FBC Holdings Limited

strength • diversity • service

Unaudited Interim Results

For the six months ended 30 June 2011

www.fbc.co.zw info@fbc.co.zw

Chairman's Statement

Financial Highlights

- Profit before tax up 129% to US$6 426 082 from US$2 806 061 for the previous corresponding period
- Profit after tax up 135% to US$4 940 436 from $2 106 469 for the previous corresponding period
- Basic earnings per share -US0.66cents
- Cost income ratio improved to 74% from 84%
- Total shareholders' equity- US$66 411 567
- Total balance sheet size- US$264 748 307
- Interim dividend of US0.169 cents per share

Financial Performance Review

The Group achieved a profit before tax of US$6.43 million, during the six months ended 30 June 2011. This commendable performance is 129% better than the US$2. 81 million attained for the corresponding period last year and is 57% higher than the US$ 4.09 million accomplished for the 2010 full financial year. The Group has started to benefit from an improvement in both economic activity and the operational efficiencies arising mainly from the restructuring exercise undertaken last year which culminated in a leaner, sustainable and focused structure.

Total income grew by 39% to US$24.39 million mainly as a result of an improvement in economic activity, the judicious management of assets and increased product and services penetration. The income was driven largely by net interest of US$5.96 million, fees and commissions of US$7.81 million, trading income from Turnall Holdings Limited of US$6.57 million, net earned insurance premium of US$2.78 million and other operating income of US1.26 million. Net interest income contributed 24% to total income, a slight decrease from the 29% recorded for the same period last year although in value terms it improved to US$5.96 million from US$5.10 million. The growth of net interest income has been constrained by the short term nature of deposits, limited credit lines and high funding costs.

All the Group businesses recorded positive results, with the exception of FBC Securities and Eagle Insurance which recorded a combined loss of US$118 000. A number of strategic initiatives are being pursued to move these subsidiaries into profitability. The Bank contributed 44% of profit before tax up from 31% for the corresponding period last year while Turnall's contribution decreased from 43% to 30% as a result of the increased contribution by other Group businesses. The Building Society and the Reinsurance subsidiaries also recorded an improved contribution to the Group's performance. The Group's diversified model continues to buttress and improve the capacity, quality and predictability of revenues.

The cost to income ratio at 74% improved from 84% recorded last year for the corresponding period. The Group successfully aligned its overheads to business volumes last year, by undertaking a retrenchment exercise. This has resulted in the staff cost to income ratio improving from 38% to 34%. Despite this improvement, the Group is continuously re-examining its overheads with a view to further improving on cost containment.

The statement of financial position grew by 53 % to US$264.75 million compared to the corresponding period last year, as the various businesses expanded their activities in line with the improving economic environment.

Significant Acquisition

During the course of the year, FBC Holdings Limited acquired a controlling 95% stake in Eagle Insurance Company. The acquisition has significantly improved the Group's revenue generating capacity. The Group now has a direct foothold in the insurance business, which hitherto was indirect though FBC Reinsurance and bancassurance through third parties. It is expected that the acquisition will augment the unlocking of value for the Group through comprehensive one-stop financial service facilities.

Operating Environment

The core macroeconomic fundamentals have remained positive, underpinned by the continued use of multi-currency, which has created a stable environment for business. Despite persistent challenges facing the country, which inter-alia include severe power and liquidity shortages, limited access to offshore lines of credit, limited fiscal space, and policy inconsistencies, the Zimbabwean economy has remained on the mend. Overall the economy is projected to expand by 9.3% in 2011, sustained by improved activity in agriculture, mining and the manufacturing sector. The growth of banking deposits is showing strong correlation with economic growth. Total banking deposits have improved by 25% to US$2.899 billion as at June 2011, from US2.327 billion in December 2010.

Mild inflationary pressures continued to persist during the period under review, finding root in the rand's strength against the dollar and rising fuel prices. June year-on-year inflation was recorded at 2.9% against a month-on-month inflation figure of 0.2%. As long as Zimbabwe's status as a net importer continues, the firming rand and increasing oil prices as well as low capacity utilization levels will remain key contributors to the country's inflationary trend.

Regulatory Environment and Capitalisation

The year 2011 saw the regulatory authorities' continued focus on compliance with the revised United States dollar capital requirements. While the Central Bank has extended the compliance deadline to undercapitalised Banking Institutions until 2012, I am pleased to advise that all the FBC Holdings Limited subsidiaries were in full compliance with regulatory requirements and had the following total equity :

- FBC Bank Limited: US$25.6 million compared to the regulatory minimum of US$12.5 million
- FBC Building Society: US$12.7 million compared to the regulatory minimum of US$10 million.
- FBC Reinsurance Limited: US$5.7 million compared to the regulatory minimum of US$400 thousand.
- Eagle Insurance Limited US$2.1 million compared to regulatory minimum of US$300 thousand.
- FBC Securities (Pvt) Limited US$269 thousand compared to the regulatory minimum of US$150 thousand.

The Central Bank has issued guidelines on Basel II implementation which is gradual but should culminate in all Banking institutions migrating to full Basel II on 1st January 2013. The Group is on course to ensure compliance by the given deadline. The Group takes a strategic view with regard to capitalisation levels in a manner that makes its respective businesses competitive.

e-Commerce

The Bank completed the upgrade of the Flexcube core banking system as well as the MasterCard project. The Group is now poised to roll out a variety of e-driven products and services for the convenience of customers in the second half of the year.

Turnall Capital Project

I am pleased to report that the Newtech machine was finally commissioned in April 2011. This was followed by certification by the South African Bureau of Standards in July 2011, giving the Company the green light to export the products produced by the new technology, into the region. This has expanded the Group's revenue genarating capacity.

Share Price Performance

Market activity remained subdued due to continued liquidity shortages on the local bourse. Participation by investors was partly underpinned by uncertainty regarding the risk-return attributes of local investments, chiefly attributed to political risk. Consequently, trading remained highly selective and skewed towards companies with strong current and projected earnings potential. As at 30 June 2011 the stock market was capitalized to the value of $4.29 billion, indicating a 10% improvement from $3.9 billion in December 2010. Industrials were up 11% at 167.18 as resource counters pared off 15% at 171.32. FBCH closed June trading up 72% at 6.2c, emerging to be one of the best performing financial listed counters. Our view is that FBCH's share price remains undervalued taking into account the Group's various investment interests, and enhanced trading performance.

Corporate Social Investment

The Group commited US$90 000 to community development, focused on disadvantaged members of our society, education and sport. The Group remains committed to supporting education, enterprise development and financial inclusion, sport, the arts and health sectors as part of its corporate social responsibility programme.

Directorate

Dr Shingi Munyeza, Ms Nancy Saungweme and our long serving former Group Chief Executive Livingstone Takudzwa Gwata resigned from the Board of FBC Holdings limited with effect from 11 January 2011, 25 June 2011 and 1 June 2011 respectively. I would like to thank the three directors for their valued contributions to the FBC Group and would like to take this opportunity to wish them well for the future.

Mr Canada Malunga was appointed to the Board of FBC Holdings Limited in June 2011. I welcome Canada to The FBC Group and look forward to his wise counsel.

Appointment of New Group Chief Executive

I am pleased to announce the appointment of John Mushayavanhu as the new Group Chief Executive of FBC Holdings Limited. I wish John and his executive team a successful stewardship of the Group.

Dividend

On behalf of the Board I am pleased to advise shareholders that an interim dividend of US0.169 cents per share is proposed, after taking into account the good performance of the Group and the improving macroeconomic environment. The dividend being proposed translates to four times dividend cover.

Outlook

With the continued improvement in the economic environment the Group will continue to leverage off the various business synergies to generate sustained growth and profitability. The Group is strategically positioned to play its intermediary role in the economy, and unlock shareholder value in the process. The commendable set of results by the Group is an indication of its capability to deliver sustained stakeholder value.

Appreciation

Our customers' confidence in our brand continues to inspire us as we assert the Group as a key player in Zimbabwe's financial and construction material services landscape. I also extend my sincere gratitude to all non-executive directors for their guidance and support through a challenging but encouraging period of recovery. The Group Chief Executive, management team and staff's professionalism and dedication of all stakeholders underpins the resilience of the Group in a fragile but recovering economy.

Herbert Nkala
GROUP CHAIRMAN
30 August 2011

FBC Holdings Limited

strength • diversity • service

An all time partner for a successful future

Unaudited Interim Results

For the six months ended 30 June 2011

www.fbc.co.zw info@fbc.co.zw

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Note	Unaudited 30 June 2011 US$	Unaudited 30 June 2010 US$
Interest income	14	12 059 519	7 248 252
Interest expense	15	(6 098 433)	(2 150 152)
Net interest income		**5 961 086**	**5 098 100**
Fee and commission income	16.1	8 904 454	6 284 367
Fee and commission expense	16.2	(1 092 871)	(912 419)
Net fee and commission income		**7 811 583**	**5 371 948**
Revenue	17.1	22 178 598	13 577 614
Cost of sales	17.2	(15 606 372)	(9 314 812)
Gross profit		**6 572 226**	**4 262 802**
Net earned insurance premium		2 785 015	2 122 421
Net trading income		469 848	214 414
Net gains from financial instruments carried at fair value		-	(491 041)
Other operating income	18	790 936	906 548
Total income		**24 390 694**	**17 485 192**
Impairment loss on financial assets	4.3	(809 137)	(14 797)
Operating expenses	19	(17 122 552)	(14 611 024)
Share of loss of associate		(32 924)	(53 311)
Profit before income tax		**6 426 081**	**2 806 060**
Income tax expense	20	(1 485 646)	(699 592)
Profit for the period		**4 940 435**	**2 106 468**
Other comprehensive income		**-**	**-**
Gains on property revaluation		-	-
Other comprehensive income, net income tax		**-**	**-**
Total comprehensive income for the period		**4 940 435**	**2 106 468**
Profit attributable to :			
Attributable to equity holders of the parent		3 919 270	1 522 321
Attributable to non controlling interests		1 021 165	584 147
Total		**4 940 435**	**2 106 468**
Total comprehensive income attributable to :			
Attributable to equity holders of the parent		3 919 270	1 522 321
Attributable to non controlling interests		1 021 165	584 147
Total		**4 940 435**	**2 106 468**
Earnings per share (US$			
Basic earnings per share		0.66	0.31
Diluted earnings per share		0.66	0.31

Consolidated Statement of Financial Position

As at 30 June 2011

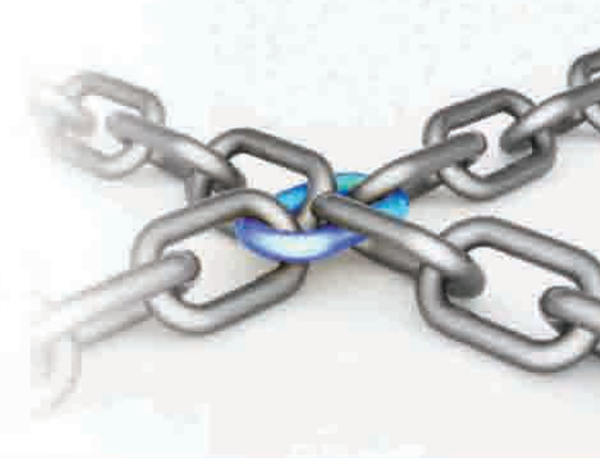
ASSETS	Notes	Unaudited 30 June 2011 US$	Audited 31 December 2010 US$
Balances with banks and cash	3	56 678 573	69 358 923
Loans and receivables			
- Loans and advances	4	101 670 796	83 060 296
- Trade and other receivables including insurance receivables	4	15 430 240	14 117 293
Financial assets at fair value through profit or loss	5	2 913 763	1 950 405
Inventory	6	17 730 215	10 243 747
Prepayments and other assets	7	15 395 082	6 498 589
Deferred income tax assets		867 406	817 075
Investment in associate		-	703 024
Investment property		610 000	610 000
Property, plant and equipment	8	53 452 232	48 899 842
Total assets		**264 748 307**	**236 259 194**
EQUITY AND LIABILITIES			
Liabilities			
Deposits from other banks and customers	9	157 309 875	141 921 015
Insurance liabilities	10	9 072 318	5 381 578
Trade and other payables	11	19 868 463	14 913 311
Current income tax liability		2 894 576	2 656 443
Deferred income tax liability		9 191 508	9 659 389
Total liabilities		**198 336 740**	**174 531 736**
Equity			
Capital and reserves attributable to equity holders of the parent entity			
Share capital and share premium	12	7 681 908	7 681 897
Other reserves	13	34 624 811	34 434 746
Retained profits		8 111 593	4 382 388
		50 418 312	46 499 031
Non Controlling interest in equity		15 993 255	15 228 427
Total equity		**66 411 567**	**61 727 458**
Total equity and liabilities		**264 748 307**	**236 259 194**

Consolidated Statement of Changes in Equity (US$)

For the six months ended 30 June 2011

	Share Capital US$	Share Premium US$	Retained Profit US$	Share option Reserve US$	Treasury shares US$	Non distributable Reserve US$	Revaluation Reserve US$	Regulatory Provisions US$	Changes in Ownership US$	Total US$	Non controlling Interest US$	Total equity US$
Balance at 1 January 2011	**5 907**	**7 675 990**	**4 382 388**	**82 926**	**(1 124 059)**	**33 659 224**	**1 099 074**	**709 223**	**8 358**	**46 499 031**	**15 228 427**	**61 727 458**
Profit for the period	-	-	3 919 270	-	-	-	-	-	-	3 919 270	1 021 165	4 940 435
Other comprehensive income												
Gain on revaluation of property, plant	-	-	-	-	-	-	-	-	-	-	-	-
and equipment, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory impairment allowance	-	-	(190 065)	-	-	-	-	190 065	-	-	-	-
Total other comprehensive income	**-**	**-**	**(190 065)**	**-**	**-**	**-**	**-**	**190 065**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**3 729 205**	**-**	**-**	**-**	**-**	**190 065**	**-**	**3 919 270**	**1 021 165**	**4 940 436**
Transaction with owners												
Share options issued	11	-	-	-	-	-	-	-	-	11	-	11
Dividend	-	-	-	-	-	-	-	-	-	-	(355 522)	(355 522)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	99 185	99 185
Increase in ownership interest	-	-	-	-		-	-	-	-	-	-	-
Share buyback	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' equity at 30 June 2011	**5 918**	**7 675 990**	**8 111 593**	**82 926**	**(1 124 059)**	**33 659 224**	**1 099 074**	**899 288**	**8 358**	**50 418 312**	**15 993 255**	**66 411 567**

Coming together is a beginning,
staying together is progress,
and working together is success



Unaudited Interim Results

For the six months ended 30 June 2011

Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Note	Unaudited 30 June 2011 US$	Unaudited 30 June 2010 US$
Cash flow from operating activities			
Profit for the period		6 426 082	2 806 060
Adjustments for:			
Depreciation	8	1 694 088	1 500 880
Impairment loss on loans and advances	4.3	809 137	-
Impairment loss on property and equipment		-	14 797
Profit from disposal of property and equipment	18	(286)	(18 149)
Profit from disposal of investment properties		-	(630 891)
Share of loss of associate		32 924	53 311
Fair value adjustment on financial assets at fair value through profit or loss		(223 555)	-
Fair value adjustment on investment securities		-	-
Remeasurement loss		474 003	
Gain on acquisation of subsidiary	21	(429 420)	-
Net Cash generated before changes in operating assets and liabilities		**8 782 973**	**3 726 008**
Increase in loans and receivables		(21 832 981)	(24 771 996)
Decrease in statutory reserves		10 450	-
Increase in investment securities		(1 727 929)	441 229
Increase in inventory		(7 486 468)	-
Increase in prepayments and other assets		(7 635 054)	(11 541 233)
Increase/ (decrease) in deposits from other banks and customers		6 761 110	(6 692 977)
Increase in insurance liabilities		3 690 740	1 156 716
Increase/ (decrease) in trade and other payables		4 955 152	4 227 581
		(14 482 007)	(33 454 672)
Income tax expense paid		(1 744 825)	(236 145)
Net cash (used in)/generated from operating activities		**(16 226 832)**	**(33 690 817)**
Cash flows from investing activities			
Acquisition of a subsidiary	21	(1 126 987)	-
Purchase of property, plant and equipment	8	(3 588 605)	(2 305 551)
Proceeds from sale of investment properties		-	630 891
Proceeds from sale of property, plant and equipment		286	69 618
Cash paid for on investment securities		-	(7 159 752)
Net cash (used in)/generated from investing activities		**(4 715 306)**	**(8 764 794)**
Net cash flows before financing activities		(20 942 138)	(42 455 611)
Cash flows from financing activities			
Proceeds from loans and borrowings		8 627 750	-
Dividend paid to non-controlling interest		(355 522)	-
Purchase of treasury shares		-	(1 045 984)
Proceeds from rights issue		-	7 677 943
Proceeds from share options issued		11	-
Non-contributing interest contributing to share issue		-	1 523 504
Net cash generated from financing activities		**8 272 239**	**8 155 463**
Net (decrease)/increase in cash and cash equivalents		(12 669 899)	(34 300 148)
Cash and cash equivalents at beginning of the period		60 237 928	81 226 175
Cash and cash equivalents at the end of period	3.2	**47 568 029**	**46 926 027**

Notes to the Financial Results

For the six months ended 30 June 2011

GENERAL INFORMATION

The Company is incorporated and domiciled in Zimbabwe and is an investment holding company. The Group comprises of three wholly-owned subsidiaries and three subsidiaries controlled 60%, 58% and 95%. The Group, through its subsidiaries provides a wide range of commercial banking, mortgage finance related financial services, stock broking, reinsurance and insurance services and also manufactures pipes and roofing sheets.

During the period ended 30 June 2011, the Group aqcuired a 72% stake in Eagle Insurance Company Limited, a previously held associate bringing the total shareholding in this company to 95%. Save for the addition of insurance services, there have been no changes in the nature of the activities of the Group during the period ended 30 June 2011. The Company is a limited liability company incorporated and domiciled in Zimbabwe together with its subsidiaries.

1 BASIS OF PREPARATION

The Group's condensed interim consolidated financial statements for the half year ended 30 June 2011 have been prepared in accordance with the International Accounting Standard ("IAS") 34, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20) and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2010.

2 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consisent with those of the annual consolidated financial statements for the year ended 31 December 2010.

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

3 BALANCES WITH BANKS AND CASH	Unaudited 30 June 2011 US$	Audited 31 December 2010 US$
3.1 Balances with Reserve Bank of Zimbabwe		
Statutory reserves	9 110 544	9 120 995
Current account balances	28 411 180	9 732 442
	37 521 724	**18 853 437**
Notes and coins	9 554 358	14 100 962
Other bank balances	9 602 491	36 404 524
Balances with banks and cash	**56 678 573**	**69 358 923**
Maturing within 1 year	56 678 573	69 358 923
Maturing after 1 year	-	-
Total	**56 678 573**	**69 358 923**

Notes to the Financial Results (Continued)

For the six months ended 30 June 2011

	Unaudited 30 June 2011 US$	Unaudited 30 June 2010 US$
3.2 For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances :		
Balances with other banks, cash and current account balances at RBZ	47 568 029	46 926 027
Total cash and cash equivalents - statement of cash flows	**47 568 029**	**46 926 027**

Statutory reserves are non interest bearing and are not available for use in the Group's day to day operations.

4 LOANS AND RECEIVABLES	Unaudited 30 June 2011 US$	Audited 31 December 2010 US$
4.1 Loans and advances to customers		
Loans and advance maturities		
Maturing within 1 year	87 826 584	78 212 446
Maturing after 1 year	15 187 522	5 444 209
Gross carrying amount	103 014 106	83 656 655
Impairment allowance	(1 343 310)	(596 359)
	101 670 796	**83 060 296**
4.2 Trade and other receivables		
Retail trade receivables	12 732 196	9 163 196
Insurance receivables		
- Due by insurance companies	2 410 019	4 026 720
- Due by reinsurers	67 638	1 830 119
Other debtors	1 123 129	-
Gross carrying amount	16 332 982	15 020 035
Impairment allowance	(902 742)	(902 742)
	15 430 240	**14 117 293**
Maturing within 1 year	15 430 240	14 117 293
Maturing after 1 year	-	-
Total	**15 430 240**	**14 117 293**
4.3 Allowance for impairment		
Balance at 01 January	1 499 101	1 152 980
Impairment allowance through statement of comprehensive income	809 137	653 832
Recoveries	(62 186)	(307 711)
Balance at 30 June	**2 246 052**	**1 499 101**
4.4 Exposure to credit risk		
4.4.1 Loans and advances		
Past due and impaired		
Grade C: Impaired	2 735 857	2 459 951
Grade D: Impaired	1 222 347	396 518
Grade E: Impaired	768 962	17 955
Gross amount	4 727 166	2 874 424
Allowance for impairment	(1 343 310)	(596 359)
Carrying amount	**3 383 856**	**2 278 065**
Past due but not impaired	-	-
Niether past due nor impaired		
Grade A:	91 672 426	79 551 786
Grade B:	6 614 514	1 230 445
Gross amount	**98 286 940**	**80 782 231**
Allowance for impairment	-	-
Carrying amount	**98 286 940**	**80 782 231**
Total carrying amount	**101 670 796**	**83 060 296**
4.4.2 Trade and other receivables		
Past due and impaired	-	-
Allowance for impairment	-	-
Carrying amount	**-**	**-**
Past due but not impaired	-	1 126 445
Niether past due nor impaired		
Grade A:	15 209 853	12 504 231
Grade B:	1 123 129	1 389 359
Gross amount	**16 332 982**	**15 020 035**
Allowance for impairment	(902 742)	(902 742)
Carrying amount	**15 430 240**	**14 117 293**
Total carrying amount	**15 430 240**	**14 117 293**

Notes to the Financial Results (Continued)

For the six months ended 30 June 2011

4.5	Sectoral analysis of utilisations - loans and advances	30 June 2011 US$	30 June 2011 %	31 December 2010 US$	31 December 2010 %
	Mining	2 570 519	2%	8 385 588	10%
	Manufacturing	21 250 191	21%	14 773 098	18%
	Mortgage	4 664 595	5%	4 012 329	5%
	Wholesale	14 751 979	14%	12 615 553	15%
	Distribution	-	0%	-	0%
	Individuals	32 649 625	32%	15 677 201	19%
	Agriculture	9 387 039	9%	4 783 254	6%
	Communication	2 941 002	3%	3 986 640	5%
	Construction	315 102	0%	528 239	0%
	Local Authorities	1 230 000	1%	1 701 259	2%
	Other services	13 254 054	13%	17 193 494	20%
	Gross loans and advances	**103 014 106**	**100%**	**83 656 655**	**100%**
	Less impairment allowance	(1 343 310)		(596 359)	
	Carrying amount	**101 670 796**		**83 060 296**	

5	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30 June 2011 US$	31 December 2010 US$
	Listed securities at market value	2 913 763	1 950 405
	Maturing within 1 year	2 913 763	1 950 405
	Maturing after 1 year	-	-
	Total	**2 913 763**	**1 950 405**

6	INVENTORY		
	Consumables	1 443 552	1 224 609
	Raw materials	8 972 131	3 405 345
	Work in progress	1 429 622	2 067 441
	Finished goods	5 884 910	3 546 352
		17 730 215	**10 243 747**

7	PREPAYMENTS AND OTHER ASSETS		
	Prepayments	5 129 330	4 171 927
	Other	10 265 752	2 326 662
		15 395 082	**6 498 589**
	Maturing within 1 year	15 395 082	6 498 589
	Maturing after 1 year	-	-
	Total	**15 395 082**	**6 498 589**

8 PROPERTY, PLANT AND EQUIPMENT

Half year ended 30 June 2011	Freehold premises US$	Plant and machinery US$	Computer equipment US$	Furniture and Office equipment US$	Motor vehicles US$	Total US$
Opening net book amount	22 202 599	19 845 106	2 476 317	2 717 771	1 658 049	48 899 842
Additions	18 000	-	232 398	333 387	24 797	608 582
Capital work in progress	-	2 980 023	-	-	-	2 980 023
Revaluation of property	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Acquisition of subsidiary	2 500 000	-	-	77 308	80 564	2 657 873
Depreciation	(269 255)	(610 698)	(404 485)	(186 321)	(223 328)	(1 694 088)
Closing net book amount	**24 451 344**	**22 214 431**	**2 304 230**	**2 942 145**	**1 540 082**	**53 452 232**

9	DEPOSITS FROM OTHER BANKS AND CUSTOMERS	Unaudited 30 June 2011 US$	Audited 31 December 2010 US$
9.1	**Deposits from customers**		
	Demand deposits	47 722 885	71 217 033
	Promissory notes	38 331 644	37 240 361
	Other time deposits	9 746 448	1 590 211
		95 800 977	110 047 605
9.2	**Deposits from other banks**		
	Money market deposits	30 498 237	9 490 499
	Bank borrowings and lines of credit	31 010 661	22 382 911
		61 508 898	31 873 410
	Total deposits	**157 309 875**	**141 921 015**
	Maturing within 1 year	157 309 875	141 921 015
	Maturing after 1 year	-	-
	Total	**157 309 875**	**141 921 015**

Notes to the Financial Results (Continued)

For the six months ended 30 June 2011

9.3	Deposits concentration	30 June 2011 US$	30 June 2011 %	31 December 2010 US$	31 December 2010 %
	Agriculture	379 145	0%	909 544	1%
	Construction	563 795	0%	719 604	1%
	Wholesale and retail trade	40 610 918	32%	34 617 509	29%
	Public sector	25 032 593	20%	25 271 085	21%
	Manufacturing	1 540 268	1%	1 965 936	2%
	Telecommunication	645 927	1%	824 435	1%
	Transport	125 183	0%	159 778	0%
	Individuals	26 911 688	21%	30 539 864	26%
	Financial services	18 452 347	15%	9 490 499	8%
	Mining	11 575 397	9%	14 774 365	12%
	Other	31 472 614	0%	22 648 396	0%
		157 309 875	**100%**	**141 921 015**	**100%**

		Unaudited 30 June 2011 US$	Audited 31 December 2010 US$
10	**INSURANCE LIABILITIES**		
	Gross outstanding claims	5 360 541	4 320 780
	Provisions for unearned premium	3 711 777	1 060 798
		9 072 318	5 381 578
	Maturing within 1 year	4 256 013	1 060 798
	Maturing after 1 year	4 816 305	4 320 780
	Total	**9 072 318**	**5 381 578**
11	**TRADE AND OTHER PAYABLES**		
	Trade and other payables	15 071 216	14 913 311
	Other liabilities	4 797 247	-
		19 868 463	14 913 311
	Maturing within 1 year	18 167 305	14 913 311
	Maturing after 1 year	1 701 158	-
	Total	**19 868 463**	**14 913 311**
12	**SHARE CAPITAL AND SHARE PREMIUM**		
12.1	**Authorised**		
	Number of ordinary shares	800 000 000	800 000 000
	Par value of shares US$	0.00001	0.00001
12.1	**Issued and fully paid**		
	Number of ordinary shares	591 850 127	590 738 106
13	**OTHER RESERVES**		
	Share option reserves	82 926	82 926
	Revaluation reserve	1 099 074	1 099 074
	Non distributable reserve	33 659 224	33 659 224
	Regulatory provisions	899 288	709 223
	Treasury reserves	(1 124 059)	(1 124 059)
	Changes in ownership	8 358	8 358
		34 624 811	**34 434 746**

14	INTEREST INCOME	Unaudited 30 June 2011 US$	Unaudited 30 June 2010 US$
	Cash and cash equivalents	65 922	120 790
	Loans and advances to other banks	1 247 514	694 086
	Loans and advances to customers	7 765 948	2 361 287
	Other interest income	2 980 135	4 072 089
		12 059 519	**7 248 252**
15	**INTEREST EXPENSE**		
	Deposit from other banks	255 100	377 608
	Demand deposits	1 528 397	184 993
	Afreximbank and PTA Bank	1 355 531	-
	Time deposits	2 959 405	1 587 551
		6 098 433	**2 150 152**
16.1	**FEE AND COMMISSION INCOME**		
	Retail service fees	6 798 538	4 357 157
	Credit related fees	1 619 225	1 678 393
	Investment banking fees	154 543	(231 061)
	Brokerage	111 372	94 558
	Other	220 776	385 320
		8 904 454	**6 284 367**

Notes to the Financial Results (Continued)
For the six months ended 30 June 2011

		Unaudited 30 June 2011 US$	Unaudited 30 June 2010 US$
16.2	**FEE AND COMMISSION EXPENSE**		
	Insurance commissions paid	1 062 267	-
	Brokerage	-	-
	Other	30 604	912 419
		1 092 871	**912 419**
17.1	**REVENUE**		
	Local sales	22 009 746	13 103 464
	Export sales	168 852	474 150
		22 178 598	**13 577 614**
17.2	**COST OF SALES**		
	Depreciation of property, plant and equipment	609 601	561 973
	Raw materials	10 664 146	1 326 047
	Staff Costs	3 126 929	1 866 554
	Other	1 205 696	5 560 238
		15 606 372	**9 314 812**
18	**OTHER OPERATING INCOME**		
	Rental income	85 694	79 925
	Profit disposal of property, plant and equipment	286	18 149
	Property sales trading income	545 477	630 891
	Sundry income	159 479	177 583
		790 936	**906 548**
19	**OPERATING EXPENDITURE**		
	Administration expenses	6 853 716	6 228 800
	Staff costs	8 266 364	6 600 518
	Directors' remuneration	203 251	109 960
	Audit fees:	-	-
	- current year fees	211 206	272 981
	-prior year fees	-	55 080
	- other services	-	-
	Depreciation	1 084 486	840 156
	Operating lease payment	503 529	503 529
		17 122 552	**14 611 024**
20	**INCOME TAX EXPENSE**		
	Current income tax	1 619 141	519 822
	Deferred tax	(160 587)	143 329
	Other	27 092	36 441
		1 485 646	**699 592**

21 ACQUISITION OF A SUBSIDIARY DURING THE ACCOUNTING PERIOD

The Group acquired a 72.34% of the share capital of Eagle Insurance Company Limited, a previously held associate at 23.05% bringing the total holding in the company to 95.390% and thereby obtaining control. The effective date of acquisition of this subsidiary was 31 March 2011. The results of this subsidiary have thus been consolidated in these consolidated interim results.

Eagle Insurancetion Company Limited is a provider of insurance services within Zimbabwe. As a result of this acquisition, the Group is strategically positioned along the entire insurance value chain and expects to maximise shareholder value.

		Unaudited 30 June 2011 US$	Audited 31 December 2010 US$
22	**CAPITAL COMMITTEMENTS**		
	Capital expenditure authorized but not yet contracted for	5 396 698	8 065 384
23	**CONTINGENT LIABILITIES**		
	Guarantees and letters of credit	2 696 761	21 875 307

Notes to the Financial Results (Continued)
For the six months ended 30 June 2011

24 SEGMENT ANALYSIS

Segment information is presented in respect of business segments.

Segment revenue, expenses, results and assets are items that are directly attributable to the business segment or which can be allocated on a reasonable basis to a business segment. All transactions between segments are conducted at arms length.

The Group comprises of six business segments i.e. Commercial Banking, Reinsurance, Insurance, Building Society, Stockbroking and Manufacturing.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group Executive Committee.

The segment information provided to the Group Executive Committee for the reportable segments for the half year ended 30 June 2011 is as follows;

30 June 2011	Commercial Banking US$	Reinsurance US$	Building Society US$	Stockbroking US$	Manufacturing US$	Insurance US$	Consolidated US$
Interest income	10 691 115	-	1 365 407	2 559	440	-	12 059 519
Interest expense	(4 914 426)	-	(440 266)	-	(728 757)	(14 985)	(6 098 433)
Net interest income	5 776 689	-	925 141	2 559	(728 317)	(14 985)	5 961 086
Turnover	-	-	-	-	22 178 598	-	22 178 598
Cost of sales	-	-	-	-	(15 606 372)	-	(15 606 372)
Gross profit	-	-	-	-	6 572 226	-	6 572 226
Net earned insurance premium	-	2 379 327	-	-	-	405 688	2 785 015
Net fee and commission income	7 132 263	(1 062 267)	1 637 357	104 230	-	-	7 811 583
Net trading income and other income	531 174	388 667	574 210	15 629	99 929	30 530	1 260 784
	13 440 126	1 705 727	3 136 708	122 418	5 943 838	421 233	24 390 694
Intersegment revenue	(334 771)	-	-	-	-	-	-
Revenue from external customers	**13 105 355**	**1 705 727**	**3 136 708**	**122 418**	**5 943 838**	**421 233**	**24 390 694**
Segment profit before income tax	**2 833 083**	**785 828**	**1 047 833**	**(66 324)**	**1 954 794**	**(51 626)**	**6 426 081**
Impairment losses on financial assets	(699 827)	-	(109 310)	-	-	-	(809 137)
Depeciation and amortisation	687 239	28 733	83 788	2 013	843 341	48 600	1 694 088
Segment assets	**184 164 014**	**15 088 074**	**26 253 171**	**1 825 448**	**57 837 657**	**6 145 556**	**264 748 307**
Total assets includes :							
Additions to non-current assets	499 087	15 198	42 318	11 098	3 015 029	5 875	3 588 605
Investment in associates	-	-	-	-	-	-	-
Segment liabilities	**158 597 622**	**9 411 752**	**13 541 823**	**1 555 790**	**32 018 862**	**3 038 037**	**198 336 740**

30 June 2010	Commercial Banking US$	Reinsurance US$	Building Society US$	Stockbroking US$	Manufacturing US$	Consolidated US$
Total segment revenue						
Interest income	6 776 048	-	667 520	5 963	-	7 248 252
Interest expense	(1 961 813)	-	(188 339)	-	-	(2 150 152)
Net interest income	4 814 235	-	479 181	5 963	-	5 098 100
Turnover	-	-	-	-	13 577 614	13 577 614
Cost of sales	-	-	-	-	(9 314 812)	(9 314 812)
Gross profit	-	-	-	-	4 262 802	4 262 802
Net earned insurance premium	-	2 122 421	-	-	-	2 122 421
Net fee and commission income	4 938 193	(582 723)	988 116	92 615	-	5 371 948
Net dealing and other income	(16 560)	(108 156)	656 491	79 913	18 735	629 921
	9 735 868	1 431 542	2 123 788	178 491	4 281 537	17 485 192
Intersegment revenue	(162 223)	-	-	-	-	-
Revenue from external customers	**9 573 645**	**1 431 542**	**2 123 788**	**178 491**	**4 281 537**	**17 485 192**
Segment profit before income tax	**871 369**	**351 487**	**475 841**	**(21 417)**	**1 383 372**	**2 806 060**
Impairment losses on financial assets	14 797	-	-	-	-	14 797
Depeciation and amortisation	559 441	33 152	98 480	12 461	795 295	1 498 828
Share of loss of associate	-	(53 311)	-	-	-	(53 311)
Segment assets	**117 347 773**	**13 131 064**	**17 124 373**	**992 281**	**38 694 324**	**173 176 826**
Total assets includes :						
Additions to non-current assets	657 417	12 740	239 586	2 086	1 195 462	2 107 291
Investment in associates	-	383 999	-	-	-	383 999
Segment liabilities	**90 203 853**	**5 852 768**	**5 653 288**	**863 040**	**16 013 677**	**114 316 302**

Notes to the Financial Results (Continued)
For the six months ended 30 June 2011

25. RISK MANAGEMENT

25.1 Overview

The Group continued to maintain a strong risk management culture in response to the changing operating environment in order to achieve an appropriate balance between risk and reward. The introduction of the multi-currency trading system has generally resulted in economic stability and has made strategic planning meaningful and relevant. Further the formulation of relevant macroeconomic policies has seen some sectors showing signs of economic recovery.

The principal risks to which the Group is exposed to and which it continues to manage are detailed below.

25.2 Risk categories

25.3 Strategic risk

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. The Board of Directors retains the overall responsibility for strategic risk management through the Board Finance and Strategy Committee.

25.4 Reputational risk

Reputational risk is the potential that negative publicity regarding the Group's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. This risk may result from the Group's failure to effectively manage any or all of the other risk types. Management translates the reputational risk management strategy established by the Board of Directors into policies, processes and procedures that are implemented throughout the Group.

25.5 Credit risk

Credit risk is the current or prospective risk to earnings or capital arising from a debtor's failure to meet the terms of any contract with the Group or if a debtor otherwise fails to perform as agreed.

Credit risk framework and governance

The Group's largest source of credit risk is loans, albeit that credit risk exists throughout the other activities of the Group, on and off the balance sheet. These other activities include inter-bank transactions, mortgage loans, foreign exchange transactions, and guarantees. Given the significant size of the loan portfolio on the balance sheet of the Group, credit risk remains one of the major risks.

To effectively manage credit risk, the Board and Management established an effective and sound credit risk management framework which is supported by a strong risk culture and environment. Credit risk management is governed by each entity's credit policy guidelines and ultimately approved by the Board of Directors. The Board of Directors is ultimately responsible for credit risk. Group Credit Management Division, is responsible for the implementation of the credit policies, which cover compliance with prescribed sanctioning authority levels, avoidance of a high concentration of credit risk and regular review of credit limits. The Group Risk Management Division, Group Compliance and Group Audit also monitor independently the management of Credit risk.

Credit policies, procedures and limits

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

Credit risk mitigation and hedging

As part of the Group's credit risk mitigation and hedging strategy, various types of collateral is taken by the banking subsidiaries. These include mortgage bonds over residential, commercial and industrial properties, cession of book debts and the underlying moveable assets financed.

In addition, a guarantee is often required particularly in support of a credit facility granted to 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 and the entities recognise the possible events or future changes that could have a negative impact on the credit portfolios and affect the Group's ability to generate more business. To mitigate this risk, the Group has put mechanisms in place to enhance its stress testing methodologies.

Impairments

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

Credit terms:

Default

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

Past due loans

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

Impaired loans

The Group's policy regards impaired/ doubtful loans as all those 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 C, D and E loan categories.

Provisioning policy and write offs

Determination of general and specific provisions

Provisioning is determined on the basis of account classification whereby provisions or provisioning methods are uniformly determined for specific grades.

General provisioning

Pass Grade "A"- No evident weakness, performing to contractual terms

General provisions for facilities in this category are maintained at 1% of total customer account outstanding balances and off balance sheet (i.e. contingent) risks.

Notes to the Financial Results (Continued)
For the six months ended 30 June 2011

25.5 Credit risk (continued)

Special Mention Grade "B" - Exhibits potential weaknesses, which require close monitoring

General provisions for these facilities are maintained at 3% of total customer account outstanding balances and off balance sheet (i.e. contingent) risks.

Specific provisioning

Sub-Standard Grade "C" - Timely repayment and/or settlement may be at risk. Specific provisions for facilities in this category are currently maintained at 20% of total customer outstanding balances and off balance sheet (i.e. contingent) risks less the value of tangible security held.

Doubtful Grade "D" - Full repayment and/or settlement highly improbable

Specific provisions for exposures in this grade are currently maintained at 50% of total customer outstanding balances and off balance sheet (i.e. contingent) risks after deducting the value of any tangible security held.

Loss Grade "E" - Collection not possible

Specific provisions for debts in this category are currently maintained at 100% of total customer outstanding balances and off balance sheet (i.e. contingent) risks again after deducting the value of any tangible security held.

The basis for writing off assets

When an advance which has been identified as impaired and subjected to a specific provision, continues to deteriorate, a point will come when it may be concluded that there is no realistic prospect of recovery. Authority will be sought from Group Credit Management Division for the exposure to be immediately written off from the bank's books while long term recovery strategies are being pursued.

Credit risk and Basel II

The Group took a gradual process in implementing Basel II in line with the regulatory authorities' approach. The Group continues to implement all Basel II related guidelines issued by the Central Bank and internal processes have been revamped in an effort to comply with the requirements.

25.6 Liquidity risk

Liquidity Risk is the current or prospective risk to earnings and capital arising from the Group's inability to meet its liabilities when they fall due without incurring unacceptable losses.

Liquidity risk framework and governance

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

Liquidity and funding management

The 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 risk management function. The Group uses concentration risk limits to ensure that funding diversification is maintained across the products, counterparties and sectors. Major sources of funding are in the form of deposits across a spectrum of retail and wholesale clients for all the subsidiaries.

Cash flow and maturity profile analysis

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

Liquidity contingency plans

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

Liquidity stress testing

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

25.7 Market risk

Market risk is the risk of financial loss in on and off-balance sheet trading positions arising from movements in market prices. Market risk exists whenever the Group has taken trading, banking or investment positions.

Market risk from trading positions.

The Group uses a collection of risk measurement methodologies to assess market risk, including value-at-risk (VaR), stress testing, loss triggers and traditional risk management measures.

Market risk from banking positions

Banking related market risk is contained within the Group's two major treasury operations at the Bank and the Building Society. The interest rate risk profile is assessed regularly based on the fundamental trends in interest rates, economic developments and technical analysis.

Market risk from investments

This is managed in accordance with their purpose and strategic benefit rather than on market considerations and periodic reviews and reassessments are undertaken.

Foreign exchange risk

Foreign exchange risk is the potential adverse impact on earnings and economic value due to currency rate movements. This involves settlement risk which arises when the Group or one of its entities incurs a financial loss due to foreign exchange positions taken in both the trading and banking books. The potential for loss arises from translation exposure, transaction exposure and economic exposure. This risk is largely concentrated at the Bank, Society and Reinsurance Company.

Unaudited Interim Results

For the six months ended 30 June 2011

Notes to the Financial Results (Continued)

For the six months ended 30 June 2011

25.7 Market risk (continued)

Framework and governance

The Board of Directors is ultimately accountable and approves the market risk appetite for all types of market risk. The Board delegated the effective management of market risk to the entities' Asset Liability Committees (ALCO) for the banking entities and Risk and Compliance Committees for non-banking entities. On a day-to-day basis, market risk exposures are independently reviewed and measured by the Group Risk Management function, and appropriate management reports are generated. A comprehensive framework of limits to control market risk including foreign exchange risk exposures is in place for the different levels of reporting.

Market risk measurement

The tools for measuring market risk that are applied within the Group range from the very fundamental and basic marking-to-market, to the more sophisticated Value at Risk

Models. Generally, measurement tools in use at any point in time are commensurate with the scale, complexity, and nature of trading activities and positions held by entity. The tools and techniques used to measure and control market risk include the repricing gap, scenario analysis on net interest income and economic value of equity, stop loss limits, duration analysis, stress testing and Value at Risk. In addition, the Group also performs ratio analysis on the key ratios of each entity. Risk limits for all the measures are documented in each entity's ALCO policy. Group Risk Management performs regular reviews of the existing models to ensure that they are still relevant and behaving within expectations.

25.8 Operational risk

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

Group's approach to managing operational risk

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

Operational risk framework and governance

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

The management and measurement of operational risk

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

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

Business continuity management

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

25.9 Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

The Compliance function assesses the conformity of codes of conduct, instructions, procedures and organizations in relation to the rules of integrity in financial services activities. These rules are those which arise from the institution's own integrity policy as well as those which are directly provided by its legal status and other legal and regulatory provisions applicable to the financial services sector.

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

25.10 Statement of Compliance

The Group complied with the following statutes inter alia:-

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

Notes to the Financial Results (Continued)

For the six months ended 30 June 2011

25.11 International credit ratings

The banking and reinsurance subsidiaries have their credit ratings reviewed annually by an international credit rating agency, Global Credit Rating. All subsidiaries have maintained their investor grade ratings as illustrated below.

Subsidiary	2011	2010	2009
FBC Bank	A-	A-	A-
FBC Reinsurance	A-	A-	A-
FBC Building Society	BBB-	BBB-	BBB-

n/a - not applicable

26. Corporate Governance

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

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

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

Board Attendance

Board member	Main board		Board Audit		Board HR		Board Finance & Strategy		Board Risk & Compliance		Board Mar & PR	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Herbert Nkala	✓	✓	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
John Mushayavanhu	✓	✓	N/A	N/A	N/A	N/A	✓	✓	X	✓	✓	P
Kenzias Chibota	✓	✓	✓	N/A	N/A	N/A	✓	✓	✓	✓	N/A	N/A
Gertrude S Chikwava	✓	✓	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A	✓	P
Philip M Chiradza	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	✓	N/A	N/A
Livingstone T Gwata	✓	N/A	N/A	N/A	✓	X	✓	✓	✓	✓	✓	P
Stanley Kudenga	✓	✓	N/A	N/A	N/A	N/A	✓	✓	X	X	✓	P
Trynos Kufazvei	✓	✓	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	N/A
James M Matiza	✓	✓	N/A	N/A	N/A	N/A	✓	X	N/A	N/A	✓	P
Johnson R Mawere	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A
Godfrey G Nhemachena	X	✓	✓	X	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A
Webster Rusere	✓	✓	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	P
Nancy Saungweme	X	X	N/A	N/A	N/A	N/A	N/A	N/A	X	X	N/A	N/A

Legend

Not a member	N/A
Attended	✓
Apologies	X
Quarter 1	Q1
Quarter 2	Q2
Meeting postponed	P

27. Dividend

The Board on 30 August 2011, proposed an interim dividend of US0.169 cents per share on 591 850 127 ordinary shares. This dividend is payable to shareholders registered in the books of the Company at the close of business on Wednesday, 21st September 2011. The transfer books and register of members will be closed from the 22nd of September 2011 to the 28th of September 2011. Dividend payment will be made on or about 12 October 2011.

By order of the Board

Tichaona K. Mabeza
Group Company Secretary
30 August 2011