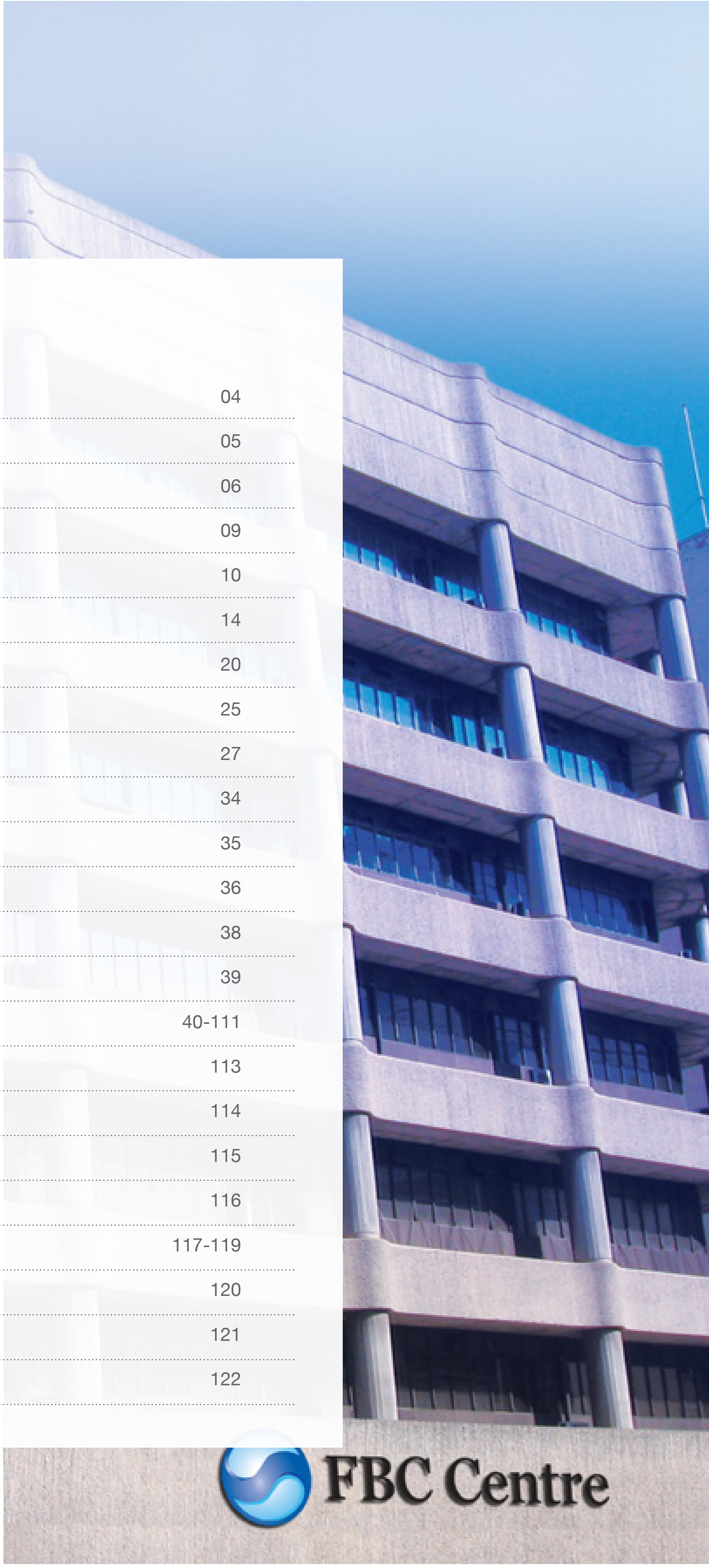
FBC Holdings Limited

strength • diversity • service

2015
ANNUAL REPORT

FBC Holdings Limited
strength • diversity • service

Contents



Group Structure

FBC Holdings Limited
strength • diversity • service

	Shareholding 31 December 2015	Shareholding 31 December 2014
FBC Bank Limited *(Registered Commercial Bank)*	100%	100%
FBC Reinsurance Limited	100%	100%
FBC Building Society	100%	100%
FBC Securities (Private) Limited	100%	100%
MicroPlan Financial Services (Pvt) Limited	100%	100%
Eagle Insurance Company Limited	95%	95%

Destiny, Cause and Calling

Destiny

To be Africa's trendsetter in financial and risk management.

Cause

To secure individual and corporate wealth.

Calling

To create value through a passionate commitment to partnerships.

General Information

Registered Office
6th Floor FBC Centre
45 Nelson Mandela Avenue
P.O. Box 1227, Harare
Zimbabwe
Telephone : 263-04-700312/797770
: 263-04-708071/2
Telex : 24512 FIRSTB ZW
Swift : FBCPZWHA
Fax : 263-04-700761
E-mail : info@fbc.co.zw
Website : http://www.fbc.co.zw

Transfer Secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Avenue, Eastlea
P.O. Box 11 Harare
Telephone : 263-04-782869
Mobile : 263 772146157/8

Independent Auditor
Deloitte & Touche
West Block, Borrowdale Office Park
Borrowdale Road
Harare
P.O. Box 267, Harare
Telephone : 263-04-852120-22
263-04-852124-29
Fax : 263-04-852130

Attorneys
Dube Manikai & Hwacha Legal Practitioners
Eastgate Building
6th Floor, Goldbridge, Southwing
Corner Sam Nujoma Street and Robert Mugabe Road
P.O. Box CR 36, Cranborne, Harare
Telephone : 263-04-780351/2

Costa & Madzonga Legal Practitioners
10 York Avenue, Newlands
P.O. Box CY1221, Causeway, Harare
Telephone : 263-08644133638/9

FBC Bank Limited

Belgravia Private Banking Branch
No. 2 Lanark Road, Belgravia
P.O. Box A852, Avondale, Harare
Telephone : 263-04-251975
: 263-04-251976
Fax : 263-04-253556

Chinhoyi Branch
Stand 5309 Magamba Way
P.O. Box 1220, Chinhoyi
Telephone : 263-067-24086
Fax : 263-067-26162

FBC Bank Limited (Continued)

Bulawayo Avenue Branch
Asbestos House
Jason Moyo Avenue
P.O. Box 2910, Bulawayo
Telephone : 263-09-76079
: 263-09-76371
Fax : 263-09-67536

Masvingo Branch
FBC House
179 Robertson Street, Masvingo
Telephone : 263-039-264118-9
: 263-039-264415-6
: 263-039-262671
Fax : 263-039-262912

Gweru Branch
71 Sixth Street
P.O. Box 1833, Gweru
Telephone : 263-054-26491
: 263-054-26493
: 263-054-26497
Fax : 263-054-26498

FBC Centre Branch
45 Nelson Mandela Avenue
P.O. Box 1227, Harare
Telephone : 263-04-700312
: 263-04-797761-6
Fax : 263-04-7008071/2

Kwekwe Branch
44a/b Robert Mugabe Way
P.O. Box 1963, Kwekwe
Telephone : 263-055-24116
: 263-055-24160
Fax : 263-055-24208

Mutare Branch
101 A Herbert Chitepo Avenue
P.O. Box 2797, Mutare
Telephone : 263-020-62586
: 263-020-62114
Fax : 263-020-60543

Nelson Mandela Avenue Branch
Nelson Mandela Avenue
P.O. Box BE 818, Belvedere, Harare
Telephone : 263-04-750946
: 263-04-753608
Fax : 263-04-775395

General Information (continued)

FBC Bank Limited (Continued)

Southerton Branch
11 Highfield Junction Shop
P.O. Box St495, Southerton, Harare
Telephone : 263-04-759712
: 263-04-759392
Fax : 263-04-759567

Zvishavane Branch
98 Robert Mugabe Way
P.O. Box 91, Zvishavane
Telephone : 263-051-2176
: 263-051-2177
Fax : 263-051-3327

Chitungwiza Branch
No 197 Tilcor Township, Seke
Chitungwiza
Telephone : 263-270-30212
: 263-270-31016

Samora Machel Avenue Branch
Old Reserve Bank Building
76 Samora Machel Avenue
P.O. Box GD 450, Greendale, Harare
Telephone : 263-04-700372
: 263-04-700044
Fax : 263-04-793799

Victoria Falls Branch
Shop 4 Galleria De Falls
P.O. Box 225, Victoria Falls
Telephone : 263-013-45995/6
Fax : 263-013-5995/6

Msasa Branch
104 Mutare Road
P.O. Box AY1 Amby, Msasa, Harare
Telephone : 263-04-446806
Fax : 263-04-446815

Beitbridge Branch
1454 NSSA Complex
Telephone : 263 -286- 23196
: 263 -286- 23198

Bulawayo Private Branch
Asbestos Harare
Jason Moyo Avenue
P.O. Box 2910, Bulawayo
Telephone : 263 -09-76079
: 263 -09-76371
: 263 -09-67536

FBC Bank Limited (Continued)

Graniteside and SME Branch
Number 1 Crawford Road
Graniteside, Harare
Telephone : 263-04-710326
: 263-04-710327
: 263-04-710328

Borrowdale Branch
Unit 122-125, Sam Levy's Village
Borrowdale, Harare
Telephone : 263-04-850911
: 263-04-850912
: 263-04-850913

FBC Reinsurance Limited

Head Office
4th Floor, FBC Centre
45 N Mandela Avenue
P.O. Box 4282, Harare
Telephone :263-04-772703/7
Fax :263-04772701

Bulawayo Office
1st Floor Asbestos House
Jason Moyo Avenue
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Telephone :263-09-888344
Fax :263-09-888560

Eagle Insurance Company Limited

Head Office
Eagle House
105 Jason Moyo Avenue, Harare
Telephone :263-04-708212
Fax :263-04-797135

Mutare Branch
Manica Chambers
2nd Avenue Road, Mutare
Telephone :263-020-65723
Fax :263-020-63079/65722

Bulawayo Branch
1st Floor, Asbestos House
Corner 11th and Jason Moyo Street, Bulawayo
Telephone :263-09-71791/4
Fax :263-09-76224

General Information (continued)

FBC Building Society

Leopold Takawira Branch
FBC House
113 Leopold Takawira
P.O. Box 4041, Harare
Telephone :263-04-756811-6
Fax :263-04-772747

Gweru Branch
Impala Seeds Building
69B 6th Street
P.O. Box 1345, Gweru
Telephone :263-054-226189
:263-054-223586
Fax :263-054-226189

Bulawayo Branch
FBC House
Corner R. Mugabe Way and 11th Avenue
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:263-09-64547/69925/48
Fax :263-09-74069

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45 Nelson Mandela Avenue
P.O. Box 4041, Harare
Telephone :263-04-707057
Fax :263-04-783440

Mutare Branch
FBC House
101 A Herbert Chitepo Avenue
P.O. Box 1224, Mutare
Telephone :263-020-65894
:263-020-65897/8
Fax :263-020-66723

Masvingo Branch
FBC House
179 Robertson Street, Masvingo
Telephone :263-039-62671/821/912
Fax :263-039-65876

FBC Securities (Private) Limited

2nd Floor, Old Reserve Bank Building
76 Samora Machel Avenue, Harare
Telephone :263-04-797761-6 / 700373

Microplan Financial Services (Private) Limited

Head Office
4th Floor, FBC House
113 Leopold Takawira, Harare
Telephone :263-04-772745/772729
Fax :N/A

Bulawayo Branch
1st Floor, Asbestos House
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Chiredzi Branch
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:263-31-2820

Mutare Branch
101 A Herbert Chitepo Avenue
Mutare
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:263-20-62949

Mutoko Branch
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Masvingo Branch
1st Floor, FBC Centre
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Gwanda Branch
Stand 623 Nkala Complex
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Telephone :263-284-24296

Gweru Branch
Impala Seeds House
71 A Sixth Street, Gweru
Telephone :263-54-226808
:263-54-224524

Bindura Branch
846 Chenjerai Hunzvi Street, Bindura
Telephone :263-0271-6581

Chinhoyi Office
5309 Magamba Way Chinhoyi | Zimbabwe
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Cell: +263 73 177 2730

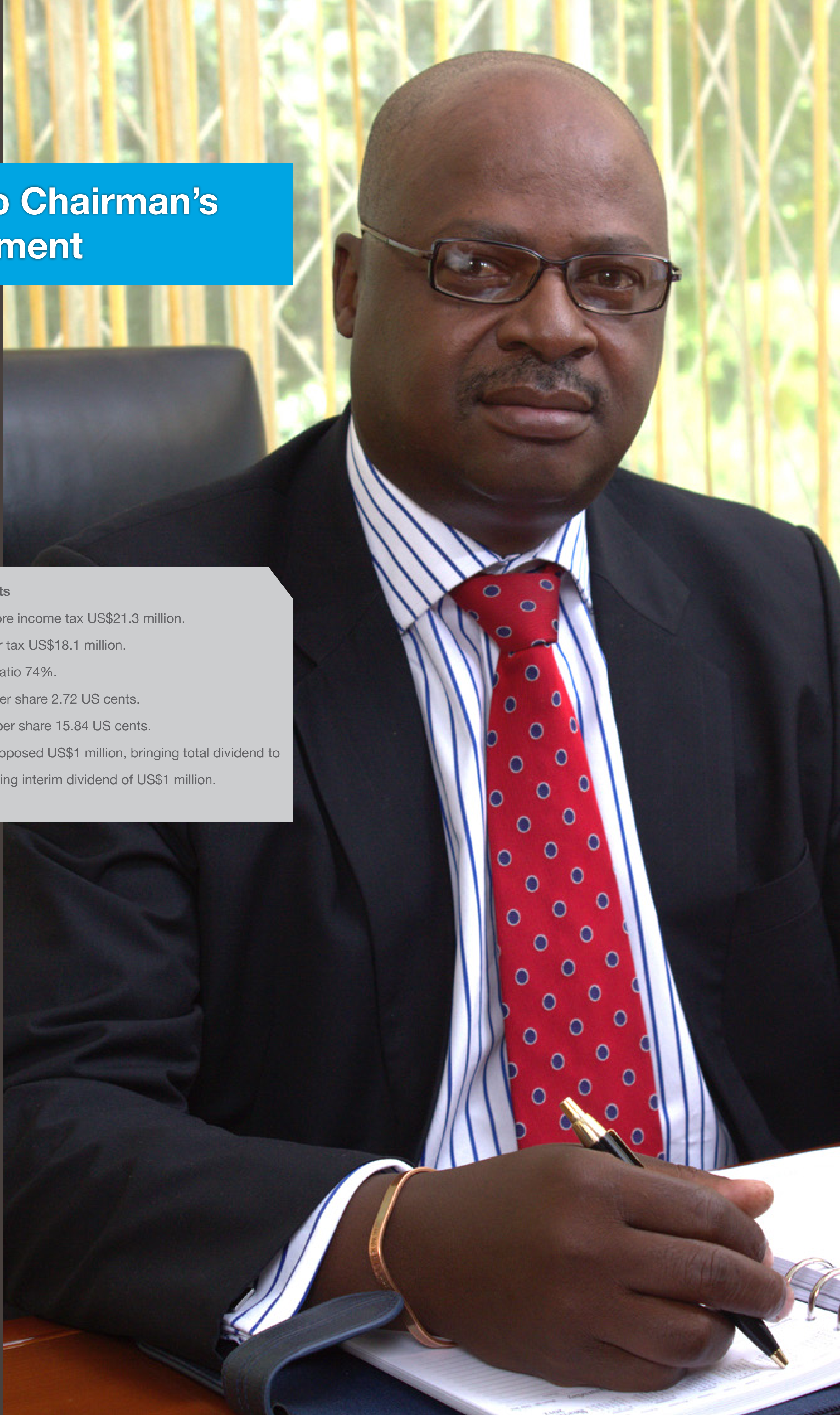
Lupane Office
Stand Number 12
Lupane
Cell: +263 731 772 731

Chipinge Office
294A Ferreira Street
Chipinge
Cell: 0731 772 732

Financial Highlights
For the year ended 31 December 2015

	31-Dec-15 US$	31-Dec-14 US$
Consolidated statement of comprehensive income		
Continuing operations		
Profit before income tax	21 348 021	17 095 396
Profit for the year from continuing operations	18 098 243	13 933 163
Loss from discontinued operations	-	(9 038 872)
Profit for the year	18 098 243	4 894 291
Consolidated statement of financial position		
Total equity	104 889 030	88 216 896
Total assets	490 565 322	477 348 003
Share statistics		
Shares in issue - actual (m)	672	672
Shares in issue - weighted (m)	663	666
Basic earnings per share - (US cents)	2.72	0.73
Diluted earnings per share - (US cents)	2.72	0.73
Headline earnings per share - (US cents)	2.71	1.48
Dividend per share - ordinary (US cents)	0.30	0.73
Closing share market price - (US cents)	7.0	8.0
Ratios		
Return on shareholders equity	17%	6%
Cost to income ratio	74%	78%

Group Chairman's Statement



Financial Highlights

- Group profit before income tax US$21.3 million.
- Group profit after tax US$18.1 million.
- Cost to income ratio 74%.
- Basic earnings per share 2.72 US cents.
- Net asset value per share 15.84 US cents.
- Final dividend proposed US$1 million, bringing total dividend to $2 million, including interim dividend of US$1 million.

Financial Performance Review

I am very pleased to report to our stakeholders that 2015 was another outstanding year for FBC Holdings. Net profits increased by 30% to US$18.1 million, cost to income ratio improved to 74% from 78% and return on capital improved to 17.2% from 5.5%. The Group's improved performance benefitted from the strategic decision to divest from Turnall Holdings Limited, a non-core building supplies manufacturing company. The company had been part of the FBC Holdings Group from September 2009 and was disposed of in 2014.

The Group's improved performance was significantly driven by net income growth of 5.9% (US$4.6 million). This was however, partly offset by an increase in insurance commission and insurance claims related expenses of 15% (US$1.7 million) and an upward movement in overhead expenses of 9% (US$3.6 million).

The Group's diversified business model in the financial services sector continues to form the foundation of our strong performance, and positions the FBCH Group well in dealing with a volatile macroeconomic landscape.

The Group's total net income increased by 5.9% to US$81.9 million underpinned by growth in net interest income of 12% (US$3.8 million) to US$36.6 million, fee and commission income of US$20.8 million, growth in net earned insurance premium of 15% (US$2.9 million) to US$22.1 million. Gross profit on property sales decreased to US$0.9 million compared to US$2.9 million in 2014 due to a slowdown in sales. The Building Society had 22 units of unsold houses at year end as most of these were only completed towards the end of the year. In order to retain and strengthen our competitiveness in the sector we continue to focus on delivering housing units at the most efficient cost.

The growth in net interest income was driven by a 5% growth in financial assets held to maturity and the loan book to US$353 million from US$337 million, improved cost of funding and the continued re-focusing of the loan portfolio to better yielding sectors and improved quality loan income.

The net earned insurance premium growth was buttressed by the continued strengthening of the FBCH brand in the market, which inter-alia has culminated in the insurance subsidiaries consolidating their market share by acquiring more quality customers.

The level of impairment allowance on financial assets improved significantly, following the redefinition of our risk appetite. We are now more prudent in our approach to lending and have in the process, taken measures to de-risk those counterparties falling outside our risk appetite. These initiatives, aided by the Reserve Bank's scheme for banks to transfer secured non-performing loans to the Zimbabwe Asset Management Company (ZAMCO), culminated in our non-performing loans (NPL) ratio improving to 6.9% from 15% last year. The Central Bank has set a non-performing loans ratio target of 10% by 30 June 2016 and 5% by 31 December 2016. The Group transferred total loans valued at $8 million to ZAMCO.

Our administration expenses increased as we continued to invest for growth and the strengthening of our compliance and IT capabilities. The Group will continue to take action to manage its costs better by expanding its digital capabilities, automation, re-engineering processes and strict cost control.

The Group's banking subsidiaries continued to maintain adequate liquidity for all its depositing customers throughout the year by following prudent liquidity management policies and procedures.

The Group's statement of financial position grew by 2.8% to US$490.5 million from US$477.3 million last year, mainly driven by retained earnings.

The Group's total equity attributable to shareholders of the parent company increased by 18.9% to US$104.6 million from US$88 million last year as a result of retained revenue reserves for the year.

Group Chairman's Statement (continued)

Operating Environment

Economic fundamentals remained weak during the course of 2015 as most key economic indicators continued on a downward trend. Economic growth forecasts were below the 2% mark, reflecting a challenging operating environment. The economy was characterised by weak aggregate demand, persistent liquidity constraints and low foreign direct investments. Capacity utilisation reportedly decreased further as cheap imports, obsolete plants and erratic power supplies constrained production across most sectors of the economy. Informal business activities on the other hand remained significant, as economic participants drifted further from the formal structures of doing business.

On a positive note, however, the country eagerly awaits the finalisation of the debt repayment arrangements initiated by the government in 2015 which may provide the springboard for economic revival. The country requires significant fresh cash inflows coupled with investor-friendly macroeconomic policies to turn the fortunes of the economy around.

Financial Services Sector

The financial services sector has not been spared from the current economic distress as the sector's prospects follow the fortunes of the general economy. Some players have exited the industry either voluntarily or involuntarily due to unviable business models.

Non-performing loans on the other hand have been on a downward trend as banks tightened lending conditions, whilst the Reserve Bank's initiative of ZAMCO affords banks the opportunity to clean up their balance sheets. This may create additional capacity for underwriting new credit facilities which are critical in the economic revival process.

Regulatory authorities across the various sub-sectors of the financial services industry have been actively engaging the industry and have reviewed various risk management and compliance frameworks with a view to stabilising the industry and creating the necessary confidence required by all stakeholders. The regulators have also intervened in the determination of lending rates with the objective of making funding more affordable to key sectors of the economy and reducing non-performing loans in the process. Furthermore, banks have had the opportunity to lay out plans for financial inclusion as part of their initiatives to harness informal economic activities. This is expected to promote a more stable financial services industry, while providing the requisite platform for economic revival.

Share Price Performance.

Trading on the Zimbabwe Stock Exchange was subdued for the greater part of 2015. The depressed performance reflected the weak investment culture spurred by lack of savings as disposable incomes continued to shrink. The FBCH Share price retreated by 12.5% from 8c to 7c compared to the overall industrial index's negative outturn of 29.45%. Despite the negative share price outturn, the company has remained fundamentally strong and continues to unlock value as evidenced by growth in profitability and net asset value.

Corporate Social Investment

FBC Holdings Limited remains committed in giving back to the community as part of its corporate social investment strategy. It is in this light that the Group disbursed over US$120 000.00 towards various corporate social responsibility initiatives in the fields of education, health, community share trusts, sports and the arts during the year 2015.

Marketing and Public Relations

The FBC Holdings brand remains strongly visible within the financial services market place. During the course of the year, the Group's flagship brand, FBC Bank was recognised at the Corporate Governance Awards held by the Institute of Chartered Secretaries and Administrators in Zimbabwe where the following awards were presented: Second prize for the "Best Banking Risk Management" category, and Third prize in the "Best Banking Corporate Governance Practices" and "Best Banking Internal Audit Disclosures " categories. In addition, FBC Holdings was ranked as one of the top four performing companies on the Zimbabwe Stock Exchange by the Zimbabwe Independent Banks and Banking Survey 2015.

Group Chairman's Statement (continued)

e-Commerce

The volumes of transactions going through electronic platforms show remarkable growth as more customers become banked and embrace convenient, cashless and reliable modes of transacting. The Group has been able to significantly value-add services across all electronic platforms such as ATMs, POS, mobile gadgets and the internet. The year culminated in the launch of the FBC Mobile Banking Application on the mainstream Android and IOS platforms. The Group's e-commerce infrastructure is fundamental in enabling financial inclusion in the Zimbabwean market place. Having submitted its five-year financial inclusion plan to the Reserve Bank of Zimbabwe, the Group expects to implement the same in 2016 and beyond. It is imperative that the economy migrates to cash-lite methods of transacting, thus reducing the burden of using cash which is expensive to procure and manage. The Group continues to engage like-minded partners towards the development of an inter-operable payments eco-system for the benefit of individuals, businesses as well as government entities.

Directorate

Messrs Johnson Rex Mawere, Kenzias Chibota and James Mwaiyapo Matiza resigned from the Board of FBC Holdings Limited with effect from 25 June 2015, 12 October 2015 and 16 October 2015 respectively. I would like to thank the three directors for their valued contributions to the Group and would like to take this opportunity to wish them well in their new endeavors. Mr Robin Vela was appointed to the Board with effect from 7 October 2015. I welcome Robin to the Group and look forward to his wise counsel.

Dividend

On behalf of the Board of Directors, I am pleased to advise shareholders that a final dividend of 0.149 US cents per share was proposed. This makes a total dividend of 0.298 US cents per share, together with the interim dividend of 0.149 US cents per share which was paid in September 2015.

Outlook

In the face of a very challenging and intensely competitive environment, FBC Holdings will maintain its culture of outstanding performance and industry leadership. We will continue to monitor global and local economic developments, and realign our strategies as appropriate, with a view to continue driving shareholder value.

Appreciation

I wish to extend my sincere appreciation to our valued clients who have continued to support us over the years. The confidence and loyalty shown to the FBC brand are immeasurable. As always, I am immensely grateful for the guidance and counsel shown by the non-executive directors during this period, and for the professionalism, commitment and dedication shown by the Group Chief Executive, Mr John Mushayavanhu and the entire FBC team.

Herbert Nkala
Group Chairman
15 March 2016

Group Chief Executive's Report

Group Performance

The Group sustained a positive performance for the year 2015, achieving a profit before tax of US$21.3 million for the year compared to US$17.1 million last year. It is pleasing to note that the Group's total net income registered a growth of 6% to $81.9 million from US$77.4 million achieved last year. The revenue was sustained by increased customer acquisition and retention initiatives, whilst leveraging on the FBC brand.

It is my pleasure to once again present to you the FBC Holdings audited financial results for the 12 month period ending 31 December 2015. Despite the constraints presented by the economic environment, the Group has continued to leverage off its diverse business model as a means to delivering positive performance and preserving stakeholder interests.

Group Performance

The Group sustained a positive performance for the year 2015, achieving a profit before tax of US$21.3 million for the year compared to US$17.1 million last year. It is pleasing to note that the Group's total net income registered a growth of 6% to $81.9 million from US$77.4 million achieved last year. The revenue was sustained by increased customer acquisition and retention initiatives, whilst leveraging on the FBC brand.

The Group's net interest income grew by 12% to US$36.6 million from US$32.8 million recorded last year and its contribution to total income increased to 45% from 42% last year. This was driven by the growth in loans and advances, mortgages and financial assets held to maturity.

Fee and commission income decreased slightly by 1% to US$20.9 million from US$21.2 million achieved in the prior year. This was due to downward review conducted on bank charges during the course of the year. The contribution to total net income registered a marginal decrease to 25% from 27% on the back of a more pronounced net interest income and net earned insurance premium contribution.

The contribution of gross profit on property sales decreased to 1% from 4% mainly as a result of reduced turnover on property sales due to the fact that a significant number of housing units were completed towards the end of the year. Of note is the decline in margins on property sales to 14% from 36% last year as a result of increased competition in the housing sales space, continued liquidity challenges within the economy and a capital gains charge.

Net earned insurance premium registered a commendable growth of 15% and its contribution to total net income increased to 27% from 25% last year driven by increased customer acquisitions and the successful performance of our micro insurance products.

The Group continues to place emphasis on cost containment as a strategic objective for survival under the current challenging operating environment. The Group cost to income ratio improved to 74% from 78% last year, mainly due to a decreased impairment allowance arising from an improved loan book. Administration overheads at US$43 million were 9% above those incurred last year, as a result of expansion related expenses. The Bank and Microplan Financial Services opened two and four new branches respectively during 2015.

The Group's statement of financial position at US$490.5 million increased by 3% compared to the prior year. This growth is underpinned by continued customer support which is a further testimony to the continued consolidation of the FBC brand.

Total equity attributable to shareholders of FBC Holdings limited increased by 19% to US$105 million.

FBC Bank Limited

FBC Bank recorded a profit before income tax of US$9.3 million compared to US$2.2 million which was achieved for the prior year after a fair value loss adjustment of US$6 million on the disposal of Turnall investment. The Bank's cost to income ratio for the period improved to 76% from the prior year's figure of 93%. Where possible, the Group has continued to pursue a cost containment strategy supported by deployment of digital solutions to the bank's operations.

The Bank's statement of financial position marginally grew by 1% from US$382.7 million to US$387.4 million, reflective of the underlying punitive operating environment. Lines of credit from Afreximbank ($15 million) and PTA Bank ($10 million) were successfully repaid during the year when they were due for repayment, demonstrating FBC Bank's strong liquidity management. FBC Bank also accessed US$3.5 million from PTA Bank, particularly for the Agricultural Inputs Facility whilst an additional US$20 million was jointly raised from the local market through the issuance of Tobacco bills for the 2015/16 season.

Group Chief Executive's Report (continued)

The Bank increased its lending portfolio by 4.5% from US$252.8 million to US$268.5 million. Stringent credit policies were put in place to ensure that new credit was advanced only to qualifying customers. Asset quality has significantly improved, with Non-Performing Loans down to 8% as at 31 December 2015, in compliance with the RBZ guideline of 10% set for 30 June 2016.

The Bank's core capital as at 31 December 2015 which stood at US$43,1 million, is well in excess of the US$25 million minimum capital requirement set by the RBZ, and is in line with our re-capitalisation plan, in pursuit of US$100 million by 2020.

During the course of the year, the Bank opened an SME-oriented branch in Graniteside, extended its agency banking portfolio and deployed more Point of Sale terminals in pursuit of its financial inclusion initiatives. An additional branch was also opened in Borrowdale to serve our growing customer base in the northern suburbs.

The Bank continued with its e-commerce based strategy and introduced a mobile application to further increase customer convenience when transacting.

The Bank maintained an A-rating from the Global Credit Rating Agency in 2015.

FBC Building Society

FBC Building Society continues to be a significant player on the Zimbabwean properties market as it continues to avail high quality and affordable housing units on the market. A total of 90 new housing units were released into the market during the year under review.

The Society recorded a surplus of US$6.3 million for the year ended 31 December 2015, which is relatively comparable to the US$6.8 million recorded in the prior year. Total net income for the year amounted to US$12.9 million in comparison to the US$14.1 million recorded in 2014.

The Building Society's statement of financial position increased by 14%, to US$124.8 million, from US$109.4 million in 2014. Deposits increased by 16% from US$74.1 million to US$ 85.3 million. The loan portfolio also registered a 16% growth to US$57.9 million from US$50.1 million in 2014. The loan book growth continues to be driven by mortgages lending, arising from our housing development projects.

The net capital for the Building Society stood at US$35.0 million as at 31 December 2015, which is compliant with the current minimum capital requirements for building societies.

Microplan Financial Services (Private) Limited

Microplan's growth in market share and profitability since inception has remained impressive, supported by aggressive business development techniques and strong risk management methods. Microplan recorded a full year profit before tax of US$3 million in 2015, posting a 47% increase on the prior year. The capital level of the company stands at US$5.5 million which is well above the regulatory minimum requirement of US$25 000. 00 and in compliance with the required minimum capital for deposit taking Micro Finance Institutions of $5 million.

In the same period under review, new branches were opened in Chipinge, Chinhoyi, Lupane and Kwekwe, and these have been very active in the deployment of new Microplan products, namely micro-leasing, house expansion loans and rural agriculture business finance. Partnerships with targeted development agencies have yielded exciting results which have advanced Microplan's penetration of its target markets. The Zimbabwe Microfinance Fund (ZMF) in August 2015 extended a new line of credit to Microplan, adding to the existing lines of credit.

FBC Securities (Private) Limited

The meltdown in the world financial markets and reduced aggregate demand culminated in a negative performance of 29.45% for the industrial index on the Zimbabwe Stock Exchange, as investors became more risk averse. This impacted negatively on the unit's first half performance of 2015. With the coming on board of the Central Securities Depository and Automated Trading System in the listed securities market, FBC Securities rationalised its operations in the second half of 2015.

An increased presence in foreign markets and additional income from fixed income securities trading helped the unit finish

Group Chief Executive's Report (continued)

strongly in 2015. Looking ahead, the unit will continue with the income diversification strategy hinged on equities, fixed income trading and advisory services.

FBC Reinsurance Limited

FBC Reinsurance's gross premium income for 2015 amounted to US$17.8 million compared to US$15.6 million written in 2014, representing an increase of 13%. Profit before income tax amounted to $2.5 million, which is a 6% decrease from the US$2.7 million achieved last year. Performance was adversely impacted by the adverse performance of the ZSE, as well as the reduction in money market rates which resulted in investment income decreasing from $648 000.00 in 2014 to $583 000.00 in 2015.

Inspite of the challenging operating environment, the company maintained an underwriting result of US$1.9 million supported by strong underwriting discipline and robust risk management systems. The company has been steadily increasing its market share from 12% in 2010 to 20% in 2015, on the back of increased confidence from the company's clients.

FBC Reinsurance's maintained its A- rating in claims paying ability from the Global Credit Rating Agency of South Africa.

The company commenced writing Life and Health business in 2015 and is already participating in some of the major life companies' treaties. This new line of business is expected to contribute meaningfully in 2016, based on the business written thus far.

FBC Reinsurance's retrocession programme has been enhanced by the addition of an A rated global reinsurer on the panel. This ensures that the business accepted by FBC Re is reinsured with some of the strongest Global reinsurers. The company also has arrangements with top rated specialist markets covering businesses against risks associated with Political Riots and Terrorism, as well as Cyber Risks.

Eagle Insurance Company Limited

Eagle Insurance continues to grow since its acquisition by the Group in 2011. Gross Written Premium increased by 6% to US$18.9 million from US$16.9 million in 2014. The insurance company has continued to post profits consistently since 2012.

I am pleased to report that the outlook remains largely positive, with the business unit poised to benefit from on-going product development in the largely untapped micro insurance space. Eagle Insurance continues to exercise robust risk management, engage in prudent underwriting and also continues to maintain a very liquid balance sheet. In 2015, Eagle Insurance's claims paying ability was upgraded to A- by the Global Credit Rating Agency.

Service Delivery

Our commitment as FBC Holdings is to deliver outstanding service that leaves a lasting impression on all our clients and stakeholders. In this regard, the Group has embarked on a mission to refurbish its branches, giving them a more contemporary feel. The Group also opened new branches across the country for units such as Microplan and FBC Bank in a bid to increase our footprint and nurture financial inclusion.

Risk Management

The Group's risk management processes are built on the Enterprise-Wide Risk Management model. This has enabled the development of a strong risk management culture across FBC Holdings which is critical in the effective management of risks across the business. Key focus areas include people, processes and systems, as these are key pillars in the implementation of the enterprise-wide risk management programme. The Group has a well-defined risk appetite which provides the connection between the overall business strategy and the risk governance of the organisation. A mandatory review of policy and procedure manuals is conducted at least once every year to ensure realignment with changes in the operating environment.

Internal Capital Adequacy Assessment Processes (ICAAP) and Stress Tests are part of management's regular tools to ensure businesses have sufficient capital at all times, consistent with risk profiles. Proactive measures are put in place to address any vulnerability noted in stress testing exercises. The Group's internal control environment continues to improve as the Group implements ISO Information Security and Basel II standards. The Group has fully embraced these standards in its quest to foster strong risk management standards. Management and the Board, which are an integral part of the risk governance structure

Group Chief Executive's Report (continued)

across the Group, continue to provide oversight on overall risks.

Know Your Customer (KYC) and Anti Money Laundering (AML)
The prevention of money laundering and terrorist financing is a key focus of the FBC Group. The Group has put in place the necessary Know Your Customer (KYC) and Customer Due Diligence (CDD) controls designed to inhibit the movement of funds derived from any criminal activity, curb the availability of money to fund terrorist activities and prevent illicit financial flows. The Group and its subsidiaries is guided by the standards of regulatory and supervisory bodies such as the Financial Action Task Force (FATF), the Wolfsberg Group, the East and Southern African Anti Money Laundering Group (ESAAMLG) and the Reserve Bank of Zimbabwe Financial Intelligence Unit. In addition, the FBC Group has adopted international best practice in order to refine its process flows relating to anti-money laundering (AML) and the countering of the financing of terrorism (CFT) as guided by regular interactions with its correspondent bankers.

Key controls that have been put in place to minimize the Money Laundering/Terrorist Financing risk include the following; Board approved AML/CFT Policies and Procedures which are reviewed annually; Risk Based Approach to KYC/CDD; Risk Based Training of all Staff; Independent and Anonymous Reporting Arrangements and Automated Screening Solutions.

Human Resources
The Group enjoys harmonious employee relations across all its business units. For the fifth consecutive year, the Group was able to retain its key and critical skills that are pivotal in delivering the service it provides to its valued customers and stakeholders. Employee commitment to the Group continues to be high as reflected by the level of employee engagement which in 2015 surpassed the average level recorded for the last 4 years.

The financial performance of the company bears testimony to the level of productivity that committed and highly engaged employees are capable of delivering. Internal and independent research has confirmed the existence of a positive correlation between high employee engagement and better company performance. The Group will continue to review its policies with a view to ensuring that areas which increase the level of employee commitment and consequently productivity, are given attention. These include but are not limited to employee relations, talent management, performance management, incentives and rewards, learning and development, employee participation, work life balance, employee wellness and other related policies which influence high levels of engagement and belonging.

Information Technology and E-Commerce
The FBC brand has made tremendous inroads in leveraging technology to enhance efficiency, lower costs and deliver superior customer experience and convenience. Emerging channels such as mobile and internet banking continue to benefit from the high penetration rate, resulting in a surge in electronic transactional volumes and associated revenues. The Group is focused on broadening service access for the banked, whilst enhancing reach for the un-banked and under-banked segments which previously could not be served optimally via brick and mortar structures.

In an effort to increase our global footprint in the payments market, the Bank will shortly implement the VISA international card scheme which will see us accept and process VISA cards by April 2016. FBC Bank has also embarked on a drive to adopt and implement globally recognised frameworks in ICT governance and management to increase the efficiency and effectiveness of our computing platform as it becomes more complex and sophisticated.

The Group is at an advanced stage of implementing an Information Security Management System based on the ISO27001 standard. This is to ensure preservation of confidentiality, integrity and availability of the Information Systems and the valuable information they process, thereby protecting stakeholder value against ever-escalating cyber threats. Technology remains fundamental to the FBC financial value chain, which will also utilise the agency network to enable reach and financial inclusion across multiple ecosystems. The Group is well poised to deliver integrated payment systems to its clients and the economy at large.

Group Chief Executive's Report (continued)

We are fully aware of the shorter life-cycle of ICT infrastructure, attributed to the ever-changing needs of our valued customers. To this end, we have invested US$3 million to revamp our ICT infrastructure, which will result in enhanced systems performance, business continuity, agility and real-time monitoring of the computing environment, thus assuring our customers of a guaranteed superior experience on any FBC electronic service delivery channel they transact on.

Product Development

Our greatest asset as a Group is the ability to understand the desires of our clients and the market at large, thereby giving us the scope to come up with products that are cost effective and tailor made for our clients. In line with our e-Commerce thrust, we are also coming up with competitive and user friendly e-based products.

Appreciation

As always, my sincere gratitude is extended to our valued and loyal customers who have demonstrated their well-placed confidence in us over the years. I wish to convey my sincere gratitude to the FBC Holdings Limited Board of Directors, Management and staff members for their unwavering guidance, contribution and support.

John Mushayavanhu
Group Chief Executive
15 March 2016

Directors' Report

The directors have pleasure in submitting the annual report and financial statements, for the financial year ended 31 December 2015, for FBC Holdings Limited.

ACTIVITIES AND INCORPORATION

FBC Holdings Limited (''the Company") and its subsidiaries (together "the Group") are incorporated and domiciled in Zimbabwe. The Group comprises of five wholly-owned subsidiaries and one subsidiary controlled 95%. The Group, through its subsidiaries, provides a wide range of commercial banking, mortgage financing, short term reinsurance, short term insurance, stockbrocking and other related financial services.

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital of the Company was 800 000 000 ordinary shares of a nominal value of US$0.00001 each as at 31 December 2015. The issued and fully paid ordinary shares remained at 671 949 927 ordinary shares of US$0.00001 with no movements during the year. The details of the authorised and issued share capital are set out in note 19 of the consolidated financial statements.

RESERVES

The Group's total shareholders' equity attributable to equity holders of the parent as at 31 December 2015 was US$104 629 847 (2014: US$88 008 703).

FINANCIAL STATEMENTS

	2015 US$	2014 US$
Continuing operations		
The results reflected a profit before income tax for the year of	21 348 021	17 095 396
Income tax expense	(3 249 778)	(3 162 233)
Profit for the year for continuing operations	**18 098 243**	**13 933 163**
Loss for the year from discontinued operations	-	(9 038 872)
Profit for the year	**18 098 243**	**4 894 291**
Equity holders of the parent	18 040 863	4 838 405
- From continued operations	18 040 863	13 877 277
- From discontinued operations	-	(9 038 872)
Non-controlling interest	57 380	55 886
	18 098 243	4 894 291

Directors' Report (continued)

DIRECTORS' INTERESTS

As at 31 December 2015, the Directors' interest in the issued shares of the Company directly or indirectly is shown below:

Directors' shareholding

Number of shares	Direct holding	Indirect holding	Total
H. Nkala (Group Chairman)	-	410 339	410 339
J. Mushayavanhu (Group Chief Executive)	142 241	31 760 865	31 903 106
T. Kufazvinei (Executive Director)	35 114	11 408 184	11 443 298
W. Rusere (Executive Director)	5 000	5 897 153	5 902 153
F. Gwandekwande (Executive Director)	7 344	-	7 344
	189 699	49 476 541	49 666 240

The other directors have no shareholding in the Company.

CAPITAL ADEQUACY

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

FBC Bank Limited, FBC Building Society and Microplan Financial Services (Private) Limited are all regulated by the Reserve Bank of Zimbabwe ("RBZ"). 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 capital position for these subsidiaries is detailed in the table below;

Company As at 31 December 2015	Regulatory Authority	Minimum Capital Required US$	Discounted Capital US$	Total Equity US$
FBC Bank Limited	RBZ	25 000 000	41 387 308	43 067 712
FBC Building Society	RBZ	20 000 000	35 029 984	35 029 984
FBC Reinsurance Limited	IPEC	3 000 000	11 830 862	11 830 862
FBC Securities (Private) Limited	SECZ	150 000	264 865	264 865
Eagle Insurance Company (Private) Limited	IPEC	1 500 000	5 772 560	5 772 560
Microplan Financial Services (Private) Limited	RBZ	10 000	5 491 778	5 491 778

Directors' Report (continued)

Company As at 31 December 2014	Regulatory Authority	Minimum Capital Required US$	Discounted Capital US$	Total Equity US$
FBC Bank Limited	RBZ	25 000 000	30 668 972	33 264 921
FBC Building Society	RBZ	20 000 000	29 702 581	29 752 809
FBC Reinsurance Limited	IPEC	3 000 000	10 272 398	10 272 398
FBC Securities (Private) Limited	SECZ	150 000	237 308	237 308
Eagle Insurance Company (Private) Limited	IPEC	1 500 000	4 664 093	4 664 093
Microplan Financial Services (Private) Limited	RBZ	10 000	3 353 009	3 353 009

At 31 December 2015, the banking subsidiary's capital adequacy ratio computed under the Reserve Bank of Zimbabwe regulations was 15% and that of the building society was 41%, against the statutory minimum ratios of 12%. The respective capital adequacy ratios are determined as illustrated below.

FBC Bank Limited capital adequacy ratio	31-Dec-15 US$	31-Dec-14 US$
Ordinary share capital	18 500 925	18 500 000
Share premium	2 199 075	-
Retained profits	20 742 037	12 479 003
General reserve	-	660 244
Capital allocated for market and operational risk	(6 890 321)	(4 035 797)
Advances to insiders	(1 680 404)	(2 595 950)
Tier 1 capital	32 871 312	25 007 500
Other reserves	1 625 675	1 625 675
General provisions	-	-
Tier 1 and 2 capital	34 496 987	26 633 175
Tier 3 capital allocated for market and operational risk	6 890 321	4 035 797
	41 387 308	30 668 972
Risk weighted assets	282 449 567	194 870 201
Tier 1 ratio (%)	12%	13%
Tier 2 ratio (%)	1%	1%
Tier 3 ratio (%)	2%	2%
Capital adequacy ratio (%)	15%	16%
Minimum Statutory Capital adequacy ratio	**12%**	**12%**

Directors' Report (continued)

FBC Building Society capital adequacy ratio	31-Dec-15 US$	31-Dec-14 US$
Share capital and share premium	11 266 599	11 266 599
Accumulated surplus	23 669 470	18 392 295
Capital allocated for market and operational risk	(1 685 134)	(1 650 312)
Advances to insiders	-	(50 228)
Tier 1 capital	33 250 935	27 958 354
Non distributable reserves	-	-
Revaluation reserves	93 915	93 915
Tier 1 and 2 capital	33 344 850	28 052 269
Tier 3 capital allocated for market and operational risk	1 685 134	1 650 312
	35 029 984	29 702 581
Risk weighted assets	86 155 979	73 516 267
Tier 1 ratio (%)	39%	38%
Tier 2 ratio (%)	0%	0%
Tier 3 ratio (%)	2%	2%
Capital adequacy ratio (%)	41%	40%
Minimum Statutory Capital adequacy ratio	**12%**	**12%**

DIVIDEND

A final dividend of 0.149 US cents per share was declared by The Board on 15 March 2016 payable on 671 949 927 ordinary shares in issue in respect of the year ended 31 December 2015. The dividend is payable to Shareholders registered in the books of the Company at the close of business on Friday, 8 April 2016. The shares of the company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 1 April 2016 and ex-dividend as from 4 April 2016. Dividend payment will be made to Shareholders on or about 20 April 2016.

Directors' Report (continued)

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and the integrity of the financial statements that fairly present the state of the affairs of the Group as at the end of the financial year, the statement of comprehensive income, changes in equity and cash flows for the year and other information contained in this report. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in the manner required by the Zimbabwe Companies Act (Chapter 24.03), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96. The financial statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, plant and equipment, investment property and financial assets at fair value through profit or loss.

INDEPENDENT AUDITOR

Messrs. Deloitte & Touche have expressed their willingness to continue in office and shareholders will be asked to confirm their re-appointment at the forthcoming Annual General Meeting and to fix their remuneration for the past year.

By order of the Board
Tichaona K. Mabeza
SECRETARY
15 March 2016

Board of Directors

HERBERT NKALA

B.Sc. Hons, MBA

(CHAIRMAN)

Appointed to the First Banking Corporation Limited Board in February 1997. He is a Chairman and director of several other companies, which are listed on the Zimbabwe Stock Exchange.

JOHN MUSHAYAVANHU

AIBZ, DIP MANAGEMENT, MBA

(GROUP CHIEF EXECUTIVE)

John is an Associate of the Institute of Bankers in Zimbabwe ("AIBZ"), and holds a Diploma in Management from Henley Management College, United Kingdom, as well as a Masters degree in Business Administration from Brunel University, United Kingdom. A career banker, John has over 35 years in the financial services sector. He has previously held senior positions in corporate and retail banking with a local multinational bank. John is a former President of Bankers Association of Zimbabwe ("BAZ"). John joined FBC Bank as an Executive Director in the Corporate Banking division in October 1997. He became Managing Director in 2004 and was appointed the Chief Executive of the FBC Group on the 1st of June 2011.

GERTRUDE SIYAYI CHIKWAVA

MSc Strategic Management, AIBZ

(NON-EXECUTIVE DIRECTOR)

Appointed to the Board of FBC Holdings Limited in December 2009. She is a director of several other companies.

PHILIP MHARIDZO CHIRADZA

(MSC - Strategic Management), Dip (Gen Management)

(NON-EXECUTIVE DIRECTOR)

Appointed to the Board of FBC Holdings Limited in June 2005. He is the former Managing Director of Beverley Building Society and is also a director of several other companies.

KLETO CHIKETSANI

Bachelor of Business Studies (Honours) (UZ), AIISA

(EXECUTIVE DIRECTOR)

Kleto has over 22 years experience in reinsurance gathered with two leading reinsurers in Zimbabwe. He is one of the founder members of FBC Reinsurance Limited, having joined the company (then Southern Africa Reinsurance Company Limited) on 1 January 1995 as Senior Underwriter and rose through the ranks to become Executive Director, Operations of FBC Reinsurance Limited in 2006. He holds a Bachelor of Business Studies (Honours) Degree from the University of Zimbabwe and is also an Associate of the Insurance Institute of South Africa. He was appointed Managing Director for FBC Reinsurance Limited on 1 March 2012.

FELIX GWANDEKWANDE

AIBZ, MBA in Accounting, Banking and Economics (UK)

(EXECUTIVE DIRECTOR)

Felix was appointed Managing Director of FBC Building Society on the 1st of June 2011. A career banker, chartered marketer, and a holder of a Masters in Business Administration from Nottingham Trent University, Felix has over 27 years experience in the financial services industry encompassing most aspects of banking. He joined FBC Bank in 1998, rising through branch management and heading the Bank's Retail Operations.

FRANKLIN HUGH KENNEDY

Business Administration (Honours)

(NON EXECUTIVE DIRECTOR)

Franklin is currently the President of Equator Capital Partners LLC and is director of several other companies. He is a holder of a Bachelor of Business Administration (Honours) degree from the University of Western Ontario, Canada. He was appointed to the Board of FBC Holdings Limited on 18 December 2013.

TRYNOS KUFAZVINEI

B Acc (Hons), CA(Z), MBA

(GROUP FINANCE DIRECTOR)

Trynos is a Chartered Accountant (Zimbabwe) who completed his articles with Pricewaterhouse and holds a Masters degree in Business Administration from University of Manchester, United Kingdom. Trynos is responsible for the finance and administration matters of FBC Holdings Limited. He has over 24 years experience in finance and administration. Trynos joined FBC Bank Limited in January 1998 as Head of Finance and Administration and was appointed to the board in October 2003. He became Group Finance Director in 2004 following the consolidation of the FBC Group and was appointed the Deputy Chief Executive Officer of the FBC Group on the 1st of June 2011.

CANADA MALUNGA

B.Acc (Hons), CA(Z)

(NON-EXECUTIVE DIRECTOR)

Canada, a Chartered Accountant (Zimbabwe) by training who completed his articles with Pricewaterhouse, has wide experience in various sectors of commerce and industry in Zimbabwe. He is the Managing Director of Masimba Holdings Limited. He was appointed to the Board of FBC Holdings Limited on the 8th of June 2011.

CHIPO MTASA

B.Acc (Hons), CA(Z)

(NON-EXECUTIVE DIRECTOR)

Chipo, is a Chartered Accountant (Zimbabwe) who completed her articles with Coopers & Lybrand. She has wide experience in various sectors of commerce and industry in Zimbabwe. She is the former Group Chief Executive for the Rainbow Tourism Group and is currently the Managing Director of Telone and director of several other companies. She was appointed to the Board of FBC Holdings Limited on the 3rd of July 2012.

GODFREY GAVIRO NHEMACHENA

BSc. Soc

(NON-EXECUTIVE DIRECTOR)

Appointed to the Board of Directors of First Banking Corporation Limited in June 2002 and to the Board of FBC Holdings in August 2004. He holds directorships in a number of other companies. He is the former Town Clerk for the City of Gweru and is the past Chairman of the Local Authorities Pension Fund.

WEBSTER RUSERE

AIBZ, MBA

(EXECUTIVE DIRECTOR)

Webster commenced his banking career in 1982 and rose through the corporate and retail banking ranks to become Head of Global Trade Finance and Cash Management Services in 1995 of a local multinational bank. He also served in other senior positions covering Local and Foreign Treasury Management, International Trade Finance, Correspondent Banking and Fund Management. He joined FBC Bank Limited in March 2000 as Project Manager and rose to become Managing Director of FBC Bank Limited Congo Sarl in November 2000. After the expiry of the DRC management contract in 2004, he was appointed Head of Retail Banking Division. He held the position of Managing Director at FBC Building Society for four years and was appointed Managing Director for FBC Bank Limited on the 1st of June 2011.

ROBIN VELA

BSC Economics and Accounting (Honours), FCA, FCSI

(NON EXECUTIVE DIRECTOR)

Appointed to the Board of FBC Holdings Limited on 7 October 2015. Robin is a Chartered Accountant and has worked for various international organisations in the United States of America, United Kingdom, South Africa and Swaziland. He sits on a number of Boards and is the Chairman of National Social Security Authority.

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.

Guidelines issued by the Reserve Bank of Zimbabwe from time to time are strictly adhered to and compliance check lists are continuously reviewed. The Board of Directors comprises of five executive directors and eight non-executive directors.

The composition of the Board of FBC Holdings Limited shows a good mix of skill, experience as well as succession planning. The Group derives tremendous benefit from the diverse level of skills and experience of its Board of Directors.

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.

Board Attendance

Board Member	Main Board				Board Audit				Board HR				Board Finance & Strategy				Board Risk & Compliance				Board Marketing & PR			
	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
John Mushayavanhu	✓	✓	✓	✓	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kenzias Chibota	✓	✓	✓	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
Kleto Chiketsani	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	N/A	×	✓	✓	N/A	✓	×	✓	✓
Philip M Chiradza	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	✓	N/A	N/A	N/A	✓	✓	✓	✓	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	N/A	N/A	✓	✓	✓	✓	N/A	N/A	N/A	✓	✓	✓	✓	✓
Felix Gwandekwande	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	N/A	✓	×	✓	N/A	✓	✓	✓	✓
Franklin H Kennedy	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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
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	N/A	N/A	N/A	N/A	N/A	×	✓	✓	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	N/A
Johnson R Mawere	✓	✓	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	N/A	N/A	N/A	N/A
Godfrey G Nhemachena	✓	✓	✓	✓	×	✓	✓	✓	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	✓	✓	✓	✓
Robin Vela	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

Legend

Not a Member N/A	Attended ✓	Apologies ×	Quarter Q	Meeting Postponed P

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:

Board Finance and Strategy Committee

Members

C. Malunga (Chairman)

G. Chikwava

P. M. Chiradza

C. Mtasa

J. Mushayavanhu

R. Vela

The Board Finance and Strategy Committee has written terms of reference. This committee is constituted at Group level and oversees the subsidiary companies. It is chaired by a non-executive director. Meetings of the Committee are attended by invitation, by other senior executives.

The committee meets at least four times a year to review the following amongst other activities:

• The Group's financial statements, and accounting policies,

Corporate Governance (continued)

• The Group's strategy and budget,

• The Group's performance against agreed benchmarks and

• The adequacy of the Group's management information systems.

Board Human Resources and Remuneration Committee

Members

H. Nkala (Chairman)

P. M. Chiradza

J. Mushayavanhu

G. G. Nhemachena

The Committee is chaired by a non-executive director and comprises mainly non-executive directors. This Committee is constituted at Group level and oversees the subsidiary companies. Meetings of the committee are attended by invitation by the Divisional Director of Human Resources.

The Committee's primary objective is to ensure that the right calibre of management is attracted and retained. To achieve this it ensures that the directors, senior managers and staff are appropriately rewarded for their contributions to the Group's performance.

The Committee is also responsible for the Group's Human Resources Policy issues, terms and conditions of service.

Non-executive directors are remunerated by fees and do not participate in any performance-related incentive schemes.

Board Audit Committee

Members

C. Mtasa (Chairperson)

C. Malunga

G.G. Nhemachena

The Committee is chaired by a non-executive director and comprises of non-executive directors only. The Divisional Director of Internal Audit, the Group Chief Executive, the Group Finance Director and other executives attend the committee by invitation. The Committee is constituted at Group level and oversees subsidiary companies.

The Committee meets regularly to:

• Review compliance with statutory regulations,

• Review the effectiveness of internal controls,

• Review and approve the financial statements and

• Review reports of both internal and external auditors' findings, instituting special investigations where necessary.

Board Risk and Compliance Committee

Members

G.G. Nhemachena (Chairman)

G. Chikwava

J. Mushayavanhu

R. Vela

The Committee is constituted at Group level and is responsible for the group risk management function. It is chaired by a non executive director. The Committee's primary objective is to maintain oversight of the Group's risk and regulatory compliance processes and procedures and monitor their effectiveness. The Committee keeps under review, developments and prospective changes in the regulatory environment and monitors significant risk and regulatory issues affecting the Group, noting any material compliance/ regulatory breaches and monitoring resolution of any such breaches.

Board Credit Committee

Members

G.R. Bera (Chairman)

D.W. Birch

T. Mazoyo

W. Rusere

This committee falls directly under the Bank. It sets the Bank's credit policy and also approves credit applications above management's discretionary limits. The committee is responsible for the overall quality of the Bank's credit portfolio. The committee is chaired by a non-executive director. The Head of Credit attends the committee meetings by invitation.

Corporate Governance (continued)

Board Loans Review Committee

Members

M. Ndoro (Chairperson)

T. Mutunhu

M. Nzwere

The committee falls directly under the Bank, has terms of reference and comprises non-executive directors only.
Meetings of the committee are attended by invitation, by the Managing Director of the Bank, the Head of Credit and the Group Chief Executive.

The committee is responsible for ensuring that the Bank's loan portfolio and lending activities abide by the Bank's credit policy as approved by the Board of Directors and is in compliance with RBZ requirements. It also ensures that problem loans are properly identified, classified and placed on non-accrual in accordance with the Reserve Bank guidelines. The committee also ensures that adequate impairment allowances are made for potential losses and write-offs of losses identified are made in the correct period.

Board Assets and Liabilities Committee

Members

M.Nzwere (Chairman)

T. Mazoyo

J. Mushayavanhu

T. Mutunhu

W. Rusere

The committee falls directly under the Bank, draws its members from the Bank's Board and is chaired by a non executive director. It is responsible for the continuous monitoring of the Bank's assets and liabilities.

Internal Controls

The Directors are responsible for the Group's internal control systems, which incorporate procedures that have been designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliably reported.

The key procedures which the Board considers essential to provide effective control include:

i) Decentralized organisational structure with strong management working within defined limits of responsibility and authority.

ii) An annual budgeting process with quarterly re-forecasts to reflect changing circumstances, and the identification of key risks and opportunities.

iii) Detailed monthly management accounts with comparisons against budget through a comprehensive variance analysis.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these internal control procedures and systems has occurred during the year under review.

Executive Committee

The operational management of the Group is delegated to the executive committee, which is chaired by the Group Chief Executive. The executive committee is the chief operating decision maker for the Group.

The executive committee comprises:

The Group Chief Executive

Deputy Group Chief Executive and Group Finance Director

Managing Director (FBC Bank Limited)

Managing Director (FBC Reinsurance Limited)

Managing Director (FBC Building Society)

Managing Director (FBC Securities (Private) Limited)

Managing Director (Eagle Insurance Company (Private) Limited)

General Manager (Microplan Financial Services (Private) Limited)

Group Company Secretary

Divisional Director Human Resources

It meets monthly or more frequently if necessary and acts on behalf of the Board.

Internal Audit

The internal audit department examines and evaluates the Group's activities with the aim of assisting management with the effective discharge of their responsibilities. It reviews the reliability and integrity of financial and operating information, the systems of internal control, the efficient management of the

Corporate Governance (continued)

Group's resources, the conduct of operations and the means of safeguarding assets. The Divisional Director of Internal Audit reports to the Chairman of the Audit Committee.

Risk Management and Control

Introduction and overview

Managing risk effectively in a diverse and complex institution requires a comprehensive risk management governance structure that promotes the following elements of a sound risk management framework:

- Sound board and senior management oversight,
- Adequate policies, procedures and limits,
- Adequate risk monitoring and management information systems ("MIS"), and
- Adequate internal controls.

FBC Holdings Limited manages risk through a comprehensive framework of risk principles, organisational structure and risk processes that are closely aligned with the activities of the entities in the Group.

The most important risks that the Group is exposed to are listed below:

- Credit risk,
- Market risk,
- Liquidity risk,
- Reputational risk,
- Strategic risk,
- Operational risk and
- Compliance risk.

In addition to the above, there are also specific business risks that arise from the Group's reinsurance and insurance subsidiaries' core activities.

Risk management framework

In line with the Group's risk strategy, size and complexity of its activities, the Board established a risk governance structure and responsibilities that are adequate to meet the requirements of a sound risk management framework.

The Group's Board of Directors has the ultimate responsibility for ensuring that an adequate and effective system of internal controls is established and maintained. The Board delegates its responsibilities to the following Committees through its respective Board Committees:

- Group Risk and Compliance Committee,
- Group Audit Committee,
- Group Human Resources and Remuneration Committee,
- Group Finance and Strategy Committee,
- Credit Committees for the Bank and Building Society,
- Loans Review Committees for the Bank and Building Society and
- Assets and Liabilities Committees ("ALCO") for the Bank and Building Society.

The specific duties delegated to each committee of the Board and its respective Management Committee are outlined in the terms of reference for the specific committees.

In addition to the above Committees, the following three risk related functions are directly involved in Group-wide risk management:

- Group Risk Management,
- Group Internal Audit and
- Group Compliance.

Group Risk Management Division assumes a central role in oversight and management of all risks that the Group is exposed to in its various activities. The Head of Group Risk Management is responsible for recommending to the Group Risk and Compliance Committee and the Board Risk and Compliance Committee a framework that ensures the effective management and alignment of risk within the Group. The Head of Group Risk Management is responsible for the process of identifying, quantifying, communicating, mitigating and monitoring risk.

Group compliance is an independent compliance management activity that is headed by the Group Head of Compliance who reports administratively to the Group Chief Executive and directly to the Group Risk and Compliance Committee. The Group Head of Compliance has unrestricted access to the Chairman of the

Corporate Governance (continued)

Group Risk Compliance Committee.

Group Internal Audit independently audits the adequacy and effectiveness of the Group's risk management, control and governance processes. The Divisional Director of Group Internal Audit who reports administratively to the Group Chief Executive and functionally to the Chairman of the Audit Committee, provides independent assurance to the Group Audit Committee and has unrestricted access to the Chairman of the Group Board Audit Committee.

The principal risks to which the Group is exposed to and which it continues to manage are detailed in note 36 under Financial Risk Management.

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 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 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 Management 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.

Compliance risk

Compliance risk is the current and prospective risk to earnings or

Corporate Governance (continued)

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 Group'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.

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), the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96, The Income Tax Act (Chapter 23:06), The Capital Gains Act (Chapter 23:01) and the Value Added Tax Act (Chapter 23:12).

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.

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	2015	2014	2013	2012	2011
FBC Bank Limited	A-	A-	A-	A-	A-
FBC Reinsurance Limited	A-	A-	A-	A-	A-
FBC Building Society	BBB-	BBB-	BBB-	BBB-	BBB-
Eagle Insurance Company Limited	A-	BBB	BBB-	BB+	BB

Herbert Nkala
(Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Group Company Secretary)

Financial Statements

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Independent auditor's report
To the shareholders of

FBC HOLDINGS LIMITED
We have audited the accompanying consolidated and separate financial statements of FBC Holdings Limited, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 4 to 69.

Directors' Responsibility for the consolidated financial statements
The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Insurance Act (Chapter 24:07) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of FBC Holdings Limited as at 31 December 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial
Reporting Standards.

Report on Other Legal and Regulatory Requirements
In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02),the Insurance Act (Chapter 24:07) and the relevant statutory instruments (SI 33/99 and SI 62/96).

Deloitte & Touche

Deloitte & Touche
Harare, Zimbabwe
15 March 2016

Consolidated Statement of Financial Position
As at 31 December 2015

ASSETS	Note	31 Dec 2015 US$	31 Dec 2014 US$
Balances with banks and cash	4	93 762 063	110 965 506
Financial assets held to maturity		49 624 033	10 749 309
Loans and advances to customers	5.1	282 971 693	303 672 544
Trade and other receivables including insurance receivables	5.2	8 099 529	6 382 407
Bonds and debentures	6	8 702 320	2 768 518
Financial assets at fair value through profit or loss	7	1 050 037	1 349 039
Available for sale financial assets	8	377 568	407 764
Inventory	9	6 112 654	4 464 350
Prepayments and other assets	10	5 666 568	6 095 286
Current tax asset		-	197 042
Deferred income tax assets	18	6 181 913	4 274 800
Investment property	11	2 472 140	1 693 000
Intangible asset	12	897 946	1 212 593
Property and equipment	13	24 646 858	23 115 845
Total assets		**490 565 322**	**477 348 003**
EQUITY AND LIABILITIES			
Liabilities			
Deposits from customers	14.1	209 430 098	217 117 952
Deposits from other banks	14.2	77 986 130	65 333 257
Borrowings	15	73 303 740	82 416 654
Insurance liabilities	16	9 404 428	7 278 048
Trade and other payables	17	13 933 849	15 343 915
Current income tax liability		907 522	1 095 584
Deferred income tax liability	18	710 525	545 697
Total liabilities		**385 676 292**	**389 131 107**
Equity			
Capital and reserves attributable to equity holders of the parent entity			
Share capital and share premium	19.3	14 089 892	14 089 892
Other reserves	20	38 439 904	39 486 008
Retained profits		52 100 051	34 432 803
		104 629 847	88 008 703
Non controlling interest in equity		259 183	208 193
Total equity		**104 889 030**	**88 216 896**
Total equity and liabilities		**490 565 322**	**477 348 003**

The consolidated financial statements on pages 35 to 111 were authorised for issue by the board of directors on 15 March 2016 and were signed on its behalf.

Herbert Nkala
(Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Company Secretary)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

Continuing operations	Note	2015 US$	2014 US$
Interest income	22	61 476 965	61 380 917
Interest expense	22.1	(24 848 487)	(28 545 366)
Net interest income		**36 628 478**	**32 835 551**
Fee and commission income	23	20 977 274	21 233 171
Fee and commission expense	23.1	(81 617)	(67 270)
Net fee and commission income		**20 895 657**	**21 165 901**
Revenue	24	6 709 923	8 282 137
Cost of sales	24.1	(5 758 871)	(5 282 538)
Gross profit		**951 052**	**2 999 599**
Insurance premium revenue	25	35 425 142	31 067 431
Premium ceded to reinsurers and retrocessionaires		(13 227 253)	(11 777 515)
Net earned insurance premium		**22 197 889**	**19 289 916**
Net trading income		792 957	999 900
Net losses from financial assets at fair value through profit or loss	26	(361 233)	(335 862)
Other operating income	27	850 102	405 016
		1 281 826	**1 069 054**
Total net income		**81 954 902**	**77 360 021**
Impairment allowance on financial assets	5.4	(3 325 576)	(8 343 080)
Net insurance commission expense	28	(4 798 058)	(4 004 082)
Insurance claims and loss adjustment expenses	29	(8 551 720)	(7 580 228)
Administrative expenses	30	(43 931 527)	(40 337 235)
Profit before income tax		**21 348 021**	**17 095 396**
Income tax expense	31	(3 249 778)	(3 162 233)
Profit for the year from continuing operations		**18 098 243**	**13 933 163**
Discontinued operations			
Loss for the year from discontinued operations		-	(9 038 872)
Profit for the year		**18 098 243**	**4 894 291**

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2015

Other comprehensive income	Note	2015 US$	2014 US$
Items that will not be reclassified to profit or loss			
Transfer from regulatory reserves		627 590	-
Gains on property revaluation		-	1 222 154
Tax relating to other comprehensive income		-	(238 040)
		627 590	**984 114**
Items that may be subsequently reclassified to profit or loss			
Available for sale reserve		(30 196)	(31 125)
Tax		302	311
		(29 894)	**(30 814)**
Other comprehensive income, net income tax		597 696	953 300
Total comprehensive income for the year		**18 695 939**	**5 847 591**
Profit attributable to:			
Equity holders of the parent		18 040 863	4 838 405
Non - controlling interest		57 380	55 886
Profit for the year		**18 098 243**	**4 894 291**
Profit attributable to equity shareholders arises from:			
Continuing operations:		18 040 863	13 877 277
Discontinued operations:		-	(9 038 872)
		18 040 863	**4 838 405**
Total comprehensive income attributable to:			
Equity holders of the parent		18 638 559	5 779 344
Non - controlling interest		57 380	68 247
Total comprehensive income for the year		**18 695 939**	**5 847 591**
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations:		18 638 559	14 818 216
Discontinued operations:		-	(9 038 872)
		18 638 559	**5 779 344**
Earnings per share (US cents)			
Basic earnings/(loss) per share	35.1		
From continuing operations		2.72	2.09
From discontinued operations		-	(1.36)
		2.72	**0.73**
Diluted earnings/(loss) per share	35.2		
From continuing operations		2.72	2.09
From discontinued operations		-	(1.36)
		2.72	**0.73**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital US$	Share premium US$	Retained profits US$	Share option reserve US$	Treasury shares US$	Non distributable reserve US$	Revaluation reserve US$	Available for sale reserve US$	Regulatory reserve US$	Changes in ownership US$	Total US$	Non controlling interest US$	Total equity US$
Balance as at 1 January 2014	**6 719**	**14 083 173**	**32 413 981**	**110 716**	**(339 150)**	**36 222 261**	**3 191 743**	**-**	**627 590**	**1 679 029**	**87 996 062**	**9 686 407**	**97 682 469**
Profit for the year	-	-	4 838 405	-	-	-	-	-	-	-	4 838 405	55 886	4 894 291
Other comprehensive income;													
Gain on revaluation of property, plant and equipment, net of tax	-	-	-	-	-	-	971 753	-	-	-	971 753	12 361	984 114
Available for sale reserve	-	-	-	-	-	-	-	(30 814)	-	-	(30 814)	-	(30 814)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**971 753**	**(30 814)**	**-**	**-**	**940 939**	**12 361**	**953 300**
Total comprehensive income	**-**	**-**	**4 838 405**	**-**	**-**	**-**	**971 753**	**(30 814)**	**-**	**-**	**5 779 344**	**68 247**	**5 847 591**
Transaction with owners:													
Dividend declared and paid	-	-	(1 001 205)	-	-	-	-	-	-	-	(1 001 205)	(16 510)	(1 017 715)
Dividend in specie	-	-	(3 930 947)	-	-	-	-	-	-	-	(3 930 947)	-	(3 930 947)
Disposal of interest in subsidiary	-	-	2 001 853	-	-	-	(1 993 495)	-	-	(8 358)	-	(9 529 951)	(9 529 951)
Realisation of reserve	-	-	110 716	(110 716)	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	(834 551)	-	-	-	-	-	(834 551)	-	(834 551)
Total transactions with owners recognised directly in equity	**-**	**-**	**(2 819 583)**	**(110 716)**	**(834 551)**	**-**	**(1 993 495)**	**-**	**-**	**(8 358)**	**(5 766 703)**	**(9 546 461)**	**(15 313 164)**
Balance as at 31 December 2014	**6 719**	**14 083 173**	**34 432 803**	**-**	**(1 173 701)**	**36 222 261**	**2 170 001**	**(30 814)**	**627 590**	**1 670 671**	**88 008 703**	**208 193**	**88 216 896**
Balance as at 1 January 2015	**6 719**	**14 083 173**	**34 432 803**	**-**	**(1 173 701)**	**36 222 261**	**2 170 001**	**(30 814)**	**627 590**	**1 670 671**	**88 008 703**	**208 193**	**88 216 896**
Profit for the year	-	-	18 040 863	-	-	-	-	-	-	-	18 040 863	57 380	18 098 243
Other comprehensive income													
Transfer from regulatory reserves	-	-	627 590	-	-	-	-	-	(627 590)	-	-	-	-
Available for sale reserve	-	-	-	-	-	-	-	(29 894)	-	-	(29 894)	-	(29 894)
Total other comprehensive income	**-**	**-**	**627 590**	**-**	**-**	**-**	**-**	**(29 894)**	**(627 590)**	**-**	**(29 894)**	**-**	**(29 894)**
Total comprehensive income	**-**	**-**	**18 668 453**	**-**	**-**	**-**	**-**	**(29 894)**	**(627 590)**	**-**	**18 010 969**	**57 380**	**18 068 349**
Transaction with owners: -													
Dividend declared and paid	-	-	(1 001 205)	-	-	-	-	-	-	-	(1 001 205)	(6 390)	(1 007 595)
Treasury share purchase	-	-	-	-	(388 620)	-	-	-	-	-	(388 620)	-	(388 620)
Total transactions with owners recognised directly in equity	**-**	**-**	**(1 001 205)**	**-**	**(388 620)**	**-**	**-**	**-**	**-**	**-**	**(1 389 825)**	**(6 390)**	**(1 396 215)**
Balance as at 31 December 2015	**6 719**	**14 083 173**	**52 100 051**	**-**	**(1 562 321)**	**36 222 261**	**2 170 001**	**(60 708)**	**-**	**1 670 671**	**104 629 847**	**259 183**	**104 889 030**

Consolidated Statement of Cash Flows
Year ended 31 December 2015

	Note	2015 US$	2014 US$
Cash flow from operating activities			
Profit before income tax		21 348 021	17 095 396
Adjustments for:			
Depreciation	13	1 747 315	1 633 171
Amortisation charge	12	493 636	451 168
Impairment loss on loans and advances	5.4	3 325 576	8 343 080
Impairment loss on property and equipment	13	-	346 845
Fair value adjustment on investment property	11	(162 576)	-
Fair value adjustment on financial assets at fair value through profit or loss	26	361 233	335 862
Profit from disposal of property and equipment	27	(32 503)	(15 268)
Net cash generated before changes in operating assets and liabilities		**27 080 702**	**28 190 254**
Increase in financial instrument held to maturity		(38 874 724)	(10 749 309)
Decrease/(increase) in loans and advances		17 375 275	(46 254 766)
(Increase)/decrease in trade and other receivables		(1 717 122)	4 542 557
Increase in bonds and debentures		(5 933 802)	(104 239)
Increase in financial assets at fair value through profit or loss		(62 231)	(213 701)
Decrease/(increase) in available for sale financial assets		30 196	(407 764)
Increase in inventory		(1 648 304)	(306 276)
Decrease in prepayments and other assets		428 718	390 361
Increase in investment property		(616 564)	(648 000)
(Decrease)/increase in deposits from customers		(7 687 854)	64 113 180
Increase/(decrease) in deposits from other banks		12 652 873	(10 598 244)
Increase/(decrease) in insurance liabilities		2 126 380	(4 357 919)
(Decrease)/increase in trade and other payables		(1 410 066)	3 649 800
		1 743 477	**27 245 934**
Income tax paid		(4 987 872)	(2 907 837)
Net cash (used)/generated from operating activities		**(3 244 395)**	**24 338 097**
Cash flows from investing activities			
Purchases of intangible assets	12	(178 989)	(302 816)
Purchase of property, plant and equipment	13	(3 321 442)	(1 312 671)
Proceeds from sale of property, plant and equipment		50 512	15 989
Net cash used in investing activities		**(3 449 919)**	**(1 599 498)**
Cash flows from financing activities			
Proceeds from loans and borrowings		3 735 163	39 987 316
Repayment of loans and borrowings		(12 848 077)	(18 836 406)
Dividend paid to company's shareholders		(1 001 205)	(1 001 205)
Dividends paid to non-controlling interests		(6 390)	(16 510)
Purchase of treasury shares		(388 620)	(834 551)
Net cash (used)/generated from financing activities		**(10 509 129)**	**19 298 644**
Net (decrease)/increase in cash and cash equivalents		**(17 203 443)**	**42 037 243**
Cash and cash equivalents at beginning of the year		110 965 506	68 928 263
Cash and cash equivalents at the end of year	4.2	**93 762 063**	**110 965 506**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1 GENERAL INFORMATION

FBC Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide a wide range of commercial banking, mortgage financing, micro lending, reinsurance, short-term insurance, and stockbrocking services. During the year 2014, the Group disposed of Turnall Holdings Limited, its manufacturing subsidiary. 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 15 March 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Standards Interpretations Committee, ("IFRIC") interpretations, Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07) and in the manner required by the Zimbabwe Companies Act, (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 62/96 and SI 33/99. The consolidated financial statements 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, available for sale financial assets, investment property and property and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 Changes in accounting policy and disclosures

<u>Accounting standards and interpretations adopted impacting the annual financial statements</u>

In the current year, the Group did not adopt any new or revised accounting standards or interpretations as these had no significant impact on the amounts or disclosures reported.

<u>New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current period or prior period.</u>

IAS 19 Employee Benefits

Amendments clarifying the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. Effective for annual periods beginning on or after 1 July 2014.

Annual Improvements (2011 to 2013 Cycle)

Deals with amendments to IFRS 3, IFRS 13 and IAS 40.

Effective annual periods beginning on or after 1 July 2014.

Annual Improvements (2010 to 2012 Cycle)

Deals with amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 24.

Effective annual periods beginning on or after 1 July 2014.

<u>Impact of standards and interpretations in issue but not yet effective</u>

IFRS 9 – Financial Instruments: Classification and Measurement

The standard is set to replace the current IAS 39.

Effective annual periods beginning on or after 1 January 2018, early application permitted.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

IFRS 14 - Regulatory Deferral Accounts
The standard permits an entity who is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP. Effective annual periods beginning on or after 1 January 2016, early application permitted.

IFRS 15 - Revenue from Contracts with Customers
The standard is set to replace IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. Effective annual periods beginning on or after 1 January 2017, early application permitted.

IFRS 10 – Consolidated Financial Statements and IAS 28 – Investment in Associates and Joint Ventures
Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and amendments regarding the application of the consolidation exception. Effective annual periods beginning on or after 1 January 2016.

IFRS 11 - Joint Arrangements
The amendment deals with the accounting for acquisitions of an interest in a joint operation. Effective annual periods beginning on or after 1 January 2016.

IFRS 12 - Disclosure of Interests in Other Entities, IFRS 10 – Consolidated Financial Statements and IAS 28 – Investment in Associates and Joint Ventures
The amendments relate to the application of the consolidation exception.
Effective annual periods beginning on or after 1 January 2016.

IAS 16 - Property, Plant and Equipment and IAS 38 – Intangible Assets
The separate amendments relates to the clarification of acceptable methods of depreciation, and bringing bearer plants into the scope of the standard. Effective annual periods beginning on or after 1 January 2016.

IAS 41 – Agriculture and IAS 16 Property, Plant and Equipment
The amendment brings bearer plants into the scope of IAS 16.
Effective annual periods beginning on or after 1 January 2016.

IAS 1 - Presentation of Financial Statements
The amendment clarifies the concept of materiality.
Effective annual periods beginning on or after 1 January 2016.

IAS 27 – Separate Financial Statements
The amendment clarifies equity accounting in separate financial statements and when a parent ceases to be an investment entity, or becomes an investment entity.
Effective annual periods beginning on or after 1 January 2016.

Except for IFRS 9, the above accounting standards are not expected to have a significant impact on the Group's financial statements. Management are in the process of determining the potential impact of IFRS 9.

2.1.2 Going concern
The Group's forecasts and projections, taking account of reasonably possible changes in trading 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

2.2 Basis of consolidation

(a) Subsidiaries

The consolidated financial statements combine the financial statements of FBC Holdings Limited ("the Company") and all its subsidiaries. Subsidiaries are all 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. 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 loses 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 IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, 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 re-measured 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

(d) Separate financial statements of the Company

The Company recognises investments in subsidiaries at cost, less accumulated impairment allowances in the separate financial statements of the Company.

2.3 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, stockbroking and manufacturing (up to date of disposal).

2.3.1 Commercial banking

The principal activities of this segment consist of dealing in the money and foreign exchange markets, retail, corporate and international banking and corporate finance.

2.3.2 Microlending

The principal activities of this segment consist of short-term lending to the informal market.

2.3.3 Mortgage financing

The principal activities of this segment consist of housing development, mortgage lending, savings deposit accounts and other money market investment products.

2.3.4 Reinsurance

The principal activities of this segment consist of underwriting the following classes of reinsurance business; fire, engineering, motor, miscellaneous accident classes and marine.

2.3.5 Short - term insurance

The principal activities of this segment consist of underwriting the following classes of insurance business; fire, engineering, motor, miscellaneous accident classes and marine.

2.3.6 Stockbroking

The principal activities of this segment consist of dealing in the equities market and offering advisory services.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in the United States of America dollar ("US$"), which is the Group's presentation currency. All the Group's subsidiaries operate in Zimbabwe and have the United States of America dollar ('US$') as their functional and presentation currency.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains or losses are presented in the statement of comprehensive income within 'net trading income'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2.5 Financial assets and liabilities

2.5.1 Categories of financial instruments

<table>
<tr><th colspan="2">Category (as defined by IAS 39) Financial instruments: recognition and measurement</th><th colspan="2">Class (as determined by the Group)</th><th colspan="2">Subclasses</th></tr>
<tr><td rowspan="12">Financial assets</td><td>Financial assets at fair value through profit or loss</td><td colspan="2">Financial assets held for trading</td><td colspan="2">Equity securities (listed on the Zimbabwe Stock Exchange)</td></tr>
<tr><td></td><td colspan="2">Financial assets held to maturity</td><td colspan="2">Treasury bills</td></tr>
<tr><td colspan="3">Available for sale</td><td colspan="2">Equity securities (listed on the Zimbabwe Stock Exchange)</td></tr>
<tr><td rowspan="9">Loans and receivables</td><td colspan="2">Loans and advances to other banks</td><td colspan="2">Placements</td></tr>
<tr><td colspan="2" rowspan="2">Trade receivables</td><td colspan="2">Large corporate customers</td></tr>
<tr><td colspan="2">Retail customers</td></tr>
<tr><td rowspan="6">Loans and advances to customers</td><td rowspan="3">Loans to individuals</td><td colspan="2">Mortgages</td></tr>
<tr><td colspan="2">Term loans</td></tr>
<tr><td colspan="2">Overdrafts</td></tr>
<tr><td rowspan="3">Loans to corporate entities</td><td>Large corporate customers</td><td rowspan="3">Bankers acceptances, Mortgages, Term loans, Overdrafts</td></tr>
<tr><td>SMEs</td></tr>
<tr><td>Other</td></tr>
<tr><td rowspan="6">Financial liabilities</td><td rowspan="6">Financial liabilities at amortised cost</td><td colspan="4">Deposits from other banks</td></tr>
<tr><td colspan="4">Lines of credit</td></tr>
<tr><td rowspan="3">Deposits from customers</td><td colspan="2">Large corporate customers</td><td rowspan="3">Call deposits
Time deposits
Current accounts</td></tr>
<tr><td colspan="2">SMEs</td></tr>
<tr><td colspan="2">Individuals</td></tr>
<tr><td colspan="4">Other borrowings</td></tr>
<tr><td rowspan="2">Contingent liabilities and commitments</td><td colspan="5">Loan commitments</td></tr>
<tr><td colspan="5">Guarantees and letters of credit</td></tr>
</table>

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

2.5.2 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains or losses arising from a group of similar transactions such as in the Group's trading activity.

2.5.3 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available for sale, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

(b) Financial assets held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Group does not intend to sell immediately or in the near term. The Group's loans and receivables comprise 'balances with banks and cash', 'loans and advances to customers', 'debentures', and 'trade and other receivables including insurance receivables' on the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, that is, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed within administrative expenses in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss and available-for-sale financial assets is recognised in the statement of comprehensive income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When these financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains or losses from investment securities'.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

The fair values of quoted investments are based on current bid prices. If the market for a financial (and for unlisted securities) is not available, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and receivables are stated net of impairment allowances.

The Group classifies the financial instruments into classes that reflect the nature of information and takes into account characteristics of those financial instruments. The classification made can be seen in section 2.5.1.

(e) Financial liabilities The Group's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include deposits from other banks and customers, borrowings, certain insurance liabilities and trade and other liabilities. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

2.5.4 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Objective evidence that a financial asset or a group of financial assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as default or delinquency in interest or principal payments;

(iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group including:
- adverse changes in the payment status of borrowers in a group; or
- national or local economic conditions that correlate with defaults on the assets in a group.

If there is objective evidence that a loss event (or events) on loans and receivables carried at amortised cost has occurred, the amount of the allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the allowance is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring an impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in the statement of comprehensive income.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

Impairment losses on loans and advances

Impairment losses are held in respect of loans and advances to customers. The level of impairment is determined in accordance with the provisions, set out in International Accounting Standard, ("IAS"), 39, 'Financial instruments: recognition and measurement'.

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 the loans and advances. The amount of the allowance is the difference between the carrying amount and the recoverable amount. The loan loss allowance also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the statement of financial position date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectible, it is written off against the related allowance for the impairment. Subsequent recoveries are credited to the statement of comprehensive income.

Specific impairment for non-performing loans, covering identified impaired loans, are based on periodic evaluations of the loans and advances and take account of past loss experience, economic conditions and changes in the nature and level of risk exposure. Retail loans and advances are considered non-performing when amounts are due and unpaid for three months. Corporate loans are analysed on a case-by-case basis taking into account breaches of key loan conditions. Specific impairment against loans and advances is based on an appraisal of the loan portfolio, and is made where the repayment of identified loans is in doubt. Portfolio impairment is made in relation to losses which, although not separately identified, are known from experience to exist in any loan portfolio.

The Banking Regulations issued by the Reserve Bank of Zimbabwe also give guidance on provisioning for doubtful debts and stipulate certain minimum percentages to be applied to the respective categories of the loan book.

In order to comply with both prescriptions, the Directors have taken the view that where the IAS 39 charge is less than the amount provided for in the Banking Regulations, the difference is effectively an appropriation charged against equity and where it is more, the full amount will be charged to the statement of comprehensive income.

Impairment allowances are applied to write-off advances when all security has been realised and further recoveries are considered to be unlikely. Recoveries of bad debts that would have been written off are shown as other income in the financial statements and where the bad debts are still part of an impairment allowance in the financial statements they are shown as a recovery in the statement of financial position.

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose repayment terms have been renegotiated are no longer considered to be past due but are reset to performing loans status. These loans are subject to ongoing review to determine whether they are considered impaired or past due.

Non-performing loans

Interest on loans and advances is accrued to income until such time as reasonable doubt exists about its collectability, thereafter and until all or part of the loan is written-off, interest continues to accrue on customers' account but is not included in income. Such suspended interest is deducted from loans and advances in the statement of financial position.

2.5.5 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests any remaining control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished. Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a portion of the risks.

2.5.6 Customer deposits

Customer deposits are recognized initially at fair value, net of transaction costs incurred. Deposits are subsequently shown at amortised costs using the effective interest method.

2.5.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.5.8 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

2.5.9 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment, (when a payment under the guarantee has become probable).

2.6 Balances with other banks and cash

Cash and bank balances comprise cash on hand, deposits held at call with other banks, and cash and balances with the Central Bank.

2.6.1 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with other banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown as liabilities.

2.7 Trade and other receivables including insurance receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

2.8 Insurance contracts

Classification of insurance contracts

Contracts under which the Group accepts significant insurance risk from another party ("the policyholder") by agreeing to compensate the policyholder or other beneficiary in the event of loss are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

Recognition and measurement

Revenue

Gross premiums written reflect business written during the year, and exclude any taxes or duties charged on premiums. Premiums written include estimates for 'pipeline' premiums and adjustments to estimates of premiums written in previous years.

The earned proportion of premiums is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of the risks underwritten.

Unearned premium provision

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the subsequent financial year, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

Claims

Claims incurred comprise the settlement and handling costs paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims' provisions.

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all the claims incurred but unpaid at the statement of financial position date whether reported or not, and related internal and external claims handling expenses. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior years are reflected in the financial statements of the period in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Unexpired risk provision

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premiums provision in relation to such policies after the deduction of any deferred acquisition costs. The provision of unexpired risk is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and unexpired claims provision.

Reinsurance assets

The reinsurance subsidiary cedes reinsurance to another reinsurer (hereafter a retrocessonaire) and the short-term insurance subsidiary cedes insurance risk to reinsurers in the normal course of business for the purpose of limiting its net loss potential

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

through the diversification of its risks. Assets, liabilities, income and expenses arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense of the related insurance contract because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only rights under contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance assets. Rights under contracts that do not transfer significant insurance risk are accounted for as financial instruments.

Reinsurance premiums for ceded reinsurance are recognised as an expense on a basis that is consistent with the recognition basis for the premiums on the related insurance contract. For general insurance business, reinsurance premiums are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of ceded reinsurance premiums is included in the reinsurance assets.

The net amounts paid to the reinsurer at the inception of a contract may be less than the reinsurance assets recognised by the Group in respect of rights under contracts. Any difference between the premium due to the reinsurer and the reinsurance asset recognized is included in the statement of comprehensive income in the period in which the reinsurance premium is due.

The amounts recognised as reinsurance assets are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts.

Reinsurance assets include recoveries due from reinsurance companies in respect of claims paid. These are classified as loans and receivables and are included within trade and other receivables in the statement of financial position.

Reinsurance assets are assessed for impairment at each statement of financial position date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the retrocessionaire.

Reinsurance liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised when the obligation arises.

Deferred acquisition costs

Costs incurred in acquiring insurance contracts are deferred to the extent that they are recoverable out of future margins. Acquisitions costs include direct cost such as commission and indirect costs such as administrative expenses connected with the processing of proposals and issuing of policies.

Deferred acquisition costs are amortised over the period in which the costs are expected to be recoverable out of future margins in the revenue from the related contracts.

For insurance contracts the deferred acquisition cost represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written which is unearned at the statement of financial position date.

2.9 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the first in, first-out (“FIFO”) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

2.10 Investment property

Investment property is recognised as an asset when it is probable that future economic benefits that are associated with the investment property will flow to the Group and the cost of the property can be reliably measured. Investment property is initially measured at cost and subsequently measured at fair value.

Investment property is property held to earn rentals and/or for capital appreciation. It is stated at its fair value at the reporting date as determined by independent professional valuers. Gains or losses arising from changes in the fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to market evidence of most recent proceeds achieved in arms length transactions of similar properties.

Transfers from investment property are made when there is a change in use, evidenced by commencement of owner- occupation for a transfer from investment property to owner-occupied property. The property's deemed cost for subsequent accounting is its fair value at the date of change in use.

Investment property is derecognised on disposal or when the property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses from disposal is determined as the difference between the net proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income in the period of disposal.

2.11 Intangible assets

2.11.1 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each cash generating unit or group of cash generating units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of the acquisition. Negative goodwill is immediately recognised in the statement of comprehensive income.

2.11.2 Software licences

Separately acquired software licences are at historical cost less accumulated amortisation. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives not exceeding 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives ranging from three to five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

2.12 Property and equipment

(a) Recognition and measurement

The cost of an item of property and equipment is recognised as an asset if, and only if; it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Land and buildings comprise mainly retail banking branches and offices occupied by the Group. Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent accumulated depreciation for buildings and subsequent accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the cost of dismantling the asset and removing items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
Where parts of an item of property or equipment have different useful lives, they are accounted for (major components) as separate property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income within 'administrative expenses' during the financial period in which they are incurred. Subsequent costs can also be recognised as separate assets.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income. The revaluation surplus is transferred from 'revaluation reserve' to 'retained profits' on disposal of the revalued asset.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold premises	50 years
Computer equipment	3 - 5 years
Motor vehicles	5 years
Office equipment	5 - 10 years
Furniture and fittings	10 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income within other 'operating income'.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

The carrying amounts of the Group's items of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment allowance is recognised whenever the carrying amount exceeds its recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount (note 2.14)

(c) Derecognition

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

2.13 Time - share asset

The time - share asset comprises a house boat jointly owned with external entities and the Group has a majority share. The boat is recognised as an asset for owner use. The boat is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the Time - share asset.

Depreciation is calculated using the straight-line method to allocate the cost or to the residual values over the estimated useful life of 10 years.

2.14 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment allowance is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows or cash generating units ("CGUs"). The impairment test can also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of income tax, from the proceeds. Repurchase of share capital (“treasury shares”), where any group company purchases the Company’s share capital (“treasury shares”), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s shareholders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s shareholders.

2.19 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s consolidated financial statements in the period in which the dividends are declared by the Company’s directors.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Lease income from operating leases is recognised in the statement of comprehensive income within ‘other operating income’ on a straight-line basis over the lease term

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

2.21 Revenue recognition

Revenue is derived substantially from the business of banking and related activities, provision of insurance services and the sale of manufactured products. Revenue is measured at the fair value of the consideration received or receivable. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, measurement of the associated costs incurred to earn the revenue or the possible return of the goods. Revenue is recognised as follows; for the manufacturing subsidiary, revenue represents amounts invoiced to customers for goods supplied and services rendered, net of value added tax and allowances for defective goods.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

From the business of banking and related services; revenue comprises interest income, fees and commission income, net trading income and dividend income.

2.21.1 Interest income and interest expense

Interest income and interest expense are recognised in the statement of comprehensive income for all interest instruments on an accrual basis using the effective interest method. The effective interest is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Interest income excludes fair value adjustments on interest-bearing financial instruments. Fair value adjustments are reported under other income.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

2.21.2 Fee and commission income

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Loan commitment fees (“establishment fees”) for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate of the loan.

Commission and fee income arising in the negotiations or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Other management advisory and service fees are recognised based on an accrual basis.

2.21.3 Net trading income

Net trading and dealing income includes gains or losses arising from disposals and changes in fair values of financial assets and liabilities held for trading. Net trading income also includes gains or losses arising from changes in foreign currency exchange rates.

Income from equity investments and other non-fixed income investments is recognised as income on an accrual basis.

2.21.4 Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is at the ex-dividend date for equity securities. Dividends are reflected as a component of non-interest income based on the underlying classification of the equity instruments.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

2.21.5 Sale of goods - manufacturing

The Group manufactures and sells a range of tubing and roofing products in the wholesale market. Sales of goods are recognised when the Group has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

2.21.6 Sale of goods - property sales

The Group is involved in the construction of houses for sale through a structured mortgage transaction as part of its trading activities. The Group recognises revenue from sale of houses using the stage of completion method . Revenue on the land portion is recognized in full on execution of the sale agreement.

Revenue from sale of properties in the ordinary course of business is measured at fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists usually in the form of an executed sale agreement, that the significant risk and rewards of ownership have been transferred to the buyer.

2.21.7 Insurance premiums (including reinsurance premiums)

Premiums written comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business. An estimate is made at the statement of financial position date to recognise retrospective adjustments to premiums or commissions.

The earned portion of premiums received, including unclosed business, is recognised as revenue. Premiums on unclosed business are brought into account, based upon the pattern of booking of renewals and new business. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance service received. A portion of outwards reinsurance premiums are treated as prepayments.

2.22 Employee benefits

(a) Termination benefits

Termination benefits are benefits payable as a result of the Group's decision to terminate employment before the normal retirement date (or contractual date) or whenever an employee accepts voluntary redundancy in exchange of those benefits. Termination benefits are recognised as an expense at the earlier of the following dates : (a) when the Group can no longer withdraw the offer for these benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, contingent liabilities and contingent assets' and involves the payment of terminal benefits. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(b) Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render service. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

(c) Post employment benefits

Post employment benefits are employee benefits (other than termination benefits) which are payable after completion of employment. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Pension obligation

The Group provides for retirement benefit obligation in respect of its employees as follows;

- FBCH Pension Fund - Defined Contribution Fund,
- Eagle Insurance Pension Fund (for the short-term insurance subsidiary employees) - Defined Contribution Fund,
- National Social Security Authority ("NSSA") - a Statutory Defined Contribution Fund. Contributions to NSSA are made in terms of statutory regulations and are charged against income as incurred.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(d) Profit sharing and bonus plans

The Group recognises a liability and an expense for profit sharing and bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after an independent audit. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Share-based payment transactions

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs within operating expenses in the statement of comprehensive income.

2.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the year excluding ordinary shares purchased by the Company, held as treasury shares. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and then dividing by the weighted average number of outstanding shares during the year excluding ordinary shares purchased by the Company, held as treasury shares but taking into consideration, for the effects of all potential dilutive factors.

2.24 Headline earnings per share

The Group presents headline earnings per share ("HEPS") for its ordinary shares. Headline earnings are calculated by excluding the following from the profit or loss attributable to ordinary shareholders of the Company; impairment/ subsequent reversal of impairment of property, plant and equipment and intangible assets; gains or losses on disposal of such assets; any remeasurements of investment property; remeasurement of goodwill impairment; the recognised gain on bargain purchase; gains or losses on disposals of financial assets classified as available for sale or associates and gains or losses in the loss of control or a subsidiary.

These adjusted earnings are then divided by the weighted average number of ordinary shares during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

2.25 Dividend in specie

The Group measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution. When the Group settles the dividend payable, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss. Where the distribution constitutes a business, and the shares relating to the business are quoted on an active market, the liability is measured at the fair value of the shares to be distributed using the quoted price.

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.

3.1 Impairment allowances on loans and advances

Collective impairment

The Group assesses its loan portfolios for impairment at least monthly. In determining whether an impairment allowance should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be allocated to an individual loan in that portfolio. Estimates are made of the duration between occurrence of a loss event and the identification of a loss on an individual basis. The impairment for performing and past due but not impaired loans is calculated on a portfolio basis based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated emergence period.

Specific loan impairments

Non-performing loans include those for which the Group has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for long periods.

Management's estimates of future cash flows on individually impaired loans are based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Recoveries of individual loans as a percentage of the outstanding balances are estimated as follows;

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

	Expected time to recovery 2015 Months	Expected recoveries as a percentage of impaired loans 2015 %	Impairment loss Sensitivity 2015 US$	Expected time to recovery 2014 Months	Expected recoveries as a percentage of impaired loans 2014 %	Impairment loss Sensitivity 2014 US$
Personal loans	6	10%	7 690	6	10%	38 004
Corporate loans	12	75%	50 894	12	75%	136 905

Sensitivity is based on the effect of a one percentage point increase in the value of the estimated recovery on the value of the specific impairment.

3.2 Income taxes

The Group is subject to income tax in Zimbabwe except for one subsidiary, FBC Building Society which is exempt from income tax. Significant judgement is required in determining the income tax payable. There are many transactions and calculations for which ultimate tax determination during the ordinary course of business is estimated. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from amounts that were initially recognised, such differences will impact the income and deferred income tax liabilities in the period in which such determination is made. Additional information is disclosed in note 18 and 31.

3.3 Claims

The Group's estimates for reported and unreported losses and establishing provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of comprehensive income. The process is based on the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. Additional information is disclosed in note 16.

3.4 Inventory valuation

The process for evaluating inventory obsolescence or market value often requires the Group to make subjective judgments and estimates concerning future sales levels, quantities and prices at which such inventory will be sold in the normal course of business. The Group adjusts the inventory by the difference between the estimated market value and the actual cost of the inventory to arrive at net realizable value. The Group's estimates for market value are reviewed at least annually and updated. Any write down resulting from this review is reflected in the statement of comprehensive income in 'cost of sales'.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

		31-Dec-15 US$	31-Dec-14 US$
4	**BALANCES WITH BANKS AND CASH**		
4.1	**Balances with Reserve Bank of Zimbabwe ("RBZ")**		
	Current account balances	57 131 391	63 395 624
	Balances with banks and cash		
	Notes and coins	13 326 759	26 585 721
	Other bank balances	23 303 913	20 984 161
		36 630 672	47 569 882
	Balances with banks and cash (excluding bank overdrafts)	**93 762 063**	**110 965 506**
	Current	93 762 063	110 965 506
	Non-current	-	-
	Total	**93 762 063**	**110 965 506**
4.2	**Cash and cash equivalents**		
	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)	57 131 391	63 395 624
	Balances with banks and cash (note 4.1)	36 630 672	47 569 882
		93 762 063	**110 965 506**
	Per cash flow statement	**93 762 063**	**110 965 506**
5	**LOANS AND RECEIVABLES**		
5.1	**Loans and advances to customers**		
	Loans and advance maturities		
	Maturing within 1 year	166 959 721	105 242 184
	Maturing after 1 year	136 396 594	221 128 015
	Gross carrying amount	**303 356 315**	**326 370 199**
	Impairment allowance	(20 384 622)	(22 697 655)
		282 971 693	**303 672 544**

The maturity analysis of loans and receivables is based on contractual maturity from year end.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

Reconciliation of impairment allowance by nature of advance	Mortgages US$	Personal loans US$	Corporate loans US$	Total US$
As at 1 January 2014	909 546	2 586 582	10 725 045	14 221 173
Charge for the year	848 059	895 482	6 350 989	8 094 530
Increase in impairment allowances	848 059	895 482	6 350 989	8 094 530
Reversal of impairment	-	-	-	-
Interest in suspense	31 141	205 166	3 243 874	3 480 181
Amount written off during the year as uncollectible	(301 004)	-	(2 797 225)	(3 098 229)
As at 31 December 2014	**1 487 742**	**3 687 230**	**17 522 683**	**22 697 655**
As at 1 January 2015	1 487 742	3 687 230	17 522 683	22 697 655
Charge for the year	636 560	517 393	2 054 623	3 208 576
Increase in impairment allowances	636 560	517 393	2 054 623	3 208 576
Reversal of impairment	-	-	-	-
Interest in suspense	153 191	447 924	1 534 987	2 136 102
Amount written off during the year as uncollectible	(162 251)	-	(7 495 460)	(7 657 711)
As at 31 December 2015	**2 115 242**	**4 652 547**	**13 616 833**	**20 384 622**

The specific allowance is arrived at after discounting the expected cash flows either from repayment or realisation of registered bond values of security held. The collective allowance has been determined using the Group's historical loss experience.

5.2 Trade and other receivables

	31-Dec-15 US$	31-Dec-14 US$
Insurance receivables;		
- Due by insurance clients and insurance brokers	6 012 301	5 909 664
- Due by reinsurers	566 701	758 769
- Due by retrocessionaires	2 034 269	110 716
Gross carrying amount	**8 613 271**	**6 779 149**
Impairment allowance	(513 742)	(396 742)
	8 099 529	**6 382 407**
Current	8 099 529	6 382 407
Non-current	-	-
Total	**8 099 529**	**6 382 407**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

5.3 Irrevocable commitments

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

5.4 Allowance for impairment

	Loans and advances	Trade and other receivables	Total
Balance as at 1 January 2014	14 221 173	4 148 168	18 369 341
Impairment allowance through statement of comprehensive income	8 094 530	248 550	8 343 080
Impairment allowance for discontinued operations	-	(3 999 976)	(3 999 976)
Amounts written off during the year as uncollectible	(3 098 229)	-	(3 098 229)
Interest in suspense	3 480 181	-	3 480 181
Balance as at 31 December 2014	**22 697 655**	**396 742**	**23 094 397**
Balance as at 1 January 2015	22 697 655	396 742	23 094 397
Impairment allowance through statement of comprehensive income	3 208 576	117 000	3 325 576
Amounts written off during the year as uncollectible	(7 657 711)	-	(7 657 711)
Interest in suspense	2 136 102	-	2 136 102
Balance as at 31 December 2015	**20 384 622**	**513 742**	**20 898 364**

	31-Dec-15 US$	31-Dec-14 US$
6 BONDS AND DEBENTURES		
Maturing after 1 year but within 7 years	**8 702 320**	**2 768 518**
Current	-	-
Non-current	8 702 320	2 768 518
Total	**8 702 320**	**2 768 518**

Bonds have a fixed interest rate of 10% and 5%. They mature on 30 June 2022 and 30 September 2020 respectively.

	31-Dec-15 US$	31-Dec-14 US$
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed securities at market value	**1 050 037**	**1 349 039**
Current	1 050 037	1 349 039
Non-current	-	-
Total	**1 050 037**	**1 349 039**
8 AVAILABLE FOR SALE FINANCIAL ASSETS		
Listed securities at market value	**377 568**	**407 764**
Current	377 568	407 764
Non-current	-	-
Total	**377 568**	**407 764**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

9 INVENTORY	31-Dec-15 US$	31-Dec-14 US$
Raw materials	274 442	90 285
Work in progress	4 039 788	2 569 611
Finished goods	1 798 424	1 804 454
	6 112 654	**4 464 350**
Current	6 112 654	4 464 350
Non-current	-	-
Total	**6 112 654**	**4 464 350**

Included in work in progress is US$ 4 039 788 (2014: US$2 569 611) relating to residential properties for sale which are under construction. The cost of inventory recognised as an expense and included in the cost of sales amounted to US$ 5 758 871 (2014: US$ 5 282 538).

10 PREPAYMENTS AND OTHER ASSETS	31-Dec-15 US$	31-Dec-14 US$
Prepayments	1 774 253	1 973 657
Deferred acquisition costs	902 108	964 674
Commission receivable	1 711 043	1 711 043
Refundable deposits for Mastercard and Visa transactions	706 781	631 793
Stationery stock and other consumables	45 359	45 359
Time - share asset	56 250	67 500
Other	470 774	701 260
	5 666 568	**6 095 286**
Current	3 899 277	4 316 743
Non-current	1 767 291	1 778 543
Total	**5 666 568**	**6 095 286**
11 INVESTMENT PROPERTY		
Balance as at 1 January	1 693 000	25 000
Additions	1 096 564	648 000
Fair value adjustments	162 576	-
Disposal	(480 000)	-
Transfer from property and equipment	-	1 020 000
Balance as at 31 December	**2 472 140**	**1 693 000**
Non-current	2 472 140	1 693 000
Total	**2 472 140**	**1 693 000**
Investment property comprises the following:		
Residential house, Victoria Falls	25 000	25 000
Residential houses, Harare	1 680 000	1 620 000
Residential stand, Harare Borrowdale	727 140	-
Residential stand, Seke	40 000	48 000
	2 472 140	**1 693 000**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

The fair value of the investment property as at 31 December 2015 was arrived at on the basis of a valuation carried out by an independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued using the open market value method. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. No liabilities are guaranteed by investment property. Refer to note 37 for fair value disclosures on investment property.

Included in other operating income is rental income of US$186 183 (2014: US$117 690) relating to investment property.

12 INTANGIBLE ASSETS

	Software US$
Year ended 31 December 2014	
Opening net book amount	1 276 109
Additions	302 816
Transfer from property and equipment	84 836
Amortisation charge	(451 168)
Closing net book amount	**1 212 593**
As at 31 December 2014	
Cost	4 233 573
Accumulated amortisation	(3 020 980)
Net book amount	**1 212 593**
Year ended 31 December 2015	
Opening net book amount	1 212 593
Additions	178 989
Amortisation charge	(493 636)
Closing net book amount	**897 946**
As at 31 December 2015	
Cost	4 412 562
Accumulated amortisation	(3 514 616)
Net book amount	**897 946**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

13 PROPERTY AND EQUIPMENT

	Land and buildings US$	Plant and machinery US$	Computer equipment US$	Furniture and office equipment US$	Motor vehicles US$	Total US$
Year ended 31 December 2014						
Opening net book amount	28 328 732	24 959 160	954 817	4 415 523	1 140 479	59 798 711
Additions	21 000	3 199	160 551	655 972	471 949	1 312 671
Revaluation of property	1 124 419	-	-	-	-	1 124 419
Transfer to intangible property	-	-	(84 836)	-	-	(84 836)
Impairment loss	(338 963)	-	-	(7 882)	-	(346 845)
Adjustment to cost	(500)	-	65 108	(1 622)	(146 984)	(83 998)
Transfer to investment property	(1 020 000)	-	-	-	-	(1 020 000)
Disposals	-	-	-	(721)	-	(721)
Disposal of a subsidiary	(10 386 462)	(24 932 017)	(149 019)	(135 700)	(347 187)	(35 950 385)
Depreciation	(349 614)	(17 770)	(447 437)	(605 492)	(212 858)	(1 633 171)
Closing net book amount	**17 378 612**	**12 572**	**499 184**	**4 320 078**	**905 399**	**23 115 845**
As at 31 December 2014						
Cost or valuation	17 378 612	196 995	2 634 302	6 612 226	2 629 691	29 451 826
Accumulated depreciation	-	(184 423)	(2 135 118)	(2 284 266)	(1 472 741)	(6 076 548)
Accumulated impairment	-	-	-	(7 882)	(251 551)	(259 433)
Net book amount	**17 378 612**	**12 572**	**499 184**	**4 320 078**	**905 399**	**23 115 845**
Year ended 31 December 2015						
Opening net book amount	17 378 612	12 572	499 184	4 320 078	905 399	23 115 845
Additions	3 570	-	1 737 207	1 244 062	336 603	3 321 442
Adjustment to cost	48 851	(12 572)	12 572	-	-	48 851
Adjustment to accumulated depreciation	-	-	(62 824)	-	(11 132)	(73 956)
Disposals	-	-	(1 387)	(714)	(15 908)	(18 009)
Depreciation	(407 149)	-	(444 797)	(666 161)	(229 208)	(1 747 315)
Closing net book amount	**17 023 884**	**-**	**1 739 955**	**4 897 265**	**985 754**	**24 646 858**
As at 31 December 2015						
Cost or valuation	17 431 033	184 423	4 338 521	7 845 495	2 700 449	32 499 921
Accumulated depreciation	(407 149)	(184 423)	(2 598 566)	(2 940 348)	(1 463 144)	(7 593 630)
Accumulated impairment	-	-	-	(7 882)	(251 551)	(259 433)
Net book amount	**17 023 884**	**-**	**1 739 955**	**4 897 265**	**985 754**	**24 646 858**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

Adjustments were recognised to correct identified mismatches in Property and equipment. If land and buildings were stated on historical cost basis, the amount would be as follows;	2015 US$	2014 US$
Cost	17 352 548	17 348 978
Accumulated depreciation	(2 839 004)	(2 431 855)
Net book amount	**14 513 544**	**14 917 123**

Fair values of land and buildings

An independent valuation of the Group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2014. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserves' in shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value measurements at 31 December 2014 using	Observable inputs Level 2 US$	Unobservable inputs Level 3 US$	Total US$
Recurring fair value measurements for land and buildings			
- Office buildings	-	16 408 835	16 408 835
- Land and residential properties	-	969 777	969 777
	-	17 378 612	17 378 612
Fair value measurements at 31 December 2015 using			
Recurring fair value measurements for land and buildings			
- Office buildings	-	-	-
- Land and residential properties	-	-	-
	-	-	-

There were no level 1 assets or transfers between levels 1 and 2 during 2015 or 2014.

Valuation techniques used to derive fair values

The valuation technique for the office buildings is the investment approach as the highest and best use of these properties was for office space. The following key inputs were used to determine the fair value;

- Rental rates in price per square metre. These were obtained by comparison of rates for similar properties in similar locations.
- Void rates as a percentage. This is the level of unoccupied space and was based on rates published by listed property companies.
- Capitalisation rate. This is what investors expect to earn as a percentage of their investment on an annual basis. The basis of these rates are actual transactions that transpired during the year.

The valuation of land and residential properties was derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity was adjusted for differences in key attributes such as property size. The most significant input into this valuation approach was price per square foot.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

Land and buildings	Office buildings 2015 US$	Office buildings 2014 US$	Land and residential properties 2015 US$	Land and residential properties 2014 US$
Opening balance	-	26 510 885	-	1 817 847
Depreciation recognised	-	(320 533)	-	(29 081)
Revaluation gains recognised	-	944 408	-	180 011
Impairment recognised in profit or loss	-	(338 963)	-	-
Disposal of a susidiary	-	(10 386 462)	-	-
Adjustment to cost	-	(500)	-	-
Additions	-	-	-	21 000
Transfer to investment property	-	-	-	(1 020 000)
Closing balance	**-**	**16 408 835**	**-**	**969 777**

Valuation processes of the Group

On a three year basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. As at 31 December 2014, the fair values of the land and buildings was determined by Bard Real Estate (Private) Limited. The external valuations of the level 3 land and buildings was performed using an investment approach, unlike the level 2 land and buildings which used the sales comparison approach. There was a limited number of sales in the market for commercial property and therefore the valuations were performed using unobservable inputs. The external valuers determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable rental rates.

Information about fair value measurements using significant unobservable inputs (Level 3)

31 December 2014 Description	Fair value US$	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability to weighted average)	Relationship of unobservable inputs to fair value
Office buildings	16 408 835	Investment approach	Rental rate per square meter	US$7 - US$12	The higher the price per square metre, the higher the fair value
			Void rate as a percentage	10%	The higher the void rate, the lower the fair value
			Capitalisation rate as a percentage	10% - 12%	The higher the capitalisation rate the lower the fair value

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

Information about fair value measurements using significant unobservable inputs (Level 3)

31 December 2014 Description	Fair value US$	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability to weighted average)	Relationship of unobservable inputs to fair value
Land and residential properties	969 777	Sales comparison approach	Price per square meter	US$200 - US$400	The higher the price per square metre, the higher the fair value

14 DEPOSITS

	31-Dec-15 US$	31-Dec-14 US$
14.1 Deposits from customers		
Demand deposits	75 313 161	110 892 109
Promissory notes	37 765 456	58 897 901
Other time deposits	96 351 481	47 327 942
	209 430 098	**217 117 952**
Current	204 365 822	212 699 581
Non-current	5 064 276	4 418 371
Total	**209 430 098**	**217 117 952**
14.2 Deposits from other banks		
Money market deposits	77 986 130	65 333 257
Current	77 986 130	65 333 257
Non-current	-	-
Total	**77 986 130**	**65 333 257**

14.3 Deposit concentration	2015 US$	%	2014 US$	%
Agriculture	8 994 139	3%	9 142 298	3%
Construction	3 419 684	1%	3 643 352	1%
Wholesale and retail trade	71 377 383	25%	72 563 290	26%
Public sector	24 801 577	9%	21 095 274	7%
Manufacturing	23 555 554	8%	26 508 214	9%
Telecommunication	8 159 431	3%	8 292 349	3%
Transport	3 547 590	1%	3 606 035	1%
Individuals	40 373 383	14%	41 761 899	15%
Financial services	68 785 270	24%	65 333 257	24%
Mining	21 402 035	7%	21 760 305	8%
Other	13 000 182	5%	8 744 936	3%
	287 416 228	**100%**	**282 451 209**	**100%**

Deposits are classified as financial liabilities at amortised cost. Deposits due to customers primarily comprise amounts payable on demand.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

15 BORROWINGS

	31-Dec-15 US$	31-Dec-14 US$
Bank borrowings	3 735 164	-
Foreign lines of credit	65 902 989	81 518 286
Other borrowings	3 665 587	898 368
	73 303 740	**82 416 654**
Current	10 318 845	12 038 989
Non-current	62 984 895	70 377 665
Total	**73 303 740**	**82 416 654**

These loans are analysed as follows:
African Export-Import Bank ("Afreximbank") - US$60 million three year long term loan facility to be repaid in full on 18 July "2017. The loan is secured by Corporate Guarantee by the Company and bears interest at LIBOR plus 8.5% per annum."

African Export-Import Bank ("Afreximbank") - US$15 million facility. The facility was available from 31 December 2014 and is for three years subject to annual review. It is unsecured and bears interest at LIBOR plus 4.5% per annum.

African Export-Import Bank ("Afreximbank") through Zimbabwe Economic and Trade Revival Facility ("Zetref") - US$15 million was repaid on maturity after 3 years ending 31 December 2015. The loan was unsecured and bore interest at a rate of LIBOR plus 5% per annum.

The Zimbabwe Agriculture Development Trust ("ZADT") - US$3.179 million facility matured on 31 December 2015. The credit facility had a tenor of 12 months and bore interest at 6.5% per annum.

Eastern and Southern African Trade and Development Bank ("PTA Bank") - A loan of US$ 7 890 000 was secured from PTA in June 2014. The loan had a tenure of one year and matured on 14 June 2015. Security provided was corporate guarantee by FBC Bank Limited and bore interest at 9.5% per annum.

Shelter Afrique - US$5 000 000 to be repaid quarterly over 10 years ending 31 December 2022, 2 years capital repayment grace period and bears interest at a rate of 11% per annum.

The Reserve Bank of Zimbabwe (''RBZ") Chrome processing facility of US$500 000 matures on 31 December 2017. The credit facility bears interest at a rate of 9% per annum.

16 INSURANCE LIABILITIES

	31-Dec-15 US$	31-Dec-14 US$
Gross outstanding claims	5 799 070	3 054 196
Liability for unearned premium	3 605 358	4 223 852
	9 404 428	**7 278 048**
Current	9 404 428	7 278 048
Non-current	-	-
Total	**9 404 428**	**7 278 048**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

		31-Dec-15 US$	31-Dec-14 US$
16.1	**Gross outstanding claims**		
	Gross outstanding claims at the beginning of the year	3 261 054	7 192 096
	Reinsurer's share of technical liabilities	(110 716)	(4 216 799)
	Net outstanding claims at the beginning of the year	3 150 338	2 975 297
	Change in liability for claims	595 727	(106 950)
	Reinsurer's share of technical liabilities at the end of the year	2 053 005	185 849
	Gross outstanding claims at the end of the year	**5 799 070**	**3 054 196**
16.2	**Liability for unearned premium**		
	Gross liability for unearned premium	4 223 855	6 082 464
	Reinsurer's share of the provision for unearned premium	(618 497)	(1 858 612)
	Balance at end of the year	**3 605 358**	**4 223 852**

Assumptions and sensitivities for general insurance liabilities
The process used to determine the assumptions is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market prices or other published information. There is more emphasis on current trends, and where in early years there is insufficient information to make a reliable best estimate of claims development, prudent assumptions are used. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The liabilities are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

The impact of many of the items affecting the ultimate costs of the loss are difficult to estimate. The provision estimation difficulties also differ by class of business due to a difference in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags. To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which if identified, can be allowed for by modifying the methods. Such reasons include:
- changes in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political and social trends;
- changes in mix of business;
- random fluctuations, including the impact of large losses.

Gross outstanding claims includes incurred but not yet reported ("IBNR") losses and is provided for at 7% (2014 : 7%) of net written premium for the reinsurance subsidiary and 5% (2014: 5%) of net written premium for the insurance subsidiary. The 7% and 5% were arrived at after consideration of past experience. A separate calculation is carried out to estimate the size of reinsurance recoveries. The Group is covered by a variety of reinsurance programmes with sufficiently high retentions for only relatively few, large claims to be recoverable. The method used by the Group takes historical data, gross IBNR estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. The Group believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

The table below summarises the impact of increases or decreases of percentages used to estimate IBNR on the Group's post-tax profit for the year. The analysis is based on the assumption that the percentages have increased or decreased by 10% with all other variables held constant.

Impact of 10% increase in the percentage used to estimate IBNR	2015 US$	2014 US$
Incurred but not yet reported ("IBNR") losses	144 114	125 337

17 TRADE AND OTHER PAYABLES

	2015 US$	2014 US$
Trade and other payables	6 995 899	9 497 907
Deferred income	4 413 902	3 373 928
Other liabilities	2 524 048	2 472 080
	13 933 849	**15 343 915**
Current	13 933 849	14 490 450
Non-current	-	853 465
Total	**13 933 849**	**15 343 915**

18 DEFERRED INCOME TAX ASSET AND LIABILITY

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority. Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25.75% (2014: 25.75%).

The movement on the deferred income tax account is as follows:	31-Dec-15 US$	31-Dec-14 US$
As at 1 January	(3 729 103)	2 185 049
Statement of comprehensive income charge (note 31)	(1 672 500)	(1 626 862)
Tax charge relating to components of other comprehensive income	(302)	237 729
Rate change	(69 483)	-
Tax charge relating to discontinued operations	-	(874 432)
Disposal of a subsidiary	-	(3 650 587)
As at 31 December	**(5 471 388)**	**(3 729 103)**

18.1 Analysis of charge in the statement of comprehensive income

The deferred income tax charge in the statement of comprehensive income comprises the following temporary differences:	31-Dec-15 US$	31-Dec-14 US$
Allowance for loan impairment	(2 007 080)	(1 526 340)
Property, plant and equipment allowances	597 466	426 267
Unrealised gains on foreign exchange and equities	3 448	137 201
Available for sale financial assets	-	(49 135)
Accrual for leave pay	(5 687)	-
Deferred acquisition costs	(22 655)	59 125
Unearned premium reserve and deferred income	(162 878)	83 127
Prepayments and other assets	324 574	374 686
Assessable tax loss	(399 688)	(1 115 845)
Net outstanding claims	-	(15 948)
Total	**(1 672 500)**	**(1 626 862)**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

18.2 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are attributable to the following items:

	31-Dec-15 US$	31-Dec-14 US$
Allowance for loan impairment	(8 724 539)	(6 717 459)
Available for sale financial assets	(49 135)	(49 135)
Property, plant and equipment allowances	4 842 109	4 244 643
Unrealised gains on foreign exchange and equities	353 481	350 335
Accrual for leave pay	(15 796)	(10 109)
Deferred acquisition costs	304 584	327 239
Unearned premium reserve and deferred income	(645 709)	(482 831)
Prepayments and other assets	941 140	686 049
Assessable tax loss	(1 825 161)	(1 425 473)
Net outstanding claims	(652 362)	(652 362)
	(5 471 388)	**(3 729 103)**

18.3 Timing of reversal temporary differences

	31-Dec-15 US$	31-Dec-14 US$
Deferred income tax assets		
Deferred income tax asset to be recovered after more than 12 months	6 181 913	4 274 800
Total	**6 181 913**	**4 274 800**
Deferred income tax liabilities		
Deferred income tax liability to be recovered after more than 12 months	710 525	545 697
Net deferred income tax liability	**(5 471 388)**	**(3 729 103)**

The deferred income tax arising from property, plant and equipment allowances has been determined using income tax values that the Group has ascertained with the aid of guidance issued by the Zimbabwe Revenue Authority ("ZIMRA").

Deferred income tax assets arise from allowances for loan impairments which are disallowed for tax purposes. Deduction for loans written off are allowable for tax purposes.

19 SHARE CAPITAL AND SHARE PREMIUM

	31-Dec-15	31-Dec-14
19.1 Authorised		
Number of ordinary shares, with a nominal value of US$0,00001	800 000 000	800 000 000
19.2 Issued and fully paid		
Number of ordinary shares, with a nominal value of US$0,00001	671 949 927	671 949 927

19.3 Share capital movement

	Number of Shares	Share Capital US$	Share Premium US$	Total US$
As at 31 December 2014	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**
As at 31 December 2015	**671 949 927**	**6 719**	**14 083 173**	**14 089 892**

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies Act (Chapter 24:03), Zimbabwe Stock Exchange Listing Requirements and the Articles and Memorandum of Association of the Company.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

20 OTHER RESERVES

	31-Dec-15 US$	31-Dec-14 US$
Revaluation reserves	2 170 001	2 170 001
Non distributable reserves	36 222 261	36 222 261
Regulatory reserves	-	627 590
Available for sale reserves	(60 708)	(30 814)
Treasury shares reserves	(1 562 321)	(1 173 701)
Changes in ownership reserve	1 670 671	1 670 671
	38 439 904	**39 486 008**

The definitions of the reserves are as follows;
The revaluation reserve consists of increases in the value of land and buildings on revaluation.

Non-distributable reserves are the net result of the restatement of assets and liabilities that could be recovered or settled in a currency other than the Zimbabwe dollar (“ZW$”) or could be reasonably translated into a currency other than the ZW$ as at 1 January 2009, less deferred income tax and net of amounts subsequently transfered to share capital and share premium.

Regulatory reserves are impairment allowances, the Group is legally required to maintain on its statement of financial position that are over and above those required by IFRS.

Available for sale reserve comprises the changes in the fair value of available-for-sale financial assets, net of tax. Treasury share reserve represents shares the Group has issued and subsequently reacquired. Change in ownership reserve represents the net expense or gain resulting in a step acquisition of a subsidiary.

21 DISPOSAL OF PORTION OF INTEREST IN SUBSIDIARY

During the year 2014 a portion of the interest in subsidiary, Turnall Holdings Limited was disposed of, as a distribution to the shareholders of FBC Holdings Limited through a dividend in specie resulting in it becoming a 5% held financial asset available for sale.

The consolidated carrying amount of assets and liabilities disposed of were as follows:	31-Dec-15 US$	31-Dec-14 US$
Property, plant and equipment	-	33 504 876
Inventory	-	10 104 786
Trade and other receivables including insurance receivables	-	4 379 502
Borrowings	-	(7 149 415)
Trade and other payables	-	(20 910 279)
Current income tax liability	-	(1 488 266)
Deferred income tax liability	-	(2 981 536)
Net assets disposed of	-	15 459 668
Non-controlling interests	-	(6 436 307)
Fair value of retained investment	-	(382 097)
Deemed consideration : dividend in specie	-	(3 930 947)
Total loss on disposal	-	4 710 317
Net cash inflow	-	-

The net loss consolidated in the Group’s financial statements for the period in which Turnall was a subsidiary is disclosed under discontinued operations (note 32).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

		31-Dec-15 US$	31-Dec-14 US$
22	**INTEREST INCOME**		
	Cash and cash equivalents	3 217 220	1 602 707
	Loans and advances to other banks	2 530 340	2 177 173
	Loans and advances to customers	50 994 933	54 337 806
	Banker's acceptances and tradable bills	4 681 300	1 519 224
	Other interest income	53 172	1 744 007
		61 476 965	**61 380 917**
	Credit related fees amounting to US$ 4 095 699 for 2014 that are an intergral part of the effective interest on loans and advances have been re-classified under interest income. In 2014 these were shown under fee and commission income.		
22.1	**INTEREST EXPENSE**		
	Deposit from other banks	7 305 957	12 559 651
	Demand deposits	472 907	609 577
	Afreximbank and PTA Bank	9 233 670	7 430 371
	Time deposits	7 835 953	7 945 767
		24 848 487	**28 545 366**
23	**FEE AND COMMISSION INCOME**		
	Retail service fees	16 019 619	16 211 913
	Credit related fees	4 789 325	4 760 671
	Investment banking fees	26 964	16 064
	Brokerage commission	140 549	238 279
	Financial guarantee contract commission	817	6 244
		20 977 274	**21 233 171**
23.1	**FEE AND COMMISSION EXPENSE**		
	Brokerage	81 617	67 270
24	**REVENUE**		
	Property sales	6 709 923	8 282 137
24.1	**COST OF SALES**		
	Raw materials	5 758 871	5 282 538
25	**INSURANCE PREMIUM REVENUE**		
	Gross premium written	34 806 647	30 847 414
	Change in unearned premium reserve ("UPR")	618 495	220 017
		35 425 142	**31 067 431**
26	**NET LOSSES FROM FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**		
	Financial assets at fair value through profit or loss (note 7), fair value loss	(361 233)	(335 862)

Notes to the Consolidated Financial Statements (continued)

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27 OTHER OPERATING INCOME

	31-Dec-15 US$	31-Dec-14 US$
Rental income	404 843	318 655
Profit from disposal of property, plant and equipment	32 503	15 268
Sundry income	412 756	71 093
	850 102	**405 016**

Rental income is earned from owner occupied properties.
Included in rental income is US$186 183 (2014-US$ 117 690) earned from investment property.

28 NET INSURANCE COMMISSION EXPENSE

	31-Dec-15 US$	31-Dec-14 US$
Commissions paid	6 247 579	5 312 373
Commission received	(1 500 177)	(1 404 122)
Change in technical provisions	50 656	95 831
	4 798 058	**4 004 082**

29 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	Gross US$	Reinsurance US$	Net US$
Year ended 31 December 2015			
Claims and loss adjustment expenses	7 964 157	-	7 964 157
Change in technical provisions	587 563	-	587 563
Total claims	**8 551 720**	**-**	**8 551 720**
Year ended 31 December 2014			
Claims and loss adjustment expenses	7 591 850	-	7 591 850
Change in technical provisions	(11 622)	-	(11 622)
Total claims	**7 580 228**	**-**	**7 580 228**

30 ADMINISTRATIVE EXPENSES

	31-Dec-15 US$	31-Dec-14 US$
Marketing	1 063 863	1 657 085
Premises	1 116 877	1 409 787
Computer	2 016 894	2 229 686
Insurance	1 123 786	405 769
Travel	1 981 005	2 353 730
Security	1 771 400	1 707 419
Communication	1 097 489	383 388
Donations	156 786	138 157
Subscriptions	471 959	326 823
Operational losses	850 176	238 689
Mastercard and Visa expenses	1 213 445	1 185 887
Other administration expenses	3 530 021	3 228 006
Staff costs (note 30.1)	20 427 899	17 882 262
Directors' remuneration (note 30.2)	3 503 840	3 481 265
Audit fees:		
- Current year fees	173 256	269 530
- Prior year fees	187 491	146 221
Depreciation	1 747 315	1 633 171
Impairment of property and equipment	-	346 845
Amortisation (note 12)	493 636	451 168
Operating lease payment	1 004 389	862 347
	43 931 527	**40 337 235**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

		31-Dec-15 US$	31-Dec-14 US$
30.1	**Staff costs**		
	Salaries and allowances	18 833 958	16 313 766
	Share based payments	13 475	-
	Social security	355 515	330 448
	Pension contribution	1 224 951	1 238 048
		20 427 899	**17 882 262**
30.2	**Director's remuneration**		
	Board fees	520 342	579 952
	Other emoluments	183 440	128 431
	For services as management	2 800 058	2 772 882
		3 503 840	**3 481 265**
30.3	**Operating leases**		
	Non - cancellable operating lease rentals are payable as follows:		
	Up to one year	833 660	1 724 656
	One to two years	221 454	417 039
		1 055 114	**2 141 695**

The Group leases some of its properties under operating leases. The leases typically run for a period of 1 year, with an option to renew the lease after that date. Lease payments are reviewed in line with prevailing market conditions on an annual basis to align them to market rentals. The leases provide for additional rent payments that are based on changes in the local price index.

During the year ended 31 December 2015, US$1 004 389 (2014: US$862 347) was recognised as an expense in the statement of comprehensive Income.

31 INCOME TAX EXPENSE:

		31-Dec-15 US$	31-Dec-14 US$
31.1	**Charge for the year**		
	Current income tax on income for the reporting year	4 594 914	3 634 706
	Prior year under provision	327 364	1 154 389
	Deferred income tax	(1 672 500)	(1 626 862)
	Income tax expense	**3 249 778**	**3 162 233**

The income tax rate applicable to the Group`s taxable income for the year ended 31 December 2015 is 25.75% (2014: 25.75%).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

31.2 Reconciliation of income tax expense

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 25.75% (2014: 25.75%) as follows;

	31-Dec-15 US$	31-Dec-14 US$
Profit before income tax	**21 348 021**	**17 095 396**
Income tax charged based on profit for the year at 25.75% (2014:25.75%)	5 497 115	4 402 064
Tax effect of:		
Exempt income	(2 395 827)	(4 858 865)
Income subject to tax at lower rates	-	278 821
Expenses not deductible for tax purposes	(33 745)	1 541 782
Prior year under provision	327 365	1 154 389
Other	(145 130)	644 042
Income tax expense	**3 249 778**	**3 162 233**
Effective rate	**15%**	**18%**

32 DISCONTINUED OPERATIONS

Turnall Holdings Limited was disposed off on the 17th of October 2014. Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets is as follows;

	31-Dec-15 US$	31-Dec-14 US$
Revenue	-	26 478 307
Expenses	-	(34 774 937)
Loss before tax of discontinued operations	-	(8 296 630)
Tax	-	874 432
Loss after tax of discontinued operations	**-**	**(7 422 198)**
Loss attributable to equity holders of the parent	-	(4 328 555)
Pre-tax loss recognised on the re-measurement of assets of the discontinued operation	-	(4 710 317)
Tax	-	-
Loss for the year from discontinued operations	**-**	**(9 038 872)**

33 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its shareholders who own, directly or indirectly, 10% or more of its share capital or those shareholders who control in any manner, the election of the majority of the Directors of the Company or have the power to exercise controlling influence over the management or financial and operating policies of the Group. The Group carried out banking and investments related transactions with various companies related to its shareholders, all of which were undertaken in compliance with the relevant banking regulations. The following is a list of related parties to the Group and transactions with them:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

Key management

Name	**Position**
John Mushayavanhu	Group Chief Executive
Trynos Kufazvinei	Group Finance Director
Kleto Chiketsani	Managing Director (FBC Reinsurance Limited)
Webster Rusere	Managing Director (FBC Bank Limited)
Felix Gwandekwande	Managing Director (FBC Building Society)
Tichaona Mabeza	Group Company Secretary
Benson Gasura	Managing Director (FBC Securities (Private) Limited)
Musa Bako	Managing Director (Eagle Insurance Company (Private) Limited)
Israel Murefu	Divisional Director Human Resources
Barnabas Vera	Divisional Director Internal Audit
Patrick Mangwendeza	General Manager (Microplan Financial Services (Private) Limited)

The following are companies related to directors, key management and the Group:
Arena Investments (Private) Limited (owned by FBC Holdings Limited board member)
Cotition Investments (Private) Limited (owned by FBC Bank Limited board member)
Wedgeport Investments (Private) Limited (owned by FBC Holdings Limited board member)
Dinkrain Investments (Private) Limited (owned by FBC Bank Limited board member)
Tirent Investments (Private) Limited (owned by FBC Bank Limited board member)
Fleetwood Investments (Private) Limited (owned by FBC Holdings Limited board member)
Rus Enterprises (Private) Limited (owned by FBC Holdings Limited board member)
Defined Wear (PBC) (Private) Limited (owned by FBC Building Society board member)
Codchem (Private) Limited (owned by FBC Building Society board member)
Destiny Electronics (Private) Limited (owned by FBC Holdings Limited board member)
J Med Supplies (Private) Limited (owned by FBC Building Society board member)
Altiwave Investments (Private) Limited (related to FBC Bank Limited)
Mapani Hardware (Private) Limited (related to FBC Bank Limited)

Below are the companies related to directors, key senior management and Group and their loan balances as at 31 December 2015.	31-Dec-15 US$	31-Dec-14 US$
Arena Investments (Private) Limited	170 234	69 846
Destiny Electronics (Private) Limited	-	184 953
Mapani Hardware (Private) Limited	-	6 439
Defined Wear (PBC) (Private) Limited	57 660	60 235
	227 894	**321 473**
Loans and advances to non executive directors		
Balance as at 1 January	317 073	353 021
Advances during the year	-	6 439
Transfer to ordinary loans after director resignation	(39 102)	(70 150)
Interest charged	50 544	88 577
Repayments made during the year	(88 343)	(60 814)
Balance as at 31 December	**240 172**	**317 073**
Loans and advances to executive directors		
Balance as at 1 January	1 364 273	2 095 717
Advances during the year	536 026	540 350
Interest charged	64 494	93 415
Repayments made during the year	(1 339 698)	(1 365 209)
Balance as at 31 December	**625 095**	**1 364 273**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

Loans and advances to directors and officers of the Group have, along with other loans and advances, been subjected to impairment procedures.

	31-Dec-15 US$	31-Dec-14 US$
Compensation for key management		
Short term employee benefits	3 867 240	2 988 608
Post- employment benefits	246 234	351 154
	4 113 474	**3 339 762**
Income from loans to executive directors		
Income from loans to executive directors	64 494	33 821
Income from loans to non-executive directors		
Income from loans to non-executive directors	50 544	88 577

Group entities	Equity interest 2015	Equity interest 2014
FBC Bank Limited	100%	100%
FBC Building Society	100%	100%
FBC Reinsurance Limited	100%	100%
FBC Securities (Private) Limited	100%	100%
Turnall Holdings Limited, derecognised as a subsidiary on 17 October 2014	5.2%	5.2%
Microplan Financial Services (Private) Limited	100%	100%
Eagle Insurance Company (Private) Limited	95.4%	95.4%

Other related party transactions

Other related party transactions include contributions to FBC Holdings Limited Pension Fund, a self administered post employment benefit fund. Details of these transactions are disclosed in note 42.

34 PRINCIPAL SUBSIDIARIES

The Group had the following subsidiaries at 31 December 2015

Group and Company

Name	Nature of business	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
FBC Bank Limited	Commercial banking	100	100	-
FBC Building Society	“Mortgage financing	100	100	-
FBC Reinsurance Limited	“Short term reinsurance	100	100	-
FBC Securities (Private) Limited	Stockbroking	100	100	-
Eagle Insurance Company Limited	Short term insurance	72	95	5
Microplan Financial Services (Private) Limited	Microlending	100	100	-

All subsidiaries were incorporated in Zimbabwe, which is also their place of business.

FBC Reinsurance Limited holds 23% of Eagle Insurance Company Limited, acquired from external parties in previous years.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest for the period is US$259 183 and it is attributed to Eagle Insurance Company (Private) Limited.

Significant restrictions
There are no material restrictions with regards to any of the subsidiaries' ability to access or use assets, and settle liabilities of the Group.

35 EARNINGS PER SHARE

35.1 Basic earnings
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue excluding ordinary shares purchased by the Company and held as treasury shares.

	31-Dec-15 US$	31-Dec-14 US$
Profit from continuing operations attributable to equity holders of the parent	18 040 863	13 877 277
Loss from discontinued operations attributable to equity holders of the parent	-	(9 038 872)
Total	**18 040 863**	**4 838 405**
Basic earnings per share		
Basic earnings per share for continuing operations (US cents)	2.72	2.09
Basic loss per share from discontinued operations (US cents)	-	(1.36)
	2.72	**0.73**

Year ended 31 December 2015	Shares issued	Treasury shares	Shares outstanding	Weighted
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January	671 949 927	(6 516 226)	665 433 701	665 433 701
Treasury shares purchased	-	(4 787 977)	(4 787 977)	(1 994 990)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**(11 304 203)**	**660 645 724**	**663 438 711**
Year ended 31 December 2014				
Weighted average number of ordinary shares				
Issued ordinary shares as at 1 January 2014	671 949 927	(5 681 675)	666 268 252	666 268 252
Treasury shares purchased	-	(834 551)	(834 551)	(486 821)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**(6 516 226)**	**665 433 701**	**665 781 431**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

35.2 Diluted earnings

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.

	31-Dec-15 US$	31-Dec-14 US$
Earnings		
Profit from continuing operations attributable to equity holders of the parent	18 040 863	13 877 277
Loss from discontinued operations attributable to equity holders of the parent	-	(9 038 872)
Total	**18 040 863**	**4 838 405**
Weighted average number of ordinary shares at 31 December	**663 438 711**	**665 781 431**
Diluted earnings per share		
Diluted earnings per share for continuing operations (US cents)	2.72	2.09
Diluted loss per share from discontinued operations (US cents)	-	(1.36)
	2.72	**0.73**

35.3 Headline earnings per share

Headline earnings is calculated by starting with the basic earnings number and then excluding the following re-measurements;

- Gains/losses on the loss of control of a subsidiary
- Impairment/subsequent reversal of impairment of all assets
- Disposal gains/losses of all assets
- Compensation from third parties for assets that were impaired or lost
- The reclassification of all other remeasurements from other comprehensive income to profit or loss
- The reclassification of gains and losses on available-for-sale financial assets upon impairment or disposal and subsequent impairment losses
- The post-tax gain or loss on the disposal of assets or a disposal group constituting discontinued operations

	31-Dec-15 US$	31-Dec-14 US$
Profit attributable to equity holders	18 040 863	4 838 405
Adjusted for excluded remeasurements		
Profit from the disposal of property equipment (note 27)	(32 503)	(15 268)
Loss on the loss of control of Turnall Holdings Limited	-	4 710 272
Impairment of property, plant and equipment	-	346 845
Headline earnings	**18 008 360**	**9 880 254**
Weighted average number of ordinary shares at 31 December	**663 438 711**	**665 781 431**
Headline earnings per share (US cents)	**2.71**	**1.48**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

36 FINANCIAL RISK MANAGEMENT

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

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

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

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

Other risks:
g) Reputational risk
h) 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.

36.1 Credit risk

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

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

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

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

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

Notes to the Consolidated Financial Statements (continued)
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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 a stress testing framework that guides the Group's banking subsidiaries in conducting credit stress tests.

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

Credit terms:

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

Past due loans
These are loans 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

Provisioning policy and write offs

Determination of general and specific provisions

The Group complies with the following Reserve Bank of Zimbabwe provisioning requirements:

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

General allowance for impairment

Prime to highly speculative grades “1 to 7”

General allowance for impairment for facilities in this category are maintained at the percentage (detailed in table above) of total customer account outstanding balances and off balance sheet (i.e. contingent) risks for regulatory purposes.

Specific allowance for impairment

Sub-standard to loss grades “8 to 10” - Timely repayment and/or settlement may be at risk

Specific allowance for impairment for facilities in this category are currently maintained at the percentages (detailed above) of total customer outstanding balances and off balance sheet (i.e. contingent) risks less the value of tangible security held.

The basis for writing off assets

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

Credit risk and Basel II

The Group applied Credit Risk Basel II standards in line with the regulatory authorities’ approach. Internal processes have been revamped to comply with the requirements. Policies and procedure manuals have been realigned to comply with the minimum requirements of Basel II.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

36.1.1 Exposure to credit risk

	31-Dec-15 US$	31-Dec-14 US$
Loans and advances		
Past due and impaired		
Grade 8: Impaired	9 564 595	29 608 779
Grade 9: Impaired	2 010 262	5 062 713
Grade 10: Impaired	12 764 706	17 615 392
Gross amount, past due and impaired	24 339 563	52 286 884
Allowance for impairment	(14 476 110)	(18 169 753)
Carrying amount, past due and impaired	9 863 453	34 117 131
Past due but not impaired		
Grade 4 - 7:	84 016 094	70 254 017
Neither past due nor impaired		
Grade 1 - 3:	195 000 658	203 829 298
Gross amount, not impaired	279 016 752	274 083 315
Allowance for impairment	(5 908 512)	(4 527 902)
Carrying amount, not impaired	273 108 240	269 555 413
Total carrying amount	**282 971 693**	**303 672 544**

Loans and advances neither past due nor impaired

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

Loans and advances past due but not impaired

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

	Personal loans US$	Corporate loans US$	Mortgages US$	Total US$
As at 31 December 2015				
Past due up to 1 month	1 039 128	3 569 710	-	4 608 838
Past due 1-3 months	1 676 208	66 695 488	8 136 523	76 508 219
Past due 3-6 months	1 912 556	443 865	-	2 356 421
Past due 6 - 12 months	373 957	168 659	-	542 616
Over 12 months	-	-	-	-
Total	**5 001 849**	**70 877 722**	**8 136 523**	**84 016 094**
Value of collateral	**3 353 438**	**49 629 523**	**8 647 064**	**61 630 025**
Amount of (under)/over collateralisation	**(1 648 411)**	**(21 248 199)**	**510 541**	**(22 386 069)**
As at 31 December 2014				
Past due up to 1 month	4 565 050	-	-	4 565 050
Past due 1-3 months	809 579	58 231 646	6 647 742	65 688 967
Past due 3-6 months	-	-	-	-
Past due 6-12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	**5 374 629**	**58 231 646**	**6 647 742**	**70 254 017**
Value of collateral	**820 042**	**42 441 500**	**7 100 161**	**50 361 703**
Amount of under collateralisation	**(4 554 587)**	**(15 790 146)**	**452 419**	**(19 892 314)**

Loans and advances past due and impaired

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is US$ 24 339 563 (2014: US$52 286 884) The breakdown of the fair value of related collateral held by the

Group as security, are as follows;

	Personal loans US$	Corporate loans US$	Total US$
As at 31 December 2015			
Gross carrying amount	17 808 369	6 531 194	24 339 563
Less allowance for impairment	(7 690 215)	(6 785 895)	(14 476 110)
Net carrying amount	**10 118 154**	**(254 701)**	**9 863 453**
Value of collateral	**4 576 189**	**12 553 841**	**17 130 030**
As at 31 December 2014			
Gross carrying amount	46 263 331	6 023 553	52 286 884
Less allowance for impairment	(5 086 143)	(13 083 610)	(18 169 753)
Net carrying amount	**41 177 188**	**(7 060 057)**	**34 117 131**
Value of collateral	**4 995 073**	**30 757 923**	**35 752 996**

Notes to the Consolidated Financial Statements (continued)
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Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of management, indicate that payment will most likely continue. These loans are kept under continuous review.

	31-Dec-15 US$	31-Dec-14 US$
Renegotiated loans and advances to customers -		
- Continuing to be impaired after restructuring	-	25 314 899
- Non-impaired after restructuring – would otherwise have been impaired	7 944 969	1 380 685
- Non-impaired after restructuring – would otherwise not have been impaired	-	-
Total	**7 944 969**	**26 695 584**

Repossessed collateral

During the year ended 31 December 2015 the Group repossessed collateral valued at US$ 1 770 394 (2014 - US$ 886 536).

Sectorial analysis of utilizations of loans and advances to customers

	2015 US$	2015 %	2014 US$	2014 %
Mining	13 511 235	4%	15 964 985	5%
Manufacturing	53 833 631	18%	65 919 412	20%
Mortgages	40 603 547	13%	34 535 672	11%
Wholesale	15 680 752	5%	28 247 266	9%
Distribution	29 904 593	10%	22 771 060	7%
Individuals	88 306 979	29%	94 469 561	29%
Agriculture	17 750 980	6%	18 049 431	6%
Communication	6 720 323	2%	7 735 468	2%
Construction	2 240 106	1%	2 578 490	1%
Local authorities	20 160 967	7%	23 206 410	7%
Other services	14 643 202	5%	12 892 444	4%
	303 356 315	**100%**	**326 370 199**	**100%**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

Risk concentrations

There are material concentrations of loans and advances to the following sectors; individuals 29% (2014: 28%), manufacturing 18% (2014: 20%), mortgages 13% (2014: 11%) and distribution 10% (2014: 7%).

Analysis of credit quality by sector - loans and advances to customers

As at 31 December 2015

	Grades 1 to 3 US$	Grades 4 to 7 US$	Grade 8 US$	Grade 9 US$	Grade 10 US$	Total US$
Sector						
Manufacturing	37 962 227	10 560 844	3 978 544	-	1 332 016	53 833 631
Wholesale	5 747 879	9 932 873	-	-	-	15 680 752
Individuals	105 426 337	11 797 410	2 457 421	1 699 038	7 530 320	128 910 526
Agriculture	13 486 353	3 875 737	266 906	96 488	25 496	17 750 980
Distribution and other services	13 422 046	26 344 314	2 267 059	196 163	2 318 213	44 547 795
Construction	207 902	1 486 982	396 183	18 572	130 467	2 240 106
Communication	5 407 648	1 312 675	-	-	-	6 720 323
Local Authorities	6 407 703	12 167 622	198 482	-	1 387 160	20 160 967
Mining	6 855 961	6 614 241	-	-	41 033	13 511 235
	194 924 056	**84 092 698**	**9 564 595**	**2 010 261**	**12 764 705**	**303 356 315**
Percentage of total loans	**64%**	**28%**	**3%**	**1%**	**4%**	**100%**
As at 31 December 2014						
Sector						
Manufacturing	31 019 943	16 657 544	14 911 672	-	3 330 253	65 919 412
Wholesale	18 065 143	10 182 057	66	-	-	28 247 266
Individuals	104 716 276	9 010 406	5 516 665	3 484 482	6 277 403	129 005 232
Agriculture	5 316 387	6 243 762	5 729 585	360 615	399 082	18 049 431
Distribution and other services	22 522 702	3 538 402	2 913 207	1 196 814	5 492 380	35 663 505
Construction	1 978 596	13	448 612	20 802	130 467	2 578 490
Communication	3 087 538	4 647 726	204	-	-	7 735 468
Local Authorities	3 284 910	17 846 925	88 768	-	1 985 807	23 206 410
Mining	13 837 803	2 127 182	-	-	-	15 964 985
	203 829 298	**70 254 017**	**29 608 779**	**5 062 713**	**17 615 392**	**326 370 199**
Percentage of total loans	**62%**	**22%**	**9%**	**2%**	**5%**	**100%**

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Reconciliation of allowance for impairment for loans and advances

Allowances for impairment	31 December 2015 Specific allowance US$	31 December 2015 Collective allowance US$	31 December 2015 Total US$	31 December 2014 Specific allowance US$	31 December 2014 Collective allowance US$	31 December 2014 Total US$
Balance at 1 January	18 169 753	4 527 902	22 697 655	10 551 613	3 669 560	14 221 173
Increase in impairment allowance	1 827 967	1 380 609	3 208 576	7 236 188	858 342	8 094 530
Write off	(7 657 711)	-	(7 657 711)	(3 098 229)	-	(3 098 229)
Interest in suspense	2 136 102	-	2 136 102	3 480 181	-	3 480 181
	14 476 111	**5 908 511**	**20 384 622**	**18 169 753**	**4 527 902**	**22 697 655**

36.1.2 Trade and other receivables including insurance receivables

	31-Dec-15 US$	31-Dec-14 US$
Past due and impaired	513 742	396 742
Allowance for impairment	(513 742)	(396 742)
Carrying amount	-	-
Past due but not impaired	-	-
Neither past due nor impaired	8 099 529	6 382 407
Gross amount, not impaired	8 099 529	6 382 407
Allowance for impairment	-	-
Carrying amount, not impaired	8 099 529	6 382 407
Total carrying amount	**8 099 529**	**6 382 407**

As at 31 December 2015, trade receivables amounting to US$nil (2014 : US$nil were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	31-Dec-15 US$	31-Dec-14 US$
Up to 3 months	-	-
3 to 6 months	-	-
	-	-

As at 31 December 2015 trade receivables amounting to US$513 742 (2014: US$396 742 were impaired. The amount of the allowance was US$513 742 as at 31 December 2015 December 2014 (2013: US$396 742) The individually impaired receivables mainly relate to lapsed insurance policies. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	31-Dec-15 US$	31-Dec-14 US$
Over 6 months	513 742	396 742

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	31-Dec-15 US$	31-Dec-14 US$
Reconciliation of the allowance for impairment of trade receivables including insurance receivables		
Allowances for impairment		
Balance as at 1 January	396 742	4 148 168
Allowance for trade receivables including insurance receivables' impairment	117 000	248 550
Elimination of impairment on disposal of subsidiary	-	(3 999 976)
Balance as at 31 December	**513 742**	**396 742**
The allowance amount of US$513 742 relates to insurance receivables in the Group's insurance subsidiaries.		
Maximum exposure to credit risk before collateral held or other credit enhancement		
Credit risk exposures relating to on-balance sheet assets are as follows;		
Loans and advances to customers;		
- Individuals	128 910 526	129 005 232
- Corporates	174 445 789	197 364 967
	303 356 315	326 370 199
Financial assets held to maturity	49 624 033	10 749 309
Balances with banks	80 435 304	84 379 785
Bonds and debentures	8 702 320	2 768 518
Commission receivable	1 711 043	1 711 043
Trade and other receivables including insurance receivables	8 613 271	6 779 149
Total on balance sheet	**452 442 286**	**432 758 003**
Off balance sheet credit exposure		
- Financial guarantees and letters of credit	4 328 256	6 898 941
- Loan commitments	7 044 988	9 773 788
Total off balance sheet credit exposure	**11 373 244**	**16 672 729**
Total credit exposure	**463 815 530**	**449 430 732**

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2015, without taking account of any collateral held or other credit enhancements attached. For on balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Credit quality of balances with other banks		2015 US$	2014 US$
Counterparties with external credit rating			
Rating	**Agency**		
A	Fitch	2 491 776	4 820 543
A	S&P	271 181	
AA	Moody's	244 741	374 599
AA	Fitch	3 996	420 233
AA-	Fitch	4 670 081	5 850 742
AAA	Moody's	338 500	663 942
AAA	Fitch	4 575	81 475
B-	S&P	195 615	-
Baa1	Moody's	11 314	-
BBB-	GCR	15 072 134	8 772 627
		23 303 913	**20 984 161**

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Balances with the Reserve Bank of Zimbabwe
Balances with the RBZ represent amounts in current accounts available for daily transactional use. As at the reporting date, the amount has been considered to be recoverable in full.

Write-off policy
The Group writes off an irrecoverable debt when the Board Credit Committee of the subsidiary determines that the debt is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balances and standardised loans, write off decisions are generally based on a product specific past due status.

Exposure to credit risk is also managed through regular analysis of the ability of debtors to meet interest and capital payment obligations and by changes to these lending limits where appropriate.

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

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

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

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

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

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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.

Contractual maturity analysis on balance sheet items as at 31 December 2015	Up to 3 months US$	3 months to 1 year US$	Over 1 year US$	Total US$
Liabilities				
Deposits from customers	193 945 072	10 420 750	5 064 276	209 430 098
Deposits from other banks	74 876 026	3 110 104	-	77 986 130
Borrowings	3 518 454	6 800 391	62 984 895	73 303 740
Insurance liabilities	2 523 461	-	6 880 967	9 404 428
Current income tax liabilities	907 522	-	-	907 522
Trade and other liabilities	2 118 504	10 966 918	848 427	13 933 849
Total liabilities - (contractual maturity)	**277 889 039**	**31 298 163**	**75 778 565**	**384 965 767**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	93 762 063	-	-	93 762 063
Financial assets held to maturity	-	27 988 587	21 635 446	49 624 033
Loans and advances to customers	30 542 463	109 781 455	142 647 775	282 971 693
Bonds and debentures	-	-	8 702 320	8 702 320
Trade and other receivables including insurance receivables	1 835 744	6 263 785	-	8 099 529
Financial assets at fair value through profit or loss	136 472	913 565	-	1 050 037
Available for sale financial assets	377 568	-	-	377 568
Other assets	964 343	333 814	2 676 339	3 974 496
	127 618 653	**145 281 206**	**175 661 880**	**448 561 739**
Liquidity gap	**(150 270 386)**	**113 983 043**	**99 883 315**	**63 595 972**
Cumulative liquidity gap - on balance sheet	**(150 270 386)**	**(36 287 343)**	**63 595 972**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	4 328 256	-	4 328 256
Commitments to lend	7 044 988	-	-	7 044 988
Total liabilities	7 044 988	4 328 256	-	11 373 244
Liquidity gap	**(7 044 988)**	**(4 328 256)**	**-**	**52 222 728**
Cumulative liquidity gap - on and off balance sheet	**(157 315 374)**	**(47 660 587)**	**52 222 728**	**-**

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Contractual maturity analysis on balance sheet items as at 31 December 2014	Up to 3 months US$	3 months to 1 year US$	Over 1 year US$	Total US$
Liabilities				
Deposits from customers	196 263 136	16 436 445	4 418 371	217 117 952
Deposits from other banks	65 333 257	-	-	65 333 257
Borrowings	1 551 515	13 140 189	67 724 950	82 416 654
Insurance liabilities	-	2 447 245	4 830 803	7 278 048
Current income tax liabilities	-	1 095 584	-	1 095 584
Trade and other liabilities	7 075 618	7 534 555	733 742	15 343 915
Total liabilities - (contractual maturity)	**270 223 526**	**40 654 018**	**77 707 866**	**388 585 410**
Assets held for managing liquidity risk (contractual maturity dates)				
Balances with banks and cash	110 965 506	-	-	110 965 506
Financial assets held to maturity	-	-	10 749 309	10 749 309
Loans and advances to customers	39 973 493	95 324 452	168 374 599	303 672 544
Bonds and debentures	-	-	2 768 518	2 768 518
Trade and other receivables including insurance receivables	-	6 382 407	-	6 382 407
Financial assets at fair value through profit or loss	1 349 039	-	-	1 349 039
Available for sale financial assets	407 764	-	-	407 764
Other assets	827 810	2 143 204	1 150 615	4 121 629
	153 523 612	**103 850 063**	**183 043 041**	**440 416 716**
Liquidity gap	**(116 699 914)**	**63 196 045**	**105 335 175**	**51 831 306**
Cumulative liquidity gap - on balance sheet	**(116 699 914)**	**(53 503 869)**	**51 831 306**	**-**
Off balance sheet items				
Liabilities				
Guarantees and letters of credit	-	6 898 941	-	6 898 941
Commitments to lend	9 773 788	-	-	9 773 788
Total liabilities	9 773 788	6 898 941	-	16 672 729
Liquidity gap	**(9 773 788)**	**(6 898 941)**	**-**	**35 158 577**
Cumulative liquidity gap - on and off balance sheet	**(126 473 702)**	**(70 176 598)**	**35 158 577**	**-**

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.

Management of liquidity gap on short-term maturities

The cash flows presented above reflect the cash flows that will be contractually payable over the residual maturity of the instruments. In practice, however, certain liability instruments behave differently from their contractual terms and typically, for short-term customer accounts, extend to a longer period than their contractual maturity. The Group therefore seeks to manage its liabilities both on a contractual and behavioural basis. The Group prescribes various liquidity stress scenarios as part of stress testing that include accelerated withdrawal of deposits over a period of time and prescribed measures are in place to ensure that cash inflows exceed outflows under such scenarios.

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36.3 Market risk

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

The market risk for the trading portfolio is managed and monitored based on a collection of risk management methodologies to assess market risk including Value-at-Risk ("VaR") methodology that reflects the interdependency between risk variables, stress testing, loss triggers and traditional risk management measures. Non–trading positions are managed and monitored using other sensitivity analysis. The market risk for the non-trading portfolio is managed as detailed in notes 36.3.1 to 36.3.3.

36.3.1 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 REPRICING AND GAP ANALYSIS

Total position as at 31 December 2015	0 - 30 days US$	31 - 90 days US$	91-180 days US$	181-365 days US$	Over 365 days US$	Non-interest bearing US$	Total US$
Assets							
Balances with other banks and cash	21 510 540	13 815 002	-	-	-	58 436 521	93 762 063
Financial assets held to maturity	-	-	-	27 988 587	21 635 446	-	49 624 033
Loans and advances to customers	101 098 906	23 934 982	52 377 549	30 221 100	95 723 778	(20 384 622)	282 971 693
Trade and other receivables including insurance receivables	-	-	-	-	-	8 099 529	8 099 529
Bonds and debentures	-	-	-	-	8 702 320	-	8 702 320
Financial assets at fair value	-	-	-	-	-	1 050 037	1 050 037
Available for sale financial assets	-	-	-	-	-	377 568	377 568
Inventory	-	-	-	-	-	6 112 654	6 112 654
Prepayments and other assets	-	-	-	-	-	5 666 568	5 666 568
Deferred income tax assets	-	-	-	-	-	6 181 913	6 181 913
Investment property	-	-	-	-	-	2 472 140	2 472 140
Intangible asset	-	-	-	-	-	897 946	897 946
Property, plant and equipment	-	-	-	-	-	24 646 858	24 646 858
Total assets	**122 609 446**	**37 749 984**	**52 377 549**	**58 209 687**	**126 061 544**	**93 557 112**	**490 565 322**
Liabilities							
Deposits from customers	61 821 293	36 265 521	7 406 858	2 100 749	8 320 000	93 515 677	209 430 098
Deposits from other banks	51 163 976	19 588 255	4 123 795	3 110 104	-	-	77 986 130
Borrowings	3 735 164	-	2 402 989	3 500 000	63 665 587	-	73 303 740
Insurance liabilities	-	-	-	-	-	9 404 428	9 404 428
Trade and other payables	-	-	-	-	-	13 933 849	13 933 849
Current income tax liabilities	-	-	-	-	-	907 522	907 522
Deferred income tax liabilities	-	-	-	-	-	710 525	710 525
Shareholder equity	-	-	-	-	-	104 889 030	104 889 030
Total liabilities	**116 720 433**	**55 853 776**	**13 933 642**	**8 710 853**	**71 985 587**	**223 361 031**	**490 565 322**
Interest rate repricing gap	**5 889 013**	**(18 103 792)**	**38 443 907**	**49 498 834**	**54 075 957**	**(129 803 919)**	**-**
Cumulative gap interest rate repricing gap	**5 889 013**	**(12 214 779)**	**26 229 128**	**75 727 962**	**129 803 919**	**-**	

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INTEREST RATE REPRICING AND GAP ANALYSIS

Total position as at 31 December 2014	0 - 30 days US$	31 - 90 days US$	91-180 days US$	181-365 days US$	Over 365 days US$	Non-interest bearing US$	Total US$
Assets							
Balances with other banks and cash	5 828 405	7 369 910	-	-	-	97 767 191	110 965 506
Financial assets held to maturity	-	-	-	-	10 749 309	-	10 749 309
Loans and advances to customers	113 245 606	19 554 604	11 206 118	66 411 277	115 952 594	(22 697 655)	303 672 544
Trade and other receivables including insurance receivables	-	-	-	-	-	6 382 407	6 382 407
Bonds and debentures	-	-	-	-	2 768 518	-	2 768 518
Financial assets at fair value	-	-	-	-	-	1 349 039	1 349 039
Available for sale financial assets	-	-	-	-	-	407 764	407 764
Inventory	-	-	-	-	-	4 464 350	4 464 350
Prepayments and other assets	-	-	-	-	-	6 095 286	6 095 286
Current tax asset	-	-	-	-	-	197 042	197 042
Deferred income tax assets	-	-	-	-	-	4 274 800	4 274 800
Investment property	-	-	-	-	-	1 693 000	1 693 000
Intangible asset	-	-	-	-	-	1 212 593	1 212 593
Property, plant and equipment	-	-	-	-	-	23 115 845	23 115 845
Total assets	**119 074 011**	**26 924 514**	**11 206 118**	**66 411 277**	**129 470 421**	**124 261 662**	**477 348 003**
Liabilities							
Deposits from customers	76 552 736	33 759 883	5 504 157	9 555 531	-	91 745 645	217 117 952
Deposits from other banks	41 651 055	23 333 218	348 984	-	-	-	65 333 257
Borrowings	4 825 682	900 000	-	12 399 930	64 291 042	-	82 416 654
Insurance liabilities	-	-	-	-	-	7 278 048	7 278 048
Trade and other payables	-	-	-	-	-	15 343 915	15 343 915
Current income tax liabilities	-	-	-	-	-	1 095 584	1 095 584
Deferred income tax liabilities	-	-	-	-	-	545 697	545 697
Shareholder equity	-	-	-	-	-	88 216 896	88 216 896
Total liabilities	**123 029 473**	**57 993 101**	**5 853 141**	**21 955 461**	**64 291 042**	**204 225 785**	**477 348 003**
Interest rate repricing gap	**(3 955 462)**	**(31 068 587)**	**5 352 977**	**44 455 816**	**65 179 379**	**(79 964 123)**	**-**
Cumulative gap interest rate repricing gap	**(3 955 462)**	**(35 024 049)**	**(29 671 072)**	**14 784 744**	**79 964 123**	**-**	

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

i) Liabilities may mature before assets, necessitating the rollover of such liabilities until sufficient quantity of assets mature to repay the liabilities. The risk lies in that interest rates may rise and that expensive funds may have to be used to fund assets that are yielding lower returns.
ii) Assets may mature before liabilities do, in which case they have to be reinvested until they are needed to repay the liabilities. If interest rates fall the re-investment may be made at rates below those being paid on the liabilities waiting to be retired.

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

Scenario analysis of net interest income

The Group's trading book is affected by interest rate movements on net interest income. 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.

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Scenario: **Impact on earnings as at 31 December**

	2015 US$	2015 US$	2014 US$	2014 US$
5% increase in interest rates				
Assets	397 008 210	3 393 719	353 086 341	2 924 071
Liabilities	267 204 291	(920 329)	273 122 218	(1 068 383)
Net effect		**2 473 390**		**1 855 688**

In calculating the sensitivity, shocks are defined in terms of simple interest rate. The analysis assumes a static portfolio, that there will be no defaults, prepayments or early withdrawals and the analysis is limited to a 30 day period.

36.3.2 Currency risk

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

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

The table below indicates the extent to which the Group was exposed to currency risk.

Foreign exchange gap analysis as at 31 December 2015

Base currency	ZAR US$ equivalent	EUR US$ equivalent	BWP US$ equivalent	GBP US$ equivalent	TOTAL US$ equivalent
Assets					
Balances with other banks and cash	874 423	208 285	282 845	398 892	1 764 445
Trade and other receivables	3 697	2	14	45	3 758
Loans and advances to customers	50 476	1 535	69	31	52 111
Total assets	**928 596**	**209 822**	**282 928**	**398 968**	**1 820 314**
Liabilities					
Deposits from customers	754 515	65 828	86 964	121 021	1 028 328
Trade and other payables	3 341	19	36	100	3 496
Total liabilities	**757 856**	**65 847**	**87 000**	**121 121**	**1 031 824**
Net currency position	**170 740**	**143 975**	**195 928**	**277 847**	**788 490**
Foreign exchange gap analysis as at 31 December 2014					
Assets					
Balances with other banks and cash	2 181 103	381 522	173 040	579 642	3 315 307
Trade and other receivables	-	-	-	-	-
Loans and advances to customers	81 153	1 612	440	305	83 510
Total assets	**2 262 256**	**383 134**	**173 480**	**579 947**	**3 398 817**
Liabilities					
Deposits from customers	1 901 080	319 966	91 448	92 668	2 405 162
Trade and other payables	4 714	11 694	43	104	16 555
Total liabilities	**1 905 794**	**331 660**	**91 491**	**92 772**	**2 421 717**
Net currency position	**356 462**	**51 474**	**81 989**	**487 175**	**977 100**

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Below are major cross rates to the US$ used by the Group as at 31 December:

Currency	2015 Cross rate	2014 Cross rate
British pound ("GBP")	0.674	0.642
SA rand ("ZAR")	15.543	11.579
Euro ("EUR")	0.915	0.822
Pula ("BWP")	11.099	9.506

The table below summarises the impact of increases or decreases of exchange rates on the Group's post-tax profit for the year. The analysis is based on the assumption that the exchange rates have increased or decreased by 10% with all other variables held constant.

Impact of 10% increase in exchange rates:	ZAR US$	EUR US$	BWP US$	GBP US$	TOTAL US$
For the year ended 31 December 2015					
Assets	92 860	20 982	28 293	39 897	182 032
Liabilities	(75 786)	(6 585)	(8 700)	(12 112)	(103 183)
Net position	**17 074**	**14 397**	**19 593**	**27 785**	**78 849**
For the year ended 31 December 2014					
Assets	226 226	38 313	17 348	57 995	339 882
Liabilities	(190 579)	(33 166)	(9 149)	(9 277)	(242 171)
Net position	**35 647**	**5 147**	**8 199**	**48 718**	**97 711**

36.3.3 Price risk

The Group is exposed to equity price risk because of investments held by the Group and classified on the consolidated statement of financial position as at fair value through profit or loss and available for sale financial assets. 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.

The table below summarises the impact of increases or decreases of the Zimbabwe Stock Exchange ("ZSE") on the Group's total comprehensive income for the year. The analysis is based on the assumption that the equity index has increased or decreased by 25% with all other variables held constant and the Group's equity instruments moved according to the historical correlation with the index.

Impact of 25% equity index:	2015 US$	2014 US$
Financial assets at fair value through profit or loss	262 509	337 260
Available for sale financial assets	94 392	101 941

36.4 Settlement risk

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

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Settlement limits form part of the credit approval / limit monitoring process. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Group Risk.

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36.5 Capital risk

36.5.1 Regulatory Capital and Financial Risk Management

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

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

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

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

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

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

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

Various limits are applied to elements of the capital base. The amount of capital qualifying for tier 2 capital cannot exceed tier 1 capital and the qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investment in the capital of other banks and certain other regulatory items. The Group's operations are categorised as either banking or trading book, and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels or risk attached to assets and off balance sheet exposures.

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

The Securities Commission of Zimbabwe ("SECZ") sets and monitors capital requirements for the stockbroking subsidiary and the Insurance and Pensions Commission ("IPEC") sets and monitors capital requirements for the insurance subsidiaries. The following subsidiaries have their capital regulated by the regulatory authorities:

Company As at 31 December 2015	Regulatory Authority	Minimum capital required US$	Net regulatory capital US$	Total equity US$
FBC Bank Limited	RBZ	25 000 000	41 387 308	43 067 712
FBC Building Society	RBZ	20 000 000	35 029 984	35 029 984
FBC Reinsurance Limited	IPEC	3 000 000	11 830 862	11 830 862
FBC Securities (Private) Limited	SECZ	150 000	264 865	264 865
Eagle Insurance Company (Private) Limited	IPEC	1 500 000	5 772 560	5 772 560
Microplan Financial Services (Private) Limited	RBZ	10 000	5 491 778	5 491 778
As at 31 December 2014				
FBC Bank Limited	RBZ	25 000 000	30 668 972	33 264 921
FBC Building Society	RBZ	20 000 000	29 702 581	29 752 809
FBC Reinsurance Limited	IPEC	3 000 000	10 272 398	10 272 398
FBC Securities (Private) Limited	SECZ	150 000	237 308	237 308
Eagle Insurance Company (Private) Limited	IPEC	1 500 000	4 664 093	4 664 093
Microplan Financial Services (Private) Limited	RBZ	10 000	3 353 009	3 353 009

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Capital adequacy ratios for banking subsidiaries	Regulatory Requirement	31-Dec-15	31-Dec-14
FBC Bank Limited	12%	15%	16%
FBC Building Society	12%	41%	40%

36.5.2 Capital allocation

The allocation of capital between specific operations is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each subsidiary is firstly premised on minimum regulatory requirements. The process of allocating capital to specific operations and subsidiaries is undertaken independently of those responsible for the operations. The Assets and Liability Committee ("ALCO") at the banking subsidiaries set the Assets and Liability Management ("ALM") policies which determine the eventual asset allocation dependent on desired risk return profiles based on ALCO forecasts on the different markets the Group participates in and economic fundamentals.

Group Risk monitors and ensures adherence to these policies as well as continuously measure the efficacy of these policies through ALCO and various other credit committees.

Although maximisation of the return on risk adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Capital adequacy ratios

FBC Bank Limited capital adequacy ratio	31-Dec-15 US$	31-Dec-14 US$
Ordinary share capital	18 500 925	18 500 000
Share premium	2 199 075	
Retained profits	20 742 037	12 479 003
General reserve	-	660 244
Capital allocated for market and operational risk	(6 890 321)	(4 035 797)
Advances to insiders	(1 680 404)	(2 595 950)
Tier 1 capital	32 871 312	25 007 500
Other reserves	1 625 675	1 625 675
Tier 1 and 2 capital	34 496 987	26 633 175
Tier 3 capital allocated for market and operational risk	6 890 321	4 035 797
	41 387 308	30 668 972
Risk weighted assets	282 449 567	194 870 201
Tier 1 ratio (%)	12%	13%
Tier 2 ratio (%)	1%	1%
Tier 3 ratio (%)	2%	2%
Capital adequacy ratio (%)	15%	16%
Minimum Statutory Capital adequacy ratio	**12%**	**12%**

Notes to the Consolidated Financial Statements (continued)

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FBC Building Society capital adequacy ratio	31-Dec-15 US$	31-Dec-14 US$
Share capital and share premium	11 266 599	11 266 599
Accumulated surplus	23 669 470	18 392 295
Capital allocated for market and operational risk	(1 685 134)	(1 650 312)
Advances to insiders	-	(50 228)
Tier 1 capital	33 250 935	27 958 354
Non distributable reserves	-	-
Revaluation reserves	93 915	93 915
Tier 1 and 2 capital	33 344 850	28 052 269
Tier 3 capital allocated for market and operational risk	1 685 134	1 650 312
	35 029 984	29 702 581
Risk weighted assets	86 155 979	73 516 267
Tier 1 ratio (%)	39%	38%
Tier 2 ratio (%)	0%	0%
Tier 3 ratio (%)	2%	2%
Capital adequacy ratio (%)	41%	40%
Minimum Statutory Capital adequacy ratio	**12%**	**12%**

37 FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are defined below.

Quoted market prices (level 1)

Assets and liabilities are classified as level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets of liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputes (level 2)

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

Valuation technique using significant and unobservable inputs (level 3)

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

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

As at 31 December 2015	Quoted market prices Level 1 US$	Observable inputs Level 2 US$	Significant unobservable inputs Level 3 US$	Total US$
Assets				
Financial assets held to maturity	-	-	49 624 033	49 624 033
Financial assets at fair value through profit or loss	1 050 037	-	-	1 050 037
Available for sale financial assets	377 568	-	-	377 568
Investment property	-	-	2 472 140	2 472 140
Land and buildings	-	-	17 023 884	17 023 884
Liabilities	**-**	**-**	**-**	**-**
As at 31 December 2014				
Assets				
Financial assets held to maturity	-	-	10 749 309	10 749 309
Financial assets at fair value through profit or loss	1 349 039	-	-	1 349 039
Available for sale financial assets	407 764	-	-	407 764
Investment property	-	-	1 693 000	1 693 000
Land and buildings	-	-	17 378 612	17 378 612
Liabilities	-	-	-	-

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on valuations of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable possible alternative valuations, The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

Land and buildings under level 3 comprises commercial properties. Refer to property, plant and equipment note 13.

Investment property

The valuation approach taken for invesment property was a sales comparison approach being the market value of similar properties. In this approach, similar properties that had been recently sold or which are currently on sale and situated in comparable areas were utilised to derive the fair value. Market evidence from other estate agents and local press was also taken into consideration. The significant unobservable inputs were comparable rates per square meter.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The carrying amounts of financial assets and liabilities held at amortised cost approximate fair values. The following methods and assumptions were used to estimate the fair values;

Loans and advances to customers

The fair value of loans and advances to customers, for the purposes of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Gross loan values are discounted at a rate of the Group's contractual margins depending on credit quality and period to maturity. As such Group product margins are deemed significant inputs in the fair value models for the purposes of this disclosure, the related balances are classified as level 3 since the inputs are unobservable.

Trade and other receivables

The fair value of trade and other receivables, for the purposes of this disclosure, is calculated by the use of discounted cash flow techniques where the gross receivables are discounted at the Group's borrowing rate. Significant inputs in the valuation model are unobservable and are thus classified as level 3 for purposes of this disclosure.

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Deposits from banks and amounts due to customers
The fair value disclosed approximates carrying value because the instruments are short term in nature. The deposits from banks and customers are classified as level 2. There are no deposits with long term maturities.

Borrowings
The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant due to the market terms (rates and tenor) available. The fair value of the non current portion, for purposes of this disclosure are based on cash flows discounted using a rate based on the contractual borrowing rates which is an observable input. Therefore borrowings are within level 3 of the fair value hierarchy. The carrying amount equals the carrying amounts for borrowings with longer term maturities as the discount rate approximates the liabilities' effective interest rates.

Insurance liabilities and trade and other payables
The fair value disclosed approximates carrying value because the instruments are short term in nature.

Guarantees, acceptances and other financial facilities
The fair value disclosed approximates carrying value because the instruments are short term in nature.

38 FINANCIAL INSTRUMENTS

Financial assets and liabilities

Accounting classifications and fair values
The table below sets out the Group's classification of each class of financial assets and liabilities

38.1 Position as at 31 December 2015	Held to maturity US$	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
Assets						
Balances with other banks and cash	-	-	-	93 762 063	-	93 762 063
Financial assets held to maturity	49 624 033	-	-	-	-	49 624 033
Loans and advances to customers	-	-	-	282 971 693	-	282 971 693
Bonds and debentures	8 702 320	-	-	-	-	8 702 320
Trade and other receivables including insurance receivables	-	-	-	8 099 529	-	8 099 529
Financial assets at fair value through profit or loss	-	1 050 037	-	-	-	1 050 037
Available for sale financial assets	-	-	377 568	-	-	377 568
Total	**58 326 353**	**1 050 037**	**377 568**	**384 833 285**	**-**	**444 587 243**
Liabilities						
Deposits from customers	-	-	-	-	209 430 098	209 430 098
Deposits from other banks	-	-	-	-	77 986 130	77 986 130
Borrowings	-	-	-	-	73 303 740	73 303 740
Insurance liabilities	-	-	-	-	9 404 428	9 404 428
Trade and other liabilities	-	-	-	-	13 933 849	13 933 849
Total	**-**	**-**	**-**	**-**	**384 058 245**	**384 058 245**

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38.2 Position as at 31 December 2014

	Held to maturity US$	Held for trading US$	Available for sale US$	Loans and receivables US$	Financial liabilities at amortised cost US$	Total carrying amount US$
Assets						
Balances with other banks and cash	-	-	-	110 965 506	-	110 965 506
Financial assets held to maturity	10 749 309	-	-	-	-	10 749 309
Loans and advances to customers	-	-	-	303 672 544	-	303 672 544
Bonds and debentures	2 768 518	-	-	-	-	2 768 518
Trade and other receivables including insurance receivables	-	-	-	6 382 407	-	6 382 407
Financial assets at fair value through profit or loss	-	1 349 039	-	-	-	1 349 039
Available for sale financial assets	-	-	407 764	-	-	407 764
Total	**13 517 827**	**1 349 039**	**407 764**	**421 020 457**	**-**	**436 295 087**
Liabilities						
Deposits from other banks	-	-	-	-	217 117 952	217 117 952
Deposits from customers	-	-	-	-	65 333 257	65 333 257
Borrowings	-	-	-	-	82 416 654	82 416 654
Insurance liabilities	-	-	-	-	7 278 048	7 278 048
Trade and other liabilities	-	-	-	-	15 343 915	15 343 915
Total	**-**	**-**	**-**	**-**	**387 489 826**	**387 489 826**

39 INSURANCE RISK MANAGEMENT

Insurance risk management specifically applies to the two subsidiaries; FBC Reinsurance Limited and Eagle Insurance Company Limited.

39.1 Risk management objectives and policies for mitigating risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The reinsurers and retrocessionaires that the Group transacted with for the year had the following ratings;

Year ended 31 December

Ratings	Number of reinsurers and retrocessionaires	
	2015	2014
A	1	1
A-	2	2
B+	3	3
BB+	4	4
BB	1	1
BB-	1	1
Total	12	12

Notes to the Consolidated Financial Statements (continued)
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39.2 Underwriting strategy

The Group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a geographical area, as such; it is believed that this reduces the variability of the outcome. The underwriting strategy is set out in an annual business plan that sets out the classes of business to be written, the regions in which business is to be written and the industry sectors to which the Group is prepared to expose itself. This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by the size, and class of business in order to enforce appropriate risk selection within the portfolio. The underwriters have the right to refuse renewal or to change the terms and conditions of the contract with 60 days notice, as well as the right to reject the payment of a fraudulent claim.

Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (i.e., subrogation). Adherence to the underwriting authorities is measured through a series of exception reports that are run on a regular basis covering size of risk, class and industry.

39.3 Reinsurance strategy

The short-term insurance company reinsures all business in excess of its underwriting capacity as determined by the statement of financial position. The short-term insurance company utilises quota share, surplus, excess of loss and facultative reinsurance programmes with reputable reinsurers.

The treaties are a combination of proportional and non proportional in order to minimise the net exposure to the Group.
The Group also participates in the facultative reinsurance in certain specified circumstances.

39.4 Retrocession strategy

The reinsurance company reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The main classes covered include fire and engineering classes. The Group utilises international reinsurance brokers for the arrangement and placement of retrocession programmes with reputable reinsurers. This is led by Aon Sub Sahara Africa in South Africa and J B Boda Reinsurance Brokers (Pvt) Ltd of India. The treaties are a combination of proportional and non proportional treaties in order to minimise the net exposure to the company.

39.5 Terms and conditions of short- term insurance contracts

The terms and conditions of insurance contracts that are underwritten by the Group that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

i) The premium must be paid to the insurer before cover commences on direct clients and in the case of clients through intermediaries, payment should be made within a stipulated credit period;
ii) The Group shall not be liable under the contract for any claims which are notified after the expiry of three months from the date of loss; and
iii) Both parties to the contract shall give 30 days notice of cancellation of the policy.

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Nature of risks covered

The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks. The Group through its subsidiary, Eagle Insurance Company Limited, writes the following types of business within its Commercial and Personal Lines;

Products	Commercial	Personal Lines
Fire		
Assets all risks	*	*
House owners	*	*
Fire combined	*	*
Accident		
Money	*	x
Glass	*	x
Goods in transit	*	*
Theft	*	*
Personal all risks	*	*
Business all risks	*	x
Fidelity guarantee	*	x
Householders	*	*
Personal accident		
Group personal accident	*	x
Personal accident	*	*
Motor		
Private motor	*	*
Commercial motor	*	*
Motor cycle	*	*
Trailer	*	*
Motor fleet	*	*
Engineering		
Electronic equipment	*	x
Machinery breakdown	*	x
Machinery breakdown loss of profits	*	x
Contractors all risks	*	x
Erection all risks	*	x
Civil engineering completed risks	*	x
Plant all risks	*	x
Marine		
Marine cargo	*	*
Marine hull	*	*
Liability		
Public liability	*	*
Employers liability	*	x
Professional indemnity	*	x
Products liability	*	x
Directors and officer liability	*	x
Bonds and guarantees		
Court bond	*	x
Performance bond	*	x
Bid bond	*	x
Advance payment bond	*	x
Government/customs bonds	*	x

Legend

* class of business underwritten

x class of business not underwritten

Notes to the Consolidated Financial Statements (continued)
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Commercial department underwrites small to large business from companies. Personal department provides insurance to the general public in their personal capacities.

The following perils are covered under the different types of business:
- Fire – fire, storm, explosions, malicious and earthquake
- Accident – all risks of accidental loss or damage to property
- Personal accident – death, permanent disablement, total disablement and medical expenses
- Motor – private and commercial (comprehensive, full third party, fire and theft)
- Engineering – accidental physical loss or damage to machinery on an all risks basis
- Marine – loss or damage to cargo in transit or vessel
- Liability – legal liability following death or injury to third parties or damage to third party property
- Bonds and guarantees – guarantees that contractual obligations will be met in case of default

The return to shareholders arises from the total premiums charged to policyholders and investment returns less the amounts paid to cover claims and administrative expenses incurred by the Group.

39.6 Terms and conditions of short- term reinsurance contracts

Nature of risks covered
The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks:

The Group, through its subsidiary, FBC Reinsurance Limited writes the following types of business within its Treaty and Facultative Departments;

Products	Treaty	Facultative
Fire	*	*
Miscellaneous accident	*	*
Motor	*	*
Engineering	*	*
Marine - hull and cargo	*	*
Aviation	*	*
Credit	*	*

* class of business underwritten
x class of business not underwritten

Both Treaty and Facultative Departments provide cover on commercial and personal lines basis. Commercial policies cover small to large business from companies. Personal lines policies cover the general public in their personal capacities. The following perils are covered under the different types of business;
- **Fire** - fire, storm, explosions, riot, malicious and earthquake.
- **Accident** - all risks of accidental loss or damage to property.
- **Personal accident** - death, permanent disablement, total disablement and medical expenses.
- **Motor** - private and commercial (comprehensive, full third party, fire and theft).
- **Engineering** - accidental physical loss or damage to machinery on an all risks basis.
- **Marine** - loss or damage to cargo in transit or vessel.
- **Liability** - legal liability following death or injury to third parties or damage to third party property.
- **Bonds and guarantees** - guarantees that contractual obligations will be met in case of default

The return to shareholders under these products arises from the total premiums charged to policyholders and investment returns less the amounts paid to cover commissions, retrocessions, claims and operating expenses incurred by the Group.

There is scope for the Group to earn investment income owing to the time delay between the receipt of premiums and the payment of claims.

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The event giving rise to a claim usually occurs suddenly (such as a fire) and the cause is easily determinable. The claim will thus be notified promptly and can be settled without delay.

The key risks associated with these products for the Group are underwriting risk, competitive risk, and claims experience risk (including the variable incidence of natural disasters), as well as fraud risk.

Underwriting risk is the risk that the Group does not charge premiums appropriate for the risk that they accept. The risk on any policy will vary according to factors such as location, safety measures in place, age of property etc. Calculating a premium commensurate with the risk for these policies will be subjective and risky. The risk is managed through pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the environment in which they operate.

The Group is also exposed to the risk of false or invalid claims from the policyholders. External control systems and fraud detection measurements are in place to improve the Group's ability to proactively detect fraudulent claims.

39.7 Concentration of insurance risk

With the insurance process, concentration of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentration may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

Property is subject to a number of risks, including theft, fire, business interruption and weather. For property business there is risk that external factors such as adverse weather conditions may adversely impact upon a large proportion of a particular geographical portion of the property risks. Claim inducing perils such as storms, floods, subsidence, fires, explosions, and rising crime levels will occur on a regional basis, meaning that the Group has to manage its geographical risk dispersion very carefully.

For motor business the main risks relates mainly to losses arising from theft, fire, third party losses and accident. Claims including perils such as increase in crime levels, adverse weather and bad road networks will occur meaning that the Group has to ensure that all products are adequately priced and that salvage recovery is pursued in order to mitigate losses.

39.8 Claims development

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The Group takes all reasonable steps to ensure that they have appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The claims liability comprises a provision for outstanding claims and a provision for claims incurred but not yet reported ("IBNR") at the balance sheet date.

In calculating the estimated cost of outstanding claims, the Group uses the estimates determined by external assessors who would have calculated the total estimated cost of the claim. The Group provides for IBNR at 7% (2014 - 7%) of net premium written for the reinsurance subsidiary and 5% (2014 - 5%) of net premium written for the short term insurance subsidiary based on past experience.

39.9 Management of risk relating to changes in underwriting variables

Profit or loss and equity are sensitive to changes in variables that have a material effect on them. These variables are mainly significant classes of transactions and their corresponding balances. These variables are gross premium written, commissions, IBNR and outstanding claims. The Group has put in place procedures to identify and control the impact of these variables on the profit or loss and equity through financial analysis which entails scrutiny of key performance indicators (includes ratio analysis) on a regular basis. The results of the financial information are taken into account when budgets are made and when pricing decisions for different types of policies is done to ensure that the companies are adequately pricing their insurance products to avoid future losses.

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40 SEGMENT REPORTING

Segment information is presented in respect of business segments.

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

The Group comprises six business segments i.e. commercial banking, microlending, mortgage financing, short term reinsurance, short term insurance and stockbroking. The manufacturing subsidiary was disposed off during the year 2014.

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.

31 December 2015	Commercial banking US$	Microlending US$	Mortgage financing US$	Short term reinsurance US$	Short term Insurance US$	Stockbroking US$	Consolidated US$
Total segment net income							
Interest income	40 688 990	7 459 327	11 861 778	904 208	404 754	136 543	61 455 600
Interest expense	(23 325 950)	(1 722 591)	(4 978 685)	-	-	-	(30 027 226)
Net interest income / loss	17 363 040	5 736 736	6 883 093	904 208	404 754	136 543	31 428 374
Sales	-	-	6 709 923	-	-	-	6 709 923
Cost of sales	-	-	(5 758 871)	-	-	-	(5 758 871)
Gross profit	-	-	951 052	-	-	-	951 052
Net earned insurance premium	-	-	-	13 752 838	9 568 880	-	23 321 718
Net fee and commission income	19 913 382	482 183	4 868 831	-	-	122 764	25 387 160
Net trading income and other income	1 272 343	52 197	175 108	(298 995)	30 865	(6 886)	1 224 632
Total net income for reported segments	38 548 765	6 271 116	12 878 084	14 358 051	10 004 499	252 421	82 312 936
Intersegment revenue	(1 516 767)	-	(2 168 152)	(1 199 948)	(1 534 095)	(82 952)	(6 501 914)
Intersegment interest expense and commission	3 002 797	1 636 767	1 738 372	38 913	1 255 383	3 272	7 675 504
Net income from external customers	**40 034 795**	**7 907 883**	**12 448 304**	**13 197 016**	**9 725 787**	**172 741**	**83 486 526**
Segment profit before income tax	**9 289 390**	**3 027 775**	**6 307 115**	**2 521 059**	**1 663 178**	**(151 207)**	**22 657 310**
Impairment allowances on financial assets	2 054 623	517 393	636 560	-	117 000	-	3 325 576
Depreciation	1 372 473	27 037	167 101	22 518	142 887	15 299	1 747 315
Amortisation	310 648	-	72 295	27 023	83 670	-	493 636
Segment assets	**387 388 351**	**18 876 686**	**124 754 260**	**19 477 235**	**12 963 393**	**1 550 225**	**565 010 150**
Total assets includes :							
Additions to non-current assets	2 925 619	118 817	156 713	81 665	38 450	178	3 321 442
Investment in associates	-	-	-	491 139	-	-	-
Segment liabilities	**344 320 639**	**13 384 908**	**89 724 276**	**7 646 373**	**7 190 834**	**1 285 359**	**463 552 389**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing Sale of houses Construction	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market dealing	

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

31 December 2014	Commercial banking US$	Microlending US$	Mortgage financing US$	Short term reinsurance US$	Insurance US$	Stockbroking US$	Consolidated US$
Total segment net income							
Interest income	39 783 729	7 454 419	11 847 226	1 107 819	305 925	133 262	60 632 380
Interest expense	(25 415 667)	(2 477 737)	(6 049 608)	-	-	-	(33 943 012)
Net interest income	14 368 062	4 976 682	5 797 618	1 107 819	305 925	133 262	26 689 368
Sales	-	-	8 282 137	-	-	-	8 282 137
Cost of sales	-	-	(5 282 538)	-	-	-	(5 282 538)
Gross profit	-	-	2 999 599	-	-	-	2 999 599
Net earned insurance premium	-	-	-	11 693 984	8 695 882	-	20 389 866
Net fee and commission income	19 788 925	400 312	5 100 395	-	-	240 440	25 530 072
Net trading income and other income	(3 453 846)	74 719	177 759	(459 771)	21 517	8 249	(3 631 373)
Total net income for reported segments	30 703 141	5 451 713	14 075 371	12 342 032	9 023 324	381 951	71 977 532
Intersegment revenue	(269 641)	-	(3 623 843)	(1 929 797)	(997 085)	(125 849)	(6 946 215)
Intersegment interest expense and commission	4 109 127	1 257 463	528 409	70 062	1 053 111	-	7 018 172
Net income from external customers	**34 542 627**	**6 709 176**	**10 979 937**	**10 482 297**	**9 079 350**	**256 102**	**72 049 489**
Segment profit before income tax	**2 196 040**	**2 060 767**	**6 767 000**	**2 668 021**	**1 763 452**	**(40 364)**	**15 414 916**
Impairment allowances on financial assets	6 350 988	895 482	848 059	-	248 551	-	8 343 080
Depreciation	1 248 126	13 308	188 741	25 503	135 097	22 396	1 633 171
Amortisation	282 628	-	58 236	26 634	83 670	-	451 168
Segment assets	**382 650 392**	**12 212 595**	**109 402 856**	**16 561 022**	**11 475 913**	**2 072 074**	**534 374 852**
Total assets includes :							
Additions to non-current assets	994 498	23 675	148 906	11 671	130 722	3 199	1 312 671
Investment in associates	-	-	-	491 139	-	-	-
Segment liabilities	**349 385 470**	**8 859 586**	**79 650 047**	**6 288 624**	**6 811 822**	**1 834 765**	**452 830 314**
Type of revenue generating activity	Commercial and retail banking	Microlending	Mortgage financing Sale of houses Construction	Underwriting general classes of short term re-insurance	Underwriting general classes of short term insurance	Equity market Dealing	

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2015

	31-Dec-2015 US$	31-Dec-2014 US$
Operating segments reconciliations		
Net income		
Total net income for reportable segments	83 486 526	72 049 489
Total net income for non reportable segments	2 956 020	-
Elimination of intersegment revenue received from the holding company	(95 802)	250 334
Add fair value loss/(gain) on treasury shares	57 195	(257 376)
Intersegment eliminations	(4 449 037)	5 317 574
Group total net income	**81 954 902**	**77 360 021**
Group profit before tax		
Total profit before income tax for reportable segments	22 657 310	15 414 916
Intersegment eliminations	(1 309 289)	1 680 480
Profit before income tax	**21 348 021**	**17 095 396**
Group assets		
Total assets for reportable segments	565 010 150	534 374 852
Other group assets	56 250	67 500
Deferred tax asset allocated to the holding company	1 527 861	1 164 980
Intersegment eliminations	(76 028 939)	(58 259 329)
Group total assets	**490 565 322**	**477 348 003**
Group liabilities		
Total liabilities for reportable segments	463 552 389	452 830 314
Elimination of intersegment payables	(77 876 097)	(63 699 207)
Group total liabilities	**385 676 292**	**389 131 107**

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

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

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

Entity wide information

Breakdown of total net income from all services is as follows;

	31-Dec-2015 US$	31-Dec-2014 US$
Analysis of net income by category:		
- Gross profit from residential properties	951 052	2 999 599
Revenue	6 709 923	8 282 137
Cost of sales	(5 758 871)	(5 282 538)
- Gross profit from sales of construction products	-	-
Revenue	-	-
Cost of sales	-	-
- Net income from services	81 003 850	74 360 422
Total	**81 954 902**	**77 360 021**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2015

The Group is domiciled in Zimbabwe. All revenue was earned from external customers in Zimbabwe. All assets of the Group are located in Zimbabwe.

Total net income was earned by a variety of customers with no significant concentration on one customer.

41 BORROWING POWERS

The Directors may exercise all the powers of the Group to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, stock and other securities whether outright or as security for any debt, liability or obligation of the Group or of any third party.

	31-Dec-2015 US$	31-Dec-2014 US$
42 POST EMPLOYMENT BENEFITS		
Contributions made during the year are as follows:		
Self administered pension fund	1 224 951	1 238 048
National Social Security Authority ("NSSA") Scheme	355 515	330 448
	1 580 466	**1 568 496**

The Group operates a defined contribution pension scheme whose assets are held independently of the Group's assets in separate trustee administered funds. All permanent employees are members of this fund.

The NSSA Scheme was promulgated under the National Social Security Authority Act (Chapter 17:04). The Group contributions under the scheme are limited to specific contributions as legislated from time to time and are presently 3.5% (2014 : 3.5%) of pensionable salary to a maximum as set from time to time.

43 CAPITAL COMMITMENTS

	31-Dec-2015 US$	31-Dec-2014 US$
Capital expenditure authorised but not yet contracted	10 441 526	8 904 117

Capital commitments will be funded from the Group's own resources

44 CONTINGENT LIABILITIES

(a) Letters of credit

	31-Dec-2015 US$	31-Dec-2014 US$
The contingent liabilities relate to letters of credit undertaken on behalf of various customers.	4 328 256	6 898 941

(b) Legal proceedings

The Group had no other contingent liabilities as at 31 December 2015 (2014 - US$nil).

45 SUBSEQUENT EVENTS

The Directors are not aware of any events subsequent to the reporting date that may have a significant impact on the financial statements.

Company Financial Statements

Company Statement of Financial Position

As at 31 December 2015

	Note	31 Dec 2015 US$	31 Dec 2014 US$
ASSETS			
Amounts due from related parties	2	5 833 331	7 752 346
Available for sale financial assets	3	377 568	407 764
Investments in subsidiaries	4	48 628 278	46 286 321
Time - share asset	5	56 250	67 500
Other assets		475 697	-
Deferred income tax asset		1 554 589	1 164 980
Total assets		**56 925 713**	**55 678 911**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to related parties	6	2 865 995	1 410 744
Bank overdraft		162 844	9 728
Other liabilities		1 010 124	442 514
Current income tax liability		27 150	-
		4 066 113	**1 862 986**
Equity			
Share capital and premium		14 089 892	14 089 892
Other reserves		34 697 375	35 115 889
Retained profits		4 072 333	4 610 144
		52 859 600	**53 815 925**
Total equity and liabilities		**56 925 713**	**55 678 911**

The Company financial statements on pages 113 to 119 were authorised for issue by the board of directors on 15 March 2016 and were signed on its behalf.

Herbert Nkala
(Chairman)

John Mushayavanhu
(Group Chief Executive)

Tichaona K. Mabeza
(Company Secretary)

Company's Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	31 Dec 2015 US$	31 Dec 2014 US$
Revenue	7	2 956 020	4 609 192
Operating expenditure	8	(2 528 143)	(5 436 947)
Profit /(loss) before income tax		**427 877**	**(827 755)**
Income tax expense	9	35 517	1 164 980
Profit for the year		**463 394**	**337 225**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Available for sale reserve		(30 196)	-
Tax		302	-
Other comprehensive income, net income tax		(29 894)	-
Total comprehensive income for the year		**433 500**	**337 225**
Profit for the year attributable to:			
Equity holders of parent		**463 394**	**337 225**
Total profit for the year		**463 394**	**337 225**
Total comprehensive income attributable to:			
Equity holders of parent		433 500	337 225
Total comprehensive income for the year		**433 500**	**337 225**
Earnings per share (US cents)			
Basic	10.1	0.07	0.05
Diluted	10.2	0.07	0.05

Company's Statement of Changes in Equity
For the year ended 31 December 2015

	Share capital US$	Share premium US$	Share option reserves US$	Revaluation reserves US$	Non distributable reserves US$	Treasury share reserves US$	Available for sale ('AFS') reserves US$	Retained profits US$	Total US$
Balance as at 1 January 2014	**6 719**	**14 083 173**	**110 726**	**112 500**	**35 868 754**	**-**	**201 583**	**9 505 656**	**59 889 111**
AFS revaluation loss	-	-	-	-	-	-	(1 058 722)	-	(1 058 722)
revaluation loss	-	-	-	-	-	-	10 586	-	10 586
Profit for the year	-	-	-	-	-	-	-	337 225	337 225
Realisation of available for sale reserve	-	-	-	-	-	-	411 311	(411 311)	-
Realisation of share option reserve	-	-	(110 726)	-	-	-	-	110 726	-
Transfer to profit or loss	-	-	-	-	-	-	404 428	-	404 428
Purchase of treasury shares	-	-	-	-	-	(834 551)	-	-	(834 551)
Dividend declared and paid	-	-	-	-	-	-	-	(4 932 152)	(4 932 152)
Balance as at 31 December 2014	**6 719**	**14 083 173**	**-**	**112 500**	**35 868 754**	**(834 551)**	**(30 814)**	**4 610 144**	**53 815 925**
AFS revaluation loss	-	-	-	-	-	-	(30 196)	-	(30 196)
Deferred tax on AFS	-	-	-	-	-	-	302	-	302
Profit for the year	-	-	-	-	-	-	-	463 394	463 394
Purchase of treasury shares	-	-	-	-	-	(388 620)	-	-	(388 620)
Dividend declared and paid	-	-	-	-	-	-	-	(1 001 205)	(1 001 205)
Balance as at 31 December 2015	**6 719**	**14 083 173**	**-**	**112 500**	**35 868 754**	**(1 223 171)**	**(60 708)**	**4 072 333**	**52 859 600**

Company's Statement of Cash Flows

For the year ended 31 December 2015

	31 Dec 2015 US$	31 Dec 2014 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(loss) before tax	427 877	(827 755)
Non cash items:		
Depreciation	11 250	11 250
Provisions	1 010 125	-
Net cash generated before changes in operating assets and liabilities	**1 449 252**	**(816 505)**
Changes in operating assets and liabilities		
Decrease/(increase) in amounts due from related parties	1 777 059	(473 070)
Decrease in available for sale assets		1 517 521
(Increase) in other assets	(475 697)	-
Increase/(decrease) in amounts due to related parties	739 990	(6 458)
(decrease)/Increase in other liabilities	(442 515)	26 550
	1 598 837	**1 064 543**
Income tax paid	-	-
Net cash generated in operating activities	**3 048 089**	**248 038**
Cash flows from investing activities		
Net change in subsidiary investments	(2 200 000)	362 265
Net cash (used)/generated in investing activities	**(2 200 000)**	**362 265**
Cash flows from financing activities		
Purchase of treasury shares	-	(834 551)
Dividend paid	(1 001 205)	(4 932 152)
Net cash generated from financing activities	**(1 001 205)**	**(5 766 703)**
Net decrease in cash and cash equivalents	**(153 116)**	**(5 156 400)**
Cash and cash equivalents at beginning of the year	(9 728)	5 146 672
Cash and cash equivalents at the end of year	**(162 844)**	**(9 728)**

Notes to the Company Financial Statements
For the year ended 31 December 2015

1 COMPANY ACCOUNTING POLICIES

The financial statements of the Company for the year ended 31 December 2015 are prepared in accordance with the same principles used in preparing consolidated financial statements of the Group. For detailed accounting policies refer to the Group's financial statements.

2 AMOUNTS DUE FROM RELATED PARTIES

	31-Dec-2015 US$	31-Dec-2014 US$
Share option balances due from subsidiaries	82 926	82 926
Other intercompany receivables	5 750 405	7 669 420
	5 833 331	**7 752 346**
Current	5 833 331	7 752 346
Non-current	-	-
Total	**5 833 331**	**7 752 346**

Amounts receivable from group companies were not considered impaired at year end.

3 AVAILABLE FOR SALE FINANCIAL ASSETS

	31-Dec-2015 US$	31-Dec-2014 US$
As at 1 January	407 764	2 568 992
Dividend in specie received from another subsidiary	-	7 084 694
Disposal through dividend in specie	-	(7 861 895)
Acquisition	-	56 792
Net fair value loss transfer to equity	(30 196)	(1 058 722)
Impairment	-	(382 097)
As at 31 December	**377 568**	**407 764**

The available-for-sale financial assets include Zimbabwe Stock Exchange listed shares denominated in the United States of America dollar. During the year 31 December 2014, a dividend in specie was declared by one of the Company's subsidiaries consisting of the entire holding in Turnall Holdings Limited. In turn, the Company disposed of a portion of the shares through a dividend in specie. The intercompany transaction was fully eliminated in the consolidated financial statements. An impairment loss was recognised on the remaining shares as the persistent decline in share price was an indicator of impairment.

The remaining interest represents 5% of Turnall Holdings Limited. The fair value loss was US$ 30 196 for these shares for the year.

4 INVESTMENT IN SUBSIDIARIES

4.1 Investment in subsidiaries

	2015	31-Dec-2015 US$	31-Dec-2014 US$
FBC Bank Limited	100%	28 124 911	25 924 911
FBC Building Society	100%	12 996 785	12 996 785
FBC Reinsurance Limited	100%	5 995 330	5 995 330
FBC Securities (Private) Limited	100%	379 265	237 308
Eagle Insurance Company (Private) Limited	95.4%	1 126 987	1 126 987
Microplan Financial Services (Private) Limited	100%	5 000	5 000
		48 628 278	**46 286 321**

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2015

4.2 Movement analysis - investment in subsidiaries

	US$
Year ended 31 December 2014	
Balance as at 1 January 2014	46 648 586
Impairment of investment in FBC Securities	(362 265)
Balance as at 31 December 2014	**46 286 321**
Year ended 31 December 2015	
Balance as at 1 January 2015	46 286 321
Recapitalisation of FBC Bank	2 200 000
Recapitalisation of FBC Securities	141 957
Balance as at 31 December 2015	**48 628 278**

	31-Dec-15 US$	31-Dec-14 US$
5 TIME - SHARE ASSET		
The Company has a 45% share in a houseboat for use by the Company's employees. The value stated is the value of the share held according to a directors valuation performed on recognition.		
Balance at 1 January	67 500	78 750
Depreciation	(11 250)	(11 250)
Balance as at 31 December	**56 250**	**67 500**
The time - share asset is included in prepayments and other assets on the consolidated statement of financial position.		
6 AMOUNTS DUE TO RELATED PARTIES		
Other intercompany payables	2 865 995	1 410 744
The liability relates to amounts payable to FBC Reinsurance Limited following purchase of Eagle Insurance Company Limited in 2011, brokerage fees to FBC Securities (Private) Limited and other balances due to Group companies.		
7 REVENUE		
Net interest income	1 161 661	1 228 855
Fair value adjustment on financial instruments	-	(780 515)
Dividend income	1 794 359	8 793 902
Other	-	(4 633 050)
	2 956 020	**4 609 192**
8 OPERATING EXPENDITURE		
Staff costs	2 043 586	1 595 779
Administration expenses	479 382	3 829 530
Audit fees	5 175	11 638
	2 528 143	**5 436 947**

Notes to the Company Financial Statements (continued)

For the year ended 31 December 2015

9 TAXATION	31-Dec-15 US$	31-Dec-14 US$
The following constitute the major components of income tax expense recognised in the statement of comprehensive income		
Analysis of tax charge in respect of the profit for the year		
Current income tax charge	-	-
Deferred income tax	362 881	1,164,980
Prior year under provision	(327 364)	-
Income tax expense	**35 517**	**1 164 980**

Income tax credit recognised in the statement of comprehensive income relates to assessed tax losses of US$1 527 589 (2014: US$1 175 690)

10 EARNINGS PER SHARE

10.1 Basic earnings per share

Profit attributable to equity holders of the parent	463 394	337 225
Total	**463 394**	**337 225**

	Shares issued	Treasury shares	Shares outstanding	Weighted
Year ended 31 December 2015				
Issued ordinary shares as at 1 January	671 949 927	6 516 226	665 433 701	665 433 701
Treasury shares purchased	-	4 787 977	(4 787 977)	(1 994 990)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**11 304 203**	**660 645 724**	**663 438 711**
Basic earnings per share (US cents)				0.07
Year ended 31 December 2014				
Issued ordinary shares as at 1 January	671 949 927	5 681 675	666 268 252	666 268 252
Treasury shares purchased	-	834 551	(834 551)	(486 821)
Weighted average number of ordinary shares as at 31 December	**671 949 927**	**6 516 226**	**665 433 701**	**665 781 431**
Basic earnings per share for continuing operations (US cents)				0.05

10.2 Diluted earnings per share

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

	31-Dec-15 US$	31-Dec-14 US$
Earnings		
Profit attributable to equity holders of the parent	463 394	337 225
Total	**463 394**	**337 225**
Weighted average number of ordinary shares at 31 December	663 438 711	665 781 431
Basic earnings per share for continuing operations (US cents)	0.07	0.05

10.3 Headline earnings per share

Profit attributable to equity holders	463 394	337 225
Adjusted for excluded remeasurements	-	-
Headline earnings	463 394	337 225
Weighted average number of ordinary shares at 31 December	663 438 711	665 781 431
Headline earnings per share (US cents)	0.07	0.05

Shareholding Information

For the year ended 31 December 2015

Spread of shareholding

Range	Shareholders Number	%	Shares held Number('000)	%
0 - 100	1 230	14.80	106	0.02
101 - 200	1 557	18.73	289	0.04
201 - 500	2 512	30.22	796	0.12
501 - 1 000	953	11.47	668	0.10
1 001 - 5 000	1 286	15.47	2 939	0.44
5 001 - 10 000	247	2.97	1 761	0.26
10 001 - 50 000	293	3.53	6 077	0.90
50 001 - 100 000	67	0.81	4 858	0.72
100 001 - 500 000	91	1.09	22 121	3.29
500 001 - 1 000 000	19	0.23	13 389	1.99
1 000 001 - 10 000 000	47	0.57	190 867	28.40
10 000 001 -	10	0.12	428 079	63.71
Total	8 312	100.00	671 950	100.00

Analysis of shareholding

Industry	Shares held Number('000)	%
Banks	55	0.01
Company	215 364	32.05
Employee	1 332	0.20
Estates	13	0.00
External Companies	54 162	8.06
Fund Managers	42	0.01
Government	59	0.01
Insurance Companies	14 499	2.16
Investment Trusts And Property	3 937	0.59
Local Resident	13 141	1.96
Nominees Local	11 356	1.69
Non Residents	46 933	6.98
Non Resident Individual	5 568	0.83
Other Corporate Holdings	36	0.01
Pension Fund	305 454	45.46
Total	671 950	100.00

Top ten shareholders

Institution	Shares held Number('000)	%
National Social Security Authority	236 037	35.13%
Stanbic Nominees (Private) Limited	67 962	10.11%
Shorecap II Limited	49 150	7.31%
Tirent Investments (Private) Limited	31 761	4.73%
Cashgrant Investments (Private) Ltd	27 620	4.11%
Local Authorities Pension Fund	22 333	3.32%
Vidryl International (Private) Limited	11 408	1.70%
SCB Nominees	11 221	1.67%
Mileway Farming (Private) Limited	10 225	1.52%
Three Hearts Investments (Private) Limited	10 000	1.49%
Total	477 717	71.09%

Performance on the Zimbabwe Stock Exchange	2015	2014
Number of shares in issue	671 949 927	671 949 927
Market prices (US cents per share)		
Closing	7.00	8.00
High	9.00	13.50
Low	7.00	7.00
Market Capitalisation (US$)	47 036 495	53 755 994

Notice of Annual General Meeting

Notice is hereby given that the Twelfth Annual General Meeting of Shareholders of FBC Holdings Limited will be held in the Main Lounge, Royal Harare Golf Club, 5th Street Extension, Harare on Thursday, 30 June 2016 at 1500 hours.

Agenda

1. To receive, consider and adopt the financial statements and the reports of the directors and auditors of the Company for the financial year ended 31 December 2015.

2. To sanction the dividend paid.

3. To elect Directors of the Company.

3.1 In terms of Article 95 of the Company's Articles of Association, Mr Franklin Kennedy, Mr Canada Malunga and Mr Godfrey Nhemachena retire by rotation. Being eligible, Messrs Kennedy, Malunga and Nhemachena offer themselves for re-election.

3.2. To confirm the appointment of Mr Robin Vela to the Board.

3.3. To note the resignation of Mr Kenzias Chibota from the Board with effect from 12 October 2015 and the resignation of Mr James Matiza from the Board with effect from 16 October 2015.

4. To approve the remuneration of the Directors for the past financial year.

5. To approve the remuneration of the auditor for the past audit and to re-appoint Messrs Deloitte & Touche as auditor of the Company.

6. Special business

Share buy-back as ordinary resolutions

To consider, and if deemed fit, to resolve by way of ordinary resolution with or without modification the following:-

6.1 Purchase of own shares

That the Directors be and hereby authorized in terms of section 50 of the Company's Articles of Association and Section 79 of the Companies Act (Chapter 24:03) to purchase the Company's own shares subject to the following terms and conditions: The purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% (five percent) nor 5% (five percent) below the weighted average trading price for such ordinary shares traded over 5 (five) business days immediately preceding the date of purchase of such shares by the Company.

6.2 The shares to be acquired under this resolution shall be ordinary shares in the Company and the maximum number of shares which may be acquired under this resolution shall be 10% (ten percent) of the ordinary shares of the Company in issue prior to the date of this resolution.

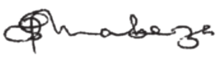
6.3 This authority shall expire on the date of the Company's next Annual General Meeting.

6.4 That the shares purchased according to this resolution shall be utilized for treasury purposes.

Directors statement
In relation to the aforesaid proposed resolution, the Directors of the Company state that:-
(i) The Company is in a strong financial position and will, in the ordinary course of business, be able to pay its debts for a period of 12 months after the Annual General Meeting.
(ii) The assets of the Company will be in excess of its liabilities for a period of 12 months after the Annual General Meeting.
(iii) The ordinary capital and reserves of the Company will be adequate for a period of 12 months after the Annual General Meeting.
(iv) The working capital of the Company will be adequate for a period of 12 months after the Annual General Meeting.

7. To transact all such other business as may be transacted at an Annual General Meeting.

By Order of the Board



Tichaona Mabeza
Company Secretary

6th Floor, FBC Centre
45 Nelson Mandela Avenue
HARARE
8 June 2016

Proxy Form

For the year ended 31 December 2015

I/We: . ...

(names() in block letters): . ...

of: ....

(address in block letters): . ...

Being (a) member(s) of the Company and entitled to vote, do hereby appoint

Or, failing him/her: . ...

Or, failing him/her, the Chairman of the meeting as my/our proxy to attend and speak and vote for me/us and on my/our behalf at the Annual General Meeting of members of the Company to be held on Thursday, 30 June 2016 at 1500 hours and at any adjournment thereof, as follows:

		In favour of	**Against**	**Abstain**
1	Resolution to adopt the company annual financial statements			
2	Resolution to sanction payment of dividend			
3	Resolution to re-elect the retiring directors by single resolution and to confirm the appointment of a new director			
4	Resolution to approve the remuneration of the directors			
5.1.	Resolution to approve the remuneration of auditors, Deloitte & Touche Chartered Accountants and to re-appoint them			
6.	Resolution to purchase the company's own shares			

Please indicate with an 'X' in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she thinks fit.

A member of the company entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

Signed at..on ....2016...

Full name(s):...

(in block letters)

Singature(s):. ....

Notes:

1. In order to be effective, proxy forms must be delivered or posted to the Transfer Secretaries, First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, P O Box 11, Harare so as to reach this address not later than 1200 hours on Tuesday, 28 June 2016.
2. The delivery of a duly completed proxy form shall not preclude any member or his/her duly authorized representative from attending the meeting and speaking and voting thereat instead of the proxy.
3. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.

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