369 820)
Interest in suspense (reclassifaction)	-	-	-	(10 317 674)	(2 803 143)	(13 120 817)
Balance as at 31 December	**3 289 774**	**39 673 944**	**42 963 718**	**15 542 158**	**61 931 842**	**77 474 000**
HISTORICAL COST						
Balance at 1 January	2 502 159	9 970 515	12 472 674	5 503 066	9 734 763	15 237 829
Change on initial application of IFRS 9	-	-	-	(993 577)	258 513	(735 064)
Impairment loss allowance	1 737 894	29 781 871	31 519 765	699 607	86 150	785 757
Impairment reversal	(499 347)	(78 442)	(577 789)	(342 372)	342 372	-
Amounts written off during the year	(450 932)	-	(450 932)	(703 505)	-	(703 505)
Interest in suspense (reclassifaction)	-	-	-	(1 661 060)	(451 283)	(2 112 343)
Balance as at 31 December	**3 289 774**	**39 673 944**	**42 963 718**	**2 502 159**	**9 970 515**	**12 472 674**

31.1.3 Bonds and Debentures

INFLATION ADJUSTED	31 Dec 19 ECL staging Stage 1 12-month ECL ZWL$	31 Dec 19 Stage 2 Lifetime ECL ZWL$	31 Dec 19 Stage 3 Lifetime ECL ZWL$	31 Dec 19 Total ZWL$	31 Dec 18 ECL staging Stage 1 12-month ECL ZWL$	31 Dec 18 Stage 2 Lifetime ECL ZWL$	31 Dec 18 Stage 3 Lifetime ECL ZWL$	31 Dec 18 Total ZWL$
Credit grade								
Investment grade	122 134 866	-	-	122 134 866	1 404 754 809	-	-	1 404 754 809
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	**122 134 866**	**-**	**-**	**122 134 866**	**1 404 754 809**	**-**	**-**	**1 404 754 809**
Impairment loss allowance	(624 232)	-	-	(624 232)	(7 007 515)	-	-	(7 007 515)
Net Bonds and Debentures	**121 510 634**	**-**	**-**	**121 510 634**	**1 397 747 294**	**-**	**-**	**1 397 747 294**
Analysis								
Gross amount								
Balance as at January	**1 404 754 809**	**-**	**-**	**1 404 754 809**	**171 646 787**	**-**	**-**	**171 646 787**
Effects of IAS29	(1 178 060 784)			(1 178 060 784)				
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	25 684 000	-	-	25 684 000	2 214 958 730	-	-	2 214 958 730
Repayments	(130 243 159)	-	-	(130 243 159)	(981 850 708)	-	-	(981 850 708)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**122 134 866**		**-**	**122 134 866**	**1 404 754 809**	**-**	**-**	**1 404 754 809**
Impairment								
Balance as at January	7 007 515	-	-	7 007 515	-	-	-	-
Changes on initial application of IFRS 9	-	-	-	-	1 414 594	-	-	1 414 594
Effects of IAS29	(5 879 363)	-	-	(5 879 363)				
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(503 920)	-	-	(503 920)	5 592 921	-	-	5 592 921
Interest in suspense (reclassifaction)	-	-	-		-	-	-	-
Changes in parameters	-	-	-		-	-	-	-
Amounts written off during the year as uncollectible	-	-	-		-	-	-	-
Balance as at December	**624 232**			**624 232**	**7 007 515**	**-**	**-**	**7 007 515**
HISTORICAL COST								
Credit grade								
Investment grade	122 134 866	-		122 134 866	226 694 025	-	-	226 694 025
Standard monitoring	-	-		-	-	-	-	-
Special monitoring	-	-		-	-	-	-	-
Default	-	-		-	-	-	-	-
Gross Bonds and Debentures	**122 134 866**	**-**	**-**	**122 134 866**	**226 694 025**	**-**	**-**	**226 694 025**
Impairment loss allowance	(624 232)	-	-	(624 232)	(1 128 152)	-	-	(1 128 152)
Net Bonds and Debentures	**121 510 634**	**-**	**-**	**121 510 634**	**225 565 873**	**-**	**-**	**225 565 873**
Analysis								
Gross amount								
Balance as at January	**226 694 025**	**-**	**-**	**226 694 025**	**27 633 715**	**-**	**-**	**27 633 715**
Transfers	-	-	-		-	-	-	
Stage 1	-				-	-	-	
Stage 2	-				-	-	-	
Stage 3	-				-	-	-	
New issue	25 684 000	-	-	25 684 000	357 130 164	-	-	357 130 164
Repayments	(130 243 159)	-	-	(130 243 159)	(158 069 854)	-	-	(158 069 854)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**122 134 866**		**-**	**122 134 866**	**226 694 025**	**-**	**-**	**226 694 025**
Impairment								
Balance as at January	1 128 152	-	-	1 128 152	-	-	-	-
Changes on initial application of IFRS 9	-	-	-	-	227 738	-	-	227 738
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	(503 920)	-	-	(503 920)	900 414	-	-	900 414
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**624 232**	**-**	**-**	**624 232**	**1 128 152**	**-**	**-**	**1 128 152**

31.1.4 Financial assets at amortised cost

INFLATION ADJUSTED	31 Dec 19 ECL staging Stage 1 12-month ECL ZWL$	31 Dec 19 Stage 2 Lifetime ECL ZWL$	31 Dec 19 Stage 3 Lifetime ECL ZWL$	31 Dec 19 Total ZWL$	31 Dec 18 ECL staging Stage 1 12-month ECL ZWL$	31 Dec 18 Stage 2 Lifetime ECL ZWL$	31 Dec 18 Stage 3 Lifetime ECL ZWL$	31 Dec 18 Total ZWL$
Credit grade								
Investment grade	191 695 608	-	-	191 695 608	1 163 087 606	-	-	1 163 087 606
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**191 695 608**	**-**	**-**	**191 695 608**	**1 163 087 606**	**-**	**-**	**1 163 087 606**
Impairment loss allowance	(965 342)	-	-	(965 342)	(5 353 579)	-	-	(5 353 579)
Net financial asset at amortised cost	**190 730 266**	**-**	**-**	**190 730 266**	**1 157 734 027**	**-**	**-**	**1 157 734 027**
Analysis								
Gross amount								
Balance as at January	**1 163 087 606**	**-**	**-**	**1 163 087 606**	**701 146 673**	**-**	**-**	**701 146 673**
Effects of IAS29	(976 157 428)	-	-	(976 157 428)	-	-	-	-
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	230 807 355	-	-	230 807 355	657 218 380	-	-	657 218 380
Repayments	(226 041 925)	-	-	(226 041 925)	(195 277 447)	-	-	(195 277 447)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	
Balance as at December	**191 695 608**	**-**	**-**	**191 695 608**	**1 163 087 606**	**-**	**-**	**1 163 087 606**
Impairment								
Balance as at January	**5 353 579**	**-**	**-**	**5 353 579**	**-**	**-**	**-**	**-**
Changes on initial application of IFRS 9	-	-	-	-	3 144 362	-	-	3 144 362
Effects of IAS29	(4 491 697)	-	-	(4 491 697)				
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	117 432	-	-	117 432	2 209 217	-	-	2 209 217
Interest in suspense	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	(13 972)	-	-	(13 972)	-	-	-	
Balance as at December	**965 342**	**-**	**-**	**965 342**	**5 353 579**	**-**	**-**	**5 353 579**
HISTORICAL COST								
Credit grade								
Investment grade	191 695 608	-	-	191 695 608	186 930 178	-	-	186 930 178
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	191 695 608	-	-	191 695 608	186 930 178	-	-	186 930 178
Impairment loss allowance	(965 342)	-	-	(965 342)	(861 882)	-	-	(861 882)
Net financial asset at amortised cost	**190 730 266**	**-**	**-**	**190 730 266**	**186 068 296**	**-**	**-**	**186 068 296**
Analysis								
Gross amount								
Balance as at January	**186 930 178**	**-**	**-**	**186 930 178**	**112 878 823**	**-**	**-**	**112 878 823**
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	230 807 355	-	-	230 807 355	105 489 411	-	-	105 489 411
Repayments	(226 041 925)	-	-	(226 041 925)	(31 438 056)	-	-	(31 438 056)
Amounts written off during the year as uncollectible	-	-	-	-	-	-		
Balance as at December	**191 695 608**	**-**	**-**	**191 695 608**	**186 930 178**	**-**	**-**	**186 930 178**
Impairment								
Balance as at January	**861 882**	**-**	**-**	**861 882**	**-**	**-**	**-**	**-**
Changes on initial application of IFRS 9	-	-	-	-	506 216	-	-	506 216
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	117 432	-	-	117 432	355 666	-	-	355 666
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	(13 972)	-	-	(13 972)	-	-	-	-
Balance as at December	**965 342**	**-**	**-**	**965 342**	**861 882**	**-**	**-**	**861 882**

31.1.5 Credit exposure on undrawn loan commitments and guarantees

INFLATION ADJUSTED	31 Dec 19 ECL staging Stage 1 12-month ZWL$	31 Dec 19 Stage 2 Lifetime ZWL$	31 Dec 19 Stage 3 Lifetime ZWL$	31 Dec 19 Total ZWL$	31 Dec 18 ECL staging Stage 1 12-month ZWL$	31 Dec 18 Stage 2 Lifetime ZWL$	31 Dec 18 Stage 3 Lifetime ZWL$	31 Dec 18 Total ZWL$
Credit grade								
Investment grade	577 533 657	-	-	577 533 657	279 739 488	-	-	279 739 488
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**577 533 657**	**-**	**-**	**577 533 657**	**279 739 488**	**-**	**-**	**279 739 488**
Loss allowance	(158 522)	-	-	(158 522)	(854 305)	-	-	(854 305)
Net undrawn loan commitments and guarantees	**577 375 135**	**-**	**-**	**577 375 135**	**278 885 183**	**-**	**-**	**278 885 183**
Analysis								
Gross amount								
Balance as at January	**279 739 488**	**-**	**-**	**279 739 488**	**138 530 284**	**-**	**-**	**138 530 284**
Effects of IAS29	(234 703 741)	-	-	(234 703 741)	-	-	-	-
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	589 284 093	-	-	589 284 093	199 513 624	-	-	199 513 624
Repayments	(56 786 183)	-	-	(56 786 183)	(58 304 420)	-	-	(58 304 420)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**577 533 657**	**-**	**-**	**577 533 657**	**279 739 488**	**-**	**-**	**279 739 488**
Impairment								
Balance as at January	854 305	-	-	854 305	-	-	-	-
Changes on initial application of IFRS 9	-	-	-	-	1 291 065	-	-	1 291 065
Effects of IAS29	(716 769)	-	-	(716 769)	-	-	-	-
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	20 986	-	-	20 986	(436 760)	-	-	(436 760)
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**158 522**	**-**	**-**	**158 522**	**854 305**	**-**	**-**	**854 305**

HISTORICAL COST

	31 Dec 19 ECL staging Stage 1 12-month ZWL$	Stage 2 Lifetime ZWL$	Stage 3 Lifetime ZWL$	Total ZWL$	31 Dec 18 ECL staging Stage 1 12-month ZWL$	Stage 2 Lifetime ZWL$	Stage 3 Lifetime ZWL$	Total ZWL$
Credit grade								
Investment grade	577 533 657	-	-	577 533 657	45 035 747	-	-	45 035 747
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross undrawn loan commitments and guarantees	**577 533 657**	**-**	**-**	**577 533 657**	**45 035 747**	**-**	**-**	**45 035 747**
Loss allowance	(158 522)	-	-	(158 522)	(137 536)	-	-	(137 536)
Net undrawn loan commitments and guarantees	**577 375 135**	**-**	**-**	**577 375 135**	**44 898 211**	**-**	**-**	**44 898 211**
Analysis								
Gross amount								
Balance as at January	**45 035 747**	**-**	**-**	**45 035 747**	**22 302 231**	**-**	**-**	**22 302 231**
Transfers	-	-	-	-	-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
New issue	589 284 093	-	-	589 284 093	32 120 046	-	-	32 120 046
Repayments	(56 786 183)	-	-	(56 786 183)	(9 386 530)	-	-	(9 386 530)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**577 533 657**	**-**	**-**	**577 533 657**	**45 035 747**	**-**	**-**	**45 035 747**
Impairment								
Balance as at January	**137 536**	**-**	**-**	**137 536**	**-**	**-**	**-**	**-**
Changes on initial application of IFRS 9	-	-	-	-	207 591	-	-	207 591
Transfers	-	-	-		-	-	-	
Stage 1	-	-	-		-	-	-	
Stage 2	-	-	-		-	-	-	
Stage 3	-	-	-		-	-	-	
Net change due to new issues and repayments	20 986	-	-	20 986	(70 055)	-	-	(70 055)
Interest in suspense (reclassifaction)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	**158 522**	**-**	**-**	**158 522**	**137 536**	**-**	**-**	**137 536**

31.1.6 Trade and other receivables including insurance receivables	INFLATION ADJUSTED 31 Dec 19 ZWL$	31 Dec 18 ZWL$	HISTORICAL COST 31 Dec 19 ZWL$	31 Dec 18 ZWL$
Past due and impaired	3 306 659	6 788 231	3 306 659	1 092 849
Allowance for impairment	(3 306 659)	(4 740 138)	(3 306 659)	(763 123)
Carrying amount	**-**	**2 048 093**	**-**	**329 726**
Past due but not impaired	33 361 307	10 514 737	33 361 307	1 692 786
Neither past due nor impaired	70 130 942	67 802 301	70 905 125	10 920 066
Gross amount, not impaired	**103 492 249**	**78 317 038**	**104 266 432**	**12 612 852**
Allowance for impairment	(122 109)	-	(122 109)	-
Carrying amount, not impaired	**103 370 140**	**78 317 038**	**104 144 323**	**12 612 852**
Total carrying amount	**103 370 140**	**80 365 131**	**104 144 323**	**12 942 578**

31.2 Liquidity risk

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

Management of liquidity risk

The Group does not manage liquidity risk in isolation as it is often triggered by consequences of other financial risks such as credit risk and market risk. The Group's liquidity risk management framework is therefore designed to ensure that its subsidiaries have adequate liquidity to withstand any stressed conditions. To achieve this objective, the Board of Directors of the Company, 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 the banking entities and the Finance Directors for non-banking entities with independent day to day monitoring being provided by Group Risk Management.

Liquidity and funding management

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

Cash flow and maturity profile analysis

The Group uses the cash flow and maturity mismatch analysis on both contractual and behavioral basis to assess the banking units' abilities 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 management policy, liquidity contingency plans are in place for the subsidiaries in order to ensure a positive outcome in the event of a liquidity crisis. The plans clearly outline early warning indicators which are supported by clear and decisive crisis response strategies. The crisis response strategies are created around the relevant crisis management structures and address both specific and market crises.

Liquidity stress testing

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

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

INFLATION ADJUSTED

Contractual maturity analysis on balance sheet items as at 31 December 2019	Up to 3 months ZWL$	3 months to 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
Liabilities				
Deposits from customers	2 003 134 669	14 062 828	7 677 017	2 024 874 514
Deposits from other banks	192 266 137	2 874 852	-	195 140 989
Borrowings	2 875 744	36 725 235	1 682 730 807	1 722 331 786
Insurance liabilities	23 855 091	21 097 811	55 679 116	100 632 018
Current income tax liabilities	472 725	3 245 166	-	3 717 891
Trade and other liabilities excluding deferred income	406 563 321	409 302 284	60 645 726	876 511 331
Total liabilities - (contractual maturity)	**2 629 167 687**	**487 308 176**	**1 806 732 666**	**4 923 208 529**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	1 907 906 680	-	-	1 907 906 680
Financial assets at amortised cost	5 627 650	109 260 339	75 842 277	190 730 266
Loans and advances to customers	273 706 839	573 090 202	1 714 147 157	2 560 944 198
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Trade and other receivables including insurance receivables	19 495 725	49 401 965	34 472 450	103 370 140
Financial assets at fair value through profit or loss	16 825 019	-	38 107 590	54 932 609
Financial assets at fair value through other comprehensive income	-	-	14 869 971	14 869 971
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	190 090 017	14 061 562	87 212 656	291 364 235
	2 413 651 930	**845 814 068**	**1 986 162 735**	**5 245 628 733**
Liquidity gap	**(215 515 757)**	**358 505 892**	**179 430 069**	**322 420 204**
Cumulative liquidity gap - on balance sheet	**(215 515 757)**	**142 990 135**	**322 420 204**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	22 795 494	-	-	22 795 494
Total liabilities	**22 795 494**	**554 738 163**	**-**	**577 533 657**
Liquidity gap	**(22 795 494)**	**(554 738 163)**	**-**	**(255 113 453)**
Cumulative liquidity gap - on and off balance sheet	**(238 311 251)**	**(434 543 522)**	**(255 113 453)**	**-**

INFLATION ADJUSTED

Contractual maturity analysis on balance sheet items as at 31 December 2018	Up to 3 months ZWL$	3 months to 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
Liabilities				
Deposits from customers	3 487 171 147	362 985 107	50 042 363	3 900 198 617
Deposits from other banks	681 283 466	167 041 893	26 709 445	875 034 804
Borrowings	5 072 068	26 000 284	617 411 228	648 483 580
Insurance liabilities	17 450 895	16 634 937	62 481 637	96 567 469
Current income tax liabilities	2 422 344	1 574 304	-	3 996 648
Trade and other liabilities excluding deferred income	57 804 966	133 296 849	95 546 551	286 648 366
Total liabilities - (contractual maturity)	**4 251 204 886**	**707 533 374**	**852 191 224**	**5 810 929 484**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	1 190 946 201	-	-	1 190 946 201
Financial assets at amortised cost	106 759 844	876 728 745	174 245 438	1 157 734 027
Loans and advances to customers	328 431 565	1 159 952 145	1 033 793 194	2 522 176 904
Bonds and debentures	129 552 747	842 361 170	425 833 377	1 397 747 294
Trade and other receivables including insurance receivables	8 108 503	32 764 983	39 491 645	80 365 131
Financial assets at fair value through profit or loss	23 362 081	57 461 830	-	80 823 911
Financial assets at fair value through other comprehensive income	-	-	12 824 894	12 824 894
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	16 789 445	25 455 860	44 945 102	87 190 407
	1 803 950 386	**2 994 724 733**	**1 731 133 650**	**6 529 808 769**
Liquidity gap	**(2 447 254 500)**	**2 287 191 359**	**878 942 426**	**718 879 285**
Cumulative liquidity gap - on balance sheet	**(2 447 254 500)**	**(160 063 141)**	**718 879 285**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	162 909 873	-	162 909 873
Commitments to lend	116 829 615	-	-	116 829 615
Total liabilities	**116 829 615**	**162 909 873**	**-**	**279 739 488**
Liquidity gap	**(116 829 615)**	**(162 909 873)**	**-**	**439 139 797**
Cumulative liquidity gap - on and off balance sheet	**(2 564 084 115)**	**(439 802 629)**	**439 139 797**	**-**

HISTORICAL COST

Contractual maturity analysis on balance sheet items as at 31 December 2019	Up to 3 months ZWL$	3 months to 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
Liabilities				
Deposits from customers	2 003 134 669	14 062 828	7 677 017	2 024 874 514
Deposits from other banks	192 266 137	2 874 852	-	195 140 989
Borrowings	2 875 744	36 725 235	1 682 730 807	1 722 331 786
Insurance liabilities	7 022 401	21 097 811	23 213 020	51 333 232
Current income tax liabilities	305 678	3 100 307	-	3 405 985
Trade and other liabilities excluding deferred income	406 563 321	401 075 098	45 813 309	853 451 728
Total liabilities - (contractual maturity)	**2 612 167 950**	**478 936 131**	**1 759 434 153**	**4 850 538 234**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	1 907 906 680	-	-	1 907 906 680
Financial assets at amortised cost	5 627 650	109 260 339	75 842 277	190 730 266
Loans and advances to customers	273 706 839	573 090 202	1 714 123 258	2 560 920 299
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Trade and other receivables including insurance receivables	20 269 903	49 401 965	34 472 455	104 144 323
Financial assets at fair value through profit or loss	16 825 019	-	40 935 612	57 760 631
Financial assets at fair value through other comprehensive income	-	-	14 869 971	14 869 971
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	178 248 631	14 178 028	90 653 040	283 079 699
	2 402 584 722	**845 930 534**	**1 992 407 247**	**5 240 922 503**
Liquidity gap	**(209 583 228)**	**366 994 403**	**232 973 094**	**390 384 269**
Cumulative liquidity gap - on balance sheet	**(209 583 228)**	**157 411 175**	**390 384 269**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	22 795 494	-	-	22 795 494
Total liabilities	**22 795 494**	**554 738 163**	**-**	**577 533 657**
Liquidity gap	**(22 795 494)**	**(554 738 163)**	**-**	**(187 149 388)**
Cumulative liquidity gap - on and off balance sheet	**(232 378 722)**	**(420 122 482)**	**(187 149 388)**	**-**

HISTORICAL COST

Contractual maturity analysis on balance sheet items as at 31 December 2018	Up to 3 months ZWL$	3 months to 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
Liabilities				
Deposits from customers	561 405 751	58 437 604	8 056 407	627 899 762
Deposits from other banks	109 681 011	26 892 365	4 300 000	140 873 376
Borrowings	816 561	4 185 831	99 398 108	104 400 500
Insurance liabilities	2 214 090	4 658 087	7 049 725	13 921 902
Current income tax liabilities	389 979	253 450	-	643 429
Trade and other liabilities excluding deferred income	23 537 919	4 688 025	13 779 750	42 005 694
Total liabilities - (contractual maturity)	**698 045 311**	**99 115 362**	**132 583 990**	**929 744 663**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	192 209 582	-	-	192 209 582
Financial assets at amortised cost	17 187 454	140 828 766	28 052 076	186 068 296
Loans and advances to customers	56 688 897	186 742 714	162 076 720	405 508 331
Bonds and debentures	21 397 026	135 613 191	68 555 656	225 565 873
Trade and other receivables including insurance receivables	2 209 738	4 375 011	6 357 829	12 942 578
Financial assets at fair value through profit or loss	4 362 204	4 520 378	167 320	9 049 902
Financial assets at fair value through other comprehensive income	-	-	2 064 702	2 064 702
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	2 702 962	3 504 834	6 097 622	12 305 418
	296 757 863	**475 584 894**	**273 371 925**	**1 045 714 682**
Liquidity gap	**(401 287 448)**	**376 469 532**	**140 787 935**	**115 970 019**
Cumulative liquidity gap - on balance sheet	**(401 287 448)**	**(24 817 916)**	**115 970 019**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	26 227 144	-	26 227 144
Commitments to lend	18 808 603	-	-	18 808 603
Total liabilities	**18 808 603**	**26 227 144**	**-**	**45 035 747**
Liquidity gap	**(18 808 603)**	**(26 227 144)**	**-**	**70 934 272**
Cumulative liquidity gap - on and off balance sheet	**(420 096 051)**	**(69 853 663)**	**70 934 272**	**-**

The Group determines ideal weights for maturity buckets which are used to benchmark the actual maturity profile.

Maturity mismatches across the time buckets are managed through the tenor of new advances and the profile of time deposits.

31.3 Market risk

Market risk is the risk of financial loss from on and off balance sheet positions arising from adverse movements in market prices 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 interdependenc between risk variables, stress testing, loss triggers and traditional risk management measures. Non–trading positions are managed and monitored using other sensitivity analysis.

31.3.1 Interest rate risk

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

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

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

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

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

Scenario analysis of net interest income

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

31.3.2 Currency risk

The Group is a diversified local Company and its major trading and reporting currency is the ZWL$. The Group is exposed to various currency exposures primarily with respect to the South African rand, Botswana pula, British pound, United States Dollars and the Euro, mainly due to the cash holding and switch transactions in the banking subsidiary.

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

31.3.3 Equity 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 at fair value through profit or loss and other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

31.4 Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour their obligation 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 trades are settled only when both parties have fulfilled their contractual settlement obligations.
Settlement limits form part of the credit approval / limit monitoring process.

31.5 Operating risk

Operational risk is the risk of loss arising from the potential inadequate information systems, technological failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems that 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, authorisation, close monitoring of risk limits, monitoring of assets use, reconciliation of transactions and compliance.

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

31.6 Capital risk

31.6.1 Regulatory Capital and Financial Risk Management

Capital risk refers to the risk of the Group's own capital resources being adversely affected by unfavourable external developments.

The Group's objective when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the Group's subsidiaries;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its businesses.

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

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

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

- Tier 1 capital, which includes ordinary share capital and premium, retained profits, non distributable reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.
- Tier 3 capital or market and operational risk capital includes market risk capital and operational risk capital. Operational risk includes legal risk. Market risk capital is allocated to the risk of losses in the on and off balance sheet position arising from movements in market prices.

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

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

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

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

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

Company As at 31 December 2019	Regulatory Authority	Minimum* capital required US$	Minimum capital required ZWL$	Net Regulatory Capital ZWL$	Total Equity ZWL$
FBC Bank Limited	RBZ	30 000 000	503 202 000	566 671 769	627 839 389
FBC Building Society	RBZ	20 000 000	335 468 000	142 572 121	145 411 819
FBC Reinsurance Limited	IPEC	-	150 000 000	95 676 460	95 676 460
FBC Securities (Private) Limited	SECZ	-	150 000	1 894 851	1 894 851
FBC Insurance Company (Private) Limited	IPEC	-	37 500 000	46 806 996	46 806 996
Microplan Financial Services (Private) Limited	RBZ	-	25 000	18 516 902	18 516 902
As at 31 December 2018					
FBC Bank Limited	RBZ	-	25 000 000	89 415 015	105 500 554
FBC Building Society	RBZ	-	20 000 000	49 278 852	53 637 435
FBC Reinsurance Limited	IPEC	-	10 000 000	15 834 029	15 834 029
FBC Securities (Private) Limited	SECZ	-	150 000	1 224 081	1 224 081
FBC Insurance Company (Private) Limited	IPEC	-	7 500 000	7 499 788	7 499 788
Microplan Financial Services (Private) Limited	RBZ	-	25 000	10 624 684	10 624 684

*Effective compliance date of 31 December 2020 for banking subsidiaries

31.7 Reputational risk

Reputational risk refers to the risk of damage to the Group's image, which may affect its ability to retain and generate business.

The Group manages reputational risk by ensuring that business is conducted in accordance with the legal and regulatory requirements. In addition, the Group's corporate governance structure conforms to international standards. The Group also has systems in place to monitor customer service satisfaction levels as well as processes to resolve customer queries and complaints.

31.8 Legal and compliance risk

Legal and compliance risk is the risk that arises due to the Group's failure to adhere to legal and regulatory obligations. The Group manages this risk through dedicated Legal and Compliance units, and deliberations by its Board Risk and Compliance Committee.

31.9 Strategic risk
Strategic risk refers to the potential for opportunity loss arising from failure to optimise the earnings potential of the Group. The Board approves the Group's strategy as formulated by top management, while the Chief Executive Officer has the overall responsibility of strategy implementation. The Board conducts a quarterly review of the strategy's performance and its continued applicability.

32 Statement of Compliance

The Group complies with the following statutes inter alia:-
The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Insurance Act (Chapter 24:07), Companies Act (Chapter - 24:03), SI 62/96, SI 33/19 and SI 142/19. In addition, the Group also complies with the Reserve Bank of Zimbabwe and Insurance and Pensions Commission's directives on liquidity management, capital adequacy as well as prudential lending guidelines.

33 INTERNATIONAL CREDIT RATINGS

All banking and insurance subsidiaries have their credit ratings reviewed annually by an international credit rating agency, Global Credit Rating, except for the micro lending unit which has its rating reviewed by Microfinanza rating agency. The ratings are as illustrated below;

Subsidiary	2019	2018	2017	2016	2015	2014
FBC Bank Limited	BBB+	BBB+	BBB+	BBB+	A-	A-
FBC Reinsurance Limited	A-	A-	A-	A-	A-	A-
FBC Building Society	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
FBC Insurance Company Limited	A-	A-	A-	A-	A-	BBB-
Microplan Financial Services Limited	BBB	BBB	BBB	BBB-	N/A	N/A

34 SUBSEQUENT EVENTS

34.1 Dividend Declared
The Board of Directors of FBC Holdings Limited declared a first interim dividend of 2.232 ZWL$ cents per share on 671 949 927 ordinary shares in issue on 28 August 2019. The first interim dividend amounted to ZWL$ 15 589 238 and was paid in full on or about 16 September 2019 to all shareholders who were registered in the books of the Company as at the close of business on Friday, the 13th of September 2019.

The Board declared a second interim dividend of 2.98 ZWL$ cents per share on 671 949 927 ordinary shares in issue on 12 December 2019. The second interim dividend amounted to ZWL$ 20 024 108 and was paid in full on or about 9 January 2020 to all the shareholders who were registered in the books of the Company as at the close of business on Friday, the 3rd of January 2020.

On 27 March 2020, the Board of Directors of FBC Holdings Limited resolved to make the second interim dividend declared on 12 December 2019, a final dividend, due to the need to meet the capitalization requirements of Group subsidiary business units.

In total, the dividend declared for the financial year ended 31 December 2019 amounted to ZWL$ 35 613 346.

34.2 Covid-19 pandemic
The Group has according to International Accounting Standard (IAS10) - 'Events after the Reporting Period' identified events emanating from the Covid-19 pandemic and the national lockdown as non-adjusting events instead of adjusting events, since the pandemic arose after the reporting date.

The Group's business operations has and will be affected by the recent and current outbreak of the COVID-19 (coronavirus) which in March 2020, the World Health Organization (WHO) declared as a pandemic and in the same month the country declared as a national disaster and ordered a 21 days lockdown and the closure of borders, non-essential services and businesses among other significant interventions. The ongoing national, regional and global response to the COVID-19 pandemic has and will overall negatively affect the Group's business operations, the country, continental and global economies. The overall disruption and financial effect on the Group's businesses cannot be determined with certainty due to the nature of the complexity, the unknown duration and severity of the COVID-19 pandemic and dynamic responses to be implemented by the country to counteract the negative impact on the economy. As a result of the many unknowns relating to the current pace, spread and containment of the COVID-19 pandemic it may result in an adverse impact on the Group's financial position, operations, financial results and cash flows. The duration of the business disruption and the related financial effect and impact cannot be reasonably estimated at this time and updates will be provided in the quarterly trading updates.

It is however, apparent that the Covid-19 pandemic has adversely impacted commercial activity and contributed to significant declines and volatility in financial markets and the government responses are creating disruption in national, regional and global supply chains and adversely impacting many industries and ultimately the Group's customers. This may affect all our revenues streams, operating costs and liquidity position. The future is dependent on future national and global developments, which are highly uncertain and are impossible to predict. The response by the regulatory authorities to introduce a stimulus package to ameliorate the impact of the Covid-19 will also determine the financial effect and impact on the Group's operations.

The Group will continue to leverage on its digitalization infrastructure to further make adjustments to comply with the restrictions imposed by the Covid-19 pandemic. The banking services sector has been declared as an essential service, enabling the banking subsidiaries to offer services to its customers. The insurance businesses have not been declared essential services and will face business disruptions.

The Group has taken several steps to further strengthen its financial position and maintain liquidity and flexibility. The Group is undertaking the following initiatives in response to the pandemic and associated business disruptions: suspending unnecessary capital expenditure, reviewing operating expenses, not allowing new facility draw downs, rationalizing the branch network by temporarily and permanently closing some branches, concentrating on digital delivery channels, revamping agency banking, restructuring of previous performing facilities taking into account the extent clients are secured and have been affected by the Covid-19 outbreak, adjusted certain aspects of our operations to protect our employees and customers while still meeting customers' needs for financial services. The Group's e-commerce business and delivery channels have not been affected in terms of delivering service to our customers although the volume of transactions and revenues are expected to be disrupted due the countrywide lockdown which is limiting business activity.

As at the end of March 2020, our Group operations were in line with the Budget and had adequate liquidity for operations. The Group is leveraging on its financial position which had adequate cash resources as at the end of March 2020 to preserve its financial flexibility in the uncertain environment. The Company's share price and market capitalisation has increased after 31 December 2019 from ZWL 65.25 cents to ZWL 120 cents and ZWL$ 438 million to ZWL$ 806 million respectively. The Group currently believes that it has adequate liquidity and business plans to continue operating using e-commerce to mitigate some of the risks associated with Covid-19.

However, the Covid-19 pandemic is complex and rapidly evolving; the Group's plans above may change. At this point we cannot reasonably estimate the duration and severity of this pandemic, but as at the date of preparation of the financial statements, using the information that is currently available, the liquidity position of the entity is not expected to be materially impacted.

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

The Zimbabwe Stock Exchange (ZSE) has advised that all listed companies are trading under caution due to the potential effects of the Covid-19 pandemic.

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 Committee (iv) Board Risk and Compliance Committee (v) Board Marketing and Public Relations Committee.

	Main Board				Board Audit				Board HR				Board Finance & Strategy				Board Risk & Compliance				Board Marketing and PR				Board Digitalisation and Innovations			
Board member	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Herbert Nkala	√	√	√	√	n/a	n/a	n/a	n/a	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chipo Mtasa	√	√	√	√	√	√	√	√	n/a	n/a	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a	x	√	√	√	n/a	n/a	n/a	n/a
John Mushayavanhu	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√	n/a	n/a	n/a	n/a	√	√	√	√	√	√	x	√
Kleto Chiketsani	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gertrude Chikwava	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√	√	√	√	√	√	√	√	√	n/a	n/a	n/a	n/a
Phillip Chiradza	√	√	n/a	n/a	√	√	n/a	n/a	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Felix Gwandekwande	√	√	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Franklin Kennedy	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Trynos Kufazvinei	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada Malunga	√	√	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a	√	√	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Godfrey Nhemachena	√	√	n/a	n/a	√	√	n/a	n/a	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rutenhuro Moyo	√	√	√	√	n/a	n/a	√	√	n/a	n/a	n/a	n/a	√	√	√	x	n/a	n/a	n/a	√	n/a	n/a	n/a	n/a	√	√	√	√
Aenesa Chuma	n/a	n/a	n/a	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	x	n/a	n/a	n/a	x	n/a	n/a	n/a	n/a
Charles Msipa	n/a	n/a	n/a	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gary Collins	√	√	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√

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

Q1 - Quarter 1
Q2 - Quarter 2

By order of the Board

Tichaona K. Mabeza
GROUP COMPANY SECRETARY

29 April 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FBC HOLDINGS LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Adverse opinion

We have audited the inflation adjusted financial statements of FBC Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 17 to 181, which comprise the inflation adjusted consolidated and separate statement of financial position as at 31 December 2019, and the inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity and the inflation adjusted consolidated and separate statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly, the inflation adjusted consolidated and separate financial position of the Group as at 31 December 2019, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), the relevant Statutory Instruments ("SI") 33/99 and 62/96, the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02) and the Insurance Act (Chapter 24:07).

Basis for adverse opinion

Impact of incorrect date of application of International Accounting Standard (IAS) 21- *"The Effects of Changes in Foreign Exchange Rates.*

On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates":

- The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

- In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FBC HOLDINGS LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Basis for adverse opinion (continued)

Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

The Directors had not re-assessed the change in functional currency for the year ended 31 December 2018. Because the Group transacted using a combination of United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 October 2018 to 22 February 2019, the decision to change the functional currency only on 22 February 2019 in accordance with SI 33/19 resulted in material misstatement to the financial performance and cash flows of the Group, as transactions denominated in USD were not appropriately translated during that period. An adverse opinion was issued on the financial statements for the year ended 31 December 2018.

If the assessment required by IAS 21 occurred in the correct period, the adjustments that were recognised in the 2018 and 2019 years would have been materially different. These misstatements are considered to be material and pervasive in the 2019 financial year.

Furthermore, our opinion on the current year's inflation adjusted consolidated and separate statement financial position is modified because of the possible effects of the matter on the comparability of the current year's inflation adjusted consolidated and separate financial position with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) Code together with the ethical requirements that are relevant to our audit of inflation adjusted financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of matter

We draw attention to Note 43 of the inflation adjusted consolidated financial statements which describes the uncertainties related to the possible effects of the COVID-19 outbreak on the Group and its inability to quantify the possible impact. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Adverse Opinion* section of our report, we have determined the matters described below to be the key audit matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">1. Valuation of expected credit losses (ECL) on financial assets</td></tr>
<tr><td>The impairment allowances reflected in the statement of financial position as at 31 December 2019 and determined in accordance with International Financial Reporting Standard 9- “Financial Instruments” (IFRS 9) amounts to ZWL 48 140 582.

This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment.

The key areas where we identified greater levels of Director’s judgement and therefore increased levels of audit focus in the Group’s implementation of IFRS 9 included:

• The measurement of modelled provisions, which is dependent on key assumptions relating to probability of default (the chance that the borrowers will fail to meet their contractual obligations in the future), loss given default (an estimate of the loss from a transaction given that default has occurred) and expected recoveries discounted to present value;
• The identification of exposures with a significant deterioration in credit quality; and
• Assumptions used in the expected credit loss model including forward looking information.

Notes 2.5.3 and 3.1 to the inflation adjusted consolidated financial statements includes details on the accounting policies around the expected credit losses. Notes 5 and 34.1 further provide detailed information around the determination of the expected credit losses.</td><td>• Obtained an understanding of the business process around the impairment of financial assets and evaluated the design and implementation of the relevant controls within that business process, as well as tested the operating effectiveness of certain of those controls;
• Performed grading tests on a sample of loans to determine accuracy of their staging;
• Performed an assessment of the accuracy of the collateral values;
• Evaluated the competence, objectivity and independence of the experts engaged by management to continuously enhance the Group’s credit loss model as well as perform validation thereof; and
• Reviewed the disclosures of the ECL balance to ensure adequacy of these was in line with the requirements of IFRS 7- “Financial Instruments: Disclosures”.

Using the assistance of an auditor’s specialist, we performed the following procedures:
• Performed a review of the Group’s ECL methodology to determine that this was in line with IFRS 9;
• Reviewed and assessed the reasonability and accuracy of the forward-looking information incorporated into the model;
• Performed completeness and accuracy tests on the balances of financial assets being subjected to the model to compute the ECL as well as those whose ECL was following the simplified approach ;
• Performed assessment of the methods used to determine the probability of default (PD), exposure at default (EAD) and loss given default (LGD) rates; and
• Inspected the ECL model to evaluate whether the ECL amount was being computed following the established methods and using the appropriate parameters as assessed above.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in the audit
2.Valuation of Incurred But not Reported (IBNR) claims provision	
As disclosed in Notes 2.8 and 3.3 of the inflation adjusted consolidated financial statements, the determination of the IBNR claims provision is an area of key judgement due to the level of subjectivity inherent in the estimation of the occurrence and severity of claims that would have been incurred at the reporting date but have not yet been reported to the Group as at that date. Directors engaged an actuarial expert to assess the valuation of the IBNR that they had provided for. The claims provision as at 31 December 2019 was ZWL10 901 263 (2018: ZWL2 145 471) as further disclosed in Note 16 of the inflation adjusted consolidated financial statements.	• We established the assumptions around the determination of the provision made in the current and prior year, and assessed these for consistency and reasonableness; • We compared the prior year provision against the results of current year claims reported that related to the prior financial period to assess the prior year provision for reasonableness or bias; • We assessed the accuracy of the provision raised at the end of the current year to confirm management's processes in preparing the provision; • We engaged our own internal actuarial specialist to interrogate the methodology and assumptions of the Group's actuary used in the IBNR assessment; • We assessed the completeness and accuracy of the amounts used in the computation of the IBNR claim provision; • We reviewed the disclosures in the financial statements, paying particular attention to the disclosure of the assumptions used and judgements made computing the claims provision; and • We reviewed the disclosures regarding the sensitivity of the IBNR claims provision and the related factors that influence this.
3. Valuation of the derivative resulting from legacy debt	
As disclosed in Note 10 of the inflation adjusted consolidated financial statements, the Group recognized a derivative of ZWL 222 079 816 following the registration, approval and agreement of the nature of settlement to be made by the Reserve Bank of Zimbabwe (RBZ) for the legacy debt held by the Group. This was following the separation of the RTGS$ and foreign currency balances. The fair value of the derivative was determined as the present value of expected cash flows discounted at a rate. Given the materiality of the balance and the judgment applied in determining the timing of the cash flows and the discount rate applied in determining the fair value, we have determined this to be a key audit matter. The accounting policies for the derivative are disclosed in Note 2.21 of the inflation adjusted financial statements.	• We evaluated the relevant controls designed and implemented by the Directors' to conclude on the valuation of the derivative; • We obtained an understanding of the registration process and reviewed the approvals and other letters from the Reserve Bank of Zimbabwe; • We assessed the appropriateness of the classification in accordance with accounting standards; • With the assistance of our internal valuation specialists, we assessed the reasonableness and appropriateness of the key inputs; • We assessed the cash flow forecasts used in the valuation for reasonableness; and • We tested the mathematical accuracy of valuation models by re-performing calculations. • We have reviewed the disclosure of the Group's accounting policies with regards to the legacy debt derivatives, as well as the separate disclosure of these specific legacy debt assets.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">4. Valuation of investment property and property and equipment.</td></tr>
<tr><td>As set out in notes 2.1.1.2 and 2.10 to the inflation adjusted financial statements, the Group has non-monetary assets (investment property and property and equipment) which are recognised at fair value.

Directors make use of independent external valuers in determining the fair values of properties. Valuations by their nature involve the use of judgment and estimates which involve significant unobservable inputs such as:
Market rentals
Risk yields
The complexity and subjectivity of these estimates may result in material misstatement. The current economic environment is extremely volatile given the valuation intricacies impacting the Zimbabwean market.

We identified the valuation of investment property and property and equipment as a key audit matter due to the significance of the balance to the inflation adjusted consolidated financial statements as a whole, combined with the level of judgement associated with determining the fair values.</td><td>We assessed the competence, capabilities, objectivity and independence of the directors’ independent valuers, and assessed their qualifications;
We made enquiries of the directors’ independent external valuers to obtain an understanding of the valuation techniques and judgements adopted;
We assessed the work performed by the independent external valuers in valuing non-monetary assets by performing the following:
Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements;
Interrogated the external valuers as to their assessments around the future prospects of the property market, including future rental patterns and expected activity trends;
Assessed the reasonability of the methods used in valuing the intangible assets; and
We performed physical verification of a sample of assets to determine whether the conclusion reached by the expert were consistent with the actual physical condition.
Evaluated the inflation adjusted consolidated financial statement disclosures for appropriateness and adequacy.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Report, as required by the Companies Act (Chapter 24:03) and the historical cost consolidated financial information which we obtained prior to the date of this auditor’s report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the inflation adjusted consolidated financial statements and our auditor’s report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FBC HOLDINGS LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Other information (continued)

As described in the Basis for Adverse Opinion section above, the Group changed its functional currency to the RTGS Dollar effective 22 February 2019. The date of change in functional currency as determined in accordance with IFRS is 1 October 2018. Consequently the measurement of transactions between 1 October 2018 and 22 February 2019 does not comply with the requirements of IAS 21 and as such, transactions have not been appropriately translated in accordance with these Standards. We have determined that the other information is misstated for that reason.

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

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with [International Financial Reporting Standards (IFRS), and the requirements of the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02) and the Insurance Act (Chapter 24:07) and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FBC HOLDINGS LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Tumai Mafunga
Partner
PAAB Practice Certificate Number 0042

30 April 2020