



FBC Holdings Limited

strength • diversity • service

Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019



FBC Bank Limited
(Registered Commercial Bank)
strength • diversity • service



FBC Building Society
(Registered Building Society)



FBC Reinsurance Limited



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



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



FBC Insurance Company Limited

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Financial Performance Review - Inflation Adjusted

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

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

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

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

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

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

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

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

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

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

Operating Environment

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

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

Foreign Exchange

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

Hyperinflation

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

Banking Sector

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

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

The Insurance Sector

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

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

Property Market

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

Stock Market Performance

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

Share Price Performance

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

FBC in the Community

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

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

FBC Trendsetting

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

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

Compliance

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

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

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

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

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

Directorate

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

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

Dividend

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

Corona Virus/Covid -19 pandemic

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

Outlook

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

Appreciation

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



Herbert Nkala
Group Chairman
29 April 2020

GROUP CHIEF EXECUTIVE'S REPORT

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

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

Market Overview

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

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

Performance of the Group

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

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

FBC Bank Limited

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

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

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

FBC Building Society

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

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

Microplan Financial Services (Private) Limited

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

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

FBC Securities (Private) Limited

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

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

FBC Insurance Limited

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

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

FBC Reinsurance Company Limited

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

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

Capitalization

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

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

Risk Management

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

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

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

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

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

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

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

Human Capital Development

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

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

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

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

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

Information Technology, Digital Transformation and Innovation

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

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

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

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

Appreciation

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



John Mushayavanhu
Group Chief Executive
29 April 2020

AUDIT OPINION

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

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

INFLATION ADJUSTED

	Share capital ZWL\$	Share premium ZWL\$	Retained profits ZWL\$	Treasury shares ZWL\$	Non distributable reserve ZWL\$	Revaluation reserve ZWL\$	Financial assets at fair value reserve ZWL\$	Regulatory reserve ZWL\$	Changes in ownership ZWL\$	Total ZWL\$	Non controlling interest ZWL\$	Total equity ZWL\$
Balance as at 1 January 2018, as previously reported	57 859	121 273 040	786 429 417	(21 539 577)	315 381 903	27 243 542	(1 296 020)	-	14 386 485	1 241 936 649	2 863 638	1 244 800 287
Changes on initial application of IFRS 15	-	-	(4 975 665)	-	-	-	-	-	-	(4 975 665)	-	(4 975 665)
Changes on initial application of IFRS 9	-	-	8 380 573	-	-	-	-	-	-	8 380 573	(2 289)	8 378 284
Balance as at 1 January 2018	57 859	121 273 040	789 834 325	(21 539 577)	315 381 903	27 243 542	(1 296 020)	-	14 386 485	1 245 341 557	2 861 349	1 248 202 906
Profit for the year	-	-	38 617 370	-	-	-	-	-	-	38 617 370	(586 072)	38 031 298
Other comprehensive income;												
Transfer to and from Regulatory Reserves	-	-	(6 012 501)	-	-	-	-	6 012 501	-	-	-	-
Recycled opening revaluation reserve	-	-	27 243 542	-	-	(27 243 542)	-	-	-	-	-	-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	7 557 543	-	-	7 557 543	-	7 557 543
Total other comprehensive income	-	-	21 231 041	-	-	(27 243 542)	7 557 543	6 012 501	-	7 557 543	-	7 557 543
Total comprehensive income	-	-	59 848 411	-	-	(27 243 542)	7 557 543	6 012 501	-	46 174 913	(586 072)	45 588 841
Transaction with owners:												
Dividend declared and paid	-	-	(63 831 666)	-	-	-	-	-	-	(63 831 666)	(110 068)	(63 941 734)
Treasury share purchase	-	-	-	(31 336 572)	-	-	-	-	-	(31 336 572)	-	(31 336 572)
Total transactions with owners recognised directly in equity	-	-	(63 831 666)	(31 336 572)	-	-	-	-	-	(95 168 238)	(110 068)	(95 278 306)
Balance as at 31 December 2018	57 859	121 273 040	785 851 070	(52 876 149)	315 381 903	-	6 261 523	6 012 501	14 386 485	1 196 348 232	2 165 209	1 198 513 441
Balance as at 1 January 2019, restated	57 859	121 273 040	785 851 070	(52 876 149)	315 381 903	-	6 261 523	6 012 501	14 386 485	1 196 348 232	2 165 209	1 198 513 441
Loss for the year	-	-	(362 233 681)	-	-	-	-	-	-	(362 233 681)	(1 084 708)	(363 318 389)
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	265 212 636	-	-	-	265 212 636	655 739	265 868 375
Net transfer to and from regulatory reserves	-	-	6 012 501	-	-	-	-	(6 012 501)	-	-	-	-
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 787 687	-	-	1 787 687	-	1 787 687
Total other comprehensive income	-	-	6 012 501	-	-	265 212 636	1 787 687	(6 012 501)	-	267 000 323	655 739	267 656 062
Total comprehensive income	-	-	(356 221 180)	-	-	265 212 636	1 787 687	(6 012 501)	-	(95 233 358)	(428 969)	(95 662 327)
Transaction with owners:												
Dividend declared and paid	-	-	(58 418 959)	-	-	-	-	-	-	(58 418 959)	(75 211)	(58 494 170)
Treasury share purchase	-	-	-	(35 055 180)	-	-	-	-	-	(35 055 180)	-	(35 055 180)
Total transactions with owners recognised directly in equity	-	-	(58 418 959)	(35 055 180)	-	-	-	-	-	(93 474 139)	(75 211)	(93 549 350)
Balance as at 31 December 2019	57 859	121 273 040	371 210 931	(87 931 329)	315 381 903	265 212 636	8 049 210	-	14 386 485	1 007 640 735	1 661 029	1 009 301 764
HISTORICAL COST*												
Balance as at 1 January 2018, as previously reported	6 719	14 083 173	91 326 329	(2 501 344)	36 624 611	3 163 733	(150 504)	-	1 670 671	144 223 388	332 548	144 555 936
Changes on initial application of IFRS 15	-	-	(801 041)	-	-	-	-	-	-	(801 041)	-	(801 041)
Changes on initial application of IFRS 9	-	-	1 357 462	-	-	-	-	-	-	1 357 462	(368)	1 357 094
Balance as at 1 January 2018	6 719	14 083 173	91 822 750	(2 501 344)	36 624 611	3 163 733	(150 504)	-	1 670 671	144 779 809	332 180	145 111 989
Profit for the year	-	-	44 416 204	-	-	-	-	-	-	44 416 204	19 239	44 435 443
Other comprehensive income;												
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 216 703	-	-	1 216 703	-	1 216 703
Total other comprehensive income	-	-	-	-	-	-	1 216 703	-	-	1 216 703	-	1 216 703
Total comprehensive income	-	-	44 416 204	-	-	-	1 216 703	-	-	45 632 907	19 239	45 652 146
Transaction with owners:												
Dividend declared and paid	-	-	(7 412 632)	-	-	-	-	-	-	(7 412 632)	(12 504)	(7 425 136)
Treasury share purchase	-	-	-	(4 627 032)	-	-	-	-	-	(4 627 032)	-	(4 627 032)
Total transactions with owners recognised directly in equity	-	-	(7 412 632)	(4 627 032)	-	-	-	-	-	(12 039 664)	(12 504)	(12 052 168)
Balance as at 31 December 2018	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Balance as at 1 January 2019, as previously reported	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Balance as at 1 January 2019, restated	6 719	14 083 173	128 886 322	(7 128 376)	36 624 611	3 163 733	1 066 199	-	1 670 671	178 373 052	338 915	178 711 967
Profit for the year	-	-	295 598 000	-	-	-	-	-	-	295 598 000	269 687	295 867 687
Other comprehensive income												
Gain on revaluation of property and equipment, net of tax	-	-	-	-	-	504 639 431	-	-	-	504 639 431	1 593 381	506 232 812
Gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1 787 687	-	-	1 787 687	-	1 787 687
Total other comprehensive income	-	-	-	-	-	504 639 431	1 787 687	-	-	506 427 118	1 593 381	508 020 499
Total comprehensive income	-	-	295 598 000	-	-	504 639 431	1 787 687	-	-	802 025 118	1 863 068	803 888 186
Transaction with owners:												
Dividend declared and paid	-	-	(20 976 846)	-	-	-	-	-	-	(20 976 846)	(54 936)	(21 031 782)
Treasury share purchase	-	-	-	(11 098 900)	-	-	-	-	-	(11 098 900)	-	(11 098 900)
Total transactions with owners recognised directly in equity	-	-	(20 976 846)	(11 098 900)	-	-	-	-	-	(32 075 746)	(54 936)	(32 130 682)
Balance as at 31 December 2019	6 719	14 083 173	403 507 476	(18 227 276)	36 624 611	507 803 164	2 853 886	-	1 670 671	948 322 424	2 147 047	950 469 471

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

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

For the year ended 31 December 2019

1 GENERAL INFORMATION

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The accounting policies

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

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

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

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

Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

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

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

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

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

New and amended IFRS

Adoption of IFRS 16 (Leases)

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

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

2.2 Going concern

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

2.3 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

2.4 Segment reporting

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

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

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

4 BALANCES WITH BANKS AND CASH

4.1 Balances with Reserve Bank of Zimbabwe ("RBZ")

Current account balances

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Current account balances	762 530 981	812 227 169	762 530 981	131 238 946
Balances with banks and cash				
Notes and coins	277 726 850	55 712 579	277 726 850	8 969 265
Other bank balances	867 648 849	323 006 453	867 648 849	52 001 371
Total	1 145 375 699	378 719 032	1 145 375 699	60 970 636

Balances with banks and cash (excluding bank overdrafts) 1 907 906 680 1 190 946 201 1 907 906 680 192 209 582

Current 1 907 906 680 1 190 946 201 1 907 906 680 192 209 582

Non-current - - - -

Total 1 907 906 680 1 190 946 201 1 907 906 680 192 209 582

4.2 Cash and cash equivalents

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

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

Current account balance at Reserve Bank of Zimbabwe ("RBZ") (note 4.1) 762 530 981 812 227 169 762 530 981 131 238 946

Balances with banks and cash (note 4.1) 1 145 375 699 378 719 032 1 145 375 699 60 970 636

Total 1 907 906 680 1 190 946 201 1 907 906 680 192 209 582

5 FINANCIAL ASSETS

5.1 Loans and advances to customers

Loans and advance maturities

Maturing within 1 year 1 382 811 163 1 575 075 594 1 382 811 163 253 032 843

Maturing after 1 year 1 221 096 753 1 024 575 310 1 221 072 854 164 948 162

Gross carrying amount 2 603 907 916 2 599 650 904 2 603 884 017 417 981 005

Impairment allowance (42 963 718) (77 474 000) (42 963 718) (12 472 674)

Total 2 560 944 198 2 522 176 904 2 560 920 299 405 508 331

5.2 Trade and other receivables including insurance receivables

Retail trade and other receivables

- Due by insurance clients and insurance brokers

- Due by reinsurers

- Due by retrocessionaires

Gross carrying amount

Impairment allowance

Current

Non-current

Total

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Retail trade and other receivables	26 361 993	-	26 361 993	-
- Due by insurance clients and insurance brokers	70 124 220	42 455 037	69 598 601	6 839 366
- Due by reinsurers	3 615 588	3 339 625	4 915 390	537 652
- Due by retrocessionaires	6 697 107	39 310 607	6 697 107	6 328 683
Gross carrying amount	106 798 908	85 105 269	107 573 091	13 705 701
Impairment allowance	(3 428 768)	(4 740 138)	(3 428 768)	(763 123)
Total	103 370 140	80 365 131	104 144 323	12 942 578

5.3 Irrevocable commitments

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

5.4 Movement in credit impairment losses

INFLATION ADJUSTED

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

HISTORICAL COST

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

5.5 Financial assets at amortised cost

Maturing within 1 year

Maturing after 1 year

Gross carrying amount

Impairment allowance

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Maturing within 1 year	114 887 989	981 517 554	114 887 989	158 016 219
Maturing after 1 year	76 807 619	181 570 052	76 807 619	28 913 959
Gross carrying amount	191 695 608	1 163 087 606	191 695 608	186 930 178
Impairment allowance	(965 342)	(5 353 579)	(965 342)	(861 882)
Total	190 730 266	1 157 734 027	190 730 266	186 068 296

6 BONDS AND DEBENTURES

Maturing within 1 year

Maturing after 1 year

Gross carrying amount

Impairment allowance

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Maturing within 1 year	100 000 000	975 268 772	100 000 000	157 010 217
Maturing after 1 year	22 134 866	429 486 037	22 134 866	69 683 808
Gross carrying amount	122 134 866	1 404 754 809	122 134 866	226 694 025
Impairment allowance	(624 232)	(7 007 515)	(624 232)	(1 128 152)
Total	121 510 634	1 397 747 294	121 510 634	225 565 873

Bonds have fixed interest rates of 7%, 10% and 5%. They mature on 30 June 2020, 30 June 2021 and 30 September 2020 respectively.

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed securities at market value

Current

Non-current

Total

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

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

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Listed securities at market value

Current

Non-current

Total

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Listed securities at market value	14 869 971	12 824 894	14 869 971	2 064 702
Current	14 869 971	12 824 894	14 869 971	2 064 702
Non-current	-	-	-	-
Total	14 869 971	12 824 894	14 869 971	2 064 702

9 INVENTORY

Raw materials

Work in progress

Finished goods

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Raw materials	4 314 793	796 993	957 600	68 900
Work in progress	54 729 195	49 336 188	11 685 054	6 307 718
Finished goods	6 918 792	17 951 560	882 922	2 084 676
Total	65 962 780	68 084 741	13 525 576	8 461 294
Current	65 962 780	68 084 741	13 525 576	8 461 294
Non-current	-	-	-	-
Total	65 962 780	68 084 741		

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

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

14 DEPOSITS AND BORROWINGS FROM OTHER BANKS AND CUSTOMERS

14.1 Deposits from customers

Demand deposits	1 743 082 384	3 076 053 490	1 743 082 384	495 219 204
Promissory notes	220 261 721	270 081 167	220 261 721	43 480 837
Other time deposits	61 530 409	554 063 960	61 530 409	89 199 721
Total	2 024 874 514	3 900 198 617	2 024 874 514	627 899 762
Current	2 017 197 497	3 850 156 254	2 017 197 497	619 843 355
Non-current	7 677 017	50 042 363	7 677 017	8 056 407
Total	2 024 874 514	3 900 198 617	2 024 874 514	627 899 762

14.2 Deposits from other banks

Money market deposits

Current	195 140 989	875 034 804	195 140 989	140 873 376
Total	195 140 989	875 034 804	195 140 989	140 873 376

14.3 Borrowings

Foreign lines of credit
Other borrowings

Foreign lines of credit	1 721 776 897	645 484 383	1 721 776 897	103 917 654
Other borrowings	554 889	2 999 197	554 889	482 846
Total	1 722 331 786	648 483 580	1 722 331 786	104 400 500
Current	39 600 979	31 072 352	39 600 979	5 002 392
Non-current	1 682 730 807	617 411 228	1 682 730 807	99 398 108
Total	1 722 331 786	648 483 580	1 722 331 786	104 400 500

Total deposits and borrowings

Total deposits and borrowings	3 942 347 289	5 423 717 001	3 942 347 289	873 173 638
--------------------------------------	----------------------	----------------------	----------------------	--------------------

INFLATION ADJUSTED

14.4 Deposit concentration

	31 Dec 19 ZWL\$	%	31 Dec 18 ZWL\$	%
Agriculture	108 196 036	3%	209 419 887	4%
Construction	65 529 366	2%	123 980 379	2%
Wholesale and retail trade	454 635 668	12%	866 712 267	17%
Public sector	133 601 753	3%	289 695 440	5%
Manufacturing	238 021 241	6%	453 868 273	8%
Telecommunication	130 290 710	3%	279 745 420	5%
Transport	108 170 299	3%	202 652 037	4%
Individuals	315 367 298	8%	615 159 249	11%
Financial services	1 813 838 099	46%	1 428 642 177	27%
Mining	324 510 898	8%	618 911 179	11%
Other	250 185 921	6%	334 930 693	6%
Total	3 942 347 289	100%	5 423 717 001	100%

HISTORICAL COST

Deposit concentration

Agriculture	108 196 036	3%	33 714 872	4%
Construction	65 529 366	2%	19 959 817	2%
Wholesale and retail trade	454 635 668	12%	139 533 516	17%
Public sector	133 601 753	3%	46 638 573	5%
Manufacturing	238 021 241	6%	73 069 043	8%
Telecommunication	130 290 710	3%	45 036 702	5%
Transport	108 170 299	3%	32 625 304	4%
Individuals	315 367 298	8%	99 035 558	11%
Financial services	1 813 838 099	46%	229 999 590	27%
Mining	324 510 898	8%	99 639 588	11%
Other	250 185 921	6%	53 921 075	6%
Total	3 942 347 289	100%	873 173 638	100%

	INFLATION ADJUSTED 31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	HISTORICAL COST 31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
--	--	--------------------	---------------------------------------	--------------------

15 INSURANCE LIABILITIES

Gross outstanding claims
Liability for unearned premium

Gross outstanding claims	32 306 364	63 855 083	29 018 115	10 280 141
Liability for unearned premium	68 325 654	32 712 386	22 315 117	3 641 761
Total	100 632 018	96 567 469	51 333 232	13 921 902
Current	100 632 018	96 567 469	51 333 232	13 921 902

16 TRADE AND OTHER PAYABLES

Trade and other payables
Deferred income
Visa and MasterCard settlement payables
TT Resdex inwards
RBZ cash cover
Zimswitch settlement
Instant banking balances
Other liabilities

Trade and other payables	98 869 628	76 122 154	97 474 651	12 255 038
Deferred income	24 947 322	29 423 708	11 578 331	4 736 974
Visa and MasterCard settlement payables	104 844 009	43 640 096	104 844 009	5 593 158
TT Resdex inwards	143 621 711	1 527 227	143 621 711	245 871
RBZ cash cover	351 355 319	-	351 355 319	-
Zimswitch settlement	9 052 117	9 581 287	9 052 117	1 542 508
Instant banking balances	5 595 738	27 069 606	5 595 738	4 357 983
Other liabilities	141 772 981	110 862 619	141 508 183	18 011 136
Total	880 058 825	298 226 697	865 030 059	46 742 668
Current	819 413 099	202 680 146	819 216 750	32 962 918
Non-current	60 645 726	95 546 551	45 813 309	13 779 750
Total	880 058 825	298 226 697	865 030 059	

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
18 INTEREST INCOME				
Cash and cash equivalents	5 324 683	6 780 351	3 285 192	254 667
Loans and advances to other banks	23 546 639	19 519 270	10 548 883	2 384 789
Loans and advances to customers	444 288 529	491 766 920	190 573 794	60 876 711
Banker's acceptances and tradable bills	51 702 678	176 361 480	19 876 933	21 490 124
Other interest income	3 654 340	1 833 723	220 438	304 091
	528 516 869	696 261 744	224 505 240	85 310 382
Credit related fees that are an integral part of the effective interest on loans and advances have been classified under interest income.				
18.1 INTEREST EXPENSE				
Deposit from other banks	22 016 507	22 525 519	9 067 272	4 778 238
Demand deposits	7 288 823	19 852 049	3 306 963	2 459 326
Lines of credit from financial institutions	144 691 609	66 331 744	66 093 991	5 686 106
Time deposits	38 753 193	52 670 633	14 690 139	7 188 060
	212 750 132	161 379 945	93 158 365	20 111 730
19 FEE AND COMMISSION INCOME				
Retail service fees	280 294 363	321 181 430	133 093 984	38 521 782
Credit related fees	23 344 392	16 993 712	10 716 377	3 545 086
Investment banking fees	1 354 950	2 624 326	657 203	326 413
Brokerage commission	4 650 355	5 956 369	4 679 122	766 080
	309 644 060	346 755 837	149 146 686	43 159 361
19.1 FEE AND COMMISSION EXPENSE				
Brokerage	2 029 077	2 903 873	781 832	358 716
20 REVENUE				
Property sales	31 851 496	76 375 696	16 586 687	10 839 739
20.1 COST OF SALES				
Raw materials	12 458 749	59 133 593	3 073 238	8 350 999
21 INSURANCE PREMIUM REVENUE				
Gross premium written	388 325 870	274 336 019	173 340 846	35 439 009
Change in unearned premium reserve ("UPR")	(46 437 037)	(4 098 086)	(18 755 751)	(402 557)
	341 888 833	270 237 933	154 585 095	35 036 452
22 NET GAIN FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				
Financial assets at fair value through profit or loss (note 7), fair value gains	72 709 084	19 596 042	72 709 084	3 139 229
23 OTHER OPERATING INCOME				
Rental income	2 019 096	1 122 506	550 045	212 282
Profit disposal of property and equipment	2 693 509	305 917	35 901	39 689
Sundry income	125 732 979	26 597 334	27 833 393	1 315 996
Bad debts recoveries	21 438 928	37 742 423	6 280 059	7 539 868
Fair value adjustment on investment property	86 025 134	(897 511)	143 905 214	45 970
Legacy debt interest claim	18 021 472	-	18 021 472	-
	255 931 118	64 870 669	196 626 084	9 153 805
24 NET INSURANCE COMMISSION EXPENSE				
Commissions paid	59 320 254	39 912 384	24 658 330	4 976 802
Commission received	(13 517 148)	(9 328 286)	(7 876 187)	(1 147 861)
Change in technical provisions	(9 907 424)	(247 512)	(5 032 107)	(22 737)
	35 895 682	30 336 586	11 750 036	3 806 204
25 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES INFLATION ADJUSTED				
Year ended 31 December 2019		Gross ZWL\$	Reinsurance ZWL\$	Net ZWL\$
Claims and loss adjustment expenses	(140 632 101)	63 792 846	(76 839 255)	
Change in technical provisions	(9 124 760)	2 196 348	(6 928 412)	
Total claims	(149 756 861)	65 989 194	(83 767 667)	
Year ended 31 December 2018				
Claims and loss adjustment expenses	(126 449 622)	35 778 805	(90 670 817)	
Change in technical provisions	2 299 428	707 961	3 007 389	
Total claims	(124 150 194)	36 486 766	(87 663 428)	
HISTORICAL COST				
Year ended 31 December 2019				
Claims and loss adjustment expenses	(73 281 692)	38 054 603	(35 227 089)	
Change in technical provisions	(18 368 901)	921 187	(17 447 714)	
Total claims	(91 650 593)	38 975 790	(52 674 803)	
Year ended 31 December 2018				
Claims and loss adjustment expenses	(17 008 692)	5 760 092	(11 248 600)	
Change in technical provisions	(521 731)	113 976	(407 755)	
Total claims	(17 530 423)	5 874 068	(11 656 355)	

26 ADMINISTRATIVE EXPENSES

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
Administrative expenses	363 924 031	236 759 937	148 609 889	29 592 178
Staff costs (note 26.1)	369 637 895	272 485 209	192 279 183	32 425 016
Directors' remuneration (note 26.2)	91 389 795	40 601 953	79 939 232	6 536 579
Audit fees:				
- Current year fees	4 297 349	2 058 516	3 225 311	331 404
- Prior year fees	222 947	94 052	66 932	75 389
- Other services	-	-	-	-
Depreciation	25 988 152	21 092 412	3 976 392	2 807 016
Amortisation	5 687 746	3 143 496	852 523	574 935
Operating lease payment	6 137 874	7 466 839	3 286 217	959 818
	867 285 789	583 702 414	432 235 679	73 302 335

26.1 Staff costs

	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
Salaries and allowances	353 108 637	261 266 246	189 106 984	30 642 742
Social security	2 547 566	2 493 545	491 479	394 786
Pension contribution	13 981 692	8 725 418	2 680 720	1 387 488
	369 637 895	272 485 209	192 279 183	32 425 016

26.2 Director's remuneration

	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
Board fees	10 309 335	4 298 837	8 652 638	988 576
Other emoluments	2 241 924	9 237 100	764 709	91 229
For services as management	71 356 280	27 066 016	63 039 629	5 456 774
Termination benefits	7 482 256	-	7 482 256	-
	91 389 795	40 601 953	79 939 232	6 536 579

27 INCOME TAX EXPENSE

Charge for the year				
Current income tax on income for the reporting year	324 339 805	74 396 036	37 008 347	7 546 912
Adjustments in respect of prior years	-	778 450	-	125 324
Deferred income tax	207 762 191	15 769 416	196 474 418	2 538 794
	532 101 996	90 944 202	233 482 765	10 211 030

28 (LOSS)/EARNINGS PER SHARE

28.1 Basic (loss)/earnings per share				
(Loss)/profit attributable to equity holders of the parent	(362 233 681)	38 617 370	295 598 000	44 416 204
Total	(362 233 681)	38 617 370	295 598 000	44 416 204
Basic (loss)/earnings per share (ZWL cents)	(58.67)	6.04	47.88	6.95
	(58.67)	6.04	47.88	6.95

Year ended 31 December 2019

	Shares issued	Treasury shares	Shares outstanding	Weighted
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2019	671 949 927	44 827 282	627 122 645	627 122 645
Treasury shares purchased	-	19 881 345	(19 881 345)	(9 761 017)
Weighted average number of ordinary shares as at 31 December	671 949 927	64 708 627	607 241 300	617 361 628

Year ended 31 December 2018

	Shares issued	Treasury shares	Shares outstanding	Weighted
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2018	671 949 927	31 827 282	640 122 645	640 122 645
Treasury shares purchased	-	13 000 000	(13 000 000)	(1 246 575)
Weighted average number of ordinary shares as at 31 December	671 949 927	44 827 282	627 122 645	638 876 070

28.2 Diluted (loss)/earnings per share

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
(Loss)/Earnings				
(Loss)/profit attributable to equity holders of the parent	(362 233 681)	38 617 370	295 598 000	44 416 204
Total	(362 233 681)	38 617 370	295 598 000	44 416 204
Weighted average number of ordinary shares at 31 December	617 361 628	638 876 070	617 361 628	638 876 070
Diluted (loss)/earnings per share (ZWL cents)	(58.67)	6.04	47.88	6.95
	(58.67)	6.04	47.88	6.95

28.3 Headline (loss)/earnings per share

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

Stay informed and follow the advice given by your healthcare provider.

29 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

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

INFLATION ADJUSTED

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

HISTORICAL COST

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

30 SEGMENT REPORTING

Operating segments reconciliations

	INFLATION ADJUSTED 31 Dec 19 ZWL\$	31 Dec 18 ZWL\$	HISTORICAL COST 31 Dec 19 ZWL\$	31 Dec 18 ZWL\$
Net income				
Total net income for reportable segments	1 534 355 899	1 184 695 071	1 053 116 619	154 479 992
Total net income for non reportable segments	230 150 909	97 883 586	112 712 183	12 527 955
Elimination of intersegment revenue received from the holding company	-	(9 112 776)	-	(1 118 764)
Intersegment eliminations	(166 086 644)	(110 651 924)	(106 001 646)	(19 964 395)
Group total net income	1 598 420 164	1 162 813 957	1 059 827 156	145 924 788
Group profit before tax				
Total profit before income tax for reportable segments	36 012 377	73 337 212	498 741 679	53 076 545
Intersegment eliminations	132 771 230	55 638 288	30 608 773	1 569 928
Profit before income tax	168 783 607	128 975 500	529 350 452	54 646 473
Group assets				
Total assets for reportable segments	6 190 213 739	7 348 788 140	6 091 813 608	1 166 109 079
Other group assets	892 176 830	643 895 136	425 345 534	6 417 517
Deferred tax asset allocated to the holding company	-	-	-	511 314

31 FINANCIAL RISK MANAGEMENT

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

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

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

The Group's activities and operations results in exposure to the following risks:

- (a) Credit risk
- (b) Market risk
- (b.i) Interest rate risk,
- (b.ii) Currency risk
- (b.iii) Price risk
- (c) Liquidity risk
- (d) Settlement risk
- (e) Operational risk
- (f) Capital risk

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

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

31.1 Credit risk

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

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

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

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

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

Credit policies, procedures and limits

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

Credit risk mitigation and hedging

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

Credit risk stress testing

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

Significant increase in credit risk

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

Credit terms:

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

Past due loans

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

Impaired loans

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

Provisioning policy and write offs

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

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

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

Expected Credit Losses (ECL)

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

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

Probability of Default (PD)

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

Exposure at Default (EAD)

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

Loss Given Default (LGD)

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

31.1.1 Exposure to credit risk

Loans and advances

Past due and impaired

Stage 3/Grade 8: Impaired
Stage 3/Grade 9: Impaired
Stage 3/Grade 10: Impaired

Gross amount, past due and impaired

Allowance for impairment

Carrying amount, past due and impaired

Past due but not impaired

Stage 2/Grade 4 - 7:

Neither past due nor impaired

Stage 1/Grade 1 - 3:

Gross amount, not impaired

Allowance for impairment

Carrying amount, not impaired

Total carrying amount

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

Loans and advances

	INFLATION ADJUSTED				INFLATION ADJUSTED			
	31 Dec 19		31 Dec 18		31 Dec 19		31 Dec 18	
	ECL staging	Stage 2	Stage 3	Total	ECL staging	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
	ECL	ECL	ECL		ECL	ECL	ECL	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Credit grade								
Investment grade	2 533 028 329	-	-	2 533 028 329	2 128 122 614	-	-	2 128 122 614
Standard monitoring	-	39 640 753	-	39 640 753	-	319 854 483	-	319 854 483
Special monitoring	-	22 594 659	-	22 594 659	-	121 297 535	-	121 297 535
Default	-	-	8 644 175	8 644 175	-	-	30 376 272	30 376 272
Gross loans and advances	2 533 028 329	62 235 412	8 644 175	2 603 907 916	2 128 122 614	441 152 018	30 376 272	2 599 650 904
Loss allowance	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)	(26 131 527)	(35 800 315)	(15 542 158)	(77 474 000)
Net loans and advances	2 503 436 283	52 153 514	5 354 401	2 560 944 198	2 101 991 087	405 351 703	14 834 114	2 522 176 904
Analysis								
Gross amount								
Balance as at January	2 128 122 613	441 152 019	30 376 272	2 599 650 904	1 450 974 503	422 019 695	89 743 977	1 962 738 175
Effects of IAS29	(1 786 053 768)	(370 130 188)	(25 485 944)	(2 181 669 900)	(2 069 972 24)	17 455 187	8 644 537	(2 053 879 627)
Transfers	3 022 579	(6 948 380)	3 925 800	-	(82 297 576)	74 060 557	8 237 019	(13 244 095)
Stage 1	(12 125 345)	8 675 298	3 450 046	-	54 108 701	(59 074 490)	4 965 789	(13 244 095)
Stage 2	14 604 040	(15 838 596)	1 234 557	-	2 089 151	2 469 120	(4 558 271)	(13 244 095)
Stage 3	543 884	214 918	(758 803)	-	-	-	-	(13 244 095)
New issue	2 330 966 949	31 478 360	1 007 604	2 363 452 913	2 224 696 481	259 256 860	5 821 771	2 489 775 112
Repayments	(143 030 044)	(33 316 399)	(728 626)	(177 075 069)	(1 521 448 647)	(257 579 723)	(69 464 193)	(1 848 492 563)
Amounts written off during the year as uncollectible	-	-	(450 932)	(450 932)	-	-	(4 369 820)	(4 369 820)
Balance as at December	2 533 028 329	62 235 412	8 644 174	2 603 907 916	2 128 122 613	441 152 019	30 376 272	2 599 650 904
Impairment								
Balance as at January	26 131 527	35 800 315	15 542 158	77 474 000	41 654 603	23 280 741	29 714 413	94 649 755
Changes on initial application of IFRS 9	-	-	-	-	(1 167 085)	368 652	(3 767 417)	(4 565 848)
Effects of IAS29	(21 924 567)	(30 036 760)	(13 039 999)	(65 001 326)	(2 069 972 24)	17 455 187	8 644 537	(2 053 879 627)
Transfers	267 332	(324 669)	57 337	-	(4 921 625)	(625 939)	5 547 564	(13 244 095)
Stage 1	(303 613)	204 984	98 629	-	(6 096 449)	2 763 769	3 326 680	(13 244 095)
Stage 2	456 697	(582 762)	126 065	-	1 077 235	(3 455 513)	2 378 277	(13 244 095)
Stage 3	114 248	53 109	(167 357)	-	97 589	65 805	(163 393)	(13 244 095)
New issue	28 354 234	4 121 492	(450 005)	32 025 721	(5 374 456)	15 452 594	2 565 903	12 644 041
Repayments	-	-	-	-	(1 413 315)	(149 921)	(11 557 581)	(13 120 817)
Amounts written off during the year as uncollectible	-	-	(450 932)	(450 932)	-	-	(4 369 820)	(4 369 820)
Balance as at December	29 592 046	10 081 898	3 289 774	42 963 718	26 131 527	35 800 315	15 542 158	77 474 000

Loans and advances

	HISTORICAL COST				HISTORICAL COST			
	31 Dec 19		31 Dec 18		31 Dec 19		31 Dec 18	
	ECL staging	Stage 2	Stage 3	Total	ECL staging	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime		12-month	Lifetime	Lifetime	
	ECL	ECL	ECL		ECL	ECL	ECL	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Credit grade								
Investment grade	2 533 004 430	-	-	2 533 004 430	342 068 845	-	-	342 068 845
Standard monitoring	-	39 640 752	-	39 640 752	-	51 493 930	-	51 493 930
Special monitoring	-	22 594 660	-	22 594 660	-	19 527 901	-	19 527 901
Default	-	-	8 644 175	8 644 175	-	-	4 890 329	4 890 329
Gross loans and advances	2 533 004 430	62 235 412	8 644 175	2 603 884 017	342 068 845	71 021 831	4 890 329	417 981 005
Loss allowance	(29 592 046)	(10 081 898)	(3 289 774)	(42 963 718)	(4 206 960)	(5 763 555)	(2 502 159)	(12 472 674)
Net loans and advances	2 503 412 384	52 153 514	5 354 401	2 560 920 299	337 861 885	65 258 276	2 388 170	405 508 331
Analysis								
Gross amount								
Balance as at January	342 068 845	71 021 831	4 890 329	417 981 005	233 594 910	67 941 685	14 448 039	315 984 634
Transfers	3 022 580	(6 948 380)						

31.1.2 Sectoral analysis of utilizations of loans and advances to customers

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

Reconciliation of allowance for impairment for loans and advances

	INFLATION ADJUSTED			HISTORICAL COST		
	Specific allowance / Stage 3 ZWL\$	31 Dec 19 Collective allowance / Stage 1-2 ZWL\$	Total ZWL\$	Specific allowance / Stage 3 ZWL\$	31 Dec 18 Collective allowance / Stage 1-2 ZWL\$	Total ZWL\$
Balance at 1 January	15 542 158	61 931 842	77 474 000	34 182 289	60 467 466	94 649 755
Effects of IAS 29	(13 039 999)	(51 961 327)	(65 001 326)	-	-	-
Change on initial application of IFRS 9	-	-	-	(6 171 602)	1 605 756	(4 565 846)
Impairment loss allowance	1 737 894	29 781 871	31 519 765	4 345 608	535 120	4 880 728
Impairment reversal	(499 347)	(78 442)	(577 789)	(2 126 643)	2 126 643	-
Amounts written off during the year	(450 932)	-	(450 932)	(4 369 820)	-	(4 369 820)
Interest in suspense (reclassification)	-	-	-	(10 317 674)	(2 803 143)	(13 120 817)
Balance as at 31 December	3 289 774	39 673 944	42 963 718	15 542 158	61 931 842	77 474 000

31.1.3 Bonds and Debentures

	31 Dec 19				31 Dec 18			
	ECL staging Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$	ECL staging Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Credit grade								
Investment grade	122 134 866	-	-	122 134 866	1 404 754 809	-	-	1 404 754 809
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	122 134 866	-	-	122 134 866	1 404 754 809	-	-	1 404 754 809
Impairment loss allowance	(624 232)	-	-	(624 232)	(7 007 515)	-	-	(7 007 515)
Net Bonds and Debentures	121 510 634	-	-	121 510 634	1 397 747 294	-	-	1 397 747 294
Analysis								
Gross amount								
Balance as at January	1 404 754 809	-	-	1 404 754 809	171 646 787	-	-	171 646 787
Effects of IAS 29	(1 178 060 784)	-	-	(1 178 060 784)	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	25 684 000	-	-	25 684 000	2 214 958 730	-	-	2 214 958 730
Repayments	(130 243 159)	-	-	(130 243 159)	(981 850 708)	-	-	(981 850 708)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	122 134 866	-	-	122 134 866	1 404 754 809	-	-	1 404 754 809
Impairment								
Balance as at January	7 007 515	-	-	7 007 515	-	-	-	-
Changes on initial application of IFRS 9	(5 879 363)	-	-	(5 879 363)	1 414 594	-	-	1 414 594
Effects of IAS 29	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	(503 920)	-	-	(503 920)	5 592 921	-	-	5 592 921
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	624 232	-	-	624 232	7 007 515	-	-	7 007 515
HISTORICAL COST								
Credit grade								
Investment grade	122 134 866	-	-	122 134 866	226 694 025	-	-	226 694 025
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross Bonds and Debentures	122 134 866	-	-	122 134 866	226 694 025	-	-	226 694 025
Impairment loss allowance	(624 232)	-	-	(624 232)	(1 128 152)	-	-	(1 128 152)
Net Bonds and Debentures	121 510 634	-	-	121 510 634	225 565 873	-	-	225 565 873
Analysis								
Gross amount								
Balance as at January	226 694 025	-	-	226 694 025	27 633 715	-	-	27 633 715
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	25 684 000	-	-	25 684 000	357 130 164	-	-	357 130 164
Repayments	(130 243 159)	-	-	(130 243 159)	(158 069 854)	-	-	(158 069 854)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	122 134 866	-	-	122 134 866	226 694 025	-	-	226 694 025
Impairment								
Balance as at January	1 128 152	-	-	1 128 152	-	-	-	-
Changes on initial application of IFRS 9	-	-	-	-	227 738	-	-	227 738
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	(503 920)	-	-	(503 920)	900 414	-	-	900 414
Interest in suspense (reclassification)	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	624 232	-	-	624 232	1 128 152	-	-	1 128 152

31.1.4 Financial assets at amortised cost

	31 Dec 19				31 Dec 18			
	ECL staging Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$	ECL staging Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
INFLATION ADJUSTED								
Credit grade								
Investment grade	191 695 608	-	-	191 695 608	1 163 087 606	-	-	1 163 087 606
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	191 695 608	-	-	191 695 608	1 163 087 606	-	-	1 163 087 606
Impairment loss allowance	(965 342)	-	-	(965 342)	(5 353 579)	-	-	(5 353 579)
Net financial asset at amortised cost	190 730 266	-	-	190 730 266	1 157 734 027	-	-	1 157 734 027
Analysis								
Gross amount								
Balance as at January	1 163 087 606	-	-	1 163 087 606	701 146 673	-	-	701 146 673
Effects of IAS 29	(976 157 428)	-	-	(976 157 428)	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
New issue	230 807 355	-	-	230 807 355	657 218 380	-	-	657 218 380
Repayments	(226 041 925)	-	-	(226 041 925)	(195 277 447)	-	-	(195 277 447)
Amounts written off during the year as uncollectible	-	-	-	-	-	-	-	-
Balance as at December	191 695 608	-	-	191 695 608	1 163 087 606	-	-	1 163 087 606
Impairment								
Balance as at January	5 353 579	-	-	5 353 579	-	-	-	-
Changes on initial application of IFRS 9	-	-	-	-	3 144 362	-	-	3 144 362
Effects of IAS 29	(4 491 697)	-	-	(4 491 697)	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Net change due to new issues and repayments	117 432	-	-	117 432	2 209 217	-	-	2 209 217
Interest in suspense	-	-	-	-	-	-	-	-
Changes in parameters	-	-	-	-	-	-	-	-
Amounts written off during the year as uncollectible	(13 972)	-	-	(13 972)	-	-	-	-
Balance as at December	965 342	-	-	965 342	5 353 579	-	-	5 353 579
HISTORICAL COST								
Credit grade								
Investment grade	191 695 608	-	-	191 695 608	186 930 178	-	-	186 930 178
Standard monitoring	-	-	-	-	-	-	-	-
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross financial assets at amortised cost	191 695 608	-	-	191 695 608	186 930 178	-	-	186 930 178
Impairment loss allowance	(965 342)	-	-	(965 342)	(861 882)	-	-	(861 882)
Net financial asset at amortised cost	190 730 266	-	-	190 730 266 </				

HISTORICAL COST

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

31.1.6 Trade and other receivables including insurance receivables

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

31.2 Liquidity risk

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

Management of liquidity risk

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

Liquidity and funding management

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

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

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

INFLATION ADJUSTED

Contractual maturity analysis on balance sheet items as at 31 December 2019

	Up to 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities				
Deposits from customers	2 003 134 669	14 062 828	7 677 017	2 024 874 514
Deposits from other banks	192 266 137	2 874 852	-	195 140 989
Borrowings	2 875 744	36 725 235	1 682 730 807	1 722 331 786
Insurance liabilities	23 855 091	21 097 811	55 679 116	100 632 018
Current income tax liabilities	472 725	3 245 166	-	3 717 891
Trade and other liabilities excluding deferred income	406 563 321	409 302 284	60 645 726	876 511 331
Total liabilities - (contractual maturity)	2 629 167 687	487 308 176	1 806 732 666	4 923 208 529

Assets held for managing liquidity risk (contractual maturity dates)

Balances with banks and cash	1 907 906 680	-	-	1 907 906 680
Financial assets at amortised cost	5 627 650	109 260 339	75 842 277	190 730 266
Loans and advances to customers	273 706 839	573 090 202	1 714 147 157	2 560 944 198
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Trade and other receivables including insurance receivables	19 495 725	49 401 965	34 472 450	103 370 140
Financial assets at fair value through profit or loss	16 825 019	-	38 107 590	54 932 609
Financial assets at fair value through other comprehensive income	-	-	14 869 971	14 869 971
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	190 090 017	14 061 562	87 212 656	291 364 235
Total	2 413 651 930	845 814 068	1 986 162 735	5 245 628 733

Liquidity gap

Liquidity gap	(215 515 757)	358 505 892	179 430 069	322 420 204
----------------------	----------------------	--------------------	--------------------	--------------------

Cumulative liquidity gap - on balance sheet

Cumulative liquidity gap - on balance sheet	(215 515 757)	142 990 135	322 420 204	-
--	----------------------	--------------------	--------------------	----------

Off balance sheet items

Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	22 795 494	-	-	22 795 494
Total liabilities	22 795 494	554 738 163	-	577 533 657

Liquidity gap

Liquidity gap	(22 795 494)	(554 738 163)	-	(255 113 453)
----------------------	---------------------	----------------------	----------	----------------------

Cumulative liquidity gap - on and off balance sheet

Cumulative liquidity gap - on and off balance sheet	(238 311 251)	(434 543 522)	(255 113 453)	-
--	----------------------	----------------------	----------------------	----------

INFLATION ADJUSTED

Contractual maturity analysis on balance sheet items as at 31 December 2018

	Up to 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities				
Deposits from customers	3 487 171 147	362 985 107	50 042 363	3 900 198 617
Deposits from other banks	681 283 466	167 041 893	26 709 445	875 034 804
Borrowings	5 072 068	26 000 284	617 411 228	648 483 580
Insurance liabilities	17 450 895	16 634 937	62 481 637	96 567 469
Current income tax liabilities	2 422 344	1 574 304	-	3 996 648
Trade and other liabilities excluding deferred income	57 804 966	133 296 849	95 546 551	286 648 366
Total liabilities - (contractual maturity)	4 251 204 886	707 533 374	852 191 224	5 810 929 484

Assets held for managing liquidity risk (contractual maturity dates)

Balances with banks and cash	1 190 946 201	-	-	1 190 946 201
Financial assets at amortised cost	106 759 844	876 728 745	174 245 438	1 157 734 027
Loans and advances to customers	328 431 565	1 159 952 145	1 033 793 194	2 522 176 904
Bonds and debentures	129 552 747	842 361 170	425 833 377	1 397 747 294
Trade and other receivables including insurance receivables	8 108 503	32 764 983	39 491 645	80 365 131
Financial assets at fair value through profit or loss	23 362 081	57 461 830	-	80 823 911
Financial assets at fair value through other comprehensive income	-	-	12 824 894	12 824 894
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments	16 789 445	25 455 860	44 945 102	87 190 407
Total	1 803 950 386	2 994 724 733	1 731 133 650	6 529 808 769

Liquidity gap

Liquidity gap	(2 447 254 500)	2 287 191 359	878 942 426	718 879 285
----------------------	------------------------	----------------------	--------------------	--------------------

Cumulative liquidity gap - on balance sheet

Cumulative liquidity gap - on balance sheet	(2 447 254 500)	(160 063 141)	718 879 285	-
--	------------------------	----------------------	--------------------	----------

Off balance sheet items

Liabilities				
Guarantees and letters of credit	-	162 909 873	-	162 909 873
Commitments to lend	116 829 615	-	-	116 829 615
Total liabilities	116 829 615	162 909 873	-	279 739 488

Liquidity gap

Liquidity gap	(116 829 615)	(162 909 873)	-	439 139 797
----------------------	----------------------	----------------------	----------	--------------------

Cumulative liquidity gap - on and off balance sheet

Cumulative liquidity gap - on and off balance sheet	(2 564 084 115)	(439 802 629)	439 139 797	-
--	------------------------	----------------------	--------------------	----------

HISTORICAL COST

Contractual maturity analysis on balance sheet items as at 31 December 2019

	Up to 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities				
Deposits from customers	2 003 134 669	14 062 828	7 677 017	2 024 874 514
Deposits from other banks	192 266 137	2 874 852	-	195 140 989
Borrowings	2 875 744	36 725 235	1 682 730 807	1 722 331 786
Insurance liabilities	7 022 401	21 097 811	23 213 020	51 333 232
Current income tax liabilities	305 678	3 100 307	-	3 405 985
Trade and other liabilities excluding deferred income	406 563 321	401 075 098	45 813 309	853 451 728
Total liabilities - (contractual maturity)	2 612 167 950	478 936 131	1 759 434 153	4 850 538 234

Assets held for managing liquidity risk (contractual maturity dates)

Balances with banks and cash	1 907 906 680	-	-	1 907 906 680
Financial assets at amortised cost	5 627 650	109 260 339	75 842 277	190 730 266
Loans and advances to customers	273 706 839	573 090 202	1 714 123 258	2 560 920 299
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Trade and other receivables including insurance receivables	20 269 903	49 401 965	34 472 455	104 144 323
Financial assets at fair value through profit or loss	16 825 019	-	40 935 612	57 760 631
Financial assets at fair value through other comprehensive income	-	-	14 869 971	14 869 971
Other assets excluding time share assets, deferred acquisition costs, stationary and prepayments				

HISTORICAL COST

Contractual maturity analysis on balance sheet items as at 31 December 2018

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

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

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

31.3 Market risk

Market risk is the risk of financial loss from on and off balance sheet positions arising from adverse movements in market prices such as interest rates, foreign exchange rates and equity prices.

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

31.3.1 Interest rate risk

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

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

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

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

Scenario analysis of net interest income

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

31.3.2 Currency risk

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

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

31.3.3 Equity Price risk

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

31.4 Settlement risk

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

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that trades are settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process.

31.5 Operating risk

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

31.6 Capital risk

31.6.1 Regulatory Capital and Financial Risk Management

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

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

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

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

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

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

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

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

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

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

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

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

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

*Effective compliance date of 31 December 2020 for banking subsidiaries

31.7 Reputational risk

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

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

31.8 Legal and compliance risk

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

31.9 Strategic risk

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

32 Statement of Compliance

The Group complies with the following statutes inter alia:-

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

33 INTERNATIONAL CREDIT RATINGS

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

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

34 SUBSEQUENT EVENTS

34.1 Dividend Declared

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

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

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

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

34.2 Covid-19 pandemic

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

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

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

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

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

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

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

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

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

35 CORPORATE GOVERNANCE

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

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

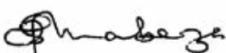
The Board meets regularly, with a minimum of four scheduled meetings annually. To assist the Board in the discharge of its responsibilities a number of committees have been established, of which the following are the most significant: (i) Board Audit Committee, (ii) Board Human Resources and Remuneration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

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

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

Q1 - Quarter 1
Q2 - Quarter 2

By order of the Board



Tichaona K. Mabeza
GROUP COMPANY SECRETARY

29 April 2020



FBC Bank Limited
(Registered Commercial Bank)

strength • diversity • service

Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION As at 31 December 2019

Note	INFLATION ADJUSTED		*HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
ASSETS				
Balances with banks and cash	1 889 334 222	1 081 637 622	1 889 334 222	174 134 723
Financial assets at fair value through profit or loss	11 548 368	3 409 143	11 548 368	548 844
Financial assets at amortised cost	2 91 342 277	593 027 480	91 342 277	95 472 526
Loans and advances to customers	3 2 453 799 047	2 002 249 662	2 453 799 047	322 345 657
Bonds and debentures	4 121 510 634	1 397 747 295	121 510 634	225 025 769
Prepayments and other assets	6 105 086 752	141 315 321	98 633 841	21 209 808
Amounts due from group companies	52 816 730	145 185 734	52 816 730	23 373 704
Income tax asset	2 425 864	-	2 425 864	-
Deferred tax asset	-	18 628 125	-	2 998 974
Investment property	7 121 010 978	52 300 820	121 010 978	8 420 000
Intangible assets	194 883 159	12 487 702	194 883 159	1 501 517
Right of use asset	9 15 258 594	-	5 436 658	-
Property and equipment	8 302 634 731	182 585 308	302 634 731	21 416 859
Total assets	5 361 651 356	5 630 574 212	5 345 376 509	896 448 381
EQUITY AND LIABILITIES				
Liabilities				
Deposits from customers	10 2 046 697 249	3 576 188 404	2 046 697 249	575 736 794
Deposits from other financial institutions	10.1 116 708 740	549 886 130	116 708 740	88 527 125
Lines of credit	10.2 1 528 161 207	571 237 021	1 528 161 207	91 964 442
Current income tax liability	-	2 409 387	-	387 890
Deferred income tax liability	260 164 552	-	284 287 770	-
Lease liability	12 5 476 404	-	5 476 404	-
Trade and other payables	11 751 038 169	219 802 886	736 205 749	34 331 574
Total liabilities	4 708 246 321	4 919 523 828	4 717 537 119	790 947 825
Equity				
Share capital	159 327 144	159 327 144	18 502 313	18 502 313
Share premium	113 647 946	113 647 946	13 197 687	13 197 687
Retained earnings	157 113 274	438 075 294	224 977 924	70 881 206
Other reserves	223 316 671	-	371 161 466	2 919 350
Total equity	653 405 035	711 050 384	627 839 390	105 500 556
Total equity and liabilities	5 361 651 356	5 630 574 212	5 345 376 509	896 448 381

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

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

Note	INFLATION ADJUSTED		*HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Interest and similar income	14 428 963 460	492 357 910	193 359 765	60 154 388
Interest and similar expense	15 (169 762 768)	(125 890 142)	(78 397 877)	(15 606 863)
Net interest income	259 200 692	366 467 768	114 961 888	44 547 525
Dealing and trading income	423 015 285	11 837 260	409 870 955	1 464 471
Fee and commission income	16 266 860 702	287 178 253	128 422 414	35 719 180
Other operating income	17 134 250 098	60 518 170	119 140 094	7 779 743
Total net income	1 083 326 777	726 001 451	772 395 351	89 510 919
Monetary loss	(108 447 887)	(190 670 875)	-	-
Credit impairment losses	5 (25 832 057)	(4 352 171)	(25 832 057)	(700 664)
Administrative expenses	18 (662 751 212)	(440 248 868)	(345 631 555)	(55 007 573)
Profit before income tax	286 295 621	90 729 537	400 931 739	33 802 682
Income tax expense	(507 968 888)	(54 797 309)	(215 623 668)	(6 881 163)
(Loss)/profit for the year	(221 673 267)	35 932 228	185 308 071	26 921 519
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Gains on property revaluation	288 282 997	-	458 405 873	-
Tax relating to other comprehensive income	(64 966 326)	-	(90 163 757)	-
Other comprehensive income (net of income tax)	223 316 671	-	368 242 116	-
Total comprehensive income for the year	1 643 404	35 932 228	553 550 187	26 921 519

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

	INFLATION ADJUSTED				Total equity ZWL\$
	Share capital ZWL\$	Share premium ZWL\$	Retained earnings ZWL\$	Revaluation reserve ZWL\$	
Balance as at 1 January 2018	159 327 144	113 647 946	373 013 238	25 139 109	671 127 437
Changes on initial application of IFRS 9	-	-	3 990 719	-	3 990 719
Revaluation realised	-	-	25 139 109	(25 139 109)	-
Restated balance as at 1 January 2018	159 327 144	113 647 946	402 143 066	-	675 118 156
Other comprehensive income:					
Profit for the year	-	-	35 932 228	-	35 932 228
Total comprehensive income	-	-	35 932 228	-	35 932 228
Balance as at 31 December 2018	159 327 144	113 647 946	438 075 294	-	711 050 384
Opening balance as at 1 January 2019	159 327 144	113 647 946	438 075 294	-	711 050 384
Loss for the year	-	-	(221 673 267)	-	(221 673 267)
Other comprehensive income:					
Gain on revaluation of property and equipment, net of tax	-	-	-	223 316 671	223 316 671
Total comprehensive income	-	-	(221 673 267)	223 316 671	1 643 404
Transactions with owners of equity					
Dividend paid	-	-	(59 288 753)	-	(59 288 753)
Balance as at 31 December 2019	159 327 144	113 647 946	157 113 274	223 316 671	653 405 035

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

	*HISTORICAL COST				Total equity ZWL\$
	Share capital ZWL\$	Share premium ZWL\$	Retained earnings ZWL\$	Revaluation reserve ZWL\$	
Balance as at 1 January 2018	18 502 313	13 197 687	43 317 214	2 919 350	77 936 564
Changes on initial application of IFRS 9	-	-	642 473	-	642 473
Restated balance as at 1 January 2018	18 502 313	13 197 687	43 959 687	2 919 350	78 579 037
Other comprehensive income:					
Profit for the year	-	-	26 921 519	-	26 921 519
Total comprehensive income	-	-	26 921 519	-	26 921 519
Balance as at 31 December 2018	18 502 313	13 197 687	70 881 206	2 919 350	105 500 556
Opening balance as at 1 January 2019	18 502 313	13 197 687	70 881 206	2 919 350	105 500 556
Profit for the year	-	-	185 308 071	-	185 308 071
Other comprehensive income					
Gain on revaluation of property and equipment, net of tax	-	-	-	368 242 116	368 242 116
Total comprehensive income	-	-	185 308 071	368 242 116	553 550 187
Transactions with owners of equity					
Dividend paid	-	-	(31 211 353)	-	(31 211 353)
Balance as at 31 December 2019	18 502 313	13 197 687	224 977 924	371 161 466	627 839 390

STATEMENT OF CASH FLOWS For the year ended 31 December 2019

Note	INFLATION ADJUSTED		*HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Cash flow from operating activities				
Profit before income tax	286 295 621	90 729 537	400 931 739	33 802 682
Adjustments for non cash items:				
Credit impairment losses on loans and advances	5 25 832 057	4 352 171	25 832 057	700 664
Non cash recoveries	-	7 933 264	-	1 277 190
Fair value changes on investment property	(68 951 636)	(751 405)	(112 832 456)	(120 970)
Unrealised foreign exchange loss/(gains)	897 280 854	-	(363 542 535)	-
Amortisation	4 386 527	2 263 287	676 959	399 301
Depreciation	8 21 043 081	17 138 260	3 059 819	2 235 536
Depreciation on right of use assets	1 741 240	-	861 319	-
Loss/(profit) on disposal of property and equipment	21 287	(333 872)	(27 579)	(43 928)
Net cash generated/(utilised) before changes in operating assets and liabilities	1 167 649 031	121 331 242	(45 040 677)	38 250 475
Decrease/(increase) in financial assets	501 685 204	(166 654 302)	4 130 250	(26 829 966)
Increase in loans and advances to customers	(451 549 385)	(503 431 932)	(291 535 209)	(100 917 422)
Decrease/(increase) in prepayments and other assets	36 228 568	(14 334 934)	(47 465 891)	(2 307 806)
Decrease/(increase) in amounts due from other companies	92 369 004	(40 963 257)	(32 417 283)	(6 594 746)
Increase/(decrease) in bonds and debentures	1 276 236 661	(1 226 100 512)	(103 515 135)	(197 392 055)
(Decrease)/increase in deposits from customers	(1 529 491 154)	1 276 535 423	648 727 820	205 511 659
(Decrease)/increase in deposits from other financial institutions	(433 177 390)	(8 807 098)	28 181 615	(1 417 870)
Increase in other liabilities	531 235 283	95 612 936	461 005 487	15 392 893
Net cashflow after working capital changes	1 191 185 822	(466 812 434)	622 070 977	(76 304 838)
Income tax paid	(296 956 290)	(33 474 718)	(21 314 432)	(5 389 153)
Net cash generated from/(used in) operating activities	894 229 532	(500 287 152)	600 756 545	(81 693 991)
Cash flow from investing activities				
Proceeds from sale of property and equipment	114 428	302 102	43 339	48 636
Purchase of intangible assets	(8 591 739)	(4 242 248)	(5 270 623)	(776 841)
Purchase of property and equipment	(31 135 468)	(26 371 944)	(14 675 555)	(2 999 899)
Net cash used in investing activities	(39 612 779)	(30 312 090)	(19 902 839)	(3 728 104)
Cash flows from financing activities				
Dividend paid	(59 288 753)	-	(31 211 353)	-
Proceeds received from lines of credit	-	559 598 275	-	90 090 700
Repayments of lines of credit	(775 730)	(758 318)	(775 730)	(122 083)
Net cash (used in)/generated from financing activities	(60 064 483)	558 839 957	(31 987 083)	89 968 617
Net increase in cash and cash equivalents	794 552 270	28 240 715	548 866 623	4 546 522
Cash and cash equivalents at beginning of year	1 081 637 622	1 053 396 907	174 134 723	169 588 201
Effects of exchange rates on cash balances held in foreign currencies	13 144 330	-	1 166 332 876	-
Cash and cash equivalents at the end of year	1 889 334 222	1 081 637 622	1 889 334 222	174 134 723

COVID-19
#StayAtHome

Bank in your social space!

Sign-up for Mobile Moola(*220#) or Mobile App and enjoy 24 Hour access to your account wherever you are.

- Pay Bills
- Buy Airtime
- ZIPIT to Bank
- Enquire your balance



Mobile Moola



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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
1 BALANCES WITH BANKS AND CASH				
Balances with Reserve Bank of Zimbabwe				
Statutory reserve balances	41 777 566	128 800 887	41 777 566	20 735 879
Current account balances	714 168 340	673 517 753	714 168 340	108 430 795
	755 945 906	802 318 640	755 945 906	129 166 674
Balances with other banks and cash				
Nostro accounts	465 711 490	157 789 232	465 711 490	25 402 763
Notes and coins	274 772 759	53 472 234	274 772 759	8 608 588
Other bank balances	392 904 067	68 057 516	392 904 067	10 956 698
	1 133 388 316	279 318 982	1 133 388 316	44 968 049
Cash and cash equivalents	1 889 334 222	1 081 637 622	1 889 334 222	174 134 723
2 FINANCIAL ASSETS AT AMORTISED COST				
Open market treasury bills	92 838 183	565 201 457	92 838 183	90 992 766
Accrued interest	(1 495 906)	27 826 023	(1 495 906)	4 479 760
	91 342 277	593 027 480	91 342 277	95 472 526
2.1 Maturity analysis of financial assets at amortised cost				
Maturing between 0 to 90 days	(1 495 906)	113 894 483	(1 495 906)	18 336 071
Maturing between 91 to 180 days	56 651 869	312 686 154	56 651 869	50 339 888
Maturing between 180 to 365 days	19 214 256	111 798 028	19 214 256	17 998 559
Maturing in more than 365 days	16 972 058	54 648 815	16 972 058	8 798 008
	91 342 277	593 027 480	91 342 277	95 472 526
2.2 Exposure to credit risk: financial assets at amortised cost				
Stage I classified exposures: investment grade	91 852 227	595 708 164	91 852 227	95 904 094
Twelve months expected credit losses	(509 950)	(2 680 684)	(509 950)	(431 568)
	91 342 277	593 027 480	91 342 277	95 472 526
3 LOANS AND ADVANCES TO CUSTOMERS				
Maturing within 1 year	1 352 907 942	1 434 519 789	1 352 907 942	230 945 837
Maturing after 1 year but within 5 years	1 135 554 017	622 769 404	1 135 554 017	100 260 730
Gross carrying amount	2 488 461 959	2 057 289 193	2 488 461 959	331 206 567
Expected credit losses	(34 662 912)	(55 039 531)	(34 662 912)	(8 860 910)
Net loans and advances	2 453 799 047	2 002 249 662	2 453 799 047	322 345 657
3.1 Loans concentration by sector				
	INFLATION ADJUSTED			
	31 Dec 2019 gross total ZWL\$	Percentage	31 Dec 2018 gross total ZWL\$	Percentage
Sector of the economy				
Agriculture	146 473 671	6%	124 927 863	6%
Communication	6 044 620	0%	32 211 771	2%
Construction	17 237 732	1%	62 054 190	3%
Distribution	68 185 980	3%	131 986 826	6%
Individuals	122 437 668	5%	393 012 984	19%
Local authorities	9 027 414	0%	66 237 758	3%
Manufacturing	51 215 170	2%	164 629 307	8%
Mining	207 432 724	8%	96 564 550	5%
Other services	1 838 447 099	74%	818 161 913	40%
Wholesale	21 959 881	1%	167 502 031	8%
	2 488 461 959	100%	2 057 289 193	100%
Gross value of loans and advances	(34 662 912)		(55 039 531)	
Less allowance for impairment				
Net loans and advances	2 453 799 047		2 002 249 662	
	HISTORICAL COST			
	31 Dec 2019 gross total ZWL\$	Percentage	31 Dec 2018 gross total ZWL\$	Percentage
Sector of the economy				
Agriculture	146 473 671	6%	20 112 354	6%
Communication	6 044 620	0%	5 185 829	2%
Construction	17 237 732	1%	9 990 212	3%
Distribution	68 185 980	3%	21 248 789	6%
Individuals	122 437 668	5%	63 271 844	19%
Local authorities	9 027 414	0%	10 663 732	3%
Manufacturing	51 215 170	2%	26 503 959	8%
Mining	207 432 724	8%	15 546 095	5%
Other services	1 838 447 099	74%	131 717 310	40%
Wholesale	21 959 881	1%	26 966 443	8%
	2 488 461 959	100%	331 206 567	100%
Gross value of loans and advances	(34 662 912)		(8 860 910)	
Less allowance for impairment				
Net loans and advances	2 453 799 047		322 345 657	
3.2 Exposure to credit risk : Loans and advances				
	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Gross carrying amount of loans and advances to customer	2 488 461 959	2 057 289 193	2 488 461 959	331 206 567
Amortised cost of gross loans and advance; past due and impaired				
Stage III classified exposures: default				
Grade 8: impaired	2 382 000	8 053 507	2 382 000	1 296 548
Grade 9: impaired	219 697	2 707 267	219 697	435 848
Grade 10: impaired	1 123 784	12 203 165	1 123 784	1 964 609
	3 725 481	22 963 939	3 725 481	3 697 005
Life time expected credit losses	(761 355)	(4 232 883)	(761 355)	(681 459)
	2 964 126	18 731 056	2 964 126	3 015 546
Carrying amount, past due and impaired				
Past due but not impaired				
Stage II classified exposures : standard monitoring	31 201 321	282 907 520	31 201 321	45 545 774
: special monitoring	18 570 273	94 302 509	18 570 273	15 181 925
	49 771 594	377 210 029	49 771 594	60 727 699
Life time expected credit losses	(9 184 425)	(16 702 937)	(9 184 425)	(2 689 035)
	40 587 169	360 507 092	40 587 169	58 038 664
Carrying amount, past due and not impaired				
Neither past due nor impaired				
Stage I classified exposures : investment grade	2 434 964 884	1 657 115 225	2 434 964 884	266 781 863
Twelve months expected credit losses	(24 717 132)	(34 103 711)	(24 717 132)	(5 490 416)
	2 410 247 752	1 623 011 514	2 410 247 752	261 291 447
Carrying amount, not impaired				
Total carrying amount (loans and advances)	2 453 799 047	2 002 249 662	2 453 799 047	322 345 657

3.3 EXPECTED CREDIT LOSS STAGING : 31 DECEMBER 2019

	INFLATION ADJUSTED			
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Credit grade				
Investment grade	2 434 964 884	-	-	2 434 964 884
Standard monitoring	-	31 201 321	-	31 201 321
Special monitoring	-	18 570 273	-	18 570 273
Default	-	-	3 725 481	3 725 481
Gross financial assets at amortised cost	2 434 964 884	49 771 594	3 725 481	2 488 461 959
Expected credit loss allowance	(24 717 132)	(9 184 425)	(761 355)	(34 662 912)
Net financial asset at amortised cost	2 410 247 752	40 587 169	2 964 126	2 453 799 047
Impairment analysis				
Gross loans				
Balance as at 1 January	1 657 115 228	377 210 026	22 963 939	2 057 289 193
Balances written off as uncollectible	-	-	(450 932)	(450 932)
	(1 251 916)	493 698	758 218	-
Transfers				
Stage 1	(7 365 532)	6 863 103	502 429	-
Stage 2	6 055 574	(6 436 433)	380 859	-
Stage 3	58 042	67 028	(125 070)	-
	779 101 572	(327 932 130)	(19 545 744)	431 623 698
Net movement in loans				
New loans advanced	320 117 793	38 386 632	-	358 504 425
Effects of inflation adjustments	675 882 244	(328 692 752)	(13 510 182)	333 679 310
Loan repayments	(216 898 465)	(37 626 010)	(6 035 562)	(260 560 037)
	2 434 964 884	49 771 594	3 725 481	2 488 461 959
Balance as at 31 December 2019	2 434 964 884	49 771 594	3 725 481	2 488 461 959
Expected credit loss allowance				
Balance as at 1 January	16 882 244	33 924 405	4 232 882	55 039 531
Write offs	-	-	(450 932)	(450 932)
	(371 327)	(38 890)	410 217	-
Transfers				
Stage 1	(494 118)	283 403	210 715	-
Stage 2	121 097	(324 456)	203 359	-
Stage 3	1 694	2 163	(3 857)	-
	8 206 215	(24 701 090)	(3 430 818)	(19 925 687)
Net remeasurement				
Impact of increase in loans and repayments	(1 455 722)	2 526 097	139 582	1 209 957
Effects of inflation adjustments	10 313 347	(26 737 287)	(3 246 932)	(19 670 871)
Changes in parameters	(651 410)	(489 900)	(323 463)	(1 464 773)
	24 717 132	9 184 425	761 355	34 662 912
Balance as at 31 December 2019	24 717 132	9 184 425	761 355	34 662 912
EXPECTED CREDIT LOSS STAGING : 31 DECEMBER 2019				
	HISTORICAL COST			
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Credit grade				
Investment grade	2 434 964 884	-	-	2 434 964 884
Standard monitoring	-	31 201 321	-	31 201 321
Special monitoring	-	18 570 273	-	18 570 273
Default	-	-	3 725 481	3 725 481
Gross financial assets at amortised cost	2 434 964 884	49 771 594	3 725 481	2 488 461 959
Expected credit loss allowance	(24 717 132)	(9 184 425)	(761 355)	(34 662 912)
Net financial asset at amortised cost	2 410 247 752	40 587 169	2 964 126	2 453 799 047
Impairment Analysis				
Gross Loans				
Balance as at 1 January	266 781 864	60 727 699	3 697 004	331 206 567
Balances written off as uncollectible	-	-	(450 932)	(450 932)
	3 493 515	(6 556 195)	3 062 680	-
Transfers				
Stage 1	(6 739 760)	4 227 874	2 511 886	-
Stage 2	10 233 076	(10 835 627)	602 551	-
Stage 3	199	51 558	(51 757)	-
	2 164 689 505	(4 399 909)	(2 583 272)	2 157 706 324
Net movement in loans				
New loans advanced	455 106 688	24 924 705	-	480 031 393
Effects of exchange rate changes	1 814 947 444	-	-	1 814 947 444
Loan repayments	(105 364 627)	(29 324 614)	(2 583 272)	(137 272 513)
	2 434 964 884	49 771 595	3 725 480	2 488 461 959
Expected credit loss allowance				
Balance as at 1 January	5 196 362	3 464 241	2 765 010	11 425 613
Write offs	-	-	(450 932)	(450 932)
	155 059	(242 498)	87 439	-
Transfers				
Stage 1	(149 846)	89 704	60 142	-
Stage 2	304 752	(348 189)	43 437	-
Stage 3	153	15 987	(16 140)	-
	19 365 710	5 962 682	(1 640 162)	23 688 230
Net remeasurement				
Impact of increase in loans and repayments	21 892 764	5 425 245	(2 486 895)	24 831 114
Interest in suspense (reclassification)	(2 527 054)	537 437	846 733	(1 142 884)
	24 717 131	9 184 425	761 356	34 6



FBC Bank Limited
(Registered Commercial Bank)

strength • diversity • service

Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019

3.3 EXPECTED CREDIT LOSS STAGING : 31 DECEMBER 2018

	INFLATION ADJUSTED			Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
Credit grade				
Investment grade	1 657 115 228	-	-	1 657 115 228
Standard monitoring	-	282 907 520	-	282 907 520
Special monitoring	-	94 302 507	-	94 302 507
Default	-	-	22 963 938	22 963 938
Gross financial assets at amortised cost	1 657 115 228	377 210 027	22 963 938	2 057 289 193
Expected credit loss allowance	(16 882 242)	(33 924 404)	(4 232 885)	(55 039 531)
Net financial asset at amortised cost	1 640 232 986	343 285 623	18 731 053	2 002 249 662
Impairment analysis				
Gross loans				
Balance as at 1 January	1 021 190 770	369 418 822	60 113 972	1 450 723 564
Balances written off as uncollectible	-	-	(4 369 819)	(4 369 819)
Transfers	(7 776 274)	3 066 605	4 709 669	-
Stage 1	(45 750 994)	42 630 155	3 120 839	-
Stage 2	37 614 183	(39 979 895)	2 365 712	-
Stage 3	360 537	416 345	(776 882)	-
Net movement in loans	643 700 732	4 724 599	(37 489 883)	610 935 448
New loans advanced	1 990 965 286	238 438 513	-	2 229 403 799
Loan repayments	(1 347 264 554)	(233 713 914)	(37 489 883)	(1 618 468 351)
Balance as at 31 December 2018	1 657 115 228	377 210 026	22 963 939	2 057 289 193
Expected credit loss allowance				
Balance as at 1 January	32 277 196	21 518 129	17 174 856	70 970 181
Changes on initial application of IFRS 9	-	-	339 670	339 670
Write offs	-	-	(4 369 820)	(4 369 820)
Transfers	(2 306 500)	(241 566)	2 548 066	-
Stage 1	(3 069 213)	1 760 357	1 308 856	-
Stage 2	752 192	(2 015 358)	1 263 166	-
Stage 3	10 521	13 435	(23 956)	-
Net remeasurement	(13 088 453)	12 647 841	(11 459 888)	(11 900 500)
Impact of increase in loans and repayments	(9 042 222)	15 690 848	866 970	7 515 596
Interest in suspense (reclassification)	-	-	(10 317 672)	(10 317 672)
Changes in parameters	(4 046 231)	(3 043 007)	(2 009 186)	(9 098 424)
Balance as at 31 December 2018	16 882 243	33 924 404	4 232 884	55 039 531

EXPECTED CREDIT LOSS STAGING : 31 DECEMBER 2018

	HISTORICAL COST			Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
Credit grade				
Investment grade	266 781 864	-	-	266 781 864
Standard monitoring	-	45 545 774	-	45 545 774
Special monitoring	-	15 181 925	-	15 181 925
Default	-	-	3 697 004	3 697 004
Gross financial assets at amortised cost	266 781 864	60 727 699	3 697 004	331 206 567
Expected credit loss allowance	(2 717 901)	(5 461 549)	(681 460)	(8 860 910)
Net financial asset at amortised cost	264 063 963	55 266 150	3 015 544	322 345 657
Impairment Analysis				
Gross Loans				
Balance as at 1 January	164 403 279	59 473 379	9 677 853	233 554 511
Balances written off as uncollectible	-	-	(703 505)	(703 505)
Transfers	(1 251 915)	493 698	758 217	-
Stage 1	(7 365 532)	6 863 103	502 429	-
Stage 2	6 055 573	(6 436 433)	380 860	-
Stage 3	58 044	67 028	(125 072)	-
Net movement in loans	103 630 501	760 621	(6 035 561)	98 355 561
New loans advanced	320 528 966	38 386 631	-	358 915 597
Loan repayments	(216 898 465)	(37 626 010)	(6 035 561)	(260 560 036)
Balance as at 31 December 2018	266 781 865	60 727 698	3 697 004	331 206 567
Expected credit loss allowance				
Balance as at 1 January	5 196 362	3 464 241	2 765 010	11 425 613
Changes on initial application of IFRS 9	-	-	54 684	54 684
Write offs	-	-	(703 505)	(703 505)
Transfers	(371 327)	(38 890)	410 217	-
Stage 1	(494 118)	283 403	210 715	-
Stage 2	121 097	(324 456)	203 359	-
Stage 3	1 694	2 163	(3 857)	-
Net remeasurement	(2 107 133)	2 036 197	(1 844 946)	(1 915 882)
Impact of increase in loans and repayments	(1 455 723)	2 526 097	139 577	1 209 951
Interest in suspense (reclassification)	-	-	(1 661 060)	(1 661 060)
Changes in parameters	(651 410)	(489 900)	(323 463)	(1 464 773)
Balance as at 31 December 2018	2 717 902	5 461 548	681 460	8 860 910

4 BOND AND DEBENTURES

Maturing within 1 year
Maturing after 1 year but within 5 years:

4.1 Maturity analysis of debentures

- Bond with a fixed coupon rate p.a of 10% maturing on 30 June 2019
- Bond with a fixed coupon rate p.a of 10% maturing on 30 June 2020
- Bond with a fixed coupon rate p.a of 10% maturing on 30 June 2021
- Bond with a fixed coupon rate p.a of 10% maturing on 30 June 2022
- Debenture with a fixed coupon rate semi-annual of 5% maturing on 30 September 2020
Accrued interest

4.2 Savings and Infrastructure bonds

Maturing between 0 to 90 days
Maturing between 91 to 180 days
Maturing between 180 to 365 days
Maturing in more than 365 days

Expected credit losses

Carrying amount as at 31 December

5 MOVEMENT IN CREDIT IMPAIRMENT LOSSES

For the year ended 31 December 2019

	INFLATION ADJUSTED				Total ZWL\$
	Bonds and Debentures ZWL\$	Loans and advances ZWL\$	Financial assets at amortised cost ZWL\$	Undrawn contractual commitments and guarantees ZWL\$	
Balance at the beginning of the year 1 January 2018	28 568 953	70 970 181	-	-	99 539 134
Remeasurement on initial application of IFRS 9	1 414 594	339 670	1 918 682	1 270 022	4 942 968
Restated opening balance	1 414 594	71 309 851	1 918 682	1 270 022	75 913 149
Increase in Expected credit losses	5 592 920	(1 582 827)	762 004	(419 927)	4 352 171
Reclassification of previously suspended interest	-	(10 317 672)	-	-	(10 317 672)
Amounts written off as uncollectible	-	(4 369 820)	-	-	(4 369 820)
Balance as at 31 December 2018	7 007 514	55 039 532	2 680 686	850 095	65 577 828

For the year ended 31 December 2019

	HISTORICAL COST				Total ZWL\$
	Bonds and Debentures ZWL\$	Loans and advances ZWL\$	Financial assets at amortised cost ZWL\$	Undrawn contractual commitments and guarantees ZWL\$	
Balance at the beginning of the year 1 January 2019	7 007 514	55 039 532	2 680 686	850 095	65 577 828
Increase in Expected credit losses	(503 920)	26 252 934	78 382	4 661	25 832 057
Effects of IAS 29 adjusted	(5 879 363)	(46 178 622)	(2 249 118)	(713 236)	(55 020 339)
Amounts written off as uncollectible	-	(450 932)	-	-	(450 932)
Balance at the end of the period 31 December 2019	624 232	34 662 912	509 951	141 519	35 938 614

For the year ended 31 December 2019

	HISTORICAL COST				Total ZWL\$
	Bonds and Debentures ZWL\$	Loans and advances ZWL\$	Financial assets at amortised cost ZWL\$	Undrawn contractual commitments and guarantees ZWL\$	
Balance at the beginning of the year 1 January 2018	-	11 425 613	-	-	11 425 613
Remeasurement on initial application of IFRS 9	227 738	54 684	308 892	204 463	795 777
Restated opening balance	227 738	11 480 297	308 892	204 463	12 221 390
Increase in expected credit losses	900 414	(254 822)	122 676	(67 605)	700 664
Reclassification of previously suspended interest	-	(1 661 060)	-	-	(1 661 060)
Amounts written off as uncollectible	-	(703 505)	-	-	(703 505)
Balance as at 31 December 2018	1 128 152	8 860 910	431 569	136 858	10 557 489

For the year ended 31 December 2019

	HISTORICAL COST				Total ZWL\$
	Bonds and Debentures ZWL\$	Loans and advances ZWL\$	Financial assets at amortised cost ZWL\$	Undrawn contractual commitments and guarantees ZWL\$	
Balance at the beginning of the year 1 January 2019	1 128 152	8 860 910	431 569	136 858	10 557 489
Increase in Expected credit losses	(503 920)	26 252 934	78 382	4 661	25 832 057
Amounts written off as uncollectible	-	(450 932)	-	-	(450 932)
Balance as at 31 December 2019	624 232	34 662 912	509 951	141 519	35 938 614

6 PREPAYMENTS AND OTHER ASSETS

Prepayments
Mastercard, Visa and ZimSwitch collateral
Other receivables

6.1 Maturity analysis of prepayment, other assets

Maturing within 1 year
Maturing after 1 year but within 5 years

7 INVESTMENT PROPERTY

Balance at 1 January
Fair value adjustments
Additions
Disposal

8 PROPERTY AND EQUIPMENT

Carrying amount at the beginning of the year
Additions
Disposals
Reversal of depreciation on disposal/ revaluation
Revaluation
Depreciation charge for the period

Carrying amount at the end of the year

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
6 PREPAYMENTS AND OTHER ASSETS				
Prepayments	22 106 306	50 056 033	15 653 395	6 517 817
Mastercard, Visa and ZimSwitch collateral	57 123 667	43 640 096	57 123 667	7 025 695
Other receivables	25 856 779	47 619 192	25 856 779	7 666 296
105 086 752	141 315 321	98 633 841	21 209 808	
6.1 Maturity analysis of prepayment, other assets				
Maturing within 1 year	47 963 085	97 675 224	41 510 174	14 184 113
Maturing after 1 year but within 5 years	57 123 667	43 640 096	57 123 667	7 025 695
105 086 752	141 315 321	98 633 841	21 209 808	
7 INVESTMENT PROPERTY				
Balance at 1 January	52 300 820	47 619 834	8 420 000	7 666 400
Fair value adjustments	68 811 987	751 406	112 692 807	120 970
Additions	173 500	3 929 580	173 500	632 630
Disposal	(275 329)	-	(275 329)	-
Balance at 31 December	121 010 978	52 300 820	121 010 978	8 420 000
8 PROPERTY AND EQUIPMENT				
Carrying amount at the beginning of the year	182 585 308	173 383 750	21 416 858	20 656 226
Additions	31 135 468	26 371 944	14 675 555	2 999 899
Disposals	(1 077 804)	(787 486)	(125 162)	(91 449)
Reversal of depreciation on disposal/ revaluation	942 088	755 360	109 402	87 719
Revaluation	110 092 752	-	269 617 897	-
Depreciation charge for the period	(21 043 081)	(17 138 260)	(3 059 819)	(2 235 536)
Carrying amount at the end of the year	302 634 731	182 585 308	302 634 731	21 416 859





FBC Bank Limited
(Registered Commercial Bank)

strength • diversity • service

Audited Results

FOR THE YEAR ENDED 31 DECEMBER 2019

9 RIGHT OF USE ASSETS

The Bank has leases for Commercial Banking premises, guest houses and Agency Banking outlets across the country. With the exception of short-term leases and leases of low-value underlying assets, each lease is recognised as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of gross revenue) are excluded from the initial measurement of the lease liability and asset property. The Bank classifies right of use assets in a consistent manner to its property and equipment.

The Bank has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Gross carrying amount				
Cost or valuation	4 464 279	-	795 978	-
Additions	974 350	-	173 726	-
Remeasurements	11 561 205	-	5 328 274	-
Balance at the end of the year	16 999 834	-	6 297 978	-
Depreciation				
Opening balance	-	-	-	-
Charge for the year	(1 741 240)	-	(861 319)	-
Accumulated depreciation	(1 741 240)	-	(861 319)	-
Net carrying amount	15 258 594	-	5 436 658	-

10 DEPOSITS FROM CUSTOMERS

Amounts due to customers by type:

	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Demand deposits	1 823 358 512	3 073 761 727	1 823 358 512	494 850 249
Promissory notes	220 261 721	270 081 167	220 261 721	43 480 837
Time deposits	3 077 016	232 345 510	3 077 016	37 405 708
Total Deposits	2 046 697 249	3 576 188 404	2 046 697 249	575 736 794

10.1 Deposits from other financial institutions

Money market deposits	116 708 740	549 886 130	116 708 740	88 527 125
-----------------------	-------------	-------------	-------------	------------

10.2 Lines of credit

African Export-Import Bank	1 528 018 005	565 998 065	1 528 018 005	91 121 013
The Zimbabwe Agriculture Development Trust ("ZADT")	-	4 240 769	-	682 729
The Reserve Bank of Zimbabwe - Women's Empowerment Fund	143 202	998 187	143 202	160 700
Total Deposits	1 528 161 207	571 237 021	1 528 161 207	91 964 442

10.3 Deposits concentration (excluding lines of credit)

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 gross total ZWL\$	Percentage	31 Dec 2018 gross total ZWL\$	Percentage
Agriculture	108 170 299	5%	209 409 476	5%
Construction	64 902 180	3%	123 782 236	3%
Wholesale and retail trade	454 315 258	21%	866 475 652	21%
Public sector	102 658 950	5%	206 924 877	5%
Manufacturing	237 974 659	11%	453 868 199	11%
Telecommunication	129 804 359	6%	247 564 472	6%
Transport	113 681 648	5%	202 576 827	5%
Individuals	302 876 839	14%	577 650 435	14%
Financial services	116 708 740	5%	549 886 129	13%
Mining	324 510 899	15%	618 911 180	15%
Other	207 802 158	10%	69 025 051	2%
Total	2 163 405 989	100%	4 126 074 534	100%

Deposits concentration (excluding lines of credit)

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 gross total ZWL\$	Percentage	31 Dec 2018 gross total ZWL\$	Percentage
Agriculture	108 170 299	5%	33 713 196	5%
Construction	64 902 180	3%	19 927 918	3%
Wholesale and retail trade	454 315 258	21%	139 495 423	21%
Public sector	102 658 950	5%	33 313 196	5%
Manufacturing	237 974 659	11%	73 069 031	11%
Telecommunication	129 804 359	6%	39 855 835	6%
Transport	113 681 648	5%	32 613 196	5%
Individuals	302 876 839	14%	92 996 949	14%
Financial services	116 708 740	5%	88 527 124	13%
Mining	324 510 899	15%	99 639 588	15%
Other	207 802 158	10%	11 112 463	2%
Total	2 163 405 989	100%	664 263 919	100%

10.4 Maturity analysis (excluding lines of credit)

	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Maturing within 1 year	2 163 405 989	4 100 296 850	2 163 405 989	660 113 919
Maturing after 1 year but within 5 years	-	25 777 684	-	4 150 000
Total	2 163 405 989	4 126 074 534	2 163 405 989	664 263 919

11 TRADE AND OTHER PAYABLES

	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Expected credit losses on off balance sheet terms	141 519	850 093	141 519	136 858
Provisions	88 551 556	39 197 247	88 551 556	6 310 433
Accrued expenses	2 842 924	5 380 880	2 842 924	866 277
Suspense accounts balances	635 743 022	148 520 991	635 674 570	23 910 653
Deferred income	23 759 148	25 853 675	8 995 180	3 107 353
Total	751 038 169	219 802 886	736 205 749	34 331 574

12 LEASE LIABILITY

The Bank has entered into commercial leases on certain properties and motor vehicles. These leases have varying terms with renewable options included in some of the contracts. There are no restrictions placed upon the Bank by entering into these leases. Future minimum rentals or lease charges payable under non-cancellable operating leases at 31 December are as follows:

	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
Payable within one year	78 895	-	78 895	-
Payable between two and five years	1 819 821	-	1 819 821	-
Payable after five years	3 577 688	-	3 577 688	-
Total	5 476 404	-	5 476 404	-

The following amounts were charged to profit or loss as finance cost:

	1 849 211	-	616 404	-
--	-----------	---	---------	---

Expenses relating to short term leases charged to profit or loss:

	9 692 798	6 137 874	3 230 933	913 605
--	-----------	-----------	-----------	---------

13 CAPITAL ADEQUACY

Ordinary share capital	159 327 144	159 327 144	18 502 313	18 502 313
Share premium	113 647 946	113 647 946	13 197 687	13 197 687
Retained earnings	157 113 274	438 075 294	224 977 924	70 881 206
Capital allocated for market and operational risk	(49 530 591)	(74 879 769)	(49 530 591)	(12 055 025)
Advances to insiders	(61 167 622)	(99 915 315)	(61 167 622)	(16 085 540)

Tier 1 capital

Total	319 390 151	536 255 300	145 979 711	74 440 641
--------------	--------------------	--------------------	--------------------	-------------------

Non distributable reserves

	223 316 671	-	371 161 467	2 919 350
--	-------------	---	-------------	-----------

Tier 2 capital

Total	223 316 671	-	371 161 467	2 919 350
--------------	--------------------	----------	--------------------	------------------

Tier 1 & 2 capital

	542 706 822	536 255 300	517 141 178	77 359 991
--	-------------	-------------	-------------	------------

Tier 3 capital allocated for market and operational risk

	49 530 591	74 879 769	49 530 591	12 055 024
Total	592 237 413	611 135 069	566 671 769	89 415 015

Risk weighted assets

	1 772 796 121	2 703 976 957	1 772 796 121	435 317 955
--	---------------	---------------	---------------	-------------

Tier 1 Ratio (%)

	18.02%	19.83%	8.23%	17.10%
--	--------	--------	-------	--------

Tier 2 Ratio (%)

	12.60%	0.00%	20.94%	0.67%
--	--------	-------	--------	-------

Tier 3 Ratio (%)

	2.79%	2.77%	2.79%	2.77%
--	-------	-------	-------	-------

Capital adequacy (%)

	33.41%	22.60%	31.96%	20.54%
--	--------	--------	--------	--------

14 INTEREST INCOME

Loans and advances to banks and other financial institutions	3 071 989	203 027	2 560 583	24 805
Loans and advances to customers	376 105 007	355 977 899	168 494 869	43 492 005
Banker's acceptances and tradable bills	23 546 639	19 519 270	10 548 884	2 384 789
Bonds and debentures	26 239 825	116 657 714	11 755 429	14 252 789
Total	428 963 460	492 357 910	193 359 765	60 154 388

15 INTEREST EXPENSE

Deposits from other financial institutions	11 798 546	28 416 191	5 405 828	3 522 814
Demand deposits	6 740 201	18 197 209	3 088 208	2 255 946
Lines of credit	140 513 356	43 504 293	64 380 052	5 393 318
Time deposits	8 861 455	35 772 449	4 907 385	4 434 785
Interest expense on lease liabilities	1 849 210	-	616 404	-
Total	169 762 768	125 890 142	78 397 877	15 606 863

16 FEES AND COMMISSION INCOME

Retail service fees	250 542 338	276 811 244	120 507 377	34 429 734
Credit related fees	14 963 414	7 742 683	7 257 834	652 424
Investment banking fees	832 590	1 912 103	449 780	522 360
Financial guarantee contracts issued	522 360	712 223	207 423	114 662
Total	266 860 702	287 178 253	128 422 414	35 719 180

17 OTHER OPERATING INCOME

Rental income	1 223 045	465 720	203 841	74 977
Profit on disposal of property and equipment	(21 287)	333 872	27 579	43 928
Fair value changes on investment property	112 832 456	751 406	112 832 456	120 970
Bad debts recoveries	20 215 884	58 967 172	6 076 218	7 539 868
Total	134 250 098	60 518 170	119 140 094	7 779 743

18 ADMINISTRATION EXPENSES

Operating expenses	305 512 025	215 206 519	159 768 905	26 627 403
Staff costs (note 19)	266 703 144	189 956 043	168 841 187	23 327 545
Directors' remuneration (note 19.1)	61 656 228	14 333 095	11 523 778	2 248 564
Amortisation	4 386 527	2 263 287	678 959	399 301
Depreciation	21 043 082	17 138 260	3 059 819	2 235 537
Depreciation -right of use asset	1 741 240	-	861 319	-
Audit fees	1 708 966	1 351 664	899 588	169 223
Total	662 751 212	440 248 868	345 631 555	55 007 573

19 STAFF COSTS

Salaries and allowances	252 018 180	181 796 463	166 393 692	22 000 784
Social security	2 171 871	1 724 202	361 979	280 358
Pension contribution	12 513 093	6 435 378	2 085 516	1 046 403
Total	266 703 144	189 956 043	168 841 187	23 327 545

19.1 Directors' remuneration

Board fees	2 608 230	1 073 035	2 014 701	156 131
For services as management	57 283 944	12 686 384	9 222 242	2 042 403
Other emoluments	1 764 054	573 676	286 835	50 030
Total	61 656 228	14 333 095	11 523 778	2 248 564

20 CAPITAL COMMITMENTS

Capital expenditure authorized but not yet contracted for	595 165
---	---------



22 LIQUIDITY PROFILING

Liquidity profiling as at 31 December 2019
On balance sheet items

	INFLATION ADJUSTED			Total ZWL\$
	Upto 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	
Liabilities				
Deposits from customers	2 046 697 249	-	-	2 046 697 249
Deposits from other financial institutions	92 642 455	24 066 285	-	116 708 740
Lines of credit	-	18 555 205	1 509 606 002	1 528 161 207
Lease liabilities	-	-	5 476 404	5 476 404
Other liabilities	348 038 811	402 999 358	-	751 038 169
Total liabilities - (contractual maturity)	2 487 378 515	445 620 848	1 515 082 406	4 448 081 769
Assets held for managing liquidity risk				
Balances with other banks and cash	1 889 334 222	-	-	1 889 334 222
Financial assets at amortised cost	3 500 000	72 008 937	15 833 340	91 342 277
Financial assets at fair value through profit or loss	-	-	11 548 368	11 548 368
Loans and advances to customers	280 519 605	555 591 411	1 617 688 031	2 453 799 047
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Income tax assets	2 425 864	-	-	2 425 864
Other assets (excluding prepayments)	52 664 112	-	30 316 334	82 980 446
Total assets - (contractual maturity)	2 228 443 803	727 600 348	1 696 896 707	4 652 940 858
Liquidity gap	(258 934 712)	281 979 500	181 814 301	204 859 089
Cumulative liquidity gap - on balance sheet	(258 934 712)	23 044 788	204 859 089	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	7 247 781	-	-	7 247 781
Total liabilities	7 247 781	554 738 163	-	561 985 944
Liquidity gap	(266 182 493)	(272 758 663)	181 814 301	(357 126 855)
Cumulative liquidity gap - on and off balance sheet	(266 182 493)	(538 941 156)	(357 126 855)	-

Liquidity profiling as at 31 December 2018

	1 month to 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Deposits from customers	3 201 594 738	362 165 620	12 428 046	3 576 188 404
Deposits from other financial institutions	356 134 288	167 041 656	26 710 186	549 886 130
Lines of credit	-	12 202 112	559 034 909	571 237 021
Current income tax liabilities	2 409 387	-	-	2 409 387
Other liabilities	42 770 438	97 735 076	79 297 372	219 802 886
Total liabilities - (contractual maturity)	3 602 908 851	639 144 464	677 470 513	4 919 523 828
Assets held for managing liquidity risk				
Balances with other banks and cash	1 081 637 622	-	-	1 081 637 622
Financial assets at amortised cost	113 894 321	424 483 580	54 649 579	593 027 480
Financial assets at fair value through profit or loss	-	-	3 409 143	3 409 143
Loans and advances to customers	308 096 948	1 071 381 355	622 771 359	2 002 249 662
Bonds and debentures	57 309 635	593 286 877	747 150 783	1 397 747 295
Other assets (excluding prepayments)	-	88 104 265	53 211 055	141 315 320
Total assets - (contractual maturity)	1 560 938 526	2 177 256 077	1 481 191 919	5 219 386 522
Liquidity gap	(2 041 970 325)	1 538 111 613	803 721 406	299 862 694
Cumulative liquidity gap - on balance sheet	(2 041 970 325)	(503 858 712)	299 862 694	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	-	162 909 643	162 909 643
Commitments to lend	114 716 294	-	-	114 716 294
Total liabilities	114 716 294	-	162 909 643	277 625 937
Liquidity gap	(2 156 686 619)	1 538 111 613	640 811 763	22 236 757
Cumulative liquidity gap - on and off balance sheet	(2 156 686 619)	(618 575 006)	22 236 757	-

Liquidity profiling as at 31 December 2019

	HISTORICAL COST			Total ZWL\$
	Upto 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	
Liabilities				
Deposits from customers	2 046 697 249	-	-	2 046 697 249
Deposits from other financial institutions	92 642 455	24 066 285	-	116 708 740
Lines of credit	-	18 555 207	1 509 606 000	1 528 161 207
Lease liabilities	-	-	5 476 404	5 476 404
Other liabilities	348 038 809	388 166 940	-	736 205 749
Total liabilities - (contractual maturity)	2 487 378 513	430 788 432	1 515 082 404	4 433 249 349
Assets held for managing liquidity risk				
Balances with other banks and cash	1 889 334 222	-	-	1 889 334 222
Financial assets at amortised cost	3 500 000	72 008 937	15 833 340	91 342 277
Financial assets at fair value through profit or loss	-	-	11 548 368	11 548 368
Loans and advances to customers	280 519 605	555 591 411	1 617 688 031	2 453 799 047
Bonds and debentures	-	100 000 000	21 510 634	121 510 634
Income tax assets	2 425 864	-	-	2 425 864
Other assets (excluding prepayments)	59 117 024	-	8 210 028	67 327 052
Total assets - (contractual maturity)	2 234 896 715	727 600 348	1 674 790 401	4 637 287 464
Liquidity gap	(252 481 798)	296 811 916	159 707 997	204 038 115
Cumulative liquidity gap - on balance sheet	(252 481 798)	44 330 118	204 038 115	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	554 738 163	-	554 738 163
Commitments to lend	7 247 781	-	-	7 247 781
Total liabilities	7 247 781	554 738 163	-	561 985 944
Liquidity gap	(259 729 579)	(257 926 247)	159 707 997	(357 947 829)
Cumulative liquidity gap - on and off balance sheet	(259 729 579)	(517 655 826)	(357 947 829)	-

22 LIQUIDITY PROFILING

Liquidity profiling as at 31 December 2018

	HISTORICAL COST			Total ZWL\$
	1 month to 3 months ZWL\$	3 months to 1 year ZWL\$	Over 1 year ZWL\$	
Liabilities				
Deposits from customers	515 431 038	58 305 756	2 000 000	575 736 794
Deposits from other financial institutions	57 334 760	26 892 365	4 300 000	88 527 125
Lines of credit	-	1 964 442	90 000 000	91 964 442
Current income tax liabilities	387 891	-	-	387 891
Other liabilities	6 885 797	15 734 562	11 711 215	34 331 574
Total liabilities - (contractual maturity)	580 039 486	102 897 125	108 011 215	790 947 826
Assets held for managing liquidity risk				
Balances with other banks and cash	174 134 723	-	-	174 134 723
Financial assets at amortised cost	18 336 071	68 338 447	8 798 008	95 472 526
Financial assets at fair value through profit or loss	-	-	548 844	548 844
Loans and advances to customers	49 601 134	172 483 793	100 260 730	322 345 657
Bonds and debentures	9 226 391	95 514 422	120 284 956	225 025 769
Other assets (excluding prepayments)	-	14 184 112	7 025 696	21 209 808
Total assets - (contractual maturity)	251 298 319	350 520 774	236 918 234	838 737 327
Liquidity gap	(328 741 167)	247 623 649	128 907 019	47 789 501
Cumulative liquidity gap - on balance sheet	(328 741 167)	(81 117 518)	47 789 501	-
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	26 227 144	-	26 227 144
Commitments to lend	18 468 402	-	-	18 468 402
Total liabilities	18 468 402	26 227 144	-	44 695 546
Liquidity gap	(347 209 569)	221 396 505	128 907 019	3 093 955
Cumulative liquidity gap - on and off balance sheet	(347 209 569)	(125 813 064)	3 093 955	-

23 INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 31 December 2019

	INFLATION ADJUSTED						Non-interest bearing ZWL\$	Total ZWL\$
	0 - 30 days ZWL\$	31 - 90 days ZWL\$	91-180 days ZWL\$	181-365 days ZWL\$	Over 365 days ZWL\$			
Cash and cash equivalents	281 083 213	111 838 013	-	-	-	1 496 412 996	1 889 334 222	
Financial assets at amortised cost	3 500 000	-	12 000 000	60 008 937	15 833 340	-	91 342 277	
Financial assets at fair value through profit or loss	-	-	-	-	-	11 548 368	11 548 368	
Loans and advances to customers	836 111 016	-	-	-	1 617 688 031	-	2 453 799 047	
Bonds and debentures	121 510 634	-	-	-	-	-	121 510 634	
Prepayments and other assets	-	-	-	-	-	105 086 752	105 086 752	
Amounts due from group companies	-	-	-	-	-	52 816 730	52 816 730	
Investment property	-	-	-	-	-	121 010 978	121 010 978	
Right of use assets	-	-	-	-	-	15 258 594	15 258 594	
Current income tax asset	-	-	-	-	-	2 425 864	2 425 864	
Intangible assets	-	-	-	-	-	194 883 159	194 883 159	
Property and equipment	-	-	-	-	-	302 634 731	302 634 731	
Total assets	1 242 204 863	111 838 013	12 000 000	60 008 937	1 633 521 371	2 302 078 172	5 361 651 356	
Deposits from customers	177 524 060	11 644 586	32 292 314	-	-	1 825 236 289	2 046 697 249	
Deposits from other financial institutions	81 042 078	11 600 377	21 191 433	2 874 852	-	-	116 708 740	
Lines of credit	-	-	-	18 555 207	1 509 606 000	-	1 528 161 207	
Other liabilities	-	-	-	-	-	751 038 169	751 038 169	
Deferred income tax liabilities	-	-	-	-	-	260 164 552	260 164 552	
Lease liabilities	-	-	-	-	5 476 404	-	5 476 404	
Capital and reserves	-	-	-	-	-	653 405 035	653 405 035	
Total liabilities	258 566 138	23 244 963	53 483 747	21 430 059	1 515 082 404	3 489 844 045	5 361 651 356	
Interest rate repricing gap	983 638 725	88 593 050	(41 483 747)	38 578 878	118 438 967	(1 187 765 873)	-	
Cumulative interest rate repricing gap	983 638 725	1 072 231 775	1 030 748 028	1 069 326 906	1 187 765 873	-	-	
Total position as at 31 December 2018								
Cash and cash equivalents	128 800 705	-	-	-	-	952 836 917	1 081 637 622	
Financial assets at amortised cost	32 926 549	80 967 772	312 685 711	111 797 869	54 649 579	-	593 027 480	
Financial assets at fair value through profit or loss	-	-	-	-	-	3 409 143	3 409 143	
Loans and advances to customers	381 412 009	149 369 166	272 147 428	576 549 701	622 771 358	-	2 002 249 662	
Bonds and debentures	57 309 635	-	258 807 290	334 479 587	747 150 783	-	1 397 747 295	
Prepayments and other assets	-	-	-	-	-	141 315 320	141 315 320	
Amounts due from group companies	-	-	-	-	-	145 185 734	145 185 734	
Investment property	-	-	-	-	-	52 300 820	52 300 820	
Deferred tax asset	-	-	-	-	-	18 628 125	18 628 125	
Intangible assets	-	-	-	-	-	12 487 702	12 487 702	
Property and equipment	-	-	-	-	-	182 585 308	182 585 308	
Total assets	600 448 898	230 336 938	843					



INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 31 December 2018

	HISTORICAL						Total ZWLS
	0 - 30 days ZWLS	31 - 90 days ZWLS	91-180 days ZWLS	181-365 days ZWLS	Over 365 days ZWLS	Non-interest bearing ZWLS	
Cash and cash equivalents	20 735 879	-	-	-	-	153 398 844	174 134 723
Financial assets at amortised cost	5 300 910	13 035 161	50 339 888	17 998 559	8 798 008	-	95 472 526
Financial assets at fair value through profit or loss	-	-	-	-	-	548 844	548 844
Loans and advances to customers	61 404 270	24 047 236	43 813 550	92 819 871	100 260 730	-	322 345 657
Bonds and debentures	9 226 391	-	41 665 895	53 848 527	120 284 956	-	225 025 769
Prepayments and other assets	-	-	-	-	-	21 209 808	21 209 808
Amounts due from group companies	-	-	-	-	-	23 373 704	23 373 704
Investment property	-	-	-	-	-	8 420 000	8 420 000
Deferred tax asset	-	-	-	-	-	2 998 974	2 998 974
Intangible assets	-	-	-	-	-	1 501 517	1 501 517
Property and equipment	-	-	-	-	-	21 416 858	21 416 858
Total assets	96 667 450	37 082 397	135 819 333	164 666 957	229 343 694	232 868 550	896 448 380
Deposits from customers	25 761 113	37 865 242	3 338 791	164 063	2 300 667	506 306 918	575 736 794
Deposits from other financial institutions	44 956 123	11 878 830	10 582 450	16 041 460	5 068 282	-	88 527 125
Lines of credit	-	-	-	1 964 441	90 000 001	-	91 964 442
Other liabilities	-	-	-	-	-	34 331 574	34 331 574
Current income tax liabilities	-	-	-	-	-	387 891	387 891
Capital and reserves	-	-	-	-	-	105 500 554	105 500 554
Total liabilities	70 717 236	49 744 072	13 921 241	18 169 964	97 368 929	646 526 939	896 448 380
Interest rate repricing gap	25 950 214	(12 661 675)	121 898 092	146 496 993	131 974 765	(413 658 389)	-
Cumulative interest rate repricing gap	25 950 214	13 288 539	135 186 631	281 683 624	413 658 389	-	-

24 FBC BANK FOREIGN EXCHANGE GAP AS AT 31 DECEMBER 2019

Foreign exchange gap analysis as at 31 December 2019

Base currency ZWLS equivalent	USD ZWLS	ZAR ZWLS	EUR ZWLS	BWP ZWLS	GBP ZWLS	TOTAL ZWLS
Assets						
Cash	247 770 851	10 634 570	4 204 648	172 731	1 557 258	264 340 058
Balances with Reserve Bank	332 817 729	-	-	-	-	332 817 729
Correspondent nostro balances	373 958 268	68 179 327	8 873 124	47 871	285 547	451 344 137
Loans and overdrafts	2 204 871 690	134 090	-	-	-	2 205 005 780
Other assets	1 630 111	-	-	-	-	1 630 111
Total assets	3 161 048 649	78 947 987	13 077 772	220 602	1 842 805	3 255 137 815
Liabilities						
Deposits from customers	2 650 998 027	49 173 031	4 493 889	230 248	53 995	2 704 949 190
Other liabilities	35 618	684	811 929	46	4 061	852 338
Total liabilities	2 651 033 645	49 173 715	5 305 818	230 294	58 056	2 705 801 528
Net currency position	510 015 004	29 774 272	7 771 954	(9 692)	1 784 749	549 336 287

Foreign exchange gap analysis as at 31 December 2018

	USD ZWLS	ZAR ZWLS	EUR ZWLS	BWP ZWLS	GBP ZWLS	TOTAL ZWLS
Assets						
Cash	8 583 943	18 687	2 514	1 917	1 527	8 608 588
Balances with Reserve Bank	108 071 271	94 971	243 502	-	21 051	108 430 795
Correspondent nostro balances	24 703 916	100 030	38 761	258 981	301 075	25 402 763
Loans and overdrafts	322 342 963	1 979	476	-	239	322 345 657
Other assets	21 205 047	4 532	139	14	76	21 209 808
Total assets	484 907 140	220 199	285 392	260 912	323 968	485 997 611
Liabilities						
Deposits from customers	575 320 038	391 059	17 681	4 353	3 663	575 736 794
Other liabilities	34 327 590	3 609	144	45	186	34 331 574
Total liabilities	609 647 628	394 668	17 825	4 398	3 849	610 068 368
Net currency position	(12 474 488)	(174 469)	267 567	256 514	320 119	(12 407 757)

25 VALUE AT RISK

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

31 December 2019				Value at risk(95% confidence level)	
Asset class	Type of risk	Present value	Portfolio weight	1-day holding period	5-day holding period
Currency	Exchange rate	27 466 814	100%	421 845	657 774
	Total portfolio VaR	27 466 814	100%	421 845	657 774
31 December 2018					
Currency	Exchange rate	398 155	100%	6 115	9 535
	Total portfolio VaR	398 155	100%	6 115	9 535

26 RESERVE BANK OF ZIMBABWE ("RBZ") ONSITE EXAMINATION

The Bank has its corporate governance and risk management processes independently audited by the Reserve Bank of Zimbabwe.

The most recent inspection was carried out for the 12 months to 30 June 2014 and the results indicate that the Bank's risk management and corporate governance practices are sound as illustrated below:

Summary risk assessment system ("RAS") ratings

RAS component	Latest RAS rating 30-06-2014
Overall inherent risk	Moderate
Overall risk management systems	Acceptable
Overall composite risk	Moderate

FBC Bank Limited's CAMELS* ratings by The Reserve Bank Of Zimbabwe

Camels component	Latest RBS ratings 30 June 2014	Previous RBS ratings 30 September 2008
Capital adequacy	2	2
Asset quality	2	3
Management	2	2
Earnings	1	2
Liquidity	1	1
Sensitivity to market risk	2	2
Composite rating	2	2

*CAMELS- is an acronym for capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk. CAMELS rating system uses a rating scale of 1-5, where '1' is strong, '2' is satisfactory, '3' is fair, '4' is weak, and '5' is critical. *RBS- stands for risk-based supervision.

27 INTERNATIONAL CREDIT RATING

The Bank has its credit ratings reviewed annually by an international credit rating agency, Global Credit Rating Company.

The Bank has a BBB+ Credit rating.

28 BOARD ATTENDANCE

NAME	Executive ("E") / Non Executive Director ("NE")	2019 MAIN BOARD			
		QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Takabvokure Euwitt Mutunhu	N/E	√	√	√	√
John Mushayavanhu	N/E	√	√	√	√
Peter C C Moyo	N/E	√	√	√	√
Trynos Kufazvinei	N/E	√	√	√	√
Martin Makonese	E	√	√	√	x
Morgan Nzwere	N/E	x	x	√	√
Webster Rusere	E	√	√	√	√
Mercy Rufaro Ngoro	N/E	√	√	√	√
Theresa Mazoyo	N/E	√	√	√	√
Patrick Takawira	E	√	√	√	√
Agrippa Mugwagwa	E	√	√	√	x
Abel Magwaza	E	√	√	√	√
Zivai W Makwanya	N/E	√	√	√	√
Fungai D Makoni	N/E	N/A	√	x	√

KEY

√ - Present
X - Absent
N/A - Not yet a board member
N/E - Non-executive director
E - Executive director

AUDIT OPINION

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

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

- Valuation of expected credit losses (ECL) on financial assets;
- Valuation of property and equipment and investment property.

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

By Order of the Board

Tichaona Kudakwashe Mabeza
Company Secretary

29 April 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Note	INFLATION ADJUSTED		*HISTORICAL COST		
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	
Assets					
Cash and cash equivalents	1	41 511 582	167 411 962	41 511 582	26 951 943
Financial assets at amortised cost	2	98 382 035	535 470 366	98 382 035	86 206 306
Loans and advances to customers	3	74 991 595	395 500 179	74 991 595	63 672 262
Embedded derivative	5	26 189 874	-	26 189 874	-
Inventory	6	65 962 779	68 084 741	13 525 576	8 461 294
Other assets	7	31 749 059	10 585 655	25 979 542	1 704 203
Investment properties	8	33 070 440	2 422 485	33 070 440	390 000
Property and equipment	9	75 517 530	46 067 631	75 517 530	5 395 348
Intangible assets	10	24 212	169 488	2 812	19 682
Right of use assets	11	718 585	-	294 769	-
Total assets		448 117 691	1 225 712 507	389 465 755	192 801 038
Liabilities					
Deposits from banks	12.1	117 069 157	371 025 054	117 069 157	59 731 970
Deposits from customers	12.2	81 811 941	418 886 416	81 811 941	67 437 253
Borrowings	12.3	25 881 691	12 132 368	25 881 691	1 953 211
Lease liability		300 966	-	300 966	-
Other liabilities	13	18 989 983	62 370 709	18 989 983	10 041 169
Total liabilities		244 053 738	864 414 547	244 053 738	139 163 603
Equity					
Share capital		1 344 854	1 344 854	156 175	156 175
Share premium		95 674 099	95 674 099	11 110 424	11 110 424
Revaluation reserve		28 243 987	-	67 576 260	113 460
Regulatory provision reserve		-	6 012 501	-	967 963
Retained earnings		78 801 013	258 266 506	66 569 158	41 289 413
Total equity		204 063 953	361 297 960	145 412 017	53 637 435
Total equity and liabilities		448 117 691	1 225 712 507	389 465 755	192 801 038

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

Note	INFLATION ADJUSTED		*HISTORICAL COST		
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	
Interest income	14	61 012 202	128 639 776	21 732 424	15 817 053
Interest expense	15	(23 943 072)	(30 734 835)	(9 407 526)	(3 819 067)
Net interest income		37 069 130	97 904 941	12 324 898	11 997 986
Revenue from property sales		31 851 496	76 375 696	16 586 687	10 839 739
Cost of sales		(12 458 749)	(59 133 593)	(3 073 238)	(8 350 999)
Net income from property sales		19 392 747	17 242 103	13 513 449	2 488 740
Fees and commission income		32 317 013	51 996 716	13 644 014	6 428 120
Fees and commission expense		(1 592 903)	(1 970 082)	(623 097)	(241 792)
Net fees and commission income		30 724 110	50 026 634	13 020 917	6 186 328
Other income/(expenses)	16	30 547 283	(159 699)	44 017 483	104 982
Total net income		117 733 270	165 013 979	82 876 747	20 778 036
Expected credit losses	4	(5 126 488)	(2 273 986)	(5 126 488)	(366 093)
Operating expenses	17	(89 438 895)	(67 952 002)	(45 271 305)	(8 715 764)
Total operating expenses		(94 565 383)	(70 225 988)	(50 397 793)	(9 081 857)
Surplus from operations		23 167 887	94 787 991	32 478 954	11 696 179
Monetary loss adjustment		(177 143 541)	(93 962 552)	-	-
(Loss)/surplus for the year		(153 975 654)	825 439	32 478 954	11 696 179
Other comprehensive income					
Gain on property and equipment revaluation		28 243 987	-	67 462 800	-
Total comprehensive (loss)/income for the year		(125 731 667)	825 439	99 941 754	11 696 179

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	INFLATION ADJUSTED					Total ZWL\$
	Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	Regulatory provision reserve ZWL\$	Retained earnings ZWL\$	
Opening balance as at 1 January 2018	1 344 854	95 674 099	977 027	-	311 064 798	409 060 778
Change on initial application of IFRS 9	-	-	-	-	6 767 124	6 767 124
Change on initial application of IFRS 15	-	-	-	-	(4 975 685)	(4 975 685)
Restated balance as at 1 January 2018	1 344 854	95 674 099	977 027	-	312 856 237	410 852 217
Surplus for the year	-	-	-	-	825 439	825 439
Other comprehensive income						
Regulatory Impairment allowance	-	-	-	6 012 501	(6 012 501)	-
Total comprehensive income	-	-	-	6 012 501	(5 187 062)	825 439
Transactions with owners recorded directly in equity						
Dividend paid	-	-	-	-	(50 379 696)	(50 379 696)
Revaluation reserve recycled	-	-	(977 027)	-	977 027	-
Shareholders equity as at 31 December 2018	1 344 854	95 674 099	-	6 012 501	258 266 506	361 297 960
Opening balance as at 1 January 2019	1 344 854	95 674 099	-	6 012 501	258 266 506	361 297 960
Loss for the year	-	-	-	-	(153 975 654)	(153 975 654)
Other comprehensive income						
Regulatory Impairment allowance	-	-	-	(6 012 501)	6 012 501	-
Revaluation gain on property and equipment	-	-	28 243 987	-	-	28 243 987
Total comprehensive income	-	-	28 243 987	(6 012 501)	(147 963 153)	(125 731 667)
Transactions with owners recorded directly in equity						
Dividend paid	-	-	-	-	(31 502 340)	(31 502 340)
Shareholders equity as at 31 December 2019	1 344 854	95 674 099	28 243 987	-	78 801 013	204 063 953

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	*HISTORICAL COST					Total ZWL\$
	Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	Regulatory provision reserve ZWL\$	Retained earnings ZWL\$	
Opening balance as at 1 January 2018	156 175	11 110 424	113 460	-	36 123 275	47 503 334
Change on initial application of IFRS 9	-	-	-	-	1 089 448	1 089 448
Change on initial application of IFRS 15	-	-	-	-	(801 042)	(801 042)
Restated balance as at 1 January 2018	156 175	11 110 424	113 460	-	36 411 681	47 791 740
Surplus for the year	-	-	-	-	11 696 179	11 696 179
Other comprehensive income						
Regulatory Impairment allowance	-	-	-	967 963	(967 963)	-
Total comprehensive income	-	-	-	967 963	10 728 216	11 696 179
Transactions with owners recorded directly in equity						
Dividend paid	-	-	-	-	(5 850 484)	(5 850 484)
Shareholders equity as at 31 December 2018	156 175	11 110 424	113 460	967 963	41 289 413	53 637 435
Opening balance as at 1 January 2019	156 175	11 110 424	113 460	967 963	41 289 413	53 637 435
Surplus for the year	-	-	-	-	32 478 954	32 478 954
Other comprehensive income						
Regulatory Impairment allowance	-	-	-	(967 963)	967 963	-
Revaluation gain on property and equipment	-	-	67 462 800	-	-	67 462 800
Total comprehensive income	156 175	11 110 424	67 576 260	-	74 736 330	153 579 189
Transactions with owners recorded directly in equity						
Dividend paid	-	-	-	-	(8 167 172)	(8 167 172)
Shareholders equity as at 31 December 2019	156 175	11 110 424	67 576 260	-	66 569 158	145 412 017

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Note	INFLATION ADJUSTED		*HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
CASH FLOW FROM OPERATING ACTIVITIES				
(Loss)/surplus for the year	(153 975 654)	825 439	32 478 954	11 696 179
Adjustments for:				
Depreciation of property and equipment	9	3 169 747	2 882 664	441 972
Amortisation and impairment of intangible assets	10	145 276	145 275	16 870
Depreciation of right of use assets	11	128 598	-	36 913
Lease finance costs		44 720	-	16 338
Impairment of inventory		-	829 434	-
Loss on disposal of property and equipment		132 407	43 189	2 986
Expected credit losses	4	5 126 488	2 273 986	5 126 488
Fair value (gain)/loss on investment properties	16	(15 386 384)	1 581 724	(29 396 019)
Net cash (used in)/generated before changes in working capital		(160 614 802)	8 581 711	8 724 502
Decrease/(increase) in financial assets held at amortised cost		437 088 331	(182 847 325)	(12 175 729)
Decrease/(increase) in loans and advances to customers		315 382 096	111 365 557	(16 445 821)
Increase in embedded derivative		(26 189 874)	-	(26 189 874)
Decrease/(increase) in inventory		2 121 963	(12 735 239)	(5 064 282)
(Increase)/decrease in other assets		(21 163 404)	1 442 549	(24 275 339)
(Decrease)/increase in deposits from banks		(253 955 897)	327 814 286	57 337 187
(Decrease)/increase in deposits from customers		(337 074 475)	(134 269 850)	14 374 688
(Decrease)/increase in other liabilities		(43 380 726)	(27 064 633)	8 948 814
Net cash (used in)/generated from operating activities		(87 786 788)	92 287 056	5 234 146
CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on:				
Purchase of property and equipment	9	(3 440 710)	(7 916 867)	(1 622 357)
Purchase of investment properties	8	(201 688)	-	(84 421)
Proceeds from disposal of property and equipment		20 170	18 877	14 733
Net cash used in investing activities		(3 622 228)	(7 897 990)	(1 692 045)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings repayment		(13 749 323)	(9 807 948)	(7 555 451)
Dividend paid		(31 502 340)	(50 379 696)	(8 167 172)
Operating lease payments		(127 486)	-	(47 054)
Net cash used in financing activities		(45 379 149)	(60 187 644)	(15 769 677)
Net (decrease)/increase in cash and cash equivalents		(136 788 165)	24 201 422	(12 227 576)
Effect of changes in exchange rates		10 887 785	-	26 787 215
Cash and cash equivalents at the beginning of the year		167 411 962	143 210 540	26 951 943
Cash and cash equivalents at the end of the year	1	41 511 582	167 411 962	41 511 582

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

AUDITOR'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

- Valuation of expected credit losses (ECL) on financial assets;
- Valuation of the derivative resulting from legacy debt; and
- Valuation of investment property, property and equipment.

The auditor's report has been made available to management and the directors of FBC Building Society. The engagement partner responsible for the audit was Tapiwa Chizana.

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

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
1 CASH AND CASH EQUIVALENTS				
Cash on hand	2 954 091	2 240 345	2 954 091	360 677
Cash at bank	14 933 616	50 549 550	14 933 616	8 138 060
Balances with Reserve Bank of Zimbabwe ("RBZ")	6 585 075	12 871 915	6 585 075	2 072 272
Interbank short term investments	17 038 800	101 750 152	17 038 800	16 380 934
	41 511 582	167 411 962	41 511 582	26 951 943

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
2 FINANCIAL ASSETS AT AMORTISED COST				
Treasury bills	58 441 017	215 747 112	58 441 017	34 733 502
Savings bonds	40 388 139	322 273 608	40 388 139	51 883 389
Gross financial assets at amortised cost	98 829 156	538 020 720	98 829 156	86 616 891
Expected credit loss allowance	(447 121)	(2 550 354)	(447 121)	(410 585)
	98 382 035	535 470 366	98 382 035	86 206 306

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
2.1 Maturity analysis of financial assets at amortised cost				
1 month to 3 months	2 127 650	99 895 374	2 127 650	16 082 330
3 months to 1 year	96 254 385	434 062 188	96 254 385	69 880 427
1 year to 5 years	-	1 512 804	-	243 549
	98 382 035	535 470 366	98 382 035	86 206 306

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
3 LOANS AND ADVANCES TO CUSTOMERS				
Short term loan advances	23 938 808	119 232 050	23 938 808	19 195 375
Medium term facility	2 839 697	27 073 339	2 839 697	4 358 584
Mortgage loan advances	53 933 119	257 534 219	53 933 119	41 460 882
Gross loans and advances to customers	80 711 624	403 839 608	80 711 624	65 014 841
Expected credit loss allowance	(5 720 029)	(8 339 429)	(5 720 029)	(1 342 579)
Net loans and advances to customers	74 991 595	395 500 179	74 991 595	63 672 262

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
3.1 Maturity analysis of loans and advances				
Up to 1 month	1 579 488	9 858 903	1 579 488	1 587 202
1 month to 3 months	3 158 977	18 310 554	3 158 977	2 947 848
3 months to 1 year	11 652 338	69 028 647	11 652 338	11 113 042
1 year to 5 years	15 626 878	123 922 401	15 626 878	19 950 483
Over 5 years	42 973 914	174 379 674	42 973 914	28 073 687
	74 991 595	395 500 179	74 991 595	63 672 262

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.2(a) Credit exposure on loans and advances 2019 Inflation Adjusted				
Credit grade				
Investment grade	68 544 615	-	-	68 544 615
Standard monitoring	-	5 001 699	-	5 001 699
Special monitoring	-	3 988 053	-	3 988 053
Default	-	-	3 177 257	3 177 257
Gross loans and advances to customers	68 544 615	8 989 752	3 177 257	80 711 624
Credit impairment loss allowance	(3 930 343)	(702 154)	(1 087 532)	(5 720 029)
Net loans and advances to customers	64 614 272	8 287 598	2 089 725	74 991 595

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.2(b) Credit exposure on loans and advances 2018 Inflation Adjusted				
Credit grade				
Investment grade	331 441 173	-	-	331 441 173
Standard monitoring	-	20 820 391	-	20 820 391
Special monitoring	-	26 995 031	-	26 995 031
Default	-	-	24 583 013	24 583 013
Gross loans and advances to customers	331 441 173	47 815 422	24 583 013	403 839 608
Credit impairment loss allowance	(2 030 720)	(623 734)	(5 684 975)	(8 339 429)
Net loans and advances to customers	329 410 453	47 191 688	18 898 038	395 500 179

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.2(c) Credit exposure on loans and advances 2019 Historical Cost				
Credit grade				
Investment grade	68 544 615	-	-	68 544 615
Standard monitoring	-	5 001 699	-	5 001 699
Special monitoring	-	3 988 053	-	3 988 053
Default	-	-	3 177 257	3 177 257
Gross loans and advances to customers	68 544 615	8 989 752	3 177 257	80 711 624
Credit impairment loss allowance	(3 930 343)	(702 154)	(1 087 532)	(5 720 029)
Net loans and advances to customers	64 614 272	8 287 598	2 089 725	74 991 595

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.2(d) Credit exposure on loans and advances 2018 Historical Cost				
Credit grade				
Investment grade	53 359 291	-	-	53 359 291
Standard monitoring	-	3 415 760	-	3 415 760
Special monitoring	-	4 282 128	-	4 282 128
Default	-	-	3 957 662	3 957 662
Gross loans and advances to customers	53 359 291	7 697 888	3 957 662	65 014 841
Credit impairment loss allowance	(326 929)	(100 416)	(915 234)	(1 342 579)
Net loans and advances to customers	53 032 362	7 597 472	3 042 428	63 672 262

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.3(a) Analysis of gross loans and advances 2019 Inflation Adjusted				
Balance as at 1 January 2019	331 441 173	47 815 422	24 583 013	403 839 608
Monetary loss adjustment	(278 081 882)	(40 117 534)	(20 625 351)	(338 824 767)
Transfers	574 711	(551 081)	(23 630)	-
Stage 1	(2 930 214)	2 625 663	304 551	-
Stage 2	3 113 930	(3 298 641)	184 711	-
Stage 3	390 995	121 897	(512 892)	-
Impact of increase in loans and advances	44 375 797	4 853 718	833 823	50 063 338
Repayments	(29 765 184)	(3 010 773)	(1 590 598)	(34 366 555)
Balance as at 31 December 2019	68 544 615	8 989 752	3 177 257	80 711 624

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.3(b) Analysis of gross loans and advances 2018 Inflation Adjusted				
Balance as at 1 January 2018	439 846 282	55 647 693	34 977 398	530 471 373
Monetary loss adjustment	(122 572 941)	(15 507 466)	(9 747 229)	(147 827 636)
Transfers	(13 678 676)	12 412 383	1 266 293	-
Stage 1	(27 305 850)	24 673 949	2 631 901	-
Stage 2	12 242 925	(14 226 015)	1 983 090	-
Stage 3	1 384 249	1 964 449	(3 348 698)	-
Impact of increase in loans and advances	150 178 563	11 467 689	4 475 318	166 121 570
Repayments	(122 332 055)	(16 204 877)	(6 388 767)	(144 925 699)
Balance as at 31 December 2018	331 441 173	47 815 422	24 583 013	403 839 608

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.3(c) Analysis of gross loans and advances 2019 Historical Cost				
Balance as at 1 January 2019	53 359 291	7 697 888	3 957 662	65 014 841
Transfers	574 711	(551 081)	(23 630)	-
Stage 1	(2 930 214)	2 625 663	304 551	-
Stage 2	3 113 930	(3 298 641)	184 711	-
Stage 3	390 995	121 897	(512 892)	-
Impact of increase in loans and advances	44 375 797	4 853 718	833 823	50 063 338
Repayments	(29 765 184)	(3 010 773)	(1 590 598)	(34 366 555)
Balance as at 31 December 2019	68 544 615	8 989 752	3 177 257	80 711 624

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.3(d) Analysis of gross loans and advances 2018 Historical Cost				
Balance as at 1 January 2018	51 078 387	6 462 245	4 061 849	61 602 481
Transfers	(2 202 153)	1 998 291	203 862	-
Stage 1	(4 396 016)	3 972 302	423 714	-
Stage 2	1 971 010	(2 290 271)	319 261	-
Stage 3	222 853	316 260	(539 113)	-
Impact of increase in loans and advances	24 177 508	1 846 203	720 490	26 744 201
Repayments	(19 694 451)	(2 608 851)	(1 028 539)	(23 331 841)
Balance as at 31 December 2018	53 359 291	7 697 888	3 957 662	65 014 841

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.4(a) Analysis of impairment on loans and advances 2019 Inflation adjusted				
Balance as at 1 January 2019	2 030 720	623 734	5 684 975	8 339 429
Monetary loss adjustment	(1 703 791)	(523 318)	(4 769 741)	(6 996 850)
Transfers	44 930	(30 465)	(14 465)	-
Stage 1	(23 409)	16 648	6 761	-
Stage 2	41 137	(60 639)	19 502	-
Stage 3	27 202	13 526	(40 728)	-
Net change through statement of comprehensive income	3 608 110	629 158	81 043	4 318 311
Changes in parameters	(49 626)	3 045	105 720	59 139
Balance as at 31 December 2019	3 930 343	702 154	1 087 532	5 720 029

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.4(b) Analysis of impairment on loans and advances 2018 Inflation adjusted				
Balance as at 1 January 2018	6 596 378	834 718	13 900 554	21 331 650
Changes on initial application of IFRS 9	(2 851 090)	(54 425)	(5 023 127)	(7 928 642)
Monetary loss adjustment	(1 838 227)	(232 613)	(3 873 698)	(5 944 538)
Transfers	(976 121)	(362 100)	1 338 221	-
Stage 1	(1 033 380)	423 304	610 076	-
Stage 2	52 185	(816 184)	763 999	-
Stage 3	5 074	30 780	(35 854)	-
Net change through statement of comprehensive income	772 934	53 374	(493 026)	333 282
Changes in parameters	326 846	384 780	(163 949)	547 677
Balance as at 31 December 2018	2 030 720	623 734	5 684 975	8 339 429

	Expected credit loss (ECL) staging			31 Dec Total ZWL\$
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	
3.4(c) Analysis of impairment on loans and advances 2019 Historical Cost				
Balance as at 1 January 2019	326 929	100 416	915 234	1 342 579
Transfers	44 930	(30 465)	(14 465)	-
Stage 1	(23 409)	16 648	6 761	-
Stage 2	41 137	(60 639)	19 502	-
Stage 3	27 202	13 526	(40 728)	-
Net change through				

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$	31 Dec 2019 ZWL\$	31 Dec 2018 ZWL\$
8 INVESTMENT PROPERTIES				
Opening balance	2 422 485	4 219 489	390 000	490 000
Fair value adjustment on investment properties	17 039 906	(1 581 724)	31 039 167	(75 000)
Additions	201 688	-	84 421	-
Disposals	-	(215 280)	-	(25 000)
Transfer from inventory	13 406 361	-	1 556 852	-
Closing balance	33 070 440	2 422 485	33 070 440	390 000
9 PROPERTY AND EQUIPMENT				
Cost				
Carrying amount at beginning of the year	46 067 631	41 050 748	5 395 348	4 767 134
Gross carrying amount	56 957 631	49 127 164	6 635 806	5 705 030
Accumulated depreciation and impairment loss	(10 890 000)	(8 076 416)	(1 240 458)	(937 896)
Additions	3 440 710	7 916 867	1 622 357	940 809
Revaluation gain on properties	29 331 513	-	68 959 517	-
Disposals	(152 577)	(17 320)	(17 720)	(2 011)
Depreciation charge for the year	(3 169 747)	(2 882 664)	(441 972)	(310 584)
Carrying amount at end of the year	75 517 530	46 067 631	75 517 530	5 395 348
10 INTANGIBLE ASSETS				
Opening net carrying amount	169 488	314 763	19 682	36 553
Amortisation charge	(145 276)	(145 275)	(16 870)	(16 871)
Closing net carrying amount	24 212	169 488	2 812	19 682
11 RIGHT OF USE ASSETS				
Gross carrying amount right of use buildings	504 933	-	90 029	-
Remeasurement of right of use buildings	342 250	-	241 653	-
Depreciation charge for the year	(128 598)	-	(36 913)	-
Carrying amount at end of the year	718 585	-	294 769	-
12 DEPOSITS AND BORROWINGS				
12.1 Deposits from banks				
Money market deposits	117 069 157	371 025 054	117 069 157	59 731 970
12.2 Deposits from customers				
Retail savings deposits	23 358 549	97 167 966	23 358 549	15 643 240
Money market deposits	50 776 375	284 099 085	50 776 375	45 737 606
Fixed deposits	7 677 017	37 619 365	7 677 017	6 056 407
81 811 941	418 886 416	81 811 941	67 437 253	
12.3 Borrowings				
Offshore borrowings	25 881 691	12 132 368	25 881 691	1 953 211
Total deposits and borrowings	224 762 789	802 043 838	224 762 789	129 122 434
12.4 Maturity analysis of deposits and borrowings				
Up to 1 month	163 100 800	563 816 100	163 100 800	90 769 735
1 month to 3 months	28 979 024	144 668 211	28 979 024	23 290 387
3 months to 1 year	10 627 230	47 572 341	10 627 230	7 658 754
Over 1 year	22 055 735	45 987 186	22 055 735	7 403 558
224 762 789	802 043 838	224 762 789	129 122 434	
13 OTHER LIABILITIES				
Trade and other payables	12 060 166	50 460 893	12 060 166	8 123 787
Deferred income	1 188 174	5 288 545	1 188 174	851 412
Provisions	5 741 643	6 621 271	5 741 643	1 065 970
18 989 983	62 370 709	18 989 983	10 041 169	
14 INTEREST INCOME				
Loans and advances to customers	35 153 958	70 230 963	13 280 667	8 610 938
Interbank money market investments	1 100 946	1 930 512	467 111	234 512
Financial assets at amortised cost	24 757 298	56 478 301	7 984 646	6 971 603
61 012 202	128 639 776	21 732 424	15 817 053	
15 INTEREST EXPENSE				
Deposits from banks	10 217 960	9 782 184	3 661 444	1 255 424
Deposits from customers - retail savings	548 623	1 654 839	218 755	203 380
Offshore borrowings	4 178 253	2 399 627	1 713 939	292 788
Deposits from customers - time deposits	8 998 236	16 898 185	3 813 388	2 067 475
23 943 072	30 734 835	9 407 526	3 819 067	
16 OTHER INCOME				
Rent received	787 053	1 085 289	341 614	132 715
Fair value adjustment on investment properties	15 386 384	(1 581 724)	29 396 019	(75 000)
Loss on disposal of property and equipment	(132 407)	(43 189)	(2 986)	(6 009)
Foreign exchange gains	14 176 300	-	14 176 300	-
Other	329 953	379 925	106 536	53 276
30 547 283	(159 699)	44 017 483	104 982	
17 OPERATING EXPENSES				
Administration expenses	27 453 784	20 362 377	13 080 276	2 965 651
Personnel expenses	30 138 281	32 910 595	14 230 062	3 817 973
Audit fees	2 051 855	1 126 700	1 256 771	136 441
Directors fees and key management remuneration	26 351 354	10 524 390	16 208 440	1 468 244
Depreciation and amortisation	3 443 621	3 027 940	495 756	327 455
89 438 895	67 952 002	45 271 305	8 715 764	
18 CAPITAL ADEQUACY RATIO				
Core Capital Tier 1				
Issued and fully paid up ordinary share capital	97 018 953	97 018 953	11 266 599	11 266 599
Retained earnings	78 801 013	258 266 506	66 569 158	41 289 413
Capital allocated for market and operational risk	(19 152 661)	(20 187 136)	(3 667 382)	(2 436 774)
Advances to insiders	(2 839 697)	(27 073 340)	(2 839 697)	(4 358 584)
Total core capital	153 827 608	308 024 983	71 328 678	45 760 654
Supplementary Capital Tier 2				
Revaluation reserves	28 243 987	-	67 576 260	113 460
Regulatory provision reserve	-	6 012 501	-	967 963
Total supplementary capital	28 243 987	6 012 501	67 576 260	1 081 423
Tier 3				
Capital allocated for market and operational risk	19 152 661	20 187 136	3 667 382	2 436 774
Core capital plus supplementary capital	201 224 256	334 224 620	142 572 320	49 278 851
Total risk weighted assets	362 265 947	437 710 266	243 369 725	62 859 969
Tier 1 capital ratio	42%	70%	29%	73%
Tier 2 capital ratio	8%	1%	28%	1%
Tier 3 capital ratio	5%	5%	2%	4%
Capital adequacy ratio	56%	76%	59%	78%
19 CAPITAL COMMITMENTS				
Capital expenditure authorised not yet undertaken	37 883 912	12 759 866	6 754 673	2 054 233

20 LIQUIDITY RISK

Contractual maturity profile of assets and liabilities

31 Dec 2019 HISTORICAL / INFLATION ADJUSTED	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities					
Deposits from banks	103 028 704	14 040 453	-	-	117 069 157
Deposits from customers	60 072 096	12 062 828	2 000 000	7 677 017	81 811 941
Borrowings	-	2 875 743	8 627 230	14 378 718	25 881 691
Other liabilities	11 387 494	2 209 445	1 746 049	3 646 995	18 989 983
Total liabilities	174 488 294	31 188 469	12 373 279	25 702 730	243 752 772
Assets					
Cash and cash equivalents	41 511 582	-	-	-	41 511 582
Financial assets at amortised cost	-	2 127 650	96 254 385	-	98 382 035
Loans and advances to customers	1 579 488	3 158 977	11 652 338	58 600 792	74 991 595
Embedded derivative	-	2 923 140	8 769 420	14 497 314	26 189 874
Total assets	43 091 070	8 209 767	116 676 143	73 098 106	241 075 086
Liquidity gap	(131 397 224)	(22 978 702)	104 302 864	47 395 376	(2 677 686)
Cumulative liquidity gap	(131 397 224)	(154 375 926)	(50 073 062)	(2 677 686)	-

20.1 LIQUIDITY RISK

Contractual maturity profile of assets and liabilities

31 Dec 2018 INFLATION ADJUSTED	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities					
Deposits from banks	258 567 104	68 527 994	43 929 956	-	371 025 054
Deposits from customers	305 248 996	75 199 082	818 973	37 619 365	418 886 416
Borrowings	-	941 135	2 823 406	8 367 827	12 132 368
Other liabilities	28 505 276	4 797 774	17 762 818	11 304 841	62 370 709
Total liabilities	592 321 376	149 465 985	65 335 153	57 292 033	864 414 547
Assets					
Cash and cash equivalents	136 277 470	31 134 492	-	-	167 411 962
Financial assets at amortised cost	-	99 895 373	434 062 189	1 512 804	535 470 366
Loans and advances to customers	9 858 903	18 310 554	69 028 648	298 302 074	395 500 179
Total assets	146 136 373	149 340 419	503 090 837	299 814 878	1 098 382 507
Liquidity gap	(446 185 003)	(125 566)	437 755 684	242 522 845	233 967 960
Cumulative liquidity gap	(446 185 003)	(446 310 569)	(8 554 885)	233 967 960	-

20.2 LIQUIDITY RISK

Contractual maturity profile of assets and liabilities

31 Dec 2018 HISTORICAL COST	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities					
Deposits from banks	41 627 168	11 032 441	7 072 361	-	59 731 970
Deposits from customers	49 142 567	12 106 431	131 848	6 056 407	67 437 253
Borrowings	-	151 515	454 545	1 347 151	1 953 211
Other liabilities	4 589 114	772 402	2 859 667	1 819 986	10 041 169
Total liabilities	95 358 849	24 062 789	10 518 421	9 223 544	139 163 603
Assets					
Cash and cash equivalents	21 939 547	5 012 396	-	-	26 951 943
Financial assets at amortised cost	-	16 082 330	69 880 427	243 549	86 206 306
Loans and advances to customers	1 587 202	2 947 848	11 113 042	48 024 170	63 672 262
Total assets	23 526 749	24 042 574	80 993 469	48 267 719	176 830 511
Liquidity gap	(71 832 100)	(20 215)	70 475 048	39 044 175	37 666 908
Cumulative liquidity gap	(71 832 100)	(71 852 315)	(1 377 267)	37 666 908	-

21 INTEREST RATE RISK

Interest rate repricing gap

31 December 2019 INFLATION ADJUSTED	Up to 30 days ZWL\$	31-90 days ZWL\$	91-180 days ZWL\$	181-365 days ZWL\$	Over 365 days ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets							
Cash and cash equivalents	17 038 800	-	-	-	-	24 472 782	41 511 582
Financial assets at amortised cost	-	2 127 650	73 294 668	22 959 717	-	-	98 382 035
Loans and advances to customers	74 991 595	-	-	-	-	-	74 991 595
Embedded derivative	-	-	-	-	-	26 189 874	26 189 874
Inventory	-	-	-	-	-	65 962 779	65 962 779
Other assets	-	-	-	-	-	31 749 059	31 749 059
Investment properties	-	-	-	-	-	33 070 440	33 070 440
Property and equipment	-	-	-	-	-	75 517 530	75 517 530
Intangible assets	-	-	-	-	-	24 212	24 212
Right of use assets	-	-	-	-	-	718 585	718 585
Total assets	92 030 395						

21.2 INTEREST RATE RISK

Interest rate repricing gap

31 December 2019 HISTORICAL COST	Up to 30 days ZWL\$	31-90 days ZWL\$	91-180 days ZWL\$	181-365 days ZWL\$	Over 365 days ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets							
Cash and cash equivalents	17 038 800	-	-	-	-	24 472 782	41 511 582
Financial assets at amortised cost	-	2 127 650	73 294 668	22 959 717	-	-	98 382 035
Loans and advances to customers	74 991 595	-	-	-	-	-	74 991 595
Embedded derivative	-	-	-	-	-	26 189 874	26 189 874
Inventory	-	-	-	-	-	13 525 576	13 525 576
Other assets	-	-	-	-	-	25 979 542	25 979 542
Investment properties	-	-	-	-	-	33 070 440	33 070 440
Property and equipment	-	-	-	-	-	75 517 530	75 517 530
Intangible assets	-	-	-	-	-	2 812	2 812
Right of use assets	-	-	-	-	-	294 769	294 769
Total assets	92 030 395	2 127 650	73 294 668	22 959 717	-	199 053 325	389 465 755
Liabilities							
Deposits from banks	103 028 704	14 040 453	-	-	-	-	117 069 157
Deposits from customers	60 072 096	12 062 828	-	2 000 000	7 677 017	-	81 811 941
Borrowings	25 881 691	-	-	-	-	-	25 881 691
Lease liability	-	-	-	-	-	300 966	300 966
Other liabilities	-	-	-	-	-	18 989 983	18 989 983
Equity	-	-	-	-	-	145 412 017	145 412 017
Total liabilities	188 982 491	26 103 281	-	2 000 000	7 677 017	164 702 966	389 465 755
Interest rate repricing gap	(96 952 096)	(23 975 631)	73 294 668	20 959 717	(7 677 017)	34 350 359	-
Cumulative interest rate repricing gap	(96 952 096)	(120 927 727)	(47 633 059)	(26 673 342)	(34 350 359)	-	-

21.3 INTEREST RATE RISK

Interest rate repricing gap

31 December 2018 HISTORICAL COST	Up to 30 days ZWL\$	31-90 days ZWL\$	91-180 days ZWL\$	181-365 days ZWL\$	Over 365 days ZWL\$	Non interest bearing ZWL\$	Total ZWL\$
Assets							
Cash and cash equivalents	11 368 538	5 012 396	-	-	-	10 571 009	26 951 943
Financial assets at amortised cost	-	16 082 330	34 786 300	35 094 127	243 549	-	86 206 306
Loans and advances to customers	63 672 262	-	-	-	-	-	63 672 262
Inventory	-	-	-	-	-	8 461 294	8 461 294
Other assets	-	-	-	-	-	1 704 203	1 704 203
Investment properties	-	-	-	-	-	390 000	390 000
Property and equipment	-	-	-	-	-	5 395 348	5 395 348
Intangible assets	-	-	-	-	-	19 682	19 682
Total assets	75 040 800	21 094 726	34 786 300	35 094 127	243 549	26 541 536	192 801 038
Liabilities							
Deposits from banks	41 627 168	11 032 441	7 072 361	-	-	-	59 731 970
Deposits from customers	55 198 974	12 106 431	131 848	-	-	-	67 437 253
Borrowings	1 953 211	-	-	-	-	-	1 953 211
Other liabilities	-	-	-	-	-	10 041 169	10 041 169
Equity	-	-	-	-	-	53 637 435	53 637 435
Total liabilities	98 779 353	23 138 872	7 204 209	-	-	63 678 604	192 801 038
Interest rate repricing gap	(23 738 553)	(2 044 146)	27 582 091	35 094 127	243 549	(37 137 068)	-
Cumulative interest rate repricing gap	(23 738 553)	(25 782 699)	1 799 392	36 893 519	37 137 068	-	-

22 RESERVE BANK OF ZIMBABWE ONSITE EXAMINATION

The Building Society has its corporate governance and risk management processes independently audited by the Reserve Bank of Zimbabwe.

FBC Building Society CAMELS* ratings

CAMELS* component	Latest RBS** ratings 30 June 2014	Previous RBS** ratings 30 Sept 2007
Capital adequacy	2	2
Asset quality	3	2
Management	2	2
Earnings	2	2
Liquidity	1	2
Sensitivity to market risk	2	2
Overall composite rating	2	2

*CAMELS is an acronym for capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk. CAMELS rating system uses a rating scale of 1-5, where '1' is strong, '2' is satisfactory, '3' is fair, '4' is weak and '5' is critical.

**RBS stands for Risk-Based Supervision.

Summary Risk Assessment System (RAS) ratings

RAS component	Latest RAS rating 30 June 2014
Overall inherent risk	Moderate
Overall risk management systems	Acceptable
Overall composite risk	Moderate
Direction of overall composite risk	Stable

Summary risk matrix

Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Moderate	Acceptable	Moderate	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Interest rate	Moderate	Acceptable	Moderate	Stable
Foreign exchange	Low	Strong	Low	Stable
Operational	Moderate	Acceptable	Moderate	Stable
Legal and compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Moderate	Strong	Moderate	Stable
Strategic	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

22. SUBSEQUENT EVENTS

22.1 Minimum capital requirements

The Reserve Bank of Zimbabwe revised minimum capital requirements for financial institutions on 22 January 2020. The minimum capital requirement for Tier II banks, which is the category under which Building Societies fall in, were increased to the ZWL equivalence of USD20 million. FBC Building Society will be addressing the capital shortfall through trading activities and capital injection from the shareholder. A capitalisation plan has been put in place to this effect.

22.2 Covid-19 pandemic

The Society's business operations have and will be affected by the recent and current outbreak of the COVID-19 (coronavirus) which in March 2020, the World Health Organization (WHO) declared as a pandemic, and in the same month the country declared as a national disaster and ordered a 21 days lockdown and the closure of borders, non-essential services and businesses among other significant interventions.

As a result of the many unknowns relating to the current pace, spread and containment of the COVID-19 pandemic, it may result in an adverse impact on the Society's financial position, operations, financial results and cash flows. The duration of the business disruption and the related financial effect and impact cannot be reasonably estimated at this time. For further details refer to note 34.2 of the Group financial statements.

23 GOING CONCERN

FBC Building Society forecasts and projections, taking account of changes in trading environment, capitalisation requirements and targeted performance, indicate that the Building Society should be able to operate into the foreseeable future. The directors have a reasonable expectation that the Building Society has adequate resources to continue in operational existence for the foreseeable future. The Building Society therefore continues to adopt the going concern basis in preparing its financial statements.

24 BOARD ATTENDANCE

Board member	Main Board			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Benjamin Kumalo	√	√	x	√
Felix Gwandekwande **	√	x	x	n/a
Pius Rateiwa ***	√	√	√	√
Edwin Chidzonga ****	n/a	n/a	n/a	√
Aeneas Chuma *****	√	√	n/a	n/a
Clemence Guta	√	√	√	x
Marah Hativagone *****	√	√	n/a	n/a
Agnes Kanhukamwe*	√	√	√	x
Guardiner Manikai	√	√	√	√
John Mushayavanhu	√	√	√	√
Webster Rusere	√	√	√	√
Timothy Simba	√	√	√	√

Key

√ - Attended
x - Apologies
n/a - not applicable
* - Executive Director

** Resigned from the Board on 30 September 2019
*** Appointed as Managing Director with effect from 1 January 2020
**** Appointed to the Board on 04 October 2019
***** Resigned from the Board on 24 June 2019
***** Resigned from the Board on 23 September 2019

By order of the Board



Tichaona K. Mabeza
GROUP COMPANY SECRETARY

29 April 2020



Unlock Your Property Value!

Take advantage of your property's value with FBC's Equity Release. Get up to 50% of your property value for:

- School fees
- Solar
- Borehole
- Home improvements
- Any other personal use.

Contact any FBC Bank or Building Society branch for more information.

©263 772 419 693 and +263 772 152 647 | EMAIL: help@fbc.co.zw | FBC.Help.Centre | www.fbc.co.zw

FBC Building Society



FBC Instant Card.

No Bank Charges!
No Bank Account Needed!

FBC Building Society

Mobile Moola

FBC Building Society Instant

5536 1234 5678 9010

MR D. MUMEMO