

Statement of Financial Position As at 30 June 2019

	Notes	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
ASSETS			
Cash and cash equivalents	2	27 508 626	26 951 943
Financial assets at amortised cost	3	75 614 347	86 206 306
Loans and advances to customers	4	64 851 726	63 672 262
Inventory	6	10 315 246	8 461 294
Other assets	7	23 016 275	1 704 203
Investment properties	8	1 729 431	390 000
Intangible assets	9	11 247	19 682
Property and equipment	10	18 608 760	5 395 348
Total assets		221 655 658	192 801 038
LIABILITIES			
Deposits from banks	11.1	59 307 522	59 731 970
Deposits from customers	11.2	69 430 214	67 437 253
Borrowings	11.3	16 547 591	1 953 211
Other liabilities	12	8 894 493	10 041 169
Total liabilities		154 179 820	139 163 603
EQUITY			
Share capital		156 175	156 175
Share premium		11 110 424	11 110 424
Revaluation reserve		13 046 608	113 460
Regulatory provision reserve		933 322	967 963
Retained earnings		42 229 309	41 289 413
Total equity		67 475 838	53 637 435
Total equity and liabilities		221 655 658	192 801 038

Statement of Profit or Loss and Other Comprehensive Income For the six months ended 30 June 2019

	Notes	Reviewed 30 June 2019 ZWL\$	Unaudited 30 June 2018 ZWL\$
Interest and related income	13	8 237 231	7 384 335
Interest and related expense	14	(3 065 496)	(1 510 172)
Net interest and related income		5 171 735	5 874 163
Revenue from property sales		1 556 982	1 764 261
Cost of sales		(506 999)	(1 443 299)
Net income from property sales		1 049 983	320 962
Fees and commission income		3 555 899	3 077 099
Fees and commission expense		(141 415)	(118 745)
Net fees and commission income		3 414 484	2 958 354
Other income	15	5 763 100	79 682
Total net income		15 399 302	9 233 161
Credit impairment losses	5	(112 801)	(92 043)
Operating expenses	16	(9 238 216)	(3 730 998)
Total operating expenses		(9 351 017)	(3 823 041)
Surplus for the period		6 048 285	5 410 120
Other comprehensive income			
Gain on property revaluation	10	12 933 148	-
Total comprehensive income for the period		18 981 433	5 410 120

Statement of Changes in Equity For the six months ended 30 June 2019

	Share capital ZWL\$	Share premium ZWL\$	Revaluation reserve ZWL\$	Regulatory provision reserve ZWL\$	Retained earnings ZWL\$	Total 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
Balance as at 1 January 2019	156 175	11 110 424	113 460	967 963	41 289 413	53 637 435
Surplus for the period	-	-	-	-	6 048 285	6 048 285
Other comprehensive income						
Revaluation gain on properties	-	-	12 933 148	-	-	12 933 148
Regulatory impairment allowance	-	-	-	(34 641)	34 641	-
Total comprehensive income	-	-	12 933 148	(34 641)	6 082 926	18 981 433
Transactions with owners recorded directly in equity						
Dividend paid	-	-	-	-	(5 143 030)	(5 143 030)
Shareholders equity as at 30 June 2019	156 175	11 110 424	13 046 608	933 322	42 229 309	67 475 838

Statement of Cash Flows For the six months ended 30 June 2019

	Notes	Reviewed 30 June 2019 ZWL\$	Unaudited 30 June 2018 ZWL\$
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the period		6 048 285	5 410 120
Adjustments for:			
Depreciation of property and equipment	10	195 444	156 603
Amortisation of intangible assets	9	8 435	8 435
Profit on disposal of property and equipment		-	(277)
Expected credit loss allowances	5	112 801	92 043
Fair value gain on investment properties		(1 310 175)	-
Net cash generated before changes in working capital		5 054 790	5 666 924
Decrease/(increase) in financial assets at amortised cost		10 652 939	(33 840 665)
Increase in loans and advances to customers		(1 345 996)	(4 496 758)
Increase in inventory		(1 853 952)	(960 864)
(Increase)/decrease in other assets		(3 270 207)	609 577
(Decrease)/increase in deposits from banks		(424 448)	43 746 968
Increase in deposits from customers		1 992 961	858 087
(Decrease)/increase in other liabilities		(1 153 924)	270 850
Net cash generated from operating activities		9 652 163	11 854 119
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	10	(475 708)	(663 169)
Additions to investment properties	8	(29 256)	-
Proceeds from disposal of property and equipment		-	702
Net cash used in investing activities		(504 964)	(662 467)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings repayment		(1 383 045)	(303 030)
Dividend paid		(5 143 030)	(3 145 424)
Net cash used in financing activities		(6 526 075)	(3 448 454)
Net increase in cash and cash equivalents		2 621 124	7 743 198
Cash and cash equivalents at the beginning of the period		26 951 943	16 630 727
Effects of movement in exchange rate		(2 064 441)	-
Cash and cash equivalents at the end of the period	2	27 508 626	24 373 925

Notes to the Financial Results For the six months ended 30 June 2019

1. CHANGE IN FUNCTIONAL CURRENCY

The Building Society has in the previous financial period adopted the United States ("US\$") as its presentation and functional currency. In order to comply with local laws and regulations, the Building Society was precluded from applying an independent assessment of the functional currency as provided for under International Accounting Standard 21, "The effects of Changes in Foreign Exchange Rates" ("IAS 21") for the 2018 financial year period. As such, the US\$ was adopted as the presentation and functional currency for the financial year ended 31 December in order to comply with the local laws. Subsequent to issuance of Statutory Instrument 33 of 2019 (SI33/19), the Building Society has now performed an assessment of its functional currency in accordance with IAS 21 and has deemed Zimbabwe Dollar (ZWL\$) as its new functional currency. The comparative balances have therefore been restated to ZWL\$ from US Dollar at a rate of 1:1.

2. CASH AND CASH EQUIVALENTS

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
Cash on hand	2 890 223	360 677
Cash at bank	9 348 953	8 138 060
Balances with Reserve Bank of Zimbabwe (RBZ)	2 246 700	2 072 272
Interbank short term investments	13 022 750	16 380 934
Total	27 508 626	26 951 943

3. FINANCIAL ASSETS AT AMORTISED COST

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
Treasury bills	10 092 539	34 556 392
Savings bonds	65 521 808	51 649 914
Total	75 614 347	86 206 306

3.1 Maturity analysis of financial assets at amortised cost

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
Up to 1 month	821 553	-
Up to 3 months	17 610 345	16 082 330
3 months to 1 year	57 182 449	69 880 427
1 year to 5 years	-	243 549
Total	75 614 347	86 206 306

3.2 Credit exposure on financial assets at amortised cost

	Reviewed 30 June 2019			
	Expected credit loss (ECL) staging Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Credit grade				
Investment grade	75 963 953	-	-	75 963 953
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross financial assets at amortised cost	75 963 953	-	-	75 963 953
Expected credit losses	(349 606)	-	-	(349 606)
Net financial asset at amortised cost	75 614 347	-	-	75 614 347

	Audited 31 Dec 2018			
	Expected credit loss (ECL) staging Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Credit grade				
Investment grade	86 616 892	-	-	86 616 892
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross financial assets at amortised cost	86 616 892	-	-	86 616 892
Expected credit losses	(410 586)	-	-	(410 586)
Net financial asset at amortised cost	86 206 306	-	-	86 206 306

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
4. LOANS AND ADVANCES TO CUSTOMERS		
Short term loan advances	18 839 335	19 195 375
Medium term facility	4 281 215	4 358 584
Mortgage loan advances	43 240 287	41 460 882
Gross loans and advances to customers	66 360 837	65 014 841
Expected credit losses	(1 509 111)	(1 342 579)
Net loans and advances to customers	64 851 726	63 672 262

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
4.1 Maturity analysis of loans and advances		
Up to 1 month	1 558 208	1 587 202
1 month to 3 months	3 116 416	2 947 848
3 months to 1 year	11 383 558	11 113 042
1 year to 5 years	20 227 477	19 950 483
Over 5 years	28 566 067	28 073 687
	64 851 726	63 672 262

	Reviewed 30 June 2019			
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
Credit grade				
Investment grade	58 083 002	-	-	58 083 002
Standard monitoring	-	2 447 003	-	2 447 003
Special monitoring	-	2 207 026	-	2 207 026
Default	-	-	3 623 806	3 623 806
Gross loans and advances to customers	58 083 002	4 654 029	3 623 806	66 360 837
Expected credit losses	(359 158)	(66 721)	(1 083 232)	(1 509 111)
Net loans and advances to customers	57 723 844	4 587 308	2 540 574	64 851 726

	Audited 31 Dec 2018			
	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
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
Expected credit losses	(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

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
4.3 Exposure to credit risk		
Carrying amount	64 851 726	63 672 262
Past due and impaired		
Stage3/Grade 8: Impaired	298 779	674 002
Stage3/Grade 9: Impaired	372 854	588 813
Stage3/Grade 10: Impaired	2 952 173	2 694 847
Gross carrying amount	3 623 806	3 957 662
Expected credit losses	(1 083 232)	(915 234)
Carrying amount	2 540 574	3 042 428
Neither past due nor impaired		
Stage1/Grades 1-3: low fair risk	58 083 002	53 359 291
Stage2/Grades 4-7: watch list	4 654 029	7 697 888
Gross amount	62 737 031	61 057 179
Expected credit losses	(425 879)	(427 345)
Carrying amount	62 311 152	60 629 834
Total carrying amount	64 851 726	63 672 262

	Reviewed 30 June 2019			
	Loans and advances at amortised cost ZWL\$	Financial assets at amortised cost ZWL\$	Undrawn contractual commitments ZWL\$	Total ZWL\$
Balance at 01 January 2019	1 342 579	410 586	678	1 753 843
Expected credit losses charge for the period	166 532	(60 980)	7 249	112 801
Balance as at 30 June 2019	1 509 111	349 606	7 927	1 866 644

	Audited 31 Dec 2018			
	Loans and advances at amortised cost ZWL\$	Financial assets at amortised cost ZWL\$	Undrawn contractual commitments ZWL\$	Total ZWL\$
Balance at 01 January 2018	2 477 198	-	-	2 477 198
Change on initial application of IFRS 9	(1 276 446)	183 870	3 128	(1 089 448)
Expected credit losses charge for the year	141 827	226 716	(2 450)	366 093
Balance as at 31 December 2018	1 342 579	410 586	678	1 753 843

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
6 INVENTORY		
Raw materials	286 742	68 900
Work in progress	7 858 417	6 307 718
Completed units	2 170 087	2 084 676
	10 315 246	8 461 294

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
7 OTHER ASSETS		
Prepayments	1 355 667	907 464
Other receivable	20 425 990	-
Other	1 234 618	796 739
	23 016 275	1 704 203

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
8 INVESTMENT PROPERTIES		
Opening balance	390 000	490 000
Fair value adjustment	1 310 175	(75 000)
Additions	29 256	-
Disposals	-	(25 000)
Closing balance	1 729 431	390 000

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
9 INTANGIBLE ASSETS		
Opening net carrying amount	19 682	36 553
Amortisation charge	(8 435)	(16 871)
Closing net carrying amount	11 247	19 682

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
10 PROPERTY AND EQUIPMENT		
Carrying amount at beginning of the period	5 395 348	4 767 134
Gross carrying amount	6 645 839	5 705 030
Accumulated depreciation	(1 250 491)	(937 896)
Additions	475 708	940 809
Revaluation gain on properties	12 933 148	-
Disposals	-	(2 011)
Depreciation for the period	(195 444)	(310 584)
Carrying amount at end of the period	18 608 760	5 395 348

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
11 DEPOSITS AND BORROWINGS		
11.1 Deposits from banks		
Money market deposits	59 307 522	59 731 970
11.2 Deposits from customers		
Retail savings deposits	21 980 583	15 643 240
Money market deposits	40 470 598	45 737 606
Fixed deposits	6 979 033	6 056 407
	69 430 214	67 437 253

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
11.3 Borrowings		
Offshore borrowings	16 547 591	1 953 211
Total deposits and borrowings	145 285 327	129 122 434

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
11.4 Maturity analysis of deposits and borrowings		
Up to 1 month	91 654 018	90 769 735
1 month to 3 months	29 709 773	23 290 387
3 months to 1 year	6 899 753	7 658 754
Over 1 year	17 021 783	7 403 558
	145 285 327	129 122 434

	Reviewed 30 June 2019 ZWL\$	Audited 31 Dec 2018 ZWL\$
12 OTHER LIABILITIES		
Trade and other payables	7 304 968	8 123 787
Deferred income	837 643	851 412
Provisions	751 882	1 065 970
	8 894 493	10 041 169

	Reviewed 30 June 2019 ZWL\$	Unaudited 30 June 2018 ZWL\$
13 INTEREST AND RELATED INCOME		
Loans and advances to customers	4 281 612	4 278 702
Interbank money market investments	96 066	150 858
Financial assets at amortised cost	3 859 553	2 954 775
	8 237 231	7 384 335

	Reviewed 30 June 2019 ZWL\$	Unaudited 30 June 2018 ZWL\$
14 INTEREST AND RELATED EXPENSE		
Deposits from banks	143 605	374 522
Deposits from customers - retail savings	72 695	106 211
Offshore borrowings	470 219	154 543
Deposits from customers - time deposits	2 378 977	874 896
	3 065 496	1 510 172

	Reviewed 30 June 2019 ZWL\$	Unaudited 30 June 2018 ZWL\$
15 OTHER INCOME		
Fair value adjustment on investment properties	1 310 175	-
Exchange rate gain	4 302 830	-
Rent received	98 341	66 377
Profit on disposal of equipment	-	277
Other	51 754	13 028
	5 763 100	79 682

	Reviewed 30 June 2019 ZWL\$	Unaudited 30 June 2018 ZWL\$
16 OPERATING EXPENSES		
Administration expenses	2 927 876	836 330
Personnel expenses	5 819 487	2 633 971
Directors fees	286 974	95 659
Depreciation and amortisation	203 879	165 038
	9 238 216	3 730 998

	Reviewed 30 June 2019				
	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
17 LIQUIDITY RISK					
Contractual maturity profile of assets and liabilities					

	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liabilities					
Deposits from banks	48 737 666	9 557 481	1 012 375	-	59 307 522
Deposits from customers	42 916 352	18 471 429	1 063 400	6 979 033	69 430 214
Borrowings	-	1 680 863	4 823 978	10 042 750	16 547 591
Other liabilities	3 580 325	1 672 749	1 680 308	1 961 111	8 894 493
Total liabilities	95 234 343	31 382 522	8 580 061	18 982 894	154 179 820

	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Assets					
Cash and cash equivalents	27 508 626	-	-	-	27 508 626
Financial assets at amortised cost	821 553	17 610 345	57 182 449	-	75 614 347
Loans and advances to customers	1 558 208	3 116 416	11 383 558	48 793 544	64 851 726
Other receivable	3 564 794	1 731 442	4 946 826	10 182 928	20 425 990
Total assets	33 453 181	22 458 203	73 512 833	58 976 472	188 400 689

	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Liquidity gap	(61 781 162)	(8 924 319)	64 932 772	39 993 578	34 220 869

	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
Cumulative liquidity gap	(61 781 162)	(70 705 481)	(5 772 709)	34 220 869	

	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
31 December 2018					
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

	Up to 30 days ZWL\$	31-90 days ZWL\$	91-365 days ZWL\$	Over 1 year ZWL\$	Total ZWL\$
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

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18 INTEREST RATE RISK

Interest rate repricing gap

30 June 2019

	Up to 30 days ZWLS	31-90 days ZWLS	91-180 days ZWLS	181-365 days ZWLS	Over 365 days ZWLS	Non interest bearing ZWLS	Total ZWLS
Assets							
Cash and cash equivalents	16 555 101	-	-	-	-	10 953 525	27 508 626
Financial assets at amortised cost	821 553	17 610 345	6 254 121	50 928 328	-	-	75 614 347
Loans and advances to customers	64 851 726	-	-	-	-	-	64 851 726
Inventory	-	-	-	-	-	10 315 246	10 315 246
Other assets	-	-	-	-	-	23 016 275	23 016 275
Investment properties	-	-	-	-	-	1 729 431	1 729 431
Intangible assets	-	-	-	-	-	11 247	11 247
Property and equipment	-	-	-	-	-	18 608 760	18 608 760
Total assets	82 228 380	17 610 345	6 254 121	50 928 328	-	64 634 484	221 655 658
Liabilities							
Deposits from banks	48 737 666	9 557 481	1 012 375	-	-	-	59 307 522
Deposits from customers	49 895 385	18 471 429	1 063 400	-	-	-	69 430 214
Borrowings	16 547 591	-	-	-	-	-	16 547 591
Other liabilities	-	-	-	-	-	8 894 493	8 894 493
Equity	-	-	-	-	-	67 475 838	67 475 838
Total liabilities	115 180 642	28 028 910	2 075 775	-	-	76 370 331	221 655 658
Interest rate repricing gap	(32 952 262)	(10 418 565)	4178 346	50 928 328	-	(11 735 847)	-
Cumulative interest rate repricing gap	(32 952 262)	(43 370 827)	(39 192 481)	11 735 847	11 735 847	-	-

31 December 2018

	Up to 30 days ZWLS	31-90 days ZWLS	91-180 days ZWLS	181-365 days ZWLS	Over 365 days ZWLS	Non interest bearing ZWLS	Total ZWLS
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	-	-

19 CAPITAL ADEQUACY RATIO

Core Capital Tier 1

Issued and fully paid up ordinary share capital
Retained earnings
Capital allocated for market and operational risk
Advances to insiders
Total core capital

	Reviewed 30 June 2019 ZWLS	Audited 31 Dec 2018 ZWLS
Issued and fully paid up ordinary share capital	11 266 599	11 266 599
Retained earnings	42 229 309	41 289 413
Capital allocated for market and operational risk	(2 231 416)	(2 436 774)
Advances to insiders	(4 281 215)	(4 358 584)
Total core capital	46 983 277	45 760 654

Supplementary Capital Tier 2

Revaluation reserves
Regulatory provision reserve
Total supplementary capital

Revaluation reserves	13 046 608	113 460
Regulatory provision reserve	933 322	967 963
Total supplementary capital	13 979 930	1 081 423

Tier 3

Capital allocated for market and operational risk

Capital allocated for market and operational risk	2 231 416	2 436 774
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Core capital plus supplementary capital

Core capital plus supplementary capital	63 194 623	49 278 851
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Total risk weighted assets

Total risk weighted assets	108 692 837	62 859 969
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Tier 1 capital ratio
Tier 2 capital ratio
Tier 3 capital ratio

Tier 1 capital ratio	43%	73%
Tier 2 capital ratio	13%	1%
Tier 3 capital ratio	2%	4%

Capital adequacy ratio

Capital adequacy ratio	58%	78%
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20 CAPITAL COMMITMENTS

Capital expenditure authorised not yet undertaken

Capital expenditure authorised not yet undertaken	7 901 322	2 054 233
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21 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 BOARD ATTENDANCE

Board member	Main Board		Board Audit		Board HR		Board Finance & ALCO		Board Risk & Compliance		Board Credit		Board Loans Review	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Benjamin Kumalo	√	√	n/a	n/a	√	√	n/a	n/a	n/a	n/a	n/a	n/a	√	√
Felix Gwandekwande	√	x	n/a	n/a	√	x	√	x	n/a	n/a	√	x	n/a	n/a
Aeneas Chuma	√	√	n/a	n/a	n/a	n/a	n/a	n/a	√	√	n/a	n/a	√	√
Clemence Guta	√	√	n/a	n/a	n/a	n/a	n/a	x	√	√	n/a	n/a	√	√
Marah Hativagone *	√	√	√	√	n/a	n/a	√	√	n/a	n/a	√	√	n/a	n/a
Agnes Kanhukamwe	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Guardiner Manikai	√	√	√	√	n/a	n/a	n/a	n/a	√	√	n/a	n/a	√	√
John Mushayavanhu	√	√	n/a	n/a	√	√	√	√	√	√	n/a	n/a	√	√
Pius Rateiwa	√	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Webster Rusere	√	√	n/a	n/a	n/a	n/a	√	x	√	√	√	√	n/a	n/a
Timothy T. Simba	√	√	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

* Marah Hativagone resigned from the FBC Building Society Board on 24 June 2019.

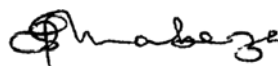
AUDITORS STATEMENT

These interim financial results for the six months ended 30 June 2019 have been reviewed by Deloitte & Touche and a modified review conclusion was issued thereon. This conclusion carries an adverse conclusion with respect to the following matters:

- Non-compliance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange in accounting for the change in functional currency;
- The Building Society has applied a discount of 25% on the valuation of properties. This is management's estimate of the recoverable values given the limited trade of properties in Zimbabwe dollars. We have not been able to assess the reasonability of the discount rate applied by management; and
- Non-compliance with International Financial Reporting Standard 9 - Financial Instruments in the recognition and measurement of other receivables.

The review conclusion has been made available to management and those charged with the governance of FBC Building Society.

By Order of the Board



T. Mabeza
Group Company Secretary
28 August 2019

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