FBC Holdings Limited

strength • diversity • service

Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2020

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS FOR THE HALF YEAR ENDED 30 JUNE 2020

	Group total income	Group profit before income tax	Group profit after income tax	Cost to income ratio	Basic earnings per share	Net asset value per share	Asset base	Dividend declared
Inflation Adjusted	ZWL$3.5 billion	ZWL$2.1 billion	ZWL$1.6 billion	39%	265.42 ZWL cents	730 ZWL cents	ZWL$20.9 billion	ZWL$200 million
Historical Cost	ZWL$3.6 billion	ZWL$2.3 billion	ZWL$1.9 billion	35%	312.28 ZWL cents	549 ZWL cents	ZWL$20.1 billion	ZWL$200 million

It is with great pleasure that I present to you the Group's reviewed interim results for the half-year ended 30 June 2020. The results are presented at a time in which the country faces both economic and humanitarian challenges largely due to the Covid-19 pandemic.

Financial Performance Review – Inflation Adjusted

The Group has continued to benefit from its diversified business model in addition to its strong risk management culture and the early adoption of digitalization in spite of the unprecedented challenging environment ignited by the Covid-19 pandemic. The Group registered a commendable profit before tax of ZWL$2.1 billion from a loss position of ZWL$380.1 million for the same period last year. The Group performance was mainly driven by the non-funded income derived from its effective hedging strategy. The hedging strategy resulted in noteworthy exchange gains and fair value gains being recorded as the local currency depreciated against major currencies.

The Group recorded total income of ZWL$3.5 billion which is 82% higher than the ZWL$1.9 billion recorded for the same period last year. The level of total net income was however, affected by the low contribution of net interest income as a result of the unsustainable low interest rate regime on local borrowings in a hyperinflationary environment. Net interest income of ZWL$451.3 million was achieved registering a growth of 20% compared to the same period last year. Net fees and commission income decreased by 16% to ZWL$286.7 from ZWL$340.7 million achieved for the same period last year mainly as a result of significant reductions in volume of transactions as customers transacted less as a result of the Covid-19 pandemic lockdown measures. This revenue stream is expected to improve as the lockdown measures are eased. The repricing of services in a hyperinflationary environment was inadequate to compensate the decrease in volumes. The country started the Covid-19 pandemic at Level 4 (the highest level) at the end of March 2020 to the current level 2 which is a moderate level and has culminated in an improvement in the volume of transactions. Net profit from property sales decreased by 51% to ZWL$5.5 million from ZWL$11.2 million achieved for the same period last year as a result of the challenging and unsustainable operating environment.

Net insurance premium earned decreased by 5% to ZWL$219 million from ZWL$230 million recorded for the corresponding period last year. This was also attributable to the Covid-19 pandemic lockdown effects and the hyperinflationary environment which made the insurance business model very challenging.

The Group's administrative expenses increased by 56% to ZWL$1.4 billion mainly driven by the repricing of overheads to match the devaluation of the local currency, and concomitant distorted and speculative pricing.

A net monetary gain of ZWL$153 million was recorded for the Group compared to the corresponding period net monetary loss amount of ZWL$1.2 billion.

The Group's statement of financial position as at 30 June 2020 increased by 29% to ZWL$20.9 billion from the 31 December 2019 position of ZWL$16.3 billion. The growth in the statement of financial position was mainly driven by a 31 % increase in deposits riding on foreign currency denominated deposits and credit lines.

The Group's total equity attributable to shareholders of the parent company increased by 69% to ZWL$4.4 billion from ZWL$2.6 billion as at 31 December 2019 as a result of retained revenue reserves for the period.

Operating Environment

The trading environment remained challenging during the first half of the year as the country grappled with the effects of the Covid-19 pandemic. The Government introduced a raft of measures to contain the spread of the Coronavirus. This inevitably disrupted business transactions and volumes which translated to reduced revenue streams across a number of businesses. The Covid-19 pandemic is likely to have significant adverse financial impact on business and the economy in general for the year 2020. Globally, economies are expected to be negatively impacted by this pandemic and this may translate to weak global trade. Zimbabwe is projected to experience low export performance and this may further impact foreign exchange rate stability. A combination of Government interventions and external development support towards the mitigation of the Covid-19 pandemic is expected to provide relief and may neutralize the impact of the pandemic on businesses and the general citizenry going forward.

Foreign exchange developments

The Reserve Bank of Zimbabwe introduced the Foreign Exchange Auction System to promote both financial and price stability through an efficient and transparent process. As anticipated, the price discovery process resulted in the local currency depreciating from a fixed rate of USD1: ZWL 25 to USD1:ZWL63.74 as at 30 June 2020. A second foreign currency auction system was subsequently introduced on the 4th of August 2020 to cater for the foreign currency needs of small and medium enterprises. These initiatives coupled with other monetary policy interventions are expected to result in increased participation on the auction system by a number of economic players which in turn will boost confidence in the foreign currency auction system.

Inflation

Inflation levels remain high though the country has witnessed some price stability in the recent past weeks. This is partly attributable to the recently introduced foreign currency auction system which has enabled firms and organizations to access foreign currency on the official market. Year on year inflation for the month of June 2020 was 737.3% compared to 785.6% for the month of May 2020. It is anticipated that prices of goods and services will stabilize in the short-to medium term if current measures are applied consistently. This development will also facilitate long-term planning and result in increased business confidence and activities.

Banking Sector

The sector has not been spared by the devastating effects of the Covid-19 pandemic. Business disruption has been frequent since the introduction of the lockdown measures during the month of March 2020. Key areas adversely affected include volume of transactions and increased credit risk. In response, the Reserve Bank implemented various regulatory measures aimed at ensuring that banking institutions are able to continue to support the economy and to maintain financial sector stability. These measures include credit relief measures to enable counterparties to restructure loan facilities. The Group however remains liquid and is able to discharge its liquidity obligations despite constrained business environment.

On the other hand the sector has been stepping up efforts to digitalize processes, services and products as part of measures to enhance customer convenience. This compliments current strategies under the current Covid-19 pandemic to minimize all forms of physical contact. FBC Holdings had already started this transformative digital journey prior to Covid-19 pandemic. The pandemic has further pushed the organization to accelerate the digitalization initiative. The sector is projected however to remain stable owing to regulatory and institutional interventions which will reduce the impact of the pandemic to the sector.

Insurance Sector

High inflation and low customer spending has weakened demand for insurance services across the economy. The sector's prospects have been dented by the macroeconomic challenges. Product affordability has been a hindrance to business retention and growth. Currency instability since the beginning of the year has also contributed to low insurance uptake. The industry in response has reconfigured product offerings through offering foreign currency denominated policies. However the key setback to this is that most companies are still to generate adequate foreign currency revenues to afford insurance products. The Group is focusing on product innovation to tap into new market segments.

Property Market

The sector's potential has been slowed down by a number of factors, key among them, the general economic slowdown and lack of suitable funding. The real estate sector however remains a viable hedging option given the inflationary environment. Funding however remains a challenge as funds are largely short-term yet this sector requires patient and long-term funding. Activity has remained largely confined to residential property development at the expense of commercial real estate as occupancy levels have dipped significantly. FBC Holdings Limited has earmarked this sector as a strategic target in its quest to preserve value and enhance revenues. During the period under review, the Group embarked on Kuwadzana housing project wherein 266 housing units will be completed.

Stock Market Performance

The stock market remained an attractive investment option during the first half of the year as investors sought assets which are responsive to inflation and currency developments. As a result market indices trended upwards with the all share index gaining 677% in nominal terms. In line with its hedging strategy, the Group carries equity exposures through certain of its subsidiaries. The stock market however suffered a temporary setback on 28 June 2020 when authorities suspended trading on the bourse to facilitate investigations of alleged financial crime related practices. Trading resumed on 3 August 2020 and investors are expected to evaluate and realign their investment strategies.

Share Price Performance

The FBCH counter traded well ahead of the overall market, gaining 2,160% compared to 677% recorded by the all share index to close the period at ZWL14.75. A total of 36.4 million shares were traded at a weighted average price of ZWL2.55, a gain of 395% from 2019 full year's weighted price of ZWL0.5155. Consistent corporate performance will remain a key focus for the Group to ensure decent returns to Shareholders.

Dividend

On behalf of the Board of FBC Holdings Limited, I am pleased to advise shareholders that an interim dividend of 29.76 ZWL cents per share is proposed for the half year ended 30 June 2020 after taking into account the performance of the Group and the need to continue strengthening the Group's capital position. The proposed dividend translates to approximately 9.5 times cover.

Information Technology, Digital Transformation and Innovation

FBC Holdings Limited has been able to leverage on its Information Technology investment to respond to the global pandemic. The organisation continues to serve its customers through digital channels. The Covid-19 pandemic has presented an opportunity for the Group to accelerate the development of exciting new electronic products and services which will be rolled out during the second half of the year. This is expected to increase convenience to our customers. The Group has also taken a deliberate effort to go paperless in light of the availability of many digital channels where customers can access our products and services. The digitalization drive has resulted in the Group scaling down on physical branches in favour of electronic delivery channels.

The aggressive adoption of the technology as a means to deliver service and convenience to customers inevitably attracts new risks. FBC Holdings continues to prioritise the security of its Information and Technology environment. The Group's Information Security Management processes are aligned to international best practice standards, ISO 27001, which prescribe various practices and activities to secure our platforms and channels.

Covid-19 Pandemic Response Strategy and Measures

The country has witnessed a surge in the number of Covid-19 cases over the recent past weeks. Key to note is that the bulk of the cases are now local transmissions. This development has increased the risk of cases of infection within FBC Holdings and potentially disrupting business operations. FBC Holdings has instituted a number of health and safety measures to protect its employees, customers and the community it serves.

These measures are:

1. Awareness and dissemination of information to members of staff on Covid-19 and measures to take and abide by as guided by the WHO and Ministry of Health and Child Care.
2. Instituting Group-wide testing across all business units for all staff including Board members.
3. Regular tests on a targeted basis in areas that are considered high risk in particular our frontline staff.
4. Social distancing, sanitization of persons, disinfection of offices, wearing of masks and other hygiene protocols have been put in place as a matter of policy. In addition, staff in offices that regularly interface with outsiders or customers have been provided with face shields over and above masks. All office premises are being disinfected on a weekly basis and where there is a reported positive case immediate evacuation of staff, disinfection and PCR testing are instituted promptly. Further strengthening of these measures is underway by considering the acquisition of automatic sanitization/spray booths and foot baths for entrances.
5. Introduction of work from home (WFH) arrangements where only a restricted number of employees are allowed to work on premise whilst the rest work from home.
6. All staff members who will have tested positive are supported through the Group Human Resources function and the Company's Medical Doctor.

FBC in the Community

FBC Holdings Limited is proactively implementing and championing sustainable Corporate Social Responsibility (CSR) initiatives. The Group values being a responsible corporate citizen and will actively participate in community development initiatives. In light of the global Covid-19 pandemic, FBC Holdings donated Ten Thousand (10 000) Coronavirus test kits in the interest of public health. The test kits will assist in detecting people exposed to the virus, leading to the implementation of the necessary health measures to contain transmission of the same. The Group has also been extensively involved in the area of education. The Group undertook to reconstruct classroom blocks at schools destroyed by Cyclone Idai in Manicaland and Masvingo Provinces. The Group donated building material for the re-construction of classroom blocks at Charleswood Primary School in Chimanimani. Construction of four (4) classrooms is now at an advanced stage.

FBC Trendsetting

FBC Bank was recognized as a Super brand by the Marketers Association of Zimbabwe (MAZ) in June this year. The super brand identifies brands that are performing above and beyond others within the market. The Group is excited about this recognition and will build on the same to enhance the FBC brand position in the country.

Compliance and Regulatory Developments

The Group operates under a complex and dynamic regulatory environment. The compliance requirements have been increasing every year. The period under review was characterized by the introduction of a number of Statutory Instruments which in some cases impacted the Group's operations significantly. The Covid-19 pandemic has seen the introduction of regulations to prevent and contain the spread of the deadly virus.

The country has been designated under European Union (EU) regulations amongst countries considered to have strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks. The aim of this list is to protect the EU financial system by better preventing money laundering and terrorist financing risks. As a result of the listing, banks and other entities covered by EU anti-money laundering rules will be required to apply increased checks (due diligence) on financial operations involving customers and financial institutions from these high-risk third countries to better identify any suspicious money flows. On the local front there has been enhanced surveillance of transactions on mobile money and banking platforms through the Financial Intelligence Unit (FIU).

The Group is committed to complying with all applicable laws, regulations, standards and international best practices. Any breach of the applicable laws and regulations exposes the Group to legal, regulatory and reputational risks and may result in de-risking and financial abandonment which will impair the Group's ability to provide products and services to its customer base. The Group therefore realizes the serious impact of non-compliance and will continue to place great emphasis and commit resources on measures to mitigate the same. The Group has zero tolerance for non-compliance.

Capitalisation

The Reserve Bank of Zimbabwe (RBZ) reviewed the minimum capital requirements for banking institutions during the period under review. FBC Bank Limited and FBC Building Society are required to have capital levels of US$30 million and US$20 million respectively by 31 December 2021. These subsidiaries are expected to self-capitalize through normal trading by the regulated deadline. The Insurance and Pension Commission (IPEC) also reviewed minimum capital thresholds with reinsurance companies expected to have a minimum capital of ZWL$150 million and composite primary insurance companies ZWL$112.5 million. The Group has a detailed capitalization plan in place to ensure full compliance.

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

Sustainability is important to our clients and to the societies we serve. FBC Holdings is redefining its corporate strategy making sure that it incorporates issues of environmental integrity, economic prosperity as well as social equity and cohesion. The Group is well positioned not only to provide financial support but also to share knowledge to help our clientele meet and create demand for products and services with a sustainability focus.

FBCH firmly believes that for the financial sector to drive the transition to a green, inclusive, digital and sustainable economy, the financial institutions have to be sustainable themselves. As such, the Group is developing a revised comprehensive set of policies and guidelines which will ensure that sustainability is embedded in the decision-making processes and that related risks are adequately identified, analyzed, mitigated, managed, monitored and reported timeously. The Group is also in the process of creating sustainability oversight structures which will aid in the provision of corporate support and divisional implementation. FBC Bank Limited is participating in the Sustainability Standards and Certification Initiative ("SSCI") and is progressing towards certification thereof.

Outlook

The economic outlook remains unpredictable largely due to the uncertainties brought about by the Covid-19 pandemic. The business is still faced with a lot of unknown possibilities. The Group is however hopeful that the current economic policies and measures being implemented which have brought some price stability will further improve the economic environment going forward. The Group will continue to seek opportunities to preserve its balance sheet and reconstitute its business model. The business model will be reconfigured in line with regulatory requirements and the changes to the macroeconomic landscape.

Appreciation

My sincere and heartfelt appreciation goes out to all our stakeholders and in particular to our valued customers who have demonstrated unwavering support for the FBCH Brand. To our customers, we would like to reaffirm our promise that You Matter Most and as such we will endeavour to deliver sustainable, innovative and market-leading products under the prevailing conditions.

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. The health and well-being of our clients, employees, their families and the nation at large, is our primary concern and we will continue to put in place and review measures to curb the spread of Coronavirus.

Stay safe and healthy!

Herbert Nkala
Group Chairman
27 August 2020

FBC Holdings Limited

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Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2020

AUDIT REVIEW CONCLUSION

These condensed interim financial results for the six months ended 30 June 2020 have been reviewed by Deloitte & Touche and a modified review conclusion issued thereon on the basis of the possible effects of the matter on comparability of the current year's inflation adjusted interim financial information with that of the prior year as a result of the incorrect date of application of International Accounting Standard 21 "The Effects of changes in Foreign exchange Rates" ("IAS 21") in the prior year.

The review conclusion has been made available to management and those charged with governance of FBC Holdings Limited. The engagement partner responsible for this review is Tumai Mafunga. The auditor's report on these interim financial results is available for inspection at the Company's registered office.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2020

		INFLATION ADJUSTED		HISTORICAL COST*	
	Note	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
Interest and related income	17	700 154 303	600 996 595	458 959 437	46 838 299
Interest and related expense	18	(248 895 378)	(225 580 408)	(157 887 133)	(19 452 199)
Net interest and related income		**451 258 925**	**375 416 187**	**301 072 304**	**27 386 100**
Fee and commission income	19	289 607 919	340 834 800	179 634 622	32 385 527
Fee and commission expense		(2 945 468)	(176 937)	(1 716 567)	(69 144)
Net fee and commission income		**286 662 451**	**340 657 863**	**177 918 055**	**32 316 383**
Revenue from property sales	20.1	16 198 424	20 022 390	10 812 476	1 556 982
Cost of property sales	20.2	(10 712 530)	(8 859 453)	(3 110 602)	(506 999)
Net income from property sales		**5 485 894**	**11 162 937**	**7 701 874**	**1 049 983**
Insurance premium revenue	21	302 436 912	355 500 841	130 965 294	29 775 757
Premium ceded to reinsurers and retrocessionaires		(83 371 311)	(125 010 123)	(42 580 607)	(11 272 484)
Net earned insurance premium		**219 065 601**	**230 490 718**	**88 384 687**	**18 503 273**
Net trading and dealing income		1 868 965 546	589 586 463	1 876 650 609	73 291 676
Net gains from financial assets at fair value through profit or loss		384 428 974	34 750 230	456 971 144	11 824 725
Other operating income	22	318 684 542	354 784 823	641 784 583	34 020 295
Other income		**2 572 079 062**	**979 121 516**	**2 975 406 336**	**119 136 696**
Total income		**3 534 551 933**	**1 936 849 221**	**3 550 483 256**	**198 392 435**
Impairment allowance		(57 372 071)	(58 008 449)	(57 372 071)	(7 101 551)
Net insurance commission expense	23	(23 097 281)	(41 172 330)	(19 215 931)	(3 344 330)
Insurance claims and loss adjustment expenses	24	(45 318 447)	(94 247 533)	(50 369 460)	(10 230 758)
Administrative expenses	25	(1 411 992 739)	(907 952 356)	(1 123 142 702)	(87 681 373)
Net monetary gain/(loss)		153 228 122	(1 216 325 343)	-	-
Profit before income tax		**2 149 999 517**	**(380 856 790)**	**2 300 383 092**	**90 034 423**
Income tax expense	26	(536 184 796)	(361 801 879)	(401 320 006)	(35 718 835)
Profit for the period		**1 613 814 721**	**(742 658 669)**	**1 899 063 086**	**54 315 588**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Gain on equity instruments at fair value through other comprehensive income		26 874 782	15 118 728	26 874 782	1 805 743
Tax		(268 748)	(151 187)	(268 748)	(18 057)
		26 606 034	**14 967 541**	**26 606 034**	**1 787 686**
Items that will not be reclassified to profit or loss					
Gain on property revaluation		222 808 128	47 101 284	509 639 375	57 146 235
Tax		(7 976 328)	(2 795 133)	(18 296 087)	(9 796 198)
		214 831 800	**44 306 151**	**491 343 288**	**47 350 037**
Total comprehensive income for the period		**1 855 252 555**	**(683 384 977)**	**2 417 012 408**	**103 453 311**
Profit attributable to :					
Equity holders of the parent		1 611 686 076	(743 692 169)	1 896 257 168	54 205 716
Non-controlling interests		2 128 645	1 033 500	2 805 918	109 872
Total		**1 613 814 721**	**(742 658 669)**	**1 899 063 086**	**54 315 588**
Total comprehensive income attributable to:					
Equity holders of the parent		1 853 123 910	(685 760 456)	2 414 206 490	103 008 861
Non-controlling interests		2 128 645	2 375 479	2 805 918	444 450
Total		**1 855 252 555**	**(683 384 977)**	**2 417 012 408**	**103 453 311**
Earnings per share (ZWL cents)					
Basic earnings per share	29.1	265.42	(119.95)	312.28	8.74
Diluted earnings per share	29.2	265.42	(119.95)	312.28	8.74
Headline earnings per share	29.3	265.42	(119.98)	312.28	8.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

		INFLATION ADJUSTED		HISTORICAL COST*	
	Notes	Reviewed 30 June 2020 ZWL$	Audited 31 Dec 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Audited 31 Dec 2019 ZWL$
ASSETS					
Balances with banks and cash	4	7 477 130 140	4 998 555 026	7 477 130 140	1 907 906 680
Financial assets at amortised cost	5.3	206 257 531	499 697 254	206 257 531	190 730 266
Loans and advances to customers	5.1	8 424 971 011	6 709 458 395	8 424 903 311	2 560 920 299
Trade and other receivables including insurance receivables	5.2	196 284 744	270 821 072	197 115 439	104 144 323
Bonds and debentures	6	203 218 585	318 347 641	203 218 585	121 510 634
Financial assets at fair value through profit or loss	7	523 110 904	143 918 815	553 701 360	57 760 631
Financial assets at fair value through other comprehensive income		30 196 384	38 958 073	30 196 384	14 869 971
Inventory	8	129 085 538	172 816 935	31 989 422	13 525 576
Prepayments and other assets	9	1 157 106 233	944 979 327	1 034 865 604	318 540 053
Current income tax asset		220 655	104 904	220 655	40 041
Deferred income tax asset		49 950 987	1 342 565	53 769 722	59 509
Investment property	12	707 795 976	404 207 587	707 469 984	154 282 658
Intangible assets	10	469 417 199	525 157 167	179 979 935	200 426 701
Property and equipment	11	1 381 816 718	1 200 558 478	980 235 583	458 243 138
Right of use asset		13 793 834	58 572 663	7 640 163	7 865 553
Total assets		**20 970 356 439**	**16 287 495 902**	**20 088 693 818**	**6 110 826 033**
EQUITY AND LIABILITIES					
Liabilities					
Deposits from other banks and customers	13	13 450 995 575	10 328 618 302	13 450 995 575	3 942 347 289
Insurance liabilities	14	144 228 127	263 647 423	106 921 160	51 333 232
Trade and other payables	15	2 471 602 185	2 305 680 099	2 471 045 816	865 030 059
Current income tax liabilities		14 788 912	9 740 561	81 815 450	3 405 985
Deferred income tax liabilities		433 994 608	714 631 607	632 795 731	290 265 625
Lease liability		16 880 645	20 892 181	8 009 332	7 974 372
Total liabilities		**16 532 490 052**	**13 643 210 173**	**16 751 583 064**	**5 160 356 562**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital and share premium	16	317 876 750	317 876 750	14 089 892	14 089 892
Other reserves		1 580 610 062	1 349 515 806	1 038 330 800	530 725 056
Retained profits		2 532 899 174	972 541 417	2 279 737 097	403 507 476
		4 431 385 986	**2 639 933 973**	**3 332 157 789**	**948 322 424**
Non controlling interest in equity		6 480 401	4 351 756	4 952 965	2 147 047
Total equity		**4 437 866 387**	**2 644 285 729**	**3 337 110 754**	**950 469 471**
Total equity and liabilities		**20 970 356 439**	**16 287 495 902**	**20 088 693 818**	**6 110 826 033**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

		INFLATION ADJUSTED		HISTORICAL COST*	
	Note	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
Cash flow from operating activities					
Profit for the period		2 149 999 517	(380 856 790)	2 300 383 092	90 034 423
Adjustments for:					
Depreciation		69 437 989	31 864 522	25 011 768	1 564 169
Amortisation		55 485 066	6 163 502	20 510 460	327 344
Credit impairment losses		57 372 071	58 008 449	57 372 071	7 101 551
Profit from disposal of property and equipment	22	-	(187 596)	-	(19 595)
Net unrealised exchange gains and losses		(607 920 346)	(603 171 039)	(912 904 860)	(72 041 267)
Net fair value adjustment on investment property	22	(211 670 534)	(254 393 427)	(520 730 750)	(27 083 941)
Fair value adjustment on financial assets at fair value through profit or loss		(384 428 974)	(34 750 230)	(456 971 144)	(11 824 725)
Net cash generated/(used) before changes in operating assets and liabilities		**1 128 274 789**	**(1 177 322 609)**	**512 670 637**	**(11 942 041)**
Decrease in right of use assets		44 778 828	-	225 390	-
Decrease/(increase) in financial assets at amortised cost		293 656 742	1 852 722 774	(15 310 246)	44 703 512
Decrease/(increase) in loans and advances		3 206 605 892	1 242 885 096	(941 864 504)	17 397 911
Decrease in trade and other receivables		177 043 879	105 740 469	9 536 435	27 120 852
Decrease/(increase) in bonds and debentures		115 459 985	2 128 075 955	(81 377 022)	43 448 728
Decrease/(increase) in financial assets at fair value through profit or loss		5 236 885	(40 364 117)	(38 969 585)	(7 474 806)
Decrease in financial assets at fair value through other comprehensive income		35 636 471	-	11 548 369	-
Decrease/(increase) in inventory		43 731 397	14 244 072	(18 463 846)	(1 853 952)
Increase in prepayments and other assets		(212 126 906)	(228 683 876)	(716 325 551)	(41 018 903)
(Increase)/decrease in investment property		(91 917 855)	97 435 819	(32 456 576)	72 572
(Decrease)/increase in deposits from other banks and customers		(2 272 706 005)	(7 849 871 412)	1 323 532 382	(97 887 099)
(Decrease)/increase in insurance liabilities		(119 419 296)	7 095 567	55 587 928	12 552 814
(Decrease)/increase in trade and other payables		(189 463 478)	657 095 474	1 250 630 193	45 179 689
(Decrease)/increase in lease liabilities		(4 011 536)	-	34 960	-
		2 160 779 792	**(3 190 946 788)**	**1 318 998 964**	**30 299 277**
Income tax expense paid		(858 867 747)	(232 283 181)	(59 100 466)	(6 655 852)
Net cash generated/(used) from operating activities		**1 301 912 045**	**(3 423 229 969)**	**1 259 898 498**	**23 643 425**
Cash flows from investing activities					
Purchase of property and equipment		(33 106 457)	(44 600 589)	(29 541 263)	(3 276 533)
Purchase of intangible assets		(11 299 633)	-	(4 255 681)	-
Proceeds from sale of property and equipment		6 897 946	952 585	2 632 780	20 574
Net cash used in investing activities		**(37 508 144)**	**(43 648 004)**	**(31 164 164)**	**(3 255 959)**
Net cash flows before financing activities		**1 264 403 901**	**(3 466 877 973)**	**1 228 734 334**	**20 387 466**
Cash flows from financing activities					
Repayment of borrowings		(12 549 561)	(14 055 608)	(8 180 767)	(10 206 808)
Dividend paid to company's shareholders		(51 328 319)	(78 387 568)	(20 027 547)	(5 974 088)
Purchase of treasury shares		(10 343 578)	(64 348 089)	(10 343 578)	(5 518 943)
Net cash used in financing activities		**(74 221 458)**	**(156 791 265)**	**(38 551 892)**	**(21 699 839)**
Net increase/(decrease) in cash and cash equivalents		**1 190 182 443**	**(3 623 669 238)**	**1 190 182 442**	**(1 312 373)**
Exchange gains and losses on cash and cash equivalents		1 288 392 671	5 038 047 802	4 379 041 018	348 267 903
Cash and cash equivalents at beginning of the period		4 998 555 026	3 120 178 875	1 907 906 680	192 209 582
Cash and cash equivalents at the end of period	4.1	**7 477 130 140**	**4 534 557 439**	**7 477 130 140**	**539 165 112**

Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2020

INFLATION ADJUSTED	Share capital ZWL$	Share premium ZWL$	Retained profits ZWL$	Treasury shares ZWL$	Non distributable reserve ZWL$	Revaluation reserve ZWL$	Available for sale reserve ZWL$	Regulatory reserve ZWL$	Changes in ownership ZWL$	Total ZWL$	Non controlling interest ZWL$	Total equity ZWL$
Half year ended 30 June 2020												
Balance at 1 January 2020	**151 586**	**317 725 164**	**972 541 417**	**(230 372 686)**	**826 274 059**	**694 834 799**	**21 088 253**	**-**	**37 691 381**	**2 639 933 973**	**4 351 756**	**2 644 285 729**
Profit for the period	-	-	1 611 686 076	-	-	-	-	-	-	1 611 686 076	2 128 645	1 613 814 721
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	214 831 800	-	-	-	214 831 800	-	214 831 800
Available for sale reserve	-	-	-	-	-	-	26 606 034	-	-	26 606 034	-	26 606 034
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**214 831 800**	**26 606 034**	**-**	**-**	**241 437 834**	**-**	**241 437 834**
Total comprehensive income	**-**	**-**	**1 611 686 076**	**-**	**-**	**214 831 800**	**26 606 034**	**-**	**-**	**1 853 123 910**	**2 128 645**	**1 855 252 555**
Transaction with owners												
Dividend paid	-	-	(51 328 319)	-	-	-	-	-	-	(51 328 319)	-	(51 328 319)
Treasury share purchase	-	-	-	(10 343 578)	-	-	-	-	-	(10 343 578)	-	(10 343 578)
Shareholders' equity at 30 June 2020	**151 586**	**317 725 164**	**2 532 899 174**	**(240 716 264)**	**826 274 059**	**909 666 599**	**47 694 287**	**-**	**37 691 381**	**4 431 385 986**	**6 480 401**	**4 437 866 387**
Half year ended 30 June 2019												
Balance at 1 January 2019	**151 586**	**317 725 164**	**2 058 863 705**	**(138 531 063)**	**826 274 059**	**-**	**16 404 664**	**15 752 247**	**37 691 381**	**3 134 331 743**	**5 672 665**	**3 140 004 408**
Changes on initial application of IFRS 9	-		-							-	-	-
Restated balance at 1 January 2019	**151 586**	**317 725 164**	**2 058 863 705**	**(138 531 063)**	**826 274 059**	**-**	**16 404 664**	**15 752 247**	**37 691 381**	**3 134 331 743**	**5 672 665**	**3 140 004 408**
Profit for the period	-	-	(743 692 169)	-	-	-	-	-	-	(743 692 169)	1 033 500	(742 658 669)
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	42 964 172	-	-	-	42 964 172	1 341 979	44 306 151
Net transfer to regulatory reserves	-	-	15 752 247	-	-	-	-	(15 752 247)	-	-	-	
Available for sale reserve	-	-	-	-	-	-	14 967 541	-	-	14 967 541	-	14 967 541
Total other comprehensive income	**-**	**-**	**15 752 247**	**-**	**-**	**42 964 172**	**14 967 541**	**(15 752 247)**	**-**	**57 931 713**	**1 341 979**	**59 273 692**
Total comprehensive income	**-**	**-**	**(727 939 922)**	**-**	**-**	**42 964 172**	**14 967 541**	**(15 752 247)**	**-**	**(685 760 456)**	**2 375 479**	**(683 384 977)**
Transaction with owners												
Dividend paid	-	-	(78 387 568)	-	-	-	-	-	-	(78 387 568)	-	(78 387 568)
Treasury share purchase	-	-	-	(64 348 089)	-	-	-	-	-	(64 348 089)	-	(64 348 089)
Shareholders' equity at 30 June 2019	**151 586**	**317 725 164**	**1 252 536 215**	**(202 879 152)**	**826 274 059**	**42 964 172**	**31 372 205**	**-**	**37 691 381**	**2 305 835 630**	**8 048 144**	**2 313 883 774**
HISTORICAL COST*												
Half year ended 30 June 2020												
Balance at 1 January 2020	**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**
Profit for the period	-	-	1 896 257 168	-	-	-	-	-	-	1 896 257 168	2 805 918	1 899 063 086
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	491 343 288	-	-	-	491 343 288	-	491 343 288
Available for sale reserve	-	-	-	-	-	-	26 606 034	-	-	26 606 034	-	26 606 034
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**491 343 288**	**26 606 034**	**-**	**-**	**517 949 322**	**-**	**517 949 322**
Total comprehensive income	**-**	**-**	**1 896 257 168**	**-**	**-**	**491 343 288**	**26 606 034**	**-**	**-**	**2 414 206 490**	**2 805 918**	**2 417 012 408**
Transaction with owners												
Dividend paid	-	-	(20 027 547)	-	-	-	-	-	-	(20 027 547)	-	(20 027 547)
Treasury share purchase	-	-	-	(10 343 578)	-	-	-	-	-	(10 343 578)	-	(10 343 578)
Shareholders' equity at 30 June 2020	**6 719**	**14 083 173**	**2 279 737 097**	**(28 570 854)**	**36 624 611**	**999 146 452**	**29 459 920**	**-**	**1 670 671**	**3 332 157 789**	**4 952 965**	**3 337 110 754**
Half year ended 30 June 2019												
Balance at 1 January 2019	**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 period	-	-	54 205 716	-	-	-	-	-	-	54 205 716	109 872	54 315 588
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	47 015 459	-	-	-	47 015 459	334 578	47 350 037
Net transfer to regulatory reserves	-	-	(933 322)	-	-	-	-	933 322	-	-	-	
Available for sale reserve	-	-	-	-	-	-	1 787 686	-	-	1 787 686	-	1 787 686
Total other comprehensive income	**-**	**-**	**(933 322)**	**-**	**-**	**47 015 459**	**1 787 686**	**933 322**	**-**	**48 803 145**	**334 578**	**49 137 723**
Total comprehensive income	**-**	**-**	**53 272 394**	**-**	**-**	**47 015 459**	**1 787 686**	**933 322**	**-**	**103 008 861**	**444 450**	**103 453 311**
Transaction with owners												
Dividend paid	-	-	(5 974 088)	-	-	-	-	-	-	(5 974 088)	-	(5 974 088)
Treasury share purchase	-	-	-	(5 518 943)	-	-	-	-	-	(5 518 943)	-	(5 518 943)
Shareholders' equity at 30 June 2019	**6 719**	**14 083 173**	**176 184 628**	**(12 647 319)**	**36 624 611**	**50 179 192**	**2 853 885**	**933 322**	**1 670 671**	**269 888 882**	**783 365**	**270 672 247**

*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 a review conclusion on this historic financial information.

NOTES TO THE FINANCIAL RESULTS
For the six months ended 30 June 2020

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the half year ended 30 June 2020 have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting, The Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Insurance Act (Chapter 24:07) and the Zimbabwe Banking Act (Chapter 24:20). They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

These condensed interim consolidated financial statements have been prepared under the historical cost convention and are presented in Zimbabwean dollars ("ZWL$") and are rounded to the nearest dollar.

3.2 Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Zimbabwean dollar ("ZWL$"), which is the Group's presentation currency as at half year ended 30 June 2020 and as prescribed by statutory instrument 33 of 2019 and statutory instrument 142 of 2019. All the Group's subsidiaries operate in Zimbabwe and have the Zimbabwean dollar ("ZWL$") as their functional and presentation currency as at half year ended 30 June 2020.

3.3 Adoption of the IAS 29 (Financial Reporting in Hyperinflation 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 interim consolidated 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. Non-monetary assets and liabilities carried in the Group's financial results 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 or loss for the half year ended 30 June 2020 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 30 June 2020
CPI as at 30 June 2019	172,6	8,3726
CPI as at 31 December 2019	551,6	2,6199
CPI as at 30 June 2020	1 445,2	1

3.4 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 21and local statutory instruments. In respect of the previous financial year 2019 financial information and as a result of the absence of an observable foreign exchange market during that year, the Group was unable to meet the requirements of IAS 21 in 2019 and before. 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 this comparative inflation adjusted financial information.

FBC Holdings Limited

strength • diversity • service

Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Inflation Adjusted Reviewed 30 June 2020 ZWL$	Inflation Adjusted Audited 31 Dec 2019 ZWL$	Historical Cost Reviewed 30 June 2020 ZWL$	Historical Cost Audited 31 Dec 2019 ZWL$
4	**BALANCES WITH BANKS AND CASH**				
	Balances with Reserve Bank of Zimbabwe ("RBZ")				
	Statutory reserves	44 300 219	-	44 300 219	-
	Current account balances	2 225 640 900	1 997 767 033	2 225 640 900	762 530 981
		2 269 941 119	**1 997 767 033**	**2 269 941 119**	**762 530 981**
	Balances with other banks and cash				
	Notes and coins	614 689 397	727 620 987	614 689 397	277 726 850
	Other bank balances	4 592 499 624	2 273 167 006	4 592 499 624	867 648 849
	Balances with banks and cash (excluding bank overdrafts)	**7 477 130 140**	**4 998 555 026**	**7 477 130 140**	**1 907 906 680**
	Current	7 435 647 705	4 998 555 026	7 435 647 705	1 907 906 680
	Non-current	41 482 435	-	41 482 435	-
	Total	**7 477 130 140**	**4 998 555 026**	**7 477 130 140**	**1 907 906 680**

		Inflation Adjusted Reviewed 30 June 2020 ZWL$	Inflation Adjusted Audited 31 Dec 2019 ZWL$	Inflation Adjusted Reviewed 30 June 2019 ZWL$	Historical cost Reviewed 30 June 2020 ZWL$	Historical cost Audited 31 Dec 2019 ZWL$	Historical cost Reviewed 30 June 2019 ZWL$
4.1	**For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances:**						
	Balances with other banks, cash and current account balances at RBZ (excluding bank overdrafts)	7 477 130 140	4 998 555 026	4 534 557 439	7 477 130 140	1 907 906 680	539 165 112
	Total cash and cash equivalents - statement of cash flows	7 477 130 140	4 998 555 026	4 534 557 439	7 477 130 140	1 907 906 680	539 165 112

		Inflation Adjusted Reviewed 30 June 2020 ZWL$	Inflation Adjusted Audited 31 Dec 2019 ZWL$	Historical Cost Reviewed 30 June 2020 ZWL$	Historical Cost Audited 31 Dec 2019 ZWL$
5	**FINANCIAL ASSETS**				
5.1	**Loans and advances to customers**				
	Loans and advances maturities				
	Maturing within 1 year	2 352 837 498	3 622 848 937	2 352 837 498	1 382 811 163
	Maturing after 1 year	6 162 485 162	3 199 170 785	6 162 417 462	1 221 072 854
	Gross carrying amount	**8 515 322 660**	**6 822 019 722**	**8 515 254 960**	**2 603 884 017**
	Impairment allowance	(90 351 649)	(112 561 327)	(90 351 649)	(42 963 718)
		8 424 971 011	**6 709 458 395**	**8 424 903 311**	**2 560 920 299**
5.2	**Trade and other receivables including insurance receivables**				
	Trade receivables	75 734 682	69 066 204	75 734 682	26 361 993
	Insurance receivables				
	- Due by insurance clients and insurance brokers	120 225 533	193 192 095	121 406 735	74 513 991
	-Due by reinsurers and retrocessionaires	13 141 360	17 545 857	12 790 854	6 697 107
	Gross carrying amount	**209 101 575**	**279 804 156**	**209 932 271**	**107 573 091**
	Impairment allowance	(12 816 831)	(8 983 084)	(12 816 832)	(3 428 768)
	Total	**196 284 744**	**270 821 072**	**197 115 439**	**104 144 323**
	Current	196 284 744	180 506 153	197 115 439	69 671 868
	Non-current	-	90 314 919	-	34 472 455
	Total	**196 284 744**	**270 821 072**	**197 115 439**	**104 144 323**
5.3	**Financial assets at amortised cost**				
	Maturing within 1 year	189 056 162	300 996 868	189 056 162	114 887 989
	Maturing after 1 year	19 763 852	201 229 501	19 763 852	76 807 619
	Gross carrying amount	**208 820 014**	**502 226 369**	**208 820 014**	**191 695 608**
	Impairment allowance	(2 562 483)	(2 529 115)	(2 562 483)	(965 342)
		206 257 531	**499 697 254**	**206 257 531**	**190 730 266**
5.4	**Movement in impairment allowance**				
	Balance at beginning of period	126 124 278	250 017 360	48 140 583	15 363 367
	Effects of IAS 29	(77 983 694)	(209 766 630)	-	-
	Impairment allowance through statement of profit or loss and other comprehensive income	57 372 071	88 595 563	57 372 071	33 816 186
	Amounts written off during the year as uncollectible	2 459 881	(2 722 015)	2 459 882	(1 038 970)
	Balance at end of period	**107 972 536**	**126 124 278**	**107 972 536**	**48 140 583**
6	**BONDS AND DEBENTURES**				
	Maturing within 1 year	194 203 239	261 991 589	194 203 239	100 000 000
	Maturing after 1 year	9 961 692	57 991 487	9 961 692	22 134 866
	Gross carrying amount	**204 164 931**	**319 983 076**	**204 164 931**	**122 134 866**
	Impairment allowance	(946 346)	(1 635 435)	(946 346)	(624 232)
		203 218 585	**318 347 641**	**203 218 585**	**121 510 634**
	Current	193 304 210	-	193 304 210	-
	Non-current	9 914 375	318 347 641	9 914 375	121 510 634
	Total	**203 218 585**	**318 347 641**	**203 218 585**	**121 510 634**
7	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**				
	Listed securities at market value	**523 110 904**	**143 918 815**	**553 701 360**	**57 760 631**
	Current	523 110 904	143 918 815	553 701 360	57 760 631
	Non-current	-	-	-	-
	Total	**523 110 904**	**143 918 815**	**553 701 360**	**57 760 631**
8	**INVENTORY**				
	Raw materials	1 048 231	11 304 395	643 994	957 600
	Work in progress	128 037 307	143 385 888	31 345 428	11 685 054
	Finished goods	-	18 126 652	-	882 922
		129 085 538	**172 816 935**	**31 989 422**	**13 525 576**
	Current	12 607 420	172 816 935	2 076 492	13 525 576
	Non-current	116 478 118	-	29 912 930	-
	Total	**129 085 538**	**172 816 935**	**31 989 422**	**13 525 576**

		Inflation Adjusted Reviewed 30 June 2020 ZWL$	Inflation Adjusted Audited 31 Dec 2019 ZWL$	Historical Cost Reviewed 30 June 2020 ZWL$	Historical Cost Audited 31 Dec 2019 ZWL$
9	**PREPAYMENTS AND OTHER ASSETS**				
	Prepayments	196 015 317	94 614 513	92 984 946	24 477 293
	Deferred acquisition costs	26 041 124	49 945 102	15 225 706	5 715 239
	Refundable deposits for Mastercard and Visa transactions	169 452 982	149 659 203	169 452 982	57 123 667
	Stationery stock and other consumables	-	27 733 526	-	1 704 203
	Time- share asset	8 706 085	9 336 398	3 008 444	3 563 625
	Legacy debt assets	627 945 816	581 830 439	627 945 816	222 079 816
	Other	128 944 909	31 860 146	126 247 710	3 876 210
		1 157 106 233	**944 979 327**	**1 034 865 604**	**318 540 053**
	Current	885 353 700	707 475 987	789 648 495	227 887 013
	Non-current	271 752 533	237 503 340	245 217 109	90 653 040
	Total	**1 157 106 233**	**944 979 327**	**1 034 865 604**	**318 540 053**
10	**INTANGIBLE ASSETS**				
	As at end of period				
	Opening net book amount	525 157 167	45 230 600	200 426 701	2 056 337
	Additions	11 299 633	22 509 633	4 255 681	5 270 623
	Revaluation	-	472 318 351	-	193 952 264
	Impairment	(11 554 535)	-	(4 191 987)	-
	Amortisation charge	(55 485 066)	(14 901 417)	(20 510 460)	(852 523)
	Closing net book amount	**469 417 199**	**525 157 167**	**179 979 935**	**200 426 701**
	As at end of period				
	Cost	668 300 329	657 000 696	210 797 450	206 541 769
	Accumulated amortisation	(187 328 595)	(131 843 529)	(26 596 301)	(6 085 841)
	Accumulated impairment	(11 554 535)	-	(4 221 214)	(29 227)
	Net book amount	**469 417 199**	**525 157 167**	**179 979 935**	**200 426 701**

11 PROPERTY AND EQUIPMENT

Inflation Adjusted	Freehold premises ZWL$	Machinery ZWL$	Computer equipment ZWL$	Furniture and Office equipment ZWL$	Motor vehicles ZWL$	Total ZWL$
Half year ended 30 June 2020						
Opening net book amount at January 2020	660 039 981	-	361 470 127	58 453 730	120 594 640	1 200 558 478
Additions	720 913	15 746 805	10 976 600	4 776 439	885 700	33 106 457
Revaluation	224 487 718	-	-	-	-	224 487 718
Disposals	(6 897 946)	-	-	-	-	(6 897 946)
Depreciation	(5 859 559)	(166 582)	(40 930 294)	(9 490 439)	(12 991 115)	(69 437 989)
Closing net book amount at June 2020	**872 491 107**	**15 580 223**	**331 516 433**	**53 739 730**	**108 489 225**	**1 381 816 718**
Year ended 31 December 2019						
Opening net book amount at January 2019	504 308 278	-	37 165 349	197 867 987	41 612 659	780 954 273
Additions	10 091 724	-	62 769 844	11 904 555	17 727 090	102 493 213
Revaluation	153 614 702	-	279 572 330	(121 600 857)	74 376 580	385 962 755
Disposals	-	-	(138 144)	(435 082)	(191 766)	(764 992)
Depreciation	(7 974 723)	-	(17 899 252)	(29 282 873)	(12 929 923)	(68 086 771)
Closing net book amount at December 2019	**660 039 981**	**-**	**361 470 127**	**58 453 730**	**120 594 640**	**1 200 558 478**
Historical cost						
Half year ended 30 June 2020						
Opening net book amount at January 2020	251 931 744	-	137 970 127	22 311 301	46 029 966	458 243 138
Additions	475 566	15 024 794	9 120 826	4 034 377	885 700	29 541 263
Revaluation	520 095 730	-	-	-	-	520 095 730
Disposals	(2 632 780)	-	-	-	-	(2 632 780)
Depreciation	(2 239 098)	(112 686)	(15 300 600)	(1 740 259)	(5 619 125)	(25 011 768)
Closing net book amount at June 2020	**767 631 162**	**14 912 108**	**131 790 353**	**24 605 419**	**41 296 541**	**980 235 583**
Year ended 31 December 2019						
Opening net book amount at January 2019	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	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 at December 2019	**251 931 744**	**-**	**137 970 127**	**22 311 301**	**46 029 966**	**458 243 138**

Property and equipment was revalued at half year ended 30 June 2020.

		Inflation Adjusted Reviewed 30 June 2020 ZWL$	Inflation Adjusted Audited 31 Dec 2019 ZWL$	Historical Cost Reviewed 30 June 2020 ZWL$	Historical Cost Audited 31 Dec 2019 ZWL$
12	**INVESTMENT PROPERTY**				
	Opening balance	404 207 587	143 826 115	154 282 658	8 838 000
	Additions	547 991	36 106 499	531 492	1 814 773
	Fair value adjustment	244 912 504	225 378 615	533 418 932	143 905 214
	Write offs	(33 241 970)	-	(12 688 182)	-
	Disposals	-	(1 103 642)	-	(275 329)
	Transfers from inventory	84 471 913	-	2 929 194	-
	Transfers from property and equipment	6 897 951	-	2 632 890	-
	Closing balance	**707 795 976**	**404 207 587**	**707 469 984**	**154 282 658**
	Non-current	707 795 976	404 207 587	707 469 984	154 282 658
	Total	**707 795 976**	**404 207 587**	**707 469 984**	**154 282 658**

Fair valued adjustment of ZWL$ 244 912 504 and ZWL$ 533 418 932 in inflation and historical cost terms was made as at 30 June 2020.

The fair value of investment property was determined by external, independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

FBC Holdings Limited

strength • diversity • service

Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed 30 June 2020 ZWL$	Audited 31 Dec 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Audited 31 Dec 2019 ZWL$
13 DEPOSITS FROM OTHER BANKS AND CUSTOMERS				
13.1 DEPOSITS FROM CUSTOMERS				
Demand deposits	5 635 662 379	4 566 729 234	5 635 662 379	1743 082 384
Promissory notes	846 044 836	577 067 183	846 044 836	220 261 721
Other time deposits	108 904 847	161 204 495	108 904 847	61 530 409
	6 590 612 062	**5 305 000 912**	**6 590 612 062**	**2 024 874 514**
13.2 DEPOSITS FROM OTHER BANKS				
Money market deposits	416 178 766	511 252 978	416 178 766	195 140 989
Bank borrowings and lines of credit	6 444 204 747	4 512 364 412	6 444 204 747	1 722 331 786
	6 860 383 513	**5 023 617 390**	**6 860 383 513**	**1 917 472 775**
TOTAL DEPOSITS	**13 450 995 575**	**10 328 618 302**	**13 450 995 575**	**3 942 347 289**
Current	7 031 513 760	5 899 891 985	7 021 483 906	2 251 939 465
Non-current	6 419 481 815	4 428 726 317	6 429 511 669	1 690 407 824
Total	**13 450 995 575**	**10 328 618 302**	**13 450 995 575**	**3 942 347 289**

13.3 Deposits concentration

Inflation Adjusted	Reviewed 30 June 2020 ZWL$	%	Audited 31 Dec 2019 ZWL$	%
Agriculture	438 235 582	3%	283 464 514	3%
Construction	135 019 147	1%	171 681 427	2%
Wholesale and retail trade	1 542 091 290	11%	1 191 107 210	12%
Public sector	448 645 321	3%	350 025 355	3%
Manufacturing	736 700 593	5%	623 595 631	6%
Telecommunication	284 149 407	2%	341 350 701	3%
Transport	261 414 448	2%	283 397 085	3%
Individuals	698 786 292	5%	826 235 795	8%
Financial services	6 793 120 325	51%	4 752 103 256	46%
Mining	1 063 687 259	8%	850 191 258	8%
Other	1 049 145 911	8%	655 466 070	6%
	13 450 995 575	**100%**	**10 328 618 302**	**100%**

Historical cost	Reviewed 30 June 2020 ZWL$	%	Audited 31 Dec 2019 ZWL$	%
Agriculture	438 235 582	3%	108 196 036	3%
Construction	135 019 147	1%	65 529 366	2%
Wholesale and retail trade	1 542 091 290	11%	454 635 668	12%
Public sector	448 645 321	3%	133 601 753	3%
Manufacturing	736 700 593	5%	238 021 241	5%
Telecommunication	284 149 407	2%	130 290 710	3%
Transport	261 414 448	2%	108 170 299	2%
Individuals	698 786 292	5%	315 367 298	8%
Financial services	6 793 120 325	51%	1 813 838 099	48%
Mining	1 063 687 259	8%	324 510 898	8%
Other	1 049 145 911	8%	250 185 921	6%
	13 450 995 575	**100%**	**3 942 347 289**	**100%**

There are material concentration of deposits to the following sectors; Financial services 51%, wholesale and retail trade 11%, mining 8% and other 8%.

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed 30 June 2020 ZWL$	Audited 31 Dec 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Audited 31 Dec 2019 ZWL$
14 INSURANCE LIABILITIES				
Gross outstanding claims	40 752 445	84 639 956	42 139 502	29 018 115
Liability for unearned premium	103 475 682	179 007 467	64 781 658	22 315 117
	144 228 127	**263 647 423**	**106 921 160**	**51 333 232**
Current	144 228 127	263 647 423	106 921 160	51 333 232
Non-current	-	-	-	-
Total	**144 228 127**	**263 647 423**	**106 921 160**	**51 333 232**
15 TRADE AND OTHER PAYABLES				
Trade and other payables	273 542 855	259 030 109	272 986 486	97 474 651
Deferred income	10 532 369	65 359 885	10 532 369	11 578 331
Mastercard and Visa prepayments	395 993 764	274 682 485	395 993 764	104 844 009
TT Resdex inwards	26 665 157	376 276 803	26 665 157	143 621 711
RBZ cash cover	968 714 778	920 521 383	968 714 778	351 355 319
Zimswitch settlement	-	23 715 785	-	9 052 117
Instant banking balances	18 877 271	14 660 363	18 877 271	5 595 738
Other liabilities	777 275 991	371 433 286	777 275 991	141 508 183
	2 471 602 185	**2 305 680 099**	**2 471 045 816**	**865 030 059**
Current	2 009 167 636	2 146 793 398	2 008 611 267	819 216 750
Non-current	462 434 549	158 886 701	462 434 549	45 813 309
Total	**2 471 602 185**	**2 305 680 099**	**2 471 045 816**	**865 030 059**
16 SHARE CAPITAL AND SHARE PREMIUM				
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
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

Share capital movement	Number of Shares	Share Capital ZWL$	Share Premium ZWL$	Total ZWL$
INFLATION ADJUSTED				
As at 1 January	671 949 927	151 586	317 725 164	317 876 750
Share issue	-	-	-	-
As at 30 June 2020	**671 949 927**	**151 586**	**317 725 164**	**317 876 750**
HISTORICAL COST				
As at 1 January 2020	671 949 927	6 719	14 083 173	14 089 892
Share issue	-	-	-	-
As at 30 June 2020	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

The unissued share capital is under the control of the directors subject to the restrictions imposed by The Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
17 INTEREST AND RELATED INCOME				
Cash and cash equivalents	5 487 303	7 101 941	3 489 030	215 031
Loans and advances to other banks	64 583 606	79 794 807	41 288 269	1 199 080
Loans and advances to customers	583 092 715	409 113 261	383 882 037	36 857 981
Bankers acceptances and tradable bills	46 990 679	104 986 586	30 300 101	8 566 207
	700 154 303	**600 996 595**	**458 959 437**	**46 838 299**

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
18 INTEREST AND RELATED EXPENSE				
Deposit from other banks	17 727 108	42 924 219	19 378 121	2 333 991
Demand deposits	28 858 960	19 800 999	18 287 759	1 704 326
Afreximbank	172 440 126	138 952 203	109 491 002	12 072 636
Time deposits	29 869 184	23 902 987	10 730 251	3 341 246
	248 895 378	**225 580 408**	**157 887 133**	**19 452 199**
19 FEE AND COMMISSION INCOME				
Retail service fees	25 450 137	317 131 069	168 044 028	26 769 757
Credit related fees	250 899 517	14 931 198	7 260 092	1 747 623
Investment banking fees	6 767 965	2 399 411	848 986	209 640
Brokerage	6 490 300	6 373 122	3 481 516	3 658 507
	289 607 919	**340 834 800**	**179 634 622**	**32 385 527**
20.1 REVENUE FROM PROPERTY SALES				
Property Sales	16 198 424	20 022 390	10 812 476	1 556 982
20.2 COST OF PROPERTY SALES				
Property development	10 712 530	8 859 453	3 110 602	506 999
21 INSURANCE PREMIUM REVENUE				
Gross Premium Written	323 007 517	467 974 539	186 227 049	43 402 964
Change in Unearned Premium Reserve ("UPR")	(20 570 605)	(112 473 698)	(55 261 755)	(13 627 207)
	302 436 912	**355 500 841**	**130 965 294**	**29 775 757**
22 OTHER OPERATING INCOME				
Rental income	1 947 660	11 429 181	1 327 278	154 052
Profit on disposal of property and equipment	-	187 596	-	19 595
Sundry income	101 089 505	70 239 637	116 040 291	4 826 667
Bad debts recovered	3 976 843	18 534 982	3 686 264	1 936 040
Net fair value adjustment on investment property	211 670 534	254 393 427	520 730 750	27 083 941
	318 684 542	**354 784 823**	**641 784 583**	**34 020 295**
23 NET INSURANCE COMMISSIONS EXPENSE				
Commissions paid	27 783 665	69 414 083	28 726 397	5 588 761
Change in technical provisions	(4 686 384)	(28 241 753)	(9 510 466)	(2 244 431)
	23 097 281	**41 172 330**	**19 215 931**	**3 344 330**
24 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES				
Claims Paid	56 540 707	84 676 135	33 482 173	6 725 023
Change in Technical Provisions	(11 222 260)	9 571 398	16 887 287	3 505 735
	45 318 447	**94 247 533**	**50 369 460**	**10 230 758**
25 ADMINISTRATIVE EXPENDITURE				
Administration expenses	509 214 333	299 311 887	243 804 974	29 611 646
Staff costs	735 935 605	530 777 950	803 420 438	54 159 309
Directors' fees	7 158 912	10 190 575	8 157 968	1 188 772
Audit fees:				
- current year fees	6 344 743	1 666 267	4 260 947	36 570
- prior year fees	10 288 131	1 524 051	8 271 594	123 280
- other services	18 127 960	19 820 278	9 704 553	-
Depreciation	69 437 989	31 864 522	25 011 768	1 564 169
Amortisation	55 485 066	6 163 502	20 510 460	327 344
Operating lease payment	-	6 633 324	-	670 283
	1 411 992 739	**907 952 356**	**1 123 142 702**	**87 681 373**
26 INCOME TAX EXPENSE				
Current income tax on income for the half year	558 114 431	361 878 840	87 333 819	38 692 571
Deferred tax	(21 929 635)	(76 961)	313 986 187	(2 973 736)
	536 184 796	**361 801 879**	**401 320 006**	**35 718 835**
27 CAPITAL COMMITMENTS				
Capital expenditure authorized but not yet contracted for	653 575 000	466 811 704	653 575 000	55 754 843
28 CONTINGENT LIABILITIES				
Guarantees and letters of credit	703 652 056	2 309 975 732	703 652 056	275 897 826
29 EARNINGS PER SHARE				
29.1 Basic earnings per share				
Profit attributable to equity holders of the parent	1 611 686 076	(743 692 169)	1 896 257 168	54 205 716
Total	**1 611 686 076**	**(743 692 169)**	**1 896 257 168**	**54 205 716**
Basic earnings per share				
Basic earnings per share (ZWL cents)	265.42	(119.95)	312.28	8.74
	265.42	**(119.95)**	**312.28**	**8.74**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Weighted average number of ordinary shares Half Year ended 30 June 2020				
Issued ordinary shares as at 1 January 2020	671 949 927	(64 708 627)	607 241 300	607 241 300
Treasury shares purchased	-	(634 700)	(634 700)	(17 437)
Weighted average number of ordinary shares as at 30 June	**671 949 927**	**(65 343 327)**	**606 606 600**	**607 223 863**
Weighted average number of ordinary shares Half Year ended 30 June 2019				
Issued ordinary shares as at 1 January 2019	671 949 927	(44 827 282)	627 122 645	627 122 645
Treasury shares purchased	-	(10 854 126)	(10 854 126)	(7 107 222)
Weighted average number of ordinary shares as at 30 June	**671 949 927**	**(55 681 408)**	**616 268 519**	**620 015 423**

29.2 Diluted earnings per share

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

	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
Profit attributable to equity holders of the parent	1 611 686 076	(743 692 169)	1 896 257 168	54 205 716
Total	**1 611 686 076**	**(743 692 169)**	**1 896 257 168**	**54 205 716**
Weighted average number of ordinary shares at 30 June	607 223 863	620 015 423	607 223 863	620 015 423
Diluted earnings per share (ZWL cents)				
Diluted earnings per share (ZWL cents)	265.42	(119.95)	312.28	8.74
	265.42	**(119.95)**	**312.28**	**8.74**

	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
29.3 Headline earnings per share				
Profit attributable to equity holders	**1 611 686 076**	**(743 692 169)**	**1 896 257 168**	**54 205 716**
Adjusted for excluded remeasurements				
Profit on the disposal of property and equipment	-	(187 596)	-	(19 595)
Other	-	-	-	-
Headline earnings	**1 611 686 076**	**(743 879 765)**	**1 896 257 168**	**54 186 121**
Weighted average number of ordinary shares at 30 June	**607 223 863**	**620 015 423**	**607 223 863**	**620 015 423**
Headline earnings per share (ZWL cents)	**265.42**	**(119.98)**	**312.28**	**8.74**

29.4 Diluted headline earnings per share

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

	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$	Reviewed 30 June 2020 ZWL$	Reviewed 30 June 2019 ZWL$
Headline earnings	1 611 686 076	(743 879 765)	1 896 257 168	54 186 121
Weighted average number of ordinary shares at 30 June	**607 223 863**	**620 015 423**	**607 223 863**	**620 015 423**
Diluted earnings per share (ZWL cents)	**265.42**	**(119.98)**	**312.28**	**8.74**

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

FAIR VALUE HIERARCHY

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

Quoted market prices - Level 1

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

Valuation technique using observable inputs - Level 2

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

Valuation technique using significant observable inputs - Level 3

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

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

Valuation technique using;

Recurring fair value measurements	Quoted prices in active markets for identical assets (Level 1) ZWL$	Significant other observable inputs (Level 2) ZWL$	Significant unobservable inputs (Level 3) ZWL$
Inflation Adjusted			
As at 30 June 2020			
Investment property	-	-	707 795 976
Financial assets at amortised cost	-	-	206 257 531
Financial assets at fair value through profit or loss	523 110 904	-	-
Financial assets at fair value through other comprehensive income	30 196 384	-	-
Land and buildings	-	-	1 078 886 278
As at 31 December 2019			
Investment property	-	-	404 207 587
Financial assets at amortised cost	-	-	499 697 254
Financial assets at fair value through profit or loss	143 918 815	-	-
Financial assets at fair value through other comprehensive income	38 958 073	-	-
Land and buildings	-	-	660 039 981
Historical cost			
As at 30 June 2020			
Investment property	-	-	707 469 984
Financial assets at amortised cost	-	-	206 257 531
Financial assets at fair value through profit or loss	553 701 360	-	-
Financial assets at fair value through other comprehensive income	30 196 384	-	-
Land and buildings	-	-	767 631 162
As at 31 December 2019			
Investment property	-	-	154 282 658
Financial assets at amortised cost	-	-	190 730 266
Financial assets at fair value through profit or loss	57 760 631	-	-
Financial assets at fair value through other comprehensive income	14 869 971	-	-
Land and buildings	-	-	251 931 744

31 CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

	Financial assets at amortised cost ZWL$	Financial assets at fair value through profit or loss ZWL$	Financial assets at fair value through other comprehensive income ZWL$	Loans and receivables ZWL$	Financial liabilities at amortised cost ZWL$
Inflation Adjusted					
As at 30 June 2020					
Trading assets					
Balances with other banks and cash	-	-	-	7 477 130 140	-
Financial assets at amortised cost	206 257 531	-	-	-	-
Loans and advances to customers	-	-	-	8 424 971 011	-
Trade and other receivables including insurance receivables	-	-	-	196 284 744	-
Bonds and debentures	203 218 585	-	-	-	
Financial assets at fair value through profit or loss	-	523 110 904	-	-	-
Financial assets at fair value through other comprehensive income	-	-	30 196 384	-	-
	409 476 116	**523 110 904**	**30 196 384**	**16 098 385 895**	**-**
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	13 450 995 575
Insurance liabilities	-	-	-	-	144 228 127
Trade and other payables	-	-	-	-	2 471 602 185
	-	**-**	**-**	**-**	**16 066 825 887**
As at 31 December 2019					
Trading assets					
Balances with other banks and cash	-	-	-	4 998 555 026	-
Financial assets at amortised cost	499 697 254	-	-	-	-
Loans and advances to customers	-	-	-	6 709 458 395	-
Trade and other receivables including insurance receivables	-	-	-	270 821 072	-
Bonds and debentures	318 347 641	-	-	-	-
Financial assets at fair value through profit or loss	-	143 918 815	-	-	-
Financial assets at fair value through other comprehensive income	-	-	38 958 073	-	-
	818 044 895	**143 918 815**	**38 958 073**	**11 978 834 493**	**-**
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	10 328 618 302
Insurance liabilities	-	-	-	-	263 647 423
Trade and other payables	-	-	-	-	2 305 680 099
	-	**-**	**-**	**-**	**12 897 945 824**
Historical cost					
As at 30 June 2020					
Trading assets					
Balances with other banks and cash	-	-	-	7 477 130 140	-
Financial assets at amortised cost	206 257 531	-	-	-	-
Loans and advances to customers	-	-	-	8 424 903 311	-
Trade and other receivables including insurance receivables	-	-	-	197 115 439	-
Bonds and debentures	203 218 585	-	-	-	
Financial assets at fair value through profit or loss	-	553 701 360	-	-	-
Financial assets at fair value through other comprehensive income	-	-	30 196 384	-	-
	409 476 116	**553 701 360**	**30 196 384**	**16 099 148 890**	**-**
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	13 450 995 575
Insurance liabilities	-	-	-	-	106 921 160
Trade and other payables	-	-	-	-	2 471 045 816
	-	**-**	**-**	**-**	**16 028 962 551**
As at 31 December 2019					
Trading assets					
Balances with other banks and cash	-	-	-	1 907 906 680	-
Financial assets at amortised cost	190 730 266	-	-	-	-
Loans and advances to customers	-	-	-	2 560 920 299	-
Trade and other receivables including insurance receivables	-	-	-	104 144 323	-
Bonds and debentures	121 510 634	-	-	-	-
Financial assets at fair value through profit or loss	-	57 760 631		-	-
Financial assets at fair value through other comprehensive income	-	-	14 869 971	-	-
	312 240 900	**57 760 631**	**14 869 971**	**4 572 971 302**	**-**
Trading liabilities					
Deposits and borrowings from other banks and customers	-	-	-	-	3 942 347 289
Insurance liabilities	-	-	-	-	51 333 232
Trade and other payables	-	-	-	-	865 030 059
	-	**-**	**-**	**-**	**4 858 710 580**

32 RELATED PARTIES

The Group carried out banking and investment related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking regulations. The full list of related party transactions are provided in the Group's annual report for the year ended 31 December 2019.

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

FBC Holdings Limited

strength • diversity • service

Reviewed Financial Results

FOR THE SIX MONTHS ENDED 30 JUNE 2020

33 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

The Group comprises 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

30 June 2020

	Commercial banking ZWL$	Microlending ZWL$	Mortgage financing ZWL$	Short term reinsurance ZWL$	Short term insurance ZWL$	Stockbroking ZWL$	Intersegment eliminations ZWL$	Consolidated ZWL$
Total segment revenue								
Interest income	625 849 537	28 037 843	39 994 236	1 145 693	-	77 191	5 049 803	700 154 303
Interest expense	(193 527 463)	(4 780 062)	(25 754 127)	-	-	-	(24 833 726)	(248 895 378)
Net interest income	**432 322 074**	**23 257 781**	**14 240 109**	**1 145 693**	**-**	**77 191**	**(19 783 923)**	**451 258 925**
Turnover	-	-	16 198 424	-	-	-	-	16 198 424
Cost of sales	-	-	(10 712 530)	-	-	-	-	(10 712 530)
Gross profit	**-**	**-**	**5 485 894**	**-**	**-**	**-**	**-**	**5 485 894**
Net earned insurance premium	-	-	-	168 029 547	49 009 647	-	2 026 407	219 065 601
Net fee and commission income	254 136 554	2 081 374	25 329 042	-	-	5 115 481	-	286 662 451
Net trading income and other income	1 762 066 177	1 271 475	238 816 451	395 893 315	82 625 051	10 681 922	80 724 671	2 572 079 062
Total income	**2 448 524 805**	**26 610 630**	**283 871 496**	**565 068 555**	**131 634 698**	**15 874 594**	**62 967 155**	**3 534 551 933**
Intersegment revenue	2 818 812	-	(553 677)	420 035	32 079 275	1 940	(34 766 385)	-
Intersegment interest expense and commission	14 622	986 031	(3 677 653)	6 514	274 252	4 125	2 392 109	-
Revenue from external customers	**2 451 358 239**	**27 596 661**	**279 640 166**	**565 495 104**	**163 988 225**	**15 880 659**	**30 592 879**	**3 534 551 933**
Segment profit before income tax	**1 614 219 890**	**(30 847 541)**	**128 700 894**	**351 630 423**	**61 245 594**	**4 767 457**	**20 282 800**	**2 149 999 517**
Impairment losses on financial assets	46 893 571	538 817	1 939 682	8 000 000	-	-	-	57 372 070
Depreciation	58 593 226	1 725 716	4 529 557	1 602 717	2 867 988	110 035	8 750	69 437 989
Amortisation	53 743 681	714 198	63 434	432 877	530 876	-	-	55 485 066
Segment assets	**17 759 051 091**	**87 167 561**	**1 420 529 951**	**714 929 666**	**310 289 849**	**15 830 755**	**662 557 566**	**20 970 356 439**
Total assets includes:								
Additions to non-current assets	12 569 154	17 079	18 560 065	249 687	1 185 470	-	525 002	33 106 457
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	**14 750 018 400**	**53 768 042**	**695 485 573**	**290 933 179**	**166 295 566**	**8 002 240**	**567 987 052**	**16 532 490 052**

30 June 2019

	Commercial banking ZWL$	Microlending ZWL$	Mortgage financing ZWL$	Short term reinsurance ZWL$	Short term insurance ZWL$	Stockbroking ZWL$	Intersegment eliminations ZWL$	Consolidated ZWL$
Total segment revenue								
Interest income	433 815 599	64 208 458	103 585 150	2 637 567	-	1 667 582	(4 917 761)	600 996 595
Interest expense	(170 268 174)	(9 254 212)	(37 629 015)	-	-	-	(8 429 007)	(225 580 408)
Net interest income	**263 547 425**	**54 954 246**	**65 956 135**	**2 637 567**	**-**	**1 667 582**	**(13 346 768)**	**375 416 187**
Turnover	-	-	20 022 390	-	-	-	-	20 022 390
Cost of sales	-	-	(8 859 453)	-	-	-	-	(8 859 453)
Gross profit	**-**	**-**	**11 162 937**	**-**	**-**	**-**	**-**	**11 162 937**
Net earned insurance premium	-	-	-	161 858 102	78 360 784	-	(9 728 168)	230 490 718
Net fee and commission income	284 945 607	7 964 792	42 958 244	-	-	6 373 122	(1 583 902)	340 657 863
Net trading income and other income	1 368 760 185	1 497 750	19 142 066	84 834 783	48 076 057	3 076 837	(546 266 162)	979 121 516
Total income	**1 917 253 217**	**64 416 788**	**139 219 382**	**249 330 452**	**126 436 841**	**11 117 541**	**(570 925 000)**	**1 936 849 221**
Intersegment revenue	2 818 812	-	(553 677)	420 035	32 079 275	1 940	(34 766 385)	-
Intersegment interest expense and commission	14 622	986 031	(3 677 653)	6 514	274 252	4 125	2 392 109	-
Revenue from external customers	**1 920 086 651**	**65 402 819**	**134 988 052**	**249 757 001**	**158 790 368**	**11 123 606**	**(603 299 276)**	**1 936 849 221**
Segment profit before income tax	**314 625 693**	**(93 650 416)**	**(269 924 686)**	**(50 648 702)**	**50 411 700**	**(15 702 015)**	**(315 968 364)**	**(380 856 790)**
Impairment losses on financial assets	55 744 607	1 319 407	944 435	-	-	-	-	58 008 449
Depreciation	26 235 851	660 395	3 841 164	200 925	875 006	51 181	-	31 864 522
Amortisation	4 900 010	341 830	190 304	264 373	466 985	-	-	6 163 502
Segment assets	**17 449 542 638**	**263 798 823**	**1 912 150 649**	**468 908 027**	**392 585 473**	**8 452 127**	**(4 207 941 835)**	**16 287 495 902**
Total assets includes:								
Additions to non-current assets	761 181 525	26 450	5 240 416	580 259	1 096 630	-	-	768 125 280
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	**15 550 725 623**	**186 440 685**	**1 291 487 668**	**310 698 972**	**214 509 749**	**4 527 437**	**(3 915 179 961)**	**13 643 210 173**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Equity market dealing		

Historical cost

30 June 2020

	Commercial banking ZWL$	Microlending ZWL$	Mortgage financing ZWL$	Short term reinsurance ZWL$	Short term insurance ZWL$	Stockbroking ZWL$	Intersegment eliminations ZWL$	Consolidated ZWL$
Total segment revenue								
Interest income	413 501 827	17 142 306	24 428 171	676 833	-	48 781	3 161 519	458 959 437
Interest expense	(122 701 773)	(2 978 771)	(16 137 747)	-	-	-	(16 068 842)	(157 887 133)
Net interest income	**290 800 054**	**14 163 535**	**8 290 424**	**676 833**	**-**	**48 781**	**(12 907 323)**	**301 072 304**
Turnover	-	-	10 812 476	-	-	-	-	10 812 476
Cost of sales	-	-	(3 110 602)	-	-	-	-	(3 110 602)
Gross profit	**-**	**-**	**7 701 874**	**-**	**-**	**-**	**-**	**7 701 874**
Net earned insurance premium	-	-	-	60 466 512	27 685 365	-	232 810	88 384 687
Net fee and commission income	156 935 720	1 487 133	16 013 686	-	-	3 481 516	-	177 918 055
Net trading income and other income	1 957 306 844	685 716	351 280 067	441 713 425	79 951 422	8 060 752	136 408 110	2 975 406 336
Total income	**2 405 042 618**	**16 336 384**	**383 286 051**	**502 856 770**	**107 636 787**	**11 591 049**	**123 733 597**	**3 550 483 256**
Intersegment revenue	2 818 812	-	(553 677)	420 035	32 079 275	1 940	(34 766 385)	-
Intersegment interest expense and commission	14 622	986 031	(3 677 653)	6 514	274 252	4 125	2 392 109	-
Revenue from external customers	**2 407 876 052**	**17 322 415**	**379 054 721**	**503 283 319**	**139 990 314**	**11 597 114**	**91 359 321**	**3 550 483 256**
Segment profit before income tax	**1 552 955 094**	**(3 683 549)**	**283 992 837**	**392 432 752**	**55 623 747**	**6 435 260**	**12 626 951**	**2 300 383 092**
Impairment losses on financial assets	46 893 572	538 817	1 939 682	8 000 000	-	-	-	57 372 071
Depreciation	19 748 716	660 395	3 479 148	371 779	713 740	37 990	-	25 011 768
Amortisation	20 392 619	30 516	8 435	70 000	8 890	-	-	20 510 460
Segment assets	**17 149 094 997**	**65 732 170**	**1 268 608 062**	**693 109 580**	**248 191 052**	**14 395 791**	**641 922 003**	**20 081 053 655**
Total assets includes:								
Additions to non-current assets	11 966 630	26 450	16 757 462	110 600	680 121	-	-	29 541 263
Investment in associates	-	-	-	-	-	-	-	-
Segment liabilities	**15 033 811 367**	**50 480 394**	**695 485 573**	**254 286 846**	**140 385 836**	**7 656 476**	**569 476 572**	**16 751 583 064**

30 June 2019

	Commercial banking ZWL$	Microlending ZWL$	Mortgage financing ZWL$	Short term reinsurance ZWL$	Short term insurance ZWL$	Stockbroking ZWL$	Intersegment eliminations ZWL$	Consolidated ZWL$
Total segment revenue								
Interest income	33 374 051	5 118 758	8 237 231	188 324	207 836	136 471	(424 372)	46 838 299
Interest expense	(14 740 113)	(747 978)	(3 065 496)	-	-	-	(898 612)	(19 452 199)
Net interest income	**18 633 938**	**4 370 780**	**5 171 735**	**188 324**	**207 836**	**136 471**	**(1 322 984)**	**27 386 100**
Turnover	-	-	1 556 982	-	-	-	-	1 556 982
Cost of sales	-	-	(506 999)	-	-	-	-	(506 999)
Gross profit	**-**	**-**	**1 049 983**	**-**	**-**	**-**	**-**	**1 049 983**
Net earned insurance premium	-	-	-	12 656 833	6 478 675	-	(632 235)	18 503 273
Net fee and commission income	24 896 113	534 372	3 414 484	-	-	555 671	2 915 743	32 316 383
Net trading income and other income	161 377 587	172 033	5 763 100	7 055 470	2 511 471	275 492	(58 018 457)	119 136 696
Total income	**204 907 638**	**5 077 185**	**15 399 302**	**19 900 627**	**9 197 982**	**967 634**	**(57 057 933)**	**198 392 435**
Intersegment revenue	(758 989)	(45 989)	(293 309)	(169 268)	1 783 811	(76)	(516 180)	-
Intersegment interest expense and commission	84 967	811 925	157 326	78 905	116	(4 098)	(1 129 141)	-
Revenue from external customers	**204 233 616**	**5 843 121**	**15 263 319**	**19 810 264**	**10 981 909**	**963 460**	**(58 703 254)**	**198 392 435**
Segment profit before income tax	**125 512 782**	**594 198**	**6 048 285**	**13 669 446**	**3 222 745**	**308 083**	**(59 321 116)**	**90 034 422**
Impairment losses on financial assets	6 657 998	331 234	112 801	-	-	(482)	-	7 101 551
Depreciation	1 209 346	59 393	195 443	29 051	67 951	2 985	-	1 564 169
Amortisation	239 758	30 516	8 435	11 722	36 913	-	-	327 344
Segment assets	**2 084 396 350**	**32 023 948**	**221 655 658**	**55 433 859**	**33 434 900**	**2 950 588**	**(70 455 120)**	**2 359 440 183**
Total assets includes:								
Additions to non-current assets	2 072 864	437 351	475 708	149 601	141 009	-	-	3 276 533
Investment in associates	-	-	-	491 139	-	-	-	-
Segment liabilities	**1 857 606 312**	**22 214 559**	**154 179 820**	**30 157 198**	**16 273 162**	**1 657 826**	**6 679 059**	**2 088 767 936**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing	Underwriting short-term classes of insurance	Underwriting general classes of short term insurance	Equity market dealing		

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

34 FINANCIAL RISK MANAGEMENT

The Group has a defined risk appetite that is set by the Board and it outlines the amount of risk that 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, 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, and
(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.

34.1 Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

Provisioning policy and write offs
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	IFRS 9 grading /tier system	Type of allowance
1	Prime grade	Insignificant	1%	Stage 1	12 Months ECL
2	Strong	Modest	1%		
3	Satisfactory	Average	2%		
4	Moderate	Acceptable	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%	Stage 3	Lifetime ECL
9	Doubtful	High default	50%		
10	Loss	Bankrupt	100%		

Expected Credit Losses (ECL)
In the context of IFRS 9 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 modelled 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.

34.1.1 Exposure to credit risk
Loans and advances

	INFLATION ADJUSTED Reviewed 30 June 2020 ZWL$	INFLATION ADJUSTED Audited 31 Dec 2019 ZWL$	HISTORICAL COST Reviewed 30 June 2020 ZWL$	HISTORICAL COST Audited 31 Dec 2019 ZWL$
Past due and impaired				
Stage 3/Grade 8: Impaired	4 764 712	9 303 840	4 764 712	3 551 198
Stage 3/Grade 9: Impaired	1 092 960	2 459 820	1 092 960	938 893
Stage 3/Grade 10: Impaired	3 851 414	10 883 351	3 851 414	4 154 084
Gross amount	**9 709 086**	**22 647 011**	**9 709 086**	**8 644 175**
Credit impairment loss allowance	(4 227 013)	(8 618 931)	(4 227 013)	(3 289 774)
Carrying amount	**5 482 073**	**14 028 080**	**5 482 073**	**5 354 401**
Past due but not impaired				
Stage 2/Grades 4 - 7:	741 212 500	163 051 545	741 212 500	62 235 412
Niether past due nor impaired				
Stage 1/Grades 1 - 3:	7 764 401 074	6 636 321 166	7 764 333 374	2 533 004 430
Gross amount	**8 505 613 574**	**6 799 372 711**	**8 505 545 874**	**2 595 239 842**
Credit impairment loss allowance	(86 124 636)	(103 942 396)	(86 124 636)	(39 673 944)
Carrying amount	**8 419 488 938**	**6 695 430 315**	**8 419 421 238**	**2 555 565 898**
Total carrying amount	**8 424 971 011**	**6 709 458 395**	**8 424 903 311**	**2 560 920 299**

34.1.2 Sectoral analysis of utilisations - loans and advances

	Reviewed 30 June 2020 ZWL$	%	Audited 31 Dec 2019 ZWL$	%
Inflation Adjusted				
Mining	1 138 924 712	13%	543 709 609	8%
Manufacturing	498 784 310	6%	134 381 685	2%
Mortgage	213 151 832	3%	264 741 259	4%
Wholesale	42 560 538	0%	57 533 040	1%
Distribution	591 394 089	7%	179 286 726	3%
Individuals	264 568 618	3%	438 221 489	6%
Agriculture	264 438 677	3%	396 442 492	6%
Communication	4 916 115	0%	15 836 396	0%
Construction	72 177 223	1%	45 161 408	1%
Local Authorities	19 772 575	0%	23 651 068	0%
Other services	5 404 633 971	64%	4 723 054 550	69%
Gross loans and advances	**8 515 322 660**	**100%**	**6 822 019 722**	**100%**
Less credit impairment loss allowance	(90 351 649)		(112 561 327)	
Carrying amount	**8 424 971 011**		**6 709 458 395**	
Historical cost				
Mining	1 138 924 712	13%	207 529 414	8%
Manufacturing	498 784 310	6%	51 292 366	2%
Mortgage	213 151 832	3%	101 049 526	4%
Wholesale	42 560 538	0%	21 959 881	1%
Distribution	591 394 089	7%	68 432 245	3%
Individuals	264 568 618	3%	167 265 480	6%
Agriculture	264 438 677	3%	151 318 786	6%
Communication	4 916 115	0%	6 044 620	0%
Construction	72 177 223	1%	17 237 732	1%
Local Authorities	19 772 575	0%	9 027 415	0%
Other services	5 404 566 271	64%	1 802 726 552	69%
Gross loans and advances	**8 515 254 960**	**100%**	**2 603 884 017**	**100%**
Less credit impairment loss allowance	(90 351 649)		(42 963 718)	
Carrying amount	**8 424 903 311**		**2 560 920 299**	

There are material concentration of loans and advances to the following sectors; other services 64%, mining 13%, distribution 7% and manufacturing 6%.

34.1.3 Loans and advances
Inflation Adjusted

	Reviewed 30 June 2020 ECL staging Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Audited 31 Dec 2019 ECL staging Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	7 764 401 074	665 401 890	-	8 429 802 964	6 636 321 166	-	-	6 636 321 166
Standard monitoring	-	66 889 035	-	66 889 035	-	103 855 439	-	103 855 439
Special monitoring	-	8 921 575	3 262 217	12 183 792	-	59 196 106	-	59 196 106
Default	-	-	6 446 869	6 446 869	-	-	22 647 011	22 647 011
Gross financial assets at amortised cost	**7 764 401 074**	**741 212 500**	**9 709 086**	**8 515 322 660**	**6 636 321 166**	**163 051 545**	**22 647 011**	**6 822 019 722**
Credit impairment loss allowance	(49 350 397)	(36 774 239)	(4 227 013)	(90 351 649)	(77 528 671)	(26 413 725)	(8 618 931)	(112 561 327)
Net financial asset at amortised cost	**7 715 050 677**	**704 438 261**	**5 482 073**	**8 424 971 011**	**6 558 792 495**	**136 637 820**	**14 028 080**	**6 709 458 395**
Historical cost								
Credit grade								
Investment grade	7 764 333 374	665 401 890	-	8 429 735 264	2 533 004 430	-	-	2 533 004 430
Standard monitoring	-	66 889 035	-	66 889 035	-	39 640 752	-	39 640 752
Special monitoring	-	8 921 575	3 262 217	12 183 792	-	22 594 660	-	22 594 660
Default	-	-	6 446 869	6 446 869	-	-	8 644 175	8 644 175
Gross financial assets at amortised cost	**7 764 333 374**	**741 212 500**	**9 709 086**	**8 515 254 960**	**2 533 004 430**	**62 235 412**	**8 644 175**	**2 603 884 017**
Credit impairment loss allowance	(49 350 397)	(36 774 239)	(4 227 013)	(90 351 649)	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)
Net financial asset at amortised cost	**7 714 982 977**	**704 438 261**	**5 482 073**	**8 424 903 311**	**2 503 412 384**	**52 153 514**	**5 354 401**	**2 560 920 299**

34.1.4 Reconciliation of credit impairment allowance for loans and advances

	INFLATION ADJUSTED Review 30 June 2020 ZWL$	INFLATION ADJUSTED Audited 31 Dec 2019 ZWL$	HISTORICAL COST Review 30 June 2020 ZWL$	HISTORICAL COST Audited 31 Dec 2019 ZWL$
Balance at 1 January	112 561 327	202 975 364	42 963 718	12 472 674
Effects of IAS 29	(69 597 610)	(170 298 007)	-	-
Change on initial application of IFRS 9	-	-	-	-
Increase in impairment loss allowance	47 016 273	82 579 133	47 016 273	31 519 765
Impairment reversal	-	(1 513 759)	-	(577 789)
Write off	371 659	(1 181 404)	371 658	(450 932)
Interest in suspense	-	-	-	-
	90 351 649	**112 561 327**	**90 351 649**	**42 963 718**

34.1.5 Trade and other receivables

	INFLATION ADJUSTED Review 30 June 2020 ZWL$	INFLATION ADJUSTED Audited 31 Dec 2019 ZWL$	HISTORICAL COST Review 30 June 2020 ZWL$	HISTORICAL COST Audited 31 Dec 2019 ZWL$
Past due and impaired	12 569 612	8 663 168	12 569 613	3 306 659
Allowance for impairment	(12 569 612)	(8 663 168)	(12 569 613)	(3 306 659)
Carrying amount	**-**	**-**	**-**	**-**
Past due but not impaired	-	87 403 817	-	33 361 307
Neither past due nor impaired	196 531 963	183 737 169	197 362 658	70 905 125
Gross amount	**196 531 963**	**271 140 986**	**197 362 658**	**104 266 432**
Allowance for impairment	(247 219)	(319 914)	(247 219)	(122 109)
Carrying amount	**196 284 744**	**270 821 072**	**197 115 439**	**104 144 323**
Total carrying amount	**196 284 744**	**270 821 072**	**197 115 439**	**104 144 323**

34.1.6 Financial assets at amortised cost

Inflation Adjusted

	Reviewed 30 June 2020 ECL staging				Audited 31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	208 820 014	-	-	208 820 014	502 226 369	-	-	502 226 369
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**208 820 014**	**-**	**-**	**208 820 014**	**502 226 369**	**-**	**-**	**502 226 369**
Credit impairment loss allowance	(2 562 483)	-	-	(2 562 483)	(2 529 115)	-	-	(2 529 115)
Net financial asset at amortised cost	**206 257 531**	**-**	**-**	**206 257 531**	**499 697 254**	**-**	**-**	**499 697 254**

Historical cost

	Reviewed 30 June 2020 ECL staging				Audited 31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	208 820 014	-	-	208 820 014	191 695 608	-	-	191 695 608
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**208 820 014**	**-**	**-**	**208 820 014**	**191 695 608**	**-**	**-**	**191 695 608**
Credit impairment loss allowance	(2 562 483)	-	-	(2 562 483)	(965 342)	-	-	(965 342)
Net financial asset at amortised cost	**206 257 531**	**-**	**-**	**206 257 531**	**190 730 266**	**-**	**-**	**190 730 266**

34.1.7 Bonds and debentures

Inflation Adjusted

	Reviewed 30 June 2020 ECL staging				Audited 31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	204 164 931	-	-	204 164 931	319 983 076	-	-	319 983 076
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**204 164 931**	**-**	**-**	**204 164 931**	**319 983 076**	**-**	**-**	**319 983 076**
Credit impairment loss allowance	(946 346)	-	-	(946 346)	(1 635 435)	-	-	(1 635 435)
Net financial asset at amortised cost	**203 218 585**	**-**	**-**	**203 218 585**	**318 347 641**	**-**	**-**	**318 347 641**

Historical cost

	Reviewed 30 June 2020 ECL staging				Audited 31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	204 164 931	-	-	204 164 931	122 134 866	-	-	122 134 866
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**204 164 931**	**-**	**-**	**204 164 931**	**122 134 866**	**-**	**-**	**122 134 866**
Credit impairment loss allowance	(946 346)	-	-	(946 346)	(624 232)	-	-	(624 232)
Net financial asset at amortised cost	**203 218 585**	**-**	**-**	**203 218 585**	**121 510 634**	**-**	**-**	**121 510 634**

34.1.8 Credit exposure on undrawn loan commitments and guarantees

Inflation Adjusted

	Reviewed 30 June 2020 ECL staging				Audited 31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	706 362 399	-	-	706 362 399	1 513 089 604	-	-	1 513 089 604
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**706 362 399**	**-**	**-**	**706 362 399**	**1 513 089 604**	**-**	**-**	**1 513 089 604**
Credit impairment loss allowance	(457 964)	-	-	(457 964)	(415 314)	-	-	(415 314)
Net financial asset at amortised cost	**705 904 435**	**-**	**-**	**705 904 435**	**1 512 674 290**	**-**	**-**	**1 512 674 290**

Historical cost

	Reviewed 30 June 2020 ECL staging				Audited 31 Dec 2019 ECL staging			
	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
Credit grade								
Investment grade	706 362 399	-	-	706 362 399	577 533 657	-	-	577 533 657
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	**706 362 399**	**-**	**-**	**706 362 399**	**577 533 657**	**-**	**-**	**577 533 657**
Credit impairment loss allowance	(457 964)	-	-	(457 964)	(158 522)	-	-	(158 522)
Net financial asset at amortised cost	**705 904 435**	**-**	**-**	**705 904 435**	**577 375 135**	**-**	**-**	**577 375 135**

34.2 Liquidity risk

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

Management of liquidity risk

The Group does not treat liquidity risk in isolation as it is often triggered by consequences of other financial risks such as credit risk and market risk. The Group's liquidity risk management framework is therefore designed to ensure that its subsidiaries have adequate liquidity to withstand any stressed conditions. To achieve this objective, the Board of Directors of the subsidiary companies through the Board Asset Liability Committees of the Bank, Microplan and the Building Society and Board Risk and Compliance Committees is ultimately responsible for liquidity risk management. The responsibility for managing the daily funding requirements is delegated to the Heads of Treasury Divisions for banking entities and Finance 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 Department. The Group uses concentration risk limits to ensure that funding diversification is maintained across the products, counterparties and sectors. Major sources of funding are in the form of deposits across a spectrum of retail and wholesale clients for banking subsidiaries.

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

34.3 Market risk

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

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

34.3.1 Interest rate risk

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

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

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

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

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

34.3.2 Currency risk

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

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

34.3.3 Price risk

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

34.4 Settlement risk

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

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

34.5 Operational risk

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

To ensure that essential functions of the Group are able to continue in the event of adverse circumstances, the Group Business Continuity Plan is reviewed annually and approved by the Board. The Group Business Continuity Committee is responsible for ensuring that all units and branches conduct tests half yearly in line with the Group policy. The Group continues to conduct its business continuity tests in the second and fourth quarters of each year and all the processes are well documented.

34.6 Capital risk

34.6.1 Regulatory Capital and Financial Risk Management

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

The Group's objectives when managing capital, 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 30 June 2020	Regulatory Authority	Minimum capital required US$	Minimum capital required ZWL$	Net Regulatory Capital ZWL$	Total Equity ZWL$
FBC Bank Limited	RBZ	30 000 000	1 720 800 000	2 103 659 844	2 115 283 630
FBC Building Society	RBZ	20 000 000	1 147 200 000	359 671 944	573 122 489
FBC Reinsurance Limited	IPEC		150 000 000	438 822 733	438 822 733
FBC Securities (Private) Limited	SECZ		150 000	6 739 315	6 739 315
FBC Insurance Company (Private) Limited	IPEC		112 500 000	107 805 216	107 805 216
Microplan Financial Services (Private) Limited	RBZ		25 000	15 251 776	15 251 776

34.7 Compliance risk

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

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

35 Statement of Compliance

The Group complied with the following statutes inter alia:-

The Banking Act (Chapter 24:20) and Banking Regulations, Statutory Instrument 205 of 2000; Bank Use Promotion & Suppression of Money Laundering (Chapter 24:24); Exchange Control Act (Chapter 22:05); the National Payments Systems Act (Chapter 24:23); Statutory Instrument 33 of 2019; Statutory Instrument 33 of 1999; Statutory Instrument 62 of 1996; Statutory Instrument 142 of 2019 and The Companies and Other Business Entities Act (Chapter - 24:31).

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

36 International credit ratings

The banking, reinsurance, insurance and microfinance subsidiaries had their credit ratings reviewed annually in the past by international credit rating agencies, Global Credit Rating and Microfinanza. All subsidiaries have maintained their investor grade ratings as illustrated below although the prevailing environment did not permit a rating exercise in 2020.

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

37 Interim dividend paid

Notice is hereby given that an interim dividend of 29.76 ZWL cents per share was declared by the Board on 671 949 927 ordinary shares in issue on 27 August 2020 in respect of the half year ended 30 June 2020.

The dividend is payable to shareholders registered in the books of the the company at the close of business on Friday 18 September 2020. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 15 September 2020 and ex-dividend as from 16 September 2020. Dividend payment will be made to Shareholders on or about 25 September 2020.

38 SUBSEQUENT EVENTS

The Reserve Bank of Zimbabwe (RBZ) reviewed the minimum capital requirements for banking institutions during the period under review. FBC Bank Limited and FBC Building Society are required to have capital levels of US$30 million and US$20 million respectively by 31 December 2021. These subsidiaries are expected to self-capitalize through normal trading by the regulated deadline. The Group has a detailed capitalization plan in place to ensure full compliance.

39 CORPORATE GOVERNANCE

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

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

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

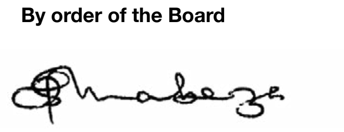
Board Attendance

Board member	Main board		Board Audit		Board Human Resources		Board Finance and Strategy		Board Risk and Compliance		Board Marketing and Public Relations	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Herbert Nkala	a	a	N/A	N/A	a	a	N/A	N/A	N/A	N/A	N/A	N/A
John Mushayavanhu	a	a	N/A	N/A	N/A	N/A	a	a	N/A	N/A	a	a
Kleto Chiketsani	a	a	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gertrude S Chikwava	a	a	N/A	N/A	N/A	N/A	a	a	a	a	a	a
Aeneas Chuma	a	a	a	a	N/A	N/A	N/A	N/A	a	a	a	a
Trynos Kufazvinei	a	a	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canada Malunga	a	a	N/A	N/A	N/A	N/A	a	a	N/A	N/A	N/A	N/A
Chipo Mtasa	a	a	a	a	a	a	N/A	N/A	N/A	N/A	a	a
Charles Msipa	a	a	a	a	a	a	N/A	N/A	N/A	N/A	N/A	N/A
Webster Rusere	a	a	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franklin H Kennedy	a	a	N/A	N/A	N/A	N/A	a	a	a	a	N/A	N/A
Rutenhuro Moyo	a	a	a	a	N/A	N/A	a	a	a	a	N/A	N/A
Garry Collins	a	a	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Legend

Not a member - N/A   Attended - a
Apologies - r   Quarter - Q

By order of the Board



Tichaona K. Mabeza
GROUP COMPANY SECRETARY
27 August 2020

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3 September 2020

The Board of Directors
FBC Holdings Limited
45 Nelson Mandela
Harare

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AS AT 30 JUNE 2020

Dear Sirs/Madams

Introduction
We have reviewed the accompanying *condensed* consolidated statement of financial position of FBC Holdings Limited and its subsidiaries (the "Group) as of 30 June 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the *six* month period then ended (together, the "financial results"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Impact of the incorrect date of application of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS 21") on the comparative financial information.

As disclosed in note 3.4 of the interim financial information for the six month period ended 30 June 2020, the Group did not comply with IAS 21 in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") from 22 February 2019. Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were considered to be pervasive in the prior period.

Qualified conclusion

Except for the effects of the matters described in the Basis for Qualified Conclusion section of our report, based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated inflation adjusted interim financial information does not present fairly, in all material respects, the consolidated inflation adjusted statement of financial position of the Group as at 30 June 2020, and its consolidated inflation adjusted interim financial performance and consolidated inflation adjusted interim cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Businesses Entities Act (Chapter 24:31) and the relevant Statutory Instruments ("SI") 33/99 and 62/96.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Tumai Mafunga
Partner

PAAB Practice Certificate Number 0042